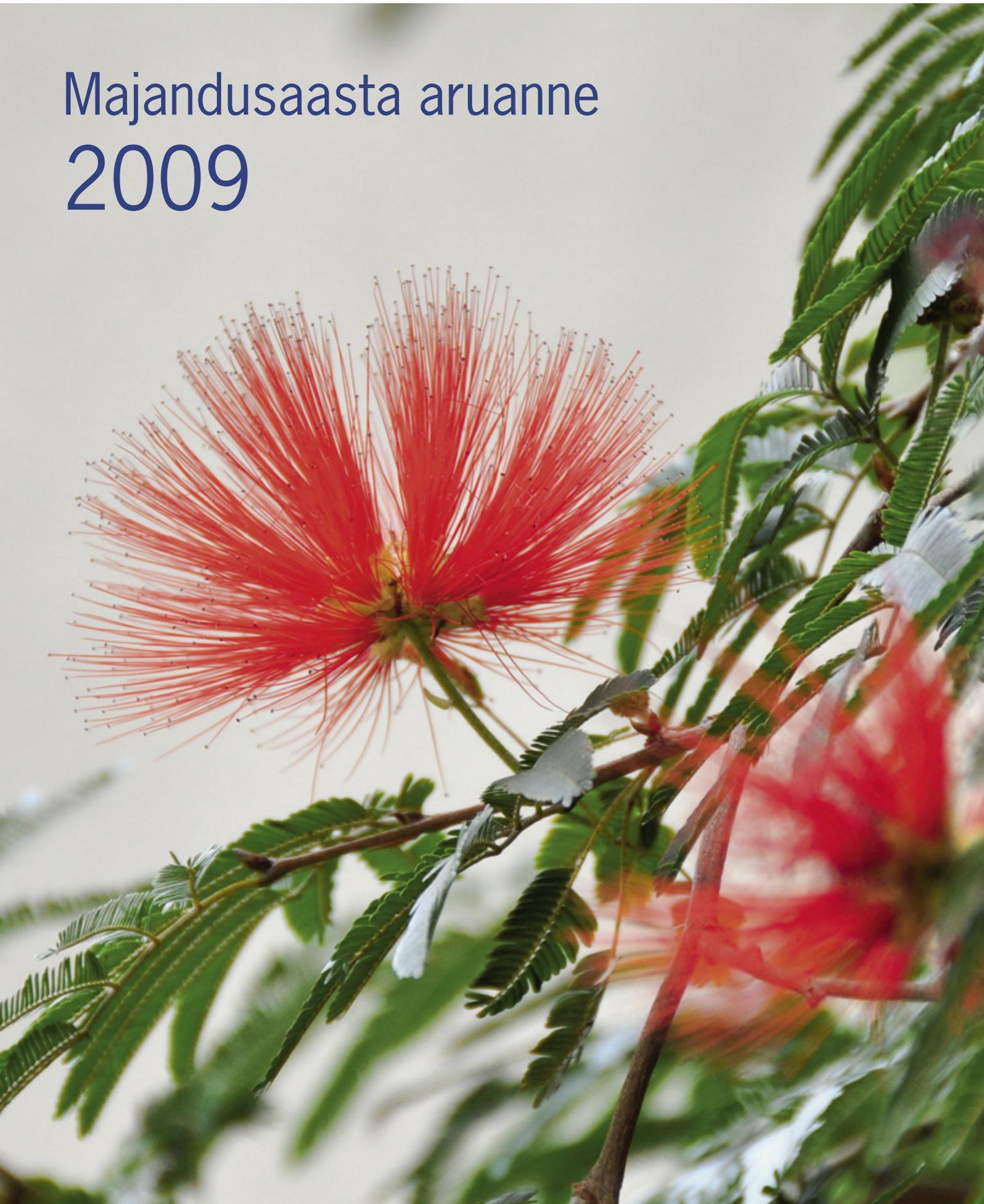


Majandusaasta aruanne 2009



ANNUAL REPORT 2009

Translation of the Estonian Original

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Classification of Economic Activities code:	8610
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Beginning of financial year:	1 January 2009
End of financial year:	31 December 2009
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Auditor:	Ernst & Young Baltic AS

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1 MANAGEMENT REPORT

The North Estonia Medical Centre (hereinafter the Medical Centre) is a healthcare 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 persons from any county who have been insured in any 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 h 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.

Management

The negative supplementary budget of the National Health Insurance Fund caused by the recession and the implementation of the service price coefficient (0.94) on 15 November 2009 had an impact on the Medical Centre's activities in 2009. Maintaining the capacity to continue with infrastructure investments in Block X and the associated equipment became a challenge in itself in addition to cutting the scope of the Medical Centre's activities and costs. Even though the specialised medical care budget of the National Health Insurance Fund gave hospitals some hope for growth, it became clear by the end of the first quarter that we had to consider a 7% decrease in the number of inpatient treatment cases in comparison to the previous year.

The need to cut operating expenses was already planned into the budget for 2009 as the task of optimising the cost of medicines and other medicinal products and materials by 5% and maintaining staff costs on the same level as in 2008. The optimisation of the cost of materials actually achieved was 8% (decrease in costs with the scope of activities remaining the same), which is based on better purchase prices and more optimal treatment of patients. As the prospect of an increase in the number of treatment cases disappeared, the centre decided to reduce its inpatient capacity by approximately 100 beds (8%) to make it correspond to the effective contract. The number of beds was reduced mainly in Keila Hospital. Keila Hospital as a structural unit was reorganised in June into a follow-up and nursing care clinic, which now provides inpatient services mainly to patients referred from other departments of the centre. After the reduction of inpatient capacity and the abolition of shortened working time (in the specialities of radiology, anaesthesiology, emergency medicine) in association with legislative amendments, the centre cut the number of jobs and compensation for overtime considerably, which became evident in the decrease of staff costs by 5% in comparison to 2008. The number of management board members was also reduced in order to save money – two of them (Eve Karmo and Meelis Roosimägi) were removed and their areas of responsibility were distributed between the remaining management board members.

The cost-cutting achieved in 2009 helped the centre to cope with the need for additional savings in the budget for 2010.

As for the development of infrastructure, the process of requesting money for construction from the structural funds of the European Union was successfully completed and our application was also approved by the European Commission. The new Block X of the centre was opened and preparation of the design for the next construction stage of Block C and the Pathology Block started.

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

Human resources management

The centre continued the tradition of awarding grants to young doctors and recognising its best secretaries, nurses and carers. Dr Sirje Siim, who is the Director of the General Internal Medicine Centre of the Internal Medicine Clinic, received recognition for her contribution to the development of the Medical Centre at the autumn conference and neurosurgeon Dr Rein Viilu was elected Doctor of the Year 2009 by the Estonian Health Foundation.

The main innovation in the area of human resources included:

- amendment of payroll principles in respect of recording working time and holidays as a result of the new Employment Contracts Act that entered into force on 1 July 2009;
- updating the centre's internal rules of procedure pursuant to the new Employment Contracts Act;
- establishment of an occupational health and safety policy;
- harmonisation of the assessment of training needs and principles and description of these in the new Training Procedure.

Quality management

In 2009 the development of a quality management system continued in the centre in general as well as in all of its structural units. The focus was on launching a risk management system, standardisation of processes and preparation of new documents of the organisation's handbook and updating existing documents.

The most important major projects were auditing the clinical work of the Radiation Therapy Department by the International Atomic Energy Agency to evaluate the performance of 3D conformal radiation therapy; obtaining the permit to transplant stem cells from the State Agency of Medicines and conducting an inpatient satisfaction survey.

Development of information systems

The main work completed in 2009 in the area of information system development include:

- introduction of a radiology information system;
- introduction of new document management software SharePoint, which allows the centre to transfer to paper-free document management;
- introduction of digital epicrisis, digital prescriptions and digital receptions within the scope of the e-Health information system;
- introduction of eDonor, which allows donors to view their details, history of blood donations and test results;
- development of the pathology and lab information system.

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, the Competence Centre for Cancer Research and the International Atomic Energy Agency is continuing.

Research

The Cardiology Centre of the Internal Medicine Clinic of the Medical Centre participated in a population study within the scope of the CINDI programme of the World Health Organization, which aimed to identify the risk profile and trends of cardiovascular diseases in order to develop preventive measures, from 2006 to 2009. The Cardiology Centre is also an active participant in the activities of the National Registry of Myocardial Infarction.

The Occupational Health and Safety Centre of the Internal Medicine Clinic of the Medical Centre will be participating 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 from 2007 until 2010.

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 28 medicines started in the Medical Centre in 2009 (35 in 2008) and the number of ongoing trials by the end of the year was 78 (77 in 2008).

4 million kroons of income was received in 2009, which is 0.3 million kroons more than in 2008. More than a half of the income earned was associated with the trials conducted in the Internal Medicine Clinic.

Even though the number of ongoing trials remained the same in comparison to 2008 and the number of new trials decreased, 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 the full package of nursing services in the Mustamäe Block has been positively received.

Quintiles selected the Medical Centre its partner hospital in 2009 and awarded the centre with the Quintiles certificate. This certificate is a sign of quality that evidences the medical institution's sustainability in conducting clinical trials and it is awarded to medical institutions that have declared their clear interest in dealing with clinical trials on the best contemporary level.

Development of treatment services

Similarly to the previous year, the centre once again focused on the improvement of treatment quality in 2009 and on the introduction and implementation of new methods, the most important of which were:

- aortic stenting and hybrid surgery was introduced in vascular surgery by the Cardiothoracic Surgery Centre of the Surgery Clinic, which means that patients with serious vascular pathologies recover more quickly;
- endoscopic laser surgery for removal of tumours of the throat; photodynamic laser treatment skin tumours and digital dermatoscopy were introduced in the Head and Neck Surgery Centre of the Surgery Clinic;
- the Neurosurgery Centre of the Surgery Clinic introduced vertebroplasty for treatment of osteoporotic fractures of vertebrae in the back and nucleoplasty and disc blockade for alleviation of neck and lower back pain;
- launch of plasmapheresis procedures in the Blood Centre of the Diagnostics Division;
- the centre started providing services for a fee.

Haemodialysis rooms (so-called DialysisForum) and the additional blood donation rooms (so-called DonorForum) were opened in the centre of Tallinn to guarantee that the focus stays on patients.

The details of patients are written on wristbands, which they were in order to facilitate their identification for the purposes of safety.

Revenue from provision of health services

The amount of the contract with the National Health Insurance Fund decreased by 0.3% or 4.9 million kroons in 2009 when compared to 2008.

In comparison to 2008, the contract amount increased the most in 2009 in cardiosurgery (6% or 5.4 million kroons), oncology (4% or 13.8 million kroons), pulmonology (4% or 2.8 million kroons) as these specialities were seen as priorities by both the National Health Insurance Fund and the Ministry of Social Affairs.

The number of treatment cases purchased by the National Health Insurance Fund decreased by 0.2% or 510 treatment cases in 2009 when compared to 2008.

Export of services makes a significant contribution to the budget of the centre – in 2009 services were provided for 9.23 million kroons (10.05 million kroons in 2008).

Volumes of health services provided

In 2009 the Medical Centre provided outpatient medical care in 30 specialities. Doctors saw a total of 351,436 outpatients in 2009, which shows that the total number of such consultations has decreased by 17,764 (4.8%) in comparison to 2008 (369,200). The absolute number of consultations has decreased the most in the specialities of internal medicine (2,256 more consultations), oncology (943 more consultations) and rheumatology (689 more consultations).

Inpatient specialised medical care was provided in 23 specialities. The number of beds as of the end of 2009 was 1,250, incl. 837 active treatment beds.

The number of hospitalised patients in 2009 was 35,480, which has decreased by 2,742 patients (7.1%) in comparison to 2008 (38,304).

Radiation therapy was given to patients of the University of Tartu Hospital in the first half of 2009 as their equipment needed to be replaced.

Investments

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

The amount of the investments made in 2009 was 445 million kroons, incl. 377 million kroons invested in construction and reconstruction and 59 million kroons invested in equipment. Construction of Block X of the Medical Centre comprised 362 million kroons and renovation of other buildings comprised 15 million kroons of construction investments.

The biggest investments in 2009 were made in the technology and sterilisation equipment of the Surgery Centre of the Surgery Clinic (19 million kroons in total), equipment of the Cardiology Centre (4 million kroons in total) and technology of the Diagnostics Division (17 million kroons in total).

The loan from the Nordic Investment Bank was increased by 78 million kroons in 2008 in order to complete the investment plan and the money was used to acquire medical equipment and pay for the construction of Block X.

The investments have been recognised without VAT. Health services are not subject to VAT and VAT is therefore recognised as expense on investments for the period. A total of 83 million kroons was calculated as VAT on investments among expenses in 2009.

Construction of Block X, the extension of the Mustamäe Block, which is the first stage in the construction of the new Mustamäe Medical Centre, continued in 2009. Organisation of

procurements for technological equipment for Block X and preparations for renovation of Block C and the Pathology Block also continued.

The application document for obtaining money for the construction from the structural funds of the European Union was completed in 2009 and it was also approved by the European Commission. The Government of the Republic approved the application document by approving the investment plan of the European Regional Development Fund at its session of 4 September 2008, which was the basis for allocation of 1.034 billion kroons in support of the extension and reconstruction of the Medical Centre.

As a result of the above, the opening ceremony of Block X on 11 December was the most important event in 2009. The most technology-intensive treatments will be performed in Block X and 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 centre's pharmacy and sterilisation service.

No major investments were made in the renovation of existing buildings in 2009. The centre focused mainly on Mustamäe and Hiiu Blocks. Major works included the installation of an automatic fire alarm system in Mustamäe and renovation of rooms and halls in the Hiiu Block.

Structure

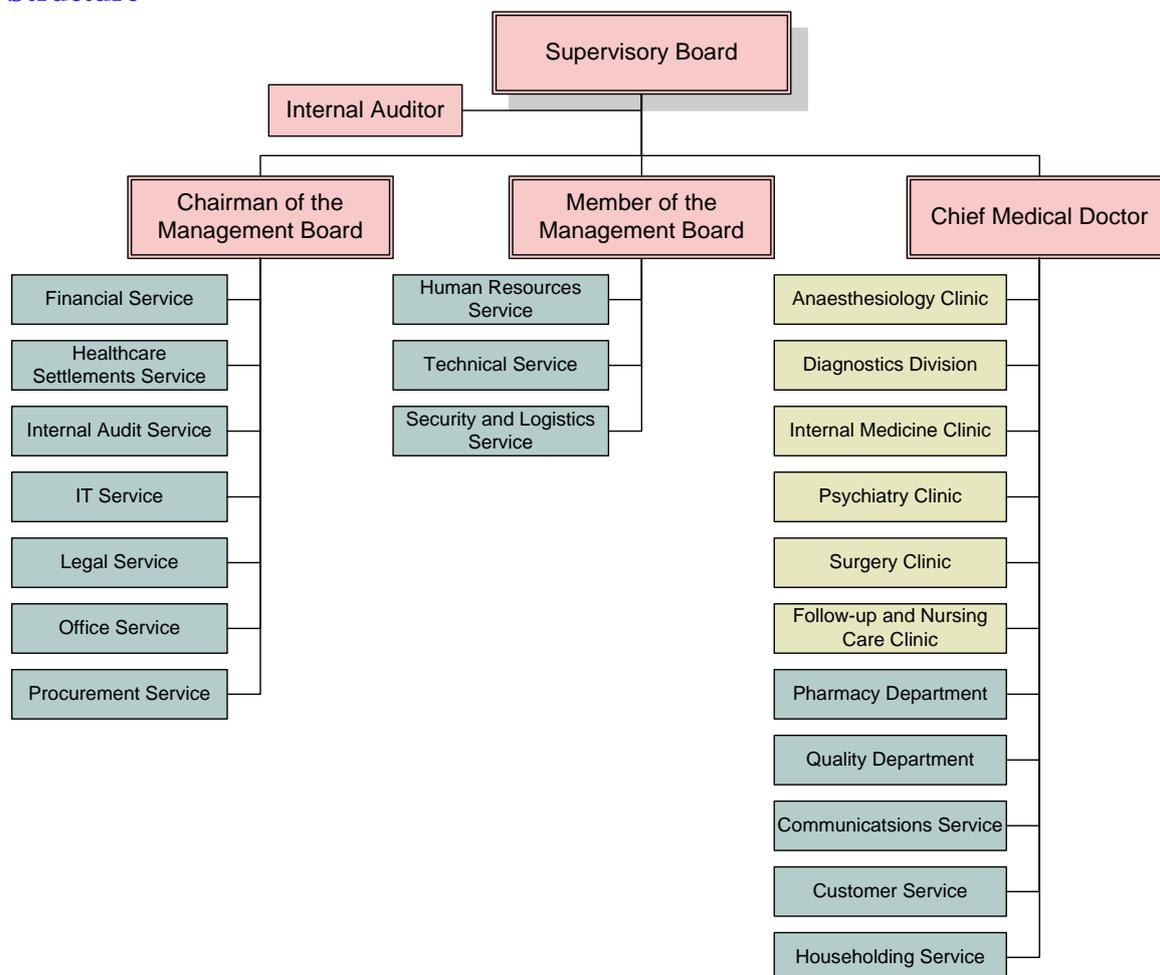


Figure 1 Structure of the Medical Centre as of 31 December 2009

Human resources report

The number of employees in the Medical Centre as of 31 December 2008 was 3,642, but it had decreased to 3,489 by 31 December 2009. Nurses and care workers comprise the biggest group of employees with a total of 2,092 employees.

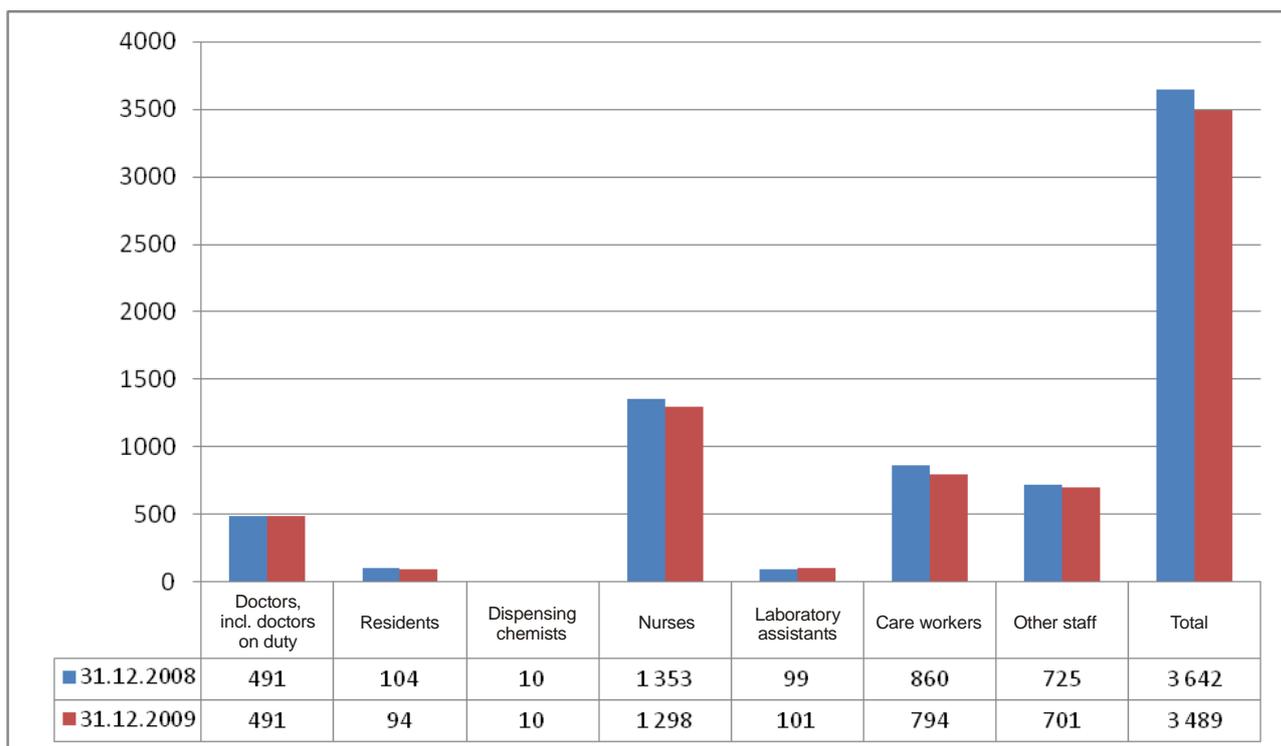


Figure 2 Number of employees by main groups

Healthcare professionals comprise 79.9% of the total number of employees (80.1% in 2008). The main reason behind the decrease of the overall number of full-time employees (by 143 employees) in comparison to the previous year was the optimisation of the number of staff as a result of structural changes, e.g. after Keila Hospital was restructured into a follow-up and nursing care clinic.

A positive tendency that can be highlighted is that the turnover of staff decreased by almost a half in 2009: from 12.6% to 6.5%.

In 2009 the Medical Centre entered into new collective agreements with the Tallinn Association of Doctors, the Estonian Association of Healthcare Professionals, the Federation of Estonian Healthcare Professionals Unions and the Estonian Nurses Union.

The remuneration paid to employees and the management in the financial year is shown in notes 15 and 18 to the annual report.

Training

Employee training and education is a natural part of the everyday work of the Medical Centre – it 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.

Employees of the Medical Centre participated in training 7,897 times in 2009, which makes more than 2 events of training per employee per year. The number of times employees take part in training has remained the same in recent years, but the number of employees who have taken part in training has increased gradually.

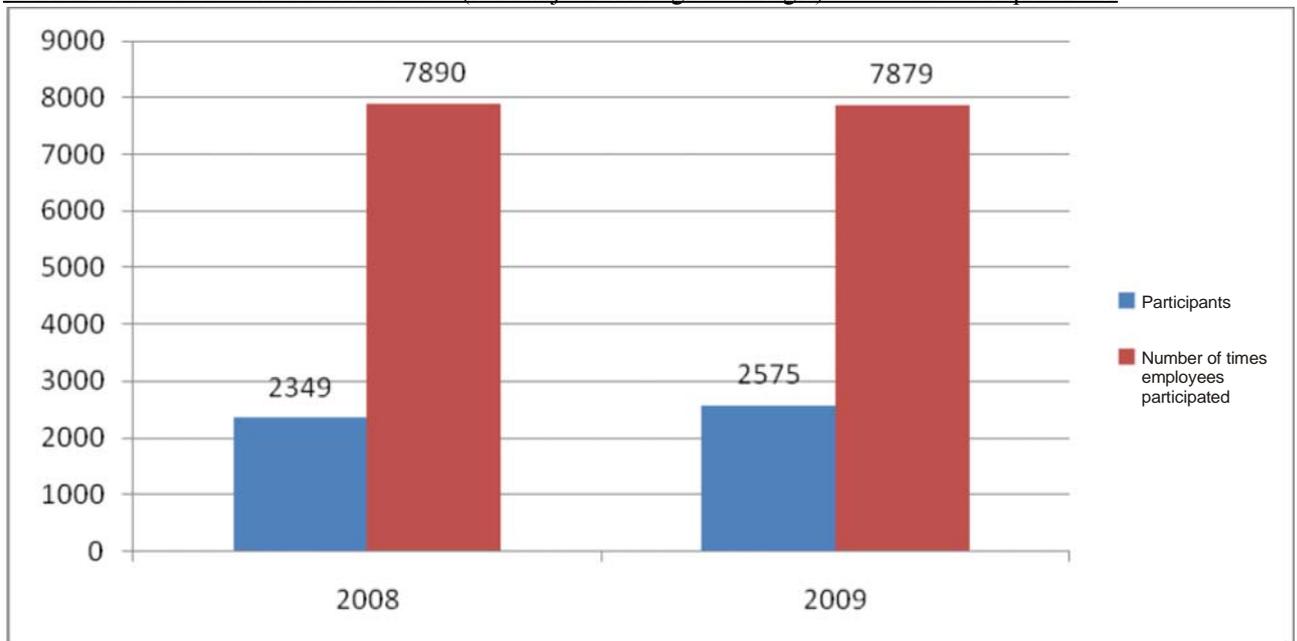


Figure 3 Number of employees who participated in training

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.

In addition to the Medical Centre's own employees, the in-house training organised by the centre is also popular among external participants – every 9th participant in 2009 was from outside the Medical Centre. Most of the external participants who have taken part in the training are employees of Ida-Viru Central Hospital, Pärnu Hospital, Kuressaare Hospital, East Tallinn Central Hospital, Rakvere Hospital, Viljandi Hospital and University of Tartu Hospital. The selection of the subjects of in-house training has diversified over the years and grew from 57 subjects in 2008 to 109 subjects in 2010 (89 subjects in 2009). A total of 2,837 people took part in the training offered by the Medical Centre in 2009, 531 of them were from outside the Medical Centre.

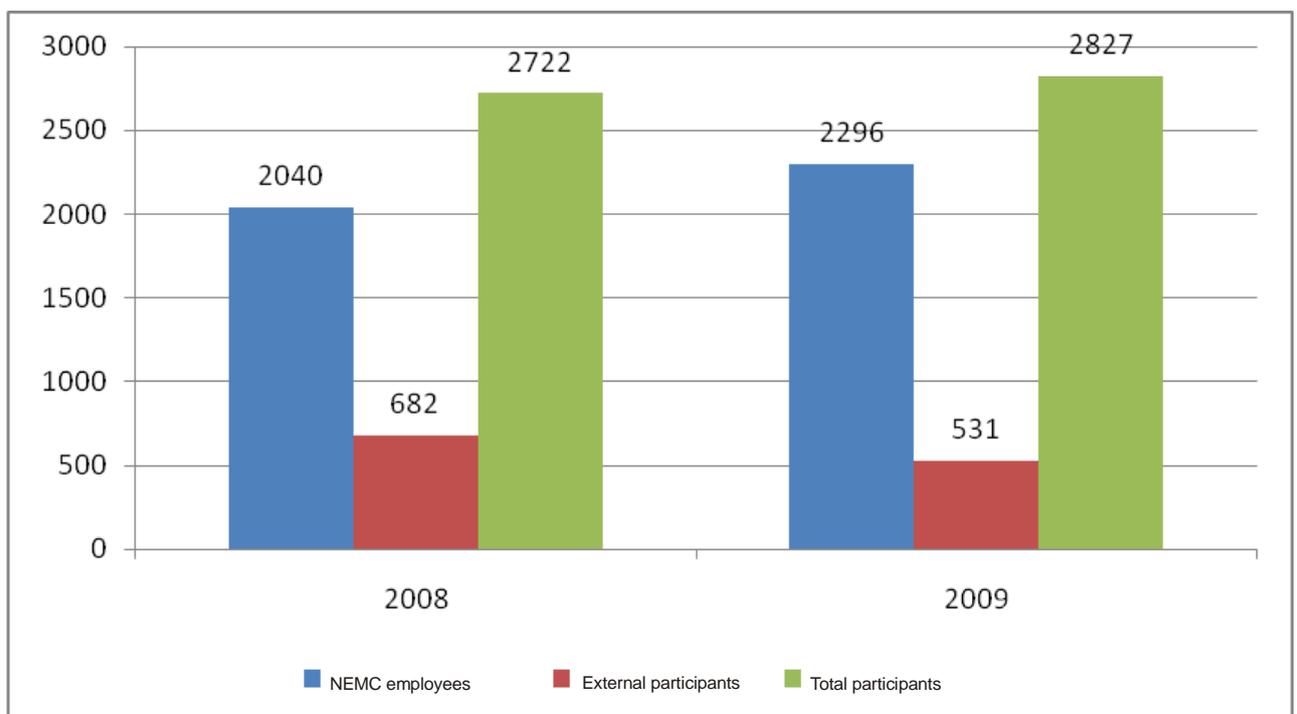


Figure 4 Participation in the Medical Centre's in-house training

The three most important in-house training sessions in 2009 were:

- 1) free Estonian language courses for the centre's employees – the courses, which were launched in 2008, continued in 2009 with 177 employees from different clinics learning Estonian;
- 2) computer training – 62 training sessions were organised in association with the implementation of the Radiology Information System (RIS) and 408 employees of the centre took part in the training;
- 3) 150 people from different centres took part in the training related specifically with Block C after its opening in 2009 and they passed the training on to the employees of their departments.

In addition to the training in the Medical Centre's training calendar, specialists of the Medical Centre also train people at professional unions, events for family doctors, conferences, various hospitals, etc. For example, the training session Current Problems in Endocrinology was organised for family doctors in Pärnu in March 2009 and 32 family doctors took part in the session.

All interested people can pass on-site practical training by the specialists of the Medical Centre. 47 of such people studied by the specialists of the centre in 2009, most of them were from Pärnu Hospital, Rakvere Hospital and East Tallinn Central Hospital.

411 students spent their internships in the Medical Centre in 2009, most of them in the Psychiatry Clinic and the Internal Medicine Clinic. Most of the students still come from the Tallinn Health Care College (319; 256 in 2008) and Tartu Health Care College (81; 65 in 2008). Students from the University of Tallinn, the Tallinn School of Economics, the University of Tartu and the Institute of Humanities and Social Sciences also came to the Medical Centre for their internships.

Clinical activity report

The Medical Centre provided health services in 30 medical specialities in 2009: anaesthesiology (intensive care), dermatovenerology, endocrinology, emergency medicine (outpatient), gastroenterology, gynaecology, haematology, infections diseases (outpatient), cardiology, cardiovascular surgery, laboratory medicine, nephrology, neurosurgery, neurology, ophthalmology (outpatient), oncology, orthopaedics, otorhinolaryngology, pathology, psychiatry, pulmonology, radiology, rheumatology, internal medicine, oral, facial and chin surgery, rehabilitation and psychiatry (outpatient), thoracic surgery, occupational health, urology and general surgery. Nursing care is also provided in Keila. The independent work of residents has been registered as general medical care.

In 2009 the Medical Centre provided medical care a total of 394,183 times and hospitalisation was required in 35,488 cases (9% of all cases). Tumours were by far the most frequent reason why patients turned to the Medical Centre (Figure 5). The five leading groups of diseases according to ICD-10 were as follows:

1. tumours 21.7%;
2. mental and behavioural disorders 10.8%;
3. injuries, poisoning and certain other consequences of external factors 10.1%;
4. diseases of vascular organs 7.7%;
5. musculoskeletal system and connective tissue diseases 7.0%.

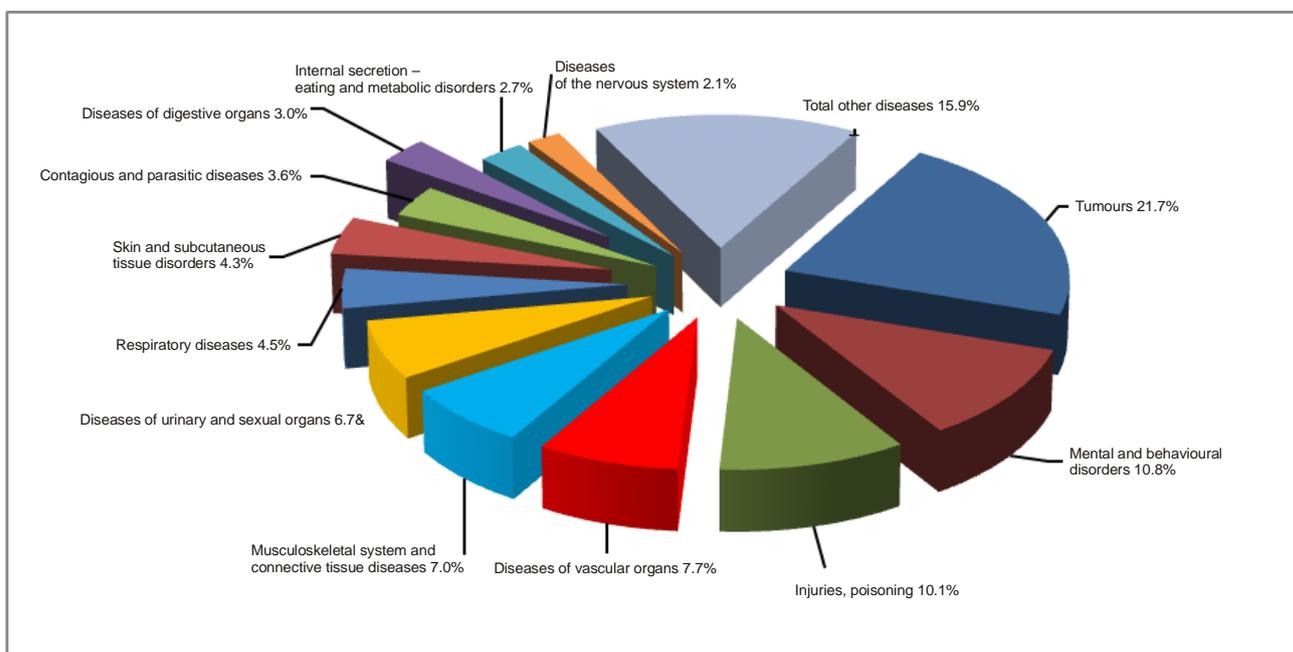


Figure 5 Reasons of visits by groups of diseases

Outpatient care

Specialist consultations were offered to outpatients in the Mustamäe, Hiiu, Seewald and Keila blocks in 2009. 24 h emergency medical care was provided by departments of emergency medicine in the Mustamäe and Keila blocks and the reception ward of the Psychiatry Clinic. Outpatient specialist activities were moved fully from the Keila Block to the Mustamäe Block as a result of reorganisation of work. This change means that patients can come to the same place for consultations and tests and improves access to the specialities associated with the main outpatient speciality.

The volume of outpatient work decreased by 4.8% in 2009: the total number of doctors' consultations was 351,436, which has decreased by 17,764 consultations in comparison to 2008. The five leading specialities in the outpatient clinic according to the number of consultations are:

- general surgery – 47,329 consultations;
- psychiatry – 38,406 consultations;
- orthopaedics – 35,941 consultations;
- oncology – 26,261 consultations;

- dermatovenerology – 24,044 consultations.

In 2009 the number of consultations increased the most in internal medicine (by 2,256), oncological specialities (by 943) and rheumatology (by 689). The number of consultations decreased the most in gynaecology (by 5,851), general surgery (by 4,976) and pulmonology (by 4,474). The decreases resulted mainly from staff movements.

83.8% (294,410) of outpatient consultations were given in the outpatient clinic and 16.2% (57,026) in the Emergency Medicine Department. The number of consultations has decreased by 4.5% in the outpatient clinic and 6.6% in the Emergency Medicine Department in comparison to 2008. 51.7% of outpatient consultations were primary (51% in 2008).

Councils of doctors were called for consultations 6,574 times in order to prescribe complex treatment for patients diagnosed with malignant tumours. Nursing staff completed 17,176 independent consultations and home visits, which was 14.8% more than in 2008. (Table 1).

The average number of outpatient consultations given in the outpatient clinic and Emergency Medicine Department per day in 2009 was 1,168 (1,218 in 2008) and 156 (167 in 2008), respectively.

In addition to consultations, 21,779 surgical procedures were performed on outpatients (21,789 in 2008), including 2,625 surgical operations (2,492 in 2008), which comprises 34.8% of all surgical procedures and 12% of all surgical operations performed in the Medical Centre in 2009. 814 (31%) 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	2008	2009
Number of outpatient consultations	369,200	351,436
incl. outpatient clinic	308,154	294,410
Emergency Medicine Department	61,046	57,026
incl. Mustamäe Block	58,014	55,348
Number of outpatient surgical procedures	21,789	21,779
incl. surgical operations	2,492	2,625
incl. Emergency Medicine Department	881	814
Number of councils of doctors	7,345	6,574
Number of independent consultations and home visits by nurses	14,959	17,176

In addition to emergency medicine specialists and GPs (residents), who gave 24,575 consultations in the Emergency Medicine Department, consultations were also given by orthopaedic surgeons (15,845 consultations), general surgeons (7,867 consultations), otorhinolaryngologists (6,307 consultations), oral, facial and chin surgeons (973 consultations) and to a smaller extent also by neurosurgeons, internal medicine specialists, pulmonologists, cardiovascular surgeons, haematologists, etc.

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

1. injuries, poisoning and certain other consequences of external factors 20.8% (25,255 patients);
2. tumours – 17.6% (21,315 patients);
3. factors affecting the condition of health and contacts with health services – 14.2% (17,242 patients);
4. musculoskeletal system and connective tissue diseases – 11% (13,358 patients);
5. diseases of urinary and sexual organs – 9.7% (11,803 patients).

Looking at different structural units separately, we can see that the structure of diagnoses in the Emergency Medicine Department was as follows:

1. injuries, poisoning and certain other consequences of external factors – 48.9%;
2. diseases of vascular organs – 6.9% (diseases of vascular organs were in third place in 2008);
3. ear and mastoid process diseases – 4.5%;
4. musculoskeletal system and connective tissue diseases – 6.2% (second place in 2008);
5. respiratory diseases – 5.6%.

The main reasons for outpatient visits in outpatient clinics, except for the outpatient psychiatry clinic, were:

1. tumours – 29.0%;
2. factors affecting the condition of health and contacts with health services – 11.7%;
3. diseases of urinary and sexual organs – 8.4%;
4. musculoskeletal system and connective tissue diseases – 8.2%;
5. diseases of vascular organs – 6.6%.

The patients who turned to the Medical Centre for outpatient medical care in 2009 came for all countries and 650 patients (0.5% of all patients) came from other countries. 85% of them lived Harju County, incl. 63.2% in Tallinn; 2.6% in Ida-Viru County; 2.6% in Rapla County; 2.4% in Lääne-Viru County; 1.9% in Pärnu County; 1.2% in Järva County; 1.2% in Lääne County.

Ambulance

The Medical Centre had 8 ambulance crews in 2009: incl. 2 resuscitation crews in Tallinn, 1.5 doctors' crews and 4.5 nurses' crews (in Saku, Keila, Kehra, Kose, Paldiski).

The ambulance and resuscitation crews of the Medical Centre made 16,333 visits in total. The number of answered calls was 15,714 (the relevant figures in 2008 were 16,512 and 15,816), but the number of people who received help was 1,866 more than in the previous year. The proportion of visits made by nurses' crews increased from 67% in the previous year to 70.9% in 2009. In 2009 doctors' crews made 29.1% of all visits (33% in 2008), which includes the 8.7% of visits made by resuscitation crews (9.5% in 2008). (Table 2).

Table 2 Ambulance crews

Type of crew	No. of visits		No. of patients treated		incl. children	
	2008	2009	2008	2009	2008	2009
Doctors' crews	3,880	3,344	3,106	3,117	489	510
Nurses' brigades	11,056	11,576	8,925	10,853	1,501	1,717
Resuscitation crews	1,576	1,413	1,358	1,285	57	34
Total	16,512	16,333	13,389	15,255	2,047	2,261

Detailed information of the medical care provided by ambulance crews is given in Table 3. The number of calls made due to illness increased and the number of calls made due to injuries and poisoning decreased in 2009. Resuscitation was effective in 31.5% of cases.

Table 3 Structure of calls

Type of medical care	No. of patients	
	2008	2009
Illness	11 913	12 002
Injury	2 596	2 399
Poisoning	131	127
Transport calls	60	52
Transport of women in labour	167	141
Resuscitation	96	92
incl. effective	29	29
Declaration of death	380	459
Outpatient consultations	473	442

Day treatment, day surgery

Day treatment was provided in the specialities of oncology, orthopaedics, neurosurgery, general surgery, otorhinolaryngology, oral, facial and chin surgery, gynaecology, urology, thoracic surgery, nephrology and psychiatry in 2009. There are special day treatment beds for patients receiving chemotherapy and psychiatric day treatment, other specialities use temporarily vacant inpatient treatment beds.

3,166 patients (3,658 in 2008) were treated in day treatment in 2009 and there were 3,543 hospital days (4,026 in 2008). 1,587 surgical operations and surgical procedures (2,300 in 2008) were performed in day surgery, 1,587 of them were operations (2,129 in 2008). There were also 4,093 cases when day treatment services were provided to dialysis patients. (Table 4).

The main diagnoses of day treatment patients in 2009 were:

1. tumours 63.9% (56.7% in 2008);
2. musculoskeletal system and connective tissue diseases 11.9% (14.6% in 2008);
3. diseases of the nervous system 11.8% (11.3% in 2008).

2.5% of all surgical procedures (3.5% in 2008) and 6.7% of all operations (8.8%) performed in 2009 were performed in day surgery. Operations on bone and muscular tissue comprised 39.0% (40.7% in 2008), operations on the nervous system 28.6% (24.6% in 2008) and ear, nose and throat operations 8.3% (8.0% in 2008) of all surgical operations.

Table 4 Day treatment

Indicator	2008	2009
Number of patients	3,658	3,166
Number of hospital days	4,026	3,545
Number of day treatment services to dialysis patients	4,383	4,093
Number of surgical procedures	2,300	1,587
incl. number of operations	2,129	1,464

Inpatient medical care**Use of hospital beds**

In 2009 the Medical Centre provided inpatient specialised medical care services in the Mustamäe, Hiiu, Seewald, Keila and Kose blocks.

The number of hospital beds available in the Medical Centre as of the end of 2009 was 1,250 (1,362 in 2008), incl. 837 active treatment beds (912 in 2008). The average number of hospital beds per year in 2009 was 1,222, incl. 826 active treatment beds (in 2008 1,261 and 852, respectively). Active treatment beds comprised 67% of the total number of hospital beds as of the end of 2009. Beds used to treat psychiatric, tuberculosis and nursing care patients are not considered active treatment beds. (Table 5).

Table 5 Number of hospital beds

Indicator	2008	2009
No. of hospital beds by year end	1,362	1,250
incl. active treatment beds	912	837
Average no. of hospital beds per year	1,261	1,222
incl. active treatment beds	852	826

The number of hospitalised patients in 2009 was 35,480, which was 7.1% less than in 2008 (38,204). The number of patients hospitalised in active treatment beds was 30,708, which is 8.1% less than in 2008 (33,420). 86.6% of all hospitalised patients were allocated active treatment beds. The proportion of emergency hospitalisation was 51.9% (45.3% in 2008) and 50% for active treatment beds (44.6% in 2008). 5,266 hospitalised patients needed immediate intensive care, incl. 1,012 patients in critical condition who needed stage III intensive care.

The number of patients who left hospital in 2009 was 35,488, i.e. 7.3% less than in the previous year (38,288). The proportion of patients who were checked out was 92.4% (32,804), 3.7% (1,325) were transferred to another hospital and 3.8% (1,359) died.

The number of hospital days in 2009 was 356,432 (374,222 in 2008), incl. 232,603 hospital days in active treatment (240,193 in 2008). The number of hospital days decreased by 4.8% in comparison to 2008. Hospital days in intensive care comprised 20.5% of all hospital days of active treatment (20.1% in 2008), incl. 9,810 hospital days in stage I intensive care, 24,404 hospital days in stage II intensive care and 13,572 hospital days in stage III intensive care.

The number of hospital days in 2009 was 10.0 (374,222 in 2008), incl. 7.0 hospital days in active treatment (240,193 in 2008). The median value of hospital days was 6 days and mode 2 days.

Average duration of treatment according to the WHO database in 2008 (all hospitals): European region 10.0; European Union 8.8, Estonia 7.9; Denmark 5.1; Austria 6.8; Norway 6.2; Hungary 10.5; Latvia 9.5; Lithuania 9.6; Finland 9.7; Germany 9.9; Czech Republic 10.0; Slovakia 8.5; Israel 10.3; Moldavia 10.0.

Bed turnover (average number of patients per hospital bed per year) in 2009 was 29.0 (30.3 in 2008), incl. 40.0 for active treatment beds (39.2 in 2008).

Bed occupancy (the number of hospital beds occupied by patients expressed as a percentage of the total beds available) in 2009 was 79.9% (81.1% in 2008), incl. 77.1% for active treatment beds (77.0% in 2008).

According to the WHO database, bed occupancy in active treatment in 2008 was: European Union 71.5%; European region 79.8% (2007); Estonia 69.7%; Austria 80.4%; Norway 89.8%; Israel 96%; Latvia 75.6%; Lithuania 72.7%; Russia 85.6% (2006); Germany 76.2%; Czech Republic 69.7%; Slovenia 71.5%; Hungary 75.3%; Armenia 56.7%.

Structure of inpatients

The proportion of men among the patients who left hospital in 2009 was slightly smaller than the proportion of women – 17,688 (49.8%) men and 17,800 (50.2%) women. There were 378 children (aged 0 to 14) in total. The proportion of patients aged 65 and over was large. There were 14,847 patients (41.8%) in this age group in 2009. Patients of this age usually have several complications and related illnesses, which makes tests and treatment more extensive 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)	2008		2009	
	Number of patients	Proportion of age group (%)	Number of patients	Proportion of age group (%)
0-14	400	1.0	378	1.1
15-24	2,475	6.5	2,106	5.9
25-34	2,925	7.6	2,747	7.7
35-44	3,496	9.1	3,186	9.2
45-54	5,765	15.1	5,143	15.9
55 – 64	7,478	19.5	7,081	19.0
65 – 74	8,367	21.9	7,824	22.9
75+	7,382	19.3	7,023	17.8
Total	38,288	100.0	35,488	100.0

The five main reasons why patients needed inpatient treatment in the Medical Centre in 2009 are the same as the reasons in recent years:

1. diseases of vascular organs – 23.5% – 8,325 patients, average duration of treatment 10.0 days (in 2008: 23.8% – 9,131 patients, average duration of treatment 9.9 days);
2. tumours – 22.4% – 7,935 patients, average duration of treatment 9.8 days (in 2008: 22.5% – 8,618 patients, average duration of treatment 8.7 days);
3. mental and behavioural disorders – 10.5% – 3,736 patients, average duration of treatment 21.0 days (in 2008: 9.5% – 3,621 patients, average duration of treatment 23.8 days);
4. injuries, poisoning and other consequences of external factors – 9.9% – 3,509 patients, average duration of treatment 9.0 days (in 2008: 9.8% – 3,758 patients, average duration of treatment 9.5 days);
5. diseases of digestive organs – 7.5% – 2,663 patients, average duration of treatment 5.5 days (in 2008: 7.4% – 2,844 patients, average duration of treatment 5.4 days).

The proportion of diagnosed behavioural and mental disorders, and injuries and poisoning has decreased slightly in the structure of diagnoses in comparison to 2008.

The average duration of treatment of patients who left hospital was 10.5 days (10.4 days in 2008), incl. the average duration of treatment of patients who were checked out of hospital – 10.1 days, patients who died – 14 days and patients who were transferred to another hospital – 15.1 days. Patients whose main diagnosis was a contagious or parasitic disease required long-term treatment – 68.4 days (incl. tuberculosis – 128.8 days) and the same applied to patients with mental and behavioural disorders (21 days). The average duration of treatment of patients in other disease groups remain below the average duration of treatment in the Medical Centre (Table 7).

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)	
	2008	2009	2008	2009	2008	2009
Contagious and parasitic diseases	447	379	1.2	1.1	63.0	68.4
Tumours	8,618	7,935	22.5	22.4	8.7	9.8
Vascular and haematopoietic organ diseases	212	223	0.6	0.6	7.5	8.6
Endocrinological, eating and metabolic disorders	551	664	1.4	1.9	9.3	10.1
Mental and behavioural disorders	3,621	3,736	9.5	10.5	23.8	21.0
Diseases of the nervous system	737	622	1.9	1.8	8.0	8.3
Eye diseases	5	2	0.0	0.0	2.0	5.0
Ear and mastoid process diseases	198	169	0.5	0.5	3.8	3.9
Diseases of vascular organs	9,131	8,325	23.8	23.5	9.9	10.0
Respiratory diseases	2,396	2,061	6.3	5.8	7.6	7.9
Diseases of digestive organs	2,844	2,663	7.4	7.5	5.4	5.5
Skin and subcutaneous tissue disorders	785	592	2.1	1.7	8.8	8.7
Musculoskeletal system and connective tissue diseases	2,748	2,578	7.2	7.3	6.5	5.9
Urinary and sexual organ diseases	1,527	1,397	4.0	3.9	5.8	5.2
Pregnancy, childbirth and post-natal disorders	5	3	0.0	0.0	3.4	2.7
Congenital malformations, deformations and anomalies	228	164	0.6	0.5	4.4	5.6
Unclassified symptoms, variables and deviations in clinical findings	182	158	0.5	0.4	5.1	3.4
Injuries, poisoning and other consequences of external factors	3,758	3,509	9.8	9.9	9.5	9.0
Factors affecting the state of health, contacts with health services	286	296	0.7	0.8	3.7	3.8
Proved to be healthy	9	12	0.0	0.0	11.2	8.5
Total	38,288	35,488	100.0	100.0	10.4	10.5

Patients from all counties and 118 patients (0.3%) from other countries received inpatient treatment in the Medical Centre in 2009. The inpatients who left hospital divided as follows according to place of residence; 72% in Harju County, incl. 52.7% in Tallinn; 4.8% in Lääne-Viru County; 5% in Ida-Viru County; 4.2% in Pärnu County; 3.5% in Rapla County; 5.8% in Lääne County and on the islands; 2.3% in Southern Estonian counties.

Inpatient surgical treatment

The Minister of Social Affairs established 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 used 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, include 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 centre's surgical treatment data for 2008 and 2009 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. The NCSP operations group of ear, nose and larynx operations has been used instead of the earlier operations group of ear, nose and throat operations to guarantee better comparability of the data with other hospitals and medical centres in Estonia.

Table 8 Surgical treatment in the centre according to different classifications

Surgical treatment	2008	2009
Number of surgical procedures	41,604	39,279
incl. number of operations	19,548	17,783

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.

62,645 surgical procedures and operations were performed in the Medical Centre in 2009 (65,693 in 2008), which included 21,872 operations (24,169 in 2008), incl. 17,783 operations in inpatients (19,548 in 2008), incl. 13,774 main operations (14,686 in 2008). 70.5% (12,532) of the operations were scheduled and 25.5% (5,251) were emergency operations. The number of operations on inpatients comprises 81.3% of the total number of operations performed in the Medical Centre in 2009. 93.6% of inpatient operations were performed in the Surgery Clinic. Surgical activity (number of patients who received surgery per 100 patients who left hospital) in the Medical Centre as a whole was 37.0% (36.4% in 2008) and 76.5% in the outpatient surgery clinic (76.3% in 2008). 47 operations were performed per bed of the Surgery Clinic in 2009, 37 of them were main operations.

The areas where the number of operations performed was the highest were the following in the Medical Centre in 2009 (Figure 6):

1. operations on the musculoskeletal system 3,878 (21.9% of the total number of operations). Operations on the musculoskeletal system included insertion of endoprostheses of large joints (641), incl. total endoprostheses of the hip joint (306), subtotal endoprostheses of the hip joint (88), total endoprostheses of the knee joint (279) and total endoprostheses of the shoulder joint (21).
2. operations on digestive organs and the spleen 3,137 (17.7%), including intestine operations 998; gallbladder, bile duct and liver operations 634 (incl. 449 by the laparoscopic method); liver and duodenum operations 360. 723 of the operations on digestive organs were emergency operations performed on 'acute stomach patients'.
3. ear, nose and larynx operations 1,526 (8.6%), the majority of which were submucous conchotomy 443, functional endoscopic antrostomies 173 and ethmoid frontotomies 143.
4. Operations on teeth, jawbones, the mouth and pharynx 1,473 (8.3%), incl. tonsillectomies 527, removal of tumours in the facial region including plastic surgery 75, uranoplastic operations 16, surgical treatment of macrognathia and prognathism 11.
5. operations on the nervous system 1,325 (7.5%), incl. removal of prolapses of the lateral and central disk in the lower back region 460, removals of subdural, epidural and cerebral haematomas 149, operations on brain tumours 112, operations on arterial cerebral aneurysm 20.
6. operations on coronary and large thoracic blood vessels 1,366 (7.0%), including aortocoronary shunting 442, incl. on three and more arteries 368.

1,510 percutaneous transluminal coronary angioplasty procedures were performed on 1,061 patients and 542 permanent pacemakers were installed.

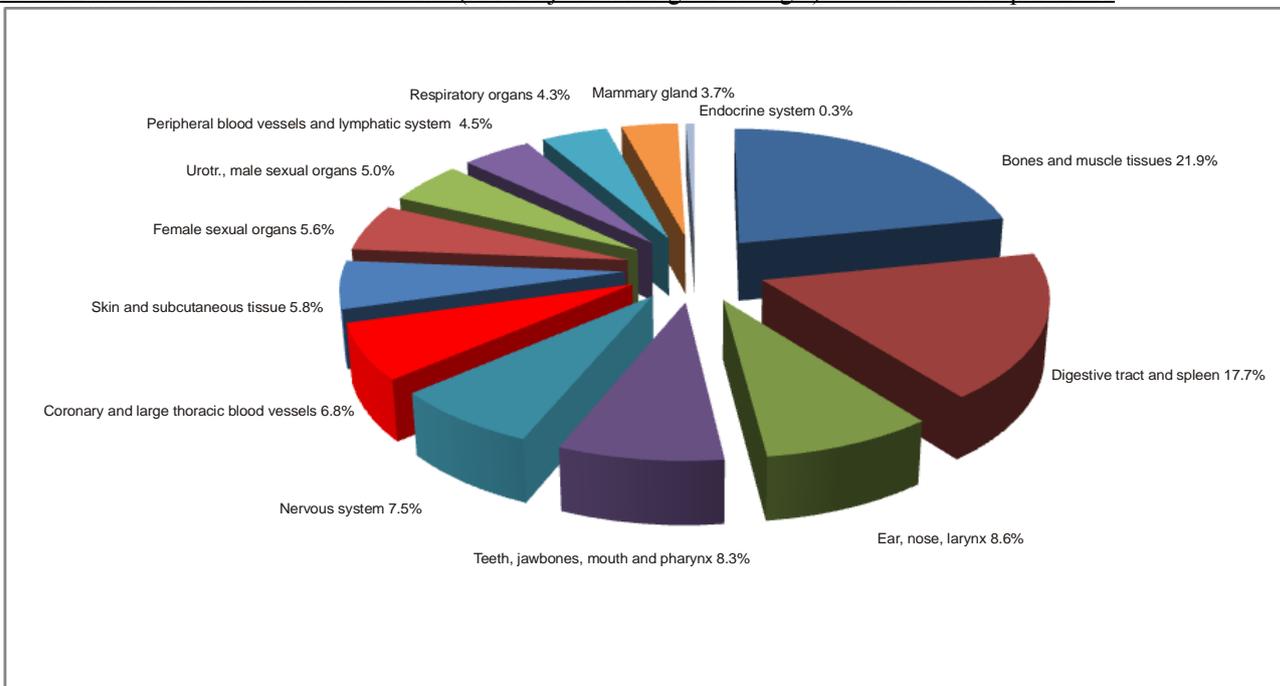


Figure 6 Structure of hospital surgeries

Medical examinations and treatment procedures

Details of the medical examinations and treatment procedures performed on outpatients, day care patients and inpatients are given in Table 9. The need for medical examinations and treatment procedures and the number of performed examinations/procedures has decreased as a result of the decrease in the volume of treatment. The number of procedures has increased in radiation therapy (25%) and haemodialysis (9.2%).

Table 9 Medical examinations and treatment procedures¹

Examinations, procedures	2008	2009
Number of functional diagnostic examinations	91,508	84,482
Number of ultrasound diagnostic examinations	75,206	65,729
Number of endoscopic examinations and procedures (NOMESCO)	10,816	10,841
Number of laboratory tests	2,128,033	2,060,146
Number of skin tests	26,940	29,005
Number of treatment procedures, incl.		
rehabilitation	53,439	51,806
barotherapy	1,771	1,745
haemodialysis	6,200	6,771
speech therapy	1,318	1,010
psychotherapy	12,362	12,061
occupational therapy	417	498
Number of patients who received radiation therapy	1,010	1,217

In 2009 the National Health Insurance Fund changed the coding guidelines of radiological health services and the list of such services on several occasions, which is why the data are not comparable with data from previous years. The total number of X-ray diagnostics procedures (X-ray pictures, fluoroscopy, examinations with contract medium, mammography) was 118,764, the number of computer tomography procedures was 66,160, the number of nuclear magnetic resonance tomography procedures 5,806 and the number of radioisotope diagnostics procedures 4,434.

Lethality, causes of death and autopsies

1,359 hospitalised patients died in 2009 (1,397 in 2008), 393 patients (28,9%) were 15 to 64 years of age, 763 (56.1%) were 65 to 84 years of age and 203 (14.9%) were aged 85 and over.

The lethality indicator (number of deaths per 100 patients who left hospital) was 3.8% – 3.6% for active treatment beds (the relevant indicators in 2008 were 3.6% and 3.4%) and 2.8% for active treatment beds, excl. the Follow-up and Nursing Care Clinic. 228 patients died within 24 hours after hospitalisation (231 in 2008), 58 of them died of myocardial infarction (50 in 2008). First-day lethality (number of patients who died 24 hours after hospitalisation per 100 patients hospitalised in the same period) was 0.7% (0.6% in 2008).

The main diagnoses among causes of death in 2009 were the same as in previous years, the only exception being that diseases of the digestive organs climbed to the 4th place from last year's 5th place:

1. diseases of vascular organs 630 cases – 46.4% of causes of death (685, 49% in 2008);
2. tumours 375 cases – 24.3% of causes of death (340, 24.3% in 2008);
3. injuries and poisoning 105 cases – 7.7% of causes of death (117, 8.4% in 2008);
4. diseases of digestive organs 78 cases – 5.7% of causes of death (80, 5.7% in 2008);
5. respiratory diseases 76 cases – 5.6% of causes of death (85, 6.1% in 2008).

371 pathoanatomical autopsies were performed in the Medical Centre in 2009 (426 in 2008), 214 of them were on patients who had died in the Medical Centre (279 in 2008). 96 forensic autopsies were also performed in the Medical Centre in 2009 (118 in 2008).

The frequency of autopsies had decreased over the years and reached 22.8% in 2009, which is 5.6% less than in the previous year. The frequency of pathoanatomical autopsies was 16.9% (21.8% in 2008), which is 4.9% less than in the previous year. The main reason of the decrease in the frequency of autopsies is improvement of diagnostics on living patients.

There were 56 dissenting diagnoses in 2009 and their frequency was 18.1% (69 and 17.4%, respectively, in 2008). (Table 10).

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 2008: Estonia 18.2%; Armenia 79.3%; Ukraine 65.4%; Hungary 32.8%; Finland 20.0%; Latvia 13%; Ireland 10.8%; Sweden 10.0% (2006); Lithuania 6.5%; Moldova 79.7%; Israel 0.9%.

Table 10 Autopsies

Autopsy data	2008	2009
Number of patients who died in hospital	1,397	1,359
<i>Number of autopsied patients, incl.</i>	397	310
<i>pathoanatomically</i>	279	214
<i>forensically</i>	118	96
<i>Autopsy frequency (%)</i>	28.4	22.8
<i>Frequency of pathoanatomical autopsies (%)</i>	21.8	16.9

Blood Centre

The Blood Centre makes a total of 37 different donor blood preparations for adults, children, newborns and unborn foeti. It supplies 14 hospitals in Northern, Central, Eastern and Western Estonia and donor blood is also collected in these regions. 46% of donations are collected by a mobile crew and 54% in two stationary blood collection points in Tallinn.

The number of donations increased by 4.3% and the number of donors by 4.5% in comparison to the previous year as the new blood collection point DonorForum was opened in the centre of Tallinn. 4,754 donors have visited it since it was opened in February and they have made 6,452 donations.

Table 11 Change in the number of donors and donations

Year	2008	2009
Number of donors	18,929	19,773
Number of donations	29,490	30,752

Preparation of the erythrocyte suspension has decreased slightly in comparison to the previous year and the production of thrombocyte concentrations was decreased considerably – by 41%. The reason was decreased demand by hospitals. 9.5% less blood components were issued to hospitals than in 2008. Only the production of plasma increased (8.7%) on account of fractioning plasma.

Table 12 Preparation of blood components (change in the number of doses)

Component	Year	2008	2009
Erythrocyte suspension		28,506	28,056
Erythrocyte suspension for children		545	439
Plasma		28,119	30,569
BC thromboconcentrates		3,786	2,304
Apheresis thromboconcentrates		1,360	699

The opening of another permanent blood collection point in the centre of city, the launch of plasmapheresis procedures in May and giving regular donors the option to access their data or the creation of the eDonor portal were the highlights in the activities of the Blood Centre in 2009.

Infection control

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

Regular registration of hospital infections continued in 2009 and a study of the spread of hospital infections was prepared. Increased attention was paid to post-surgery wound infection and a preliminary study was completed to assess its risk factors. The work will continue in 2010 and more attention will be paid to intensive care wards.

The resistance of microbes is a serious problem in hospitals and the different practises of using antibiotics are considered one of the reasons behind this problem. 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. It is planned to update the guidelines of treatment with antibiotics next year to improve the use of antibiotics.

Attention was also paid to the health and safety of staff. 248 employees were immunised against hepatitis B in 2009. Antibodies were checked in 239 employees to assess the efficiency of immunisation against hepatitis B. Employees could also immunise themselves against seasonal flu and the A(H1N1) flu. 473 and 269 employees, respectively, used this opportunity.

92 cases of contact where healthcare professionals came under the threat of infection (jabbing/cutting injuries, splatter on mucous membranes) were registered in 2009. Registration of such cases has remained stable in recent years. All cases were individually analysed and prophylactic measures were applied where necessary.

Table 13 Number of cases of contact

Year	2008	2009
Number of cases	108	92

An important task of the Infection Control Service is to organise hygiene training. 11 training sessions about hygiene and infection were organised in 2009, 3 of them for nurses and 4 for care workers. It was a training day that consisted of 8 academic hours and included practical exercises and the option to adequately test the hygiene state of one's hands. 100 nurses, 68 care workers and 53 other hospital staff were trained in total.

The consumption of hand antiseptics, the use of which has remained low, has also been assessed over the years. Special hand hygiene training for nurses and care workers (367 employees in total) was organised in spring 2009 to improve hand hygiene. The goal is to improve the hand hygiene awareness of the entire hospital staff and there are plans to increase the volume of such training in 2010.

Action plan for 2010

The action plan for 2010 is aimed at carrying out the strategic trends defined in the development plan of the Medical Centre.

According to the development plan of the North Estonia Medical Centre for 2010 to 2012, the main development trends of the 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.

Management

The contracts of the heads of clinics will expire in 2010 and new heads will be elected.

The Medical Centre will continue organising and supporting national and international medical conferences in 2010. 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 on carrying out the changes in staff that result from the moves in 2010 (restructuring of departments), the new starter programme, mapping and reducing the occupational risks of staff, development of new starter and nursing practicum systems.

Quality management

Development of the existing quality management system that covers the entire Medical Centre will continue in 2010. Departments that deal with tissue and organ transplants are the structural units that will continue developing their quality systems; preparations for accrediting cancer treatment centres of competence and the blood centre will start and the laboratory in the Diagnostics Division will apply for accreditation. An outpatient satisfaction survey will also be conducted and in 2010 the centre will focus on the development of patient information on the basis of the inpatient satisfaction survey conducted in 2009.

Development of information systems

Increasing the scope of application of orders and workflow services will continue in treatment activities in 2010 (endoscopy, infusion treatment, invasive radiology, laboratory, surgery block, sterilisation, radiation therapy, pathology); expanding the scope of application of the SharePoint document management programme by digitalisation of the documents of support processes and development of the nationwide e-health functionality.

Development of treatment services

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

Provision of diagnostics and treatment services for a fee will continue in the Medical Centre in 2010.

Use of the linear accelerator acquired in 2008 on different localisations will continue for the development of the treatment service and the methodology of 'guard nodes' on different cancer localisations will be expanded.

The centre will focus on guaranteeing patient safety and welfare in 2010:

- preparations for the creation of a call centre will start;
- offering selection menus in catering will be promoted;
- the security concept of the hospital will be developed;
- a treatment quality committee will be created.

Cooperation with the St Petersburg Academy of Military Medicine and Helsinki University Hospital will be launched in 2010.

Investments in equipment

The Medical Centre completed its investments pursuant to the investment plan included in the development plan of the North Estonia Medical Centre. Significant investments will be made in 2010 in replacing existing 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 456 million kroons (incl. VAT) in medical technology and fittings and 16 million kroons (inc. VAT) in other equipment. Most of the investments planned for 2010 are associated with the completion of the procurements conducted in 2008 and 2009 in relation to the move into the new Bloc X.

The biggest investments in medical technology are:

- 157 million kroons (incl. VAT) is invested in the radiology equipment of the Diagnostics Division, 16 million kroons (incl. VAT) is invested in laboratory, pathology and blood centre equipment and 25 million kroons (incl. VAT) is invested in endoscopy equipment;
- 70 million kroons (incl. VAT) in the operating centre and sterilisation service of the Surgery Clinic;
- 70 million kroons (incl. VAT) in anaesthesia and intensive care equipment of the Anaesthesiology Clinic and equipment of the Emergency Medical Centre;
- 53 million kroons (incl. VAT) is invested in radiation therapy equipment of the Oncology Centre of the Internal Medicine Clinic and 8 million kroons (incl. VAT) in the equipment of the Cardiology Centre.

Infrastructure

The priority for 2010 is completion of the construction of Block X and furnishing the new block with medical equipment and non-medical fittings. Moving departments into new premises as a result of concentrating active treatment into the Mustamäe Block and preparations for reconstruction of the Mustamäe Block, Block C and Pathology Block are also priorities for 2010.

Investments in construction will total 266 million kroons in 2010, including 121 million kroons in new buildings, 19 million kroons in reconstruction of buildings and 126 in renovation of existing premises.

The investments will be financed with the 1.034 billion kroons allocated with the investment plan of the European Regional Development Fund and the long-term investment loan to be assumed.

2 FINANCIAL STATEMENTS

Declaration of the Management Board

The Management Board takes responsibility for preparation of the financial statements of North Estonia Medical Centre Foundation (SA Põhja-Eesti Regionaalhaigla), set out on pages 25-47, and confirms that:

1. the accounting principles used in preparing the financial statements are in compliance with the generally accepted accounting principles of Estonia;
2. the financial statements give a true and fair view of the financial position of North Estonia Medical Centre Foundation and the results of its operations and cash flows;
3. material circumstances, which became evident before the date of preparation of the financial statements (22 April 2010) have been appropriately accounted for and presented in the financial statements;
4. North Estonia Medical Centre Foundation is able to continue as a going concern.

Tõnis Allik	Chairman of the Management Board	_____	22 April 2010
Sven Kruup	Member of the Management Board	_____	22 April 2010
Sergei Nazarenko	Member of the Management Board	_____	22 April 2010

Balance sheet

in thousands of kroons, as of December 31

ASSETS	<i>Note</i>	31.12.2009	31.12.2008*	01.01.2008
Cash and bank accounts	2	273 688	79 971	44 579
Receivables and prepayments	3	213 157	202 703	188 130
Inventories	4	33 770	35 186	26 856
Total current assets		520 615	317 860	259 565
Long-term financial investments	5	50	50	50
Property, plant and equipment	6	1 593 070	1 291 325	980 791
Intangible assets	7	9 749	7 070	5 203
Total non-current assets		1 602 869	1 298 445	986 044
TOTAL ASSETS		2 123 484	1 616 305	1 245 609
LIABILITIES AND NET ASSETS				
Borrowings	8,9	117 913	5 433	8 692
Payables and prepayments	10	237 949	423 036	266 783
Short-term provisions		3 990	0	0
Targeted financing	11	32	220	3 952
Total current liabilities		359 884	428 689	279 427
Long-term borrowings	8,9,10	695 240	621 337	344 826
Total non-current liabilities		695 240	621 337	344 826
Capital		316 964	316 964	316 964
Granted capital		218 809	218 809	218 809
Retained earnings/accumulated loss		30 506	85 583	85 583
Profit/loss for the financial year		502 081	-55 077	0
Total net assets		1 068 360	566 279	621 356
TOTAL LIABILITIES AND NET ASSETS		2 123 484	1 616 305	1 245 609

* Comparative data for the previous financial year have been restated (see Note 1 for additional information).

Income statement

in thousands of kroons, per annum

	<i>Note</i>	2009	2008*
Operating income			
State budgetary revenue	12	36 704	40 563
Revenue from sale of medical services to health insurance funds	12	1 500 749	1 524 863
Revenue from sale of medical services to legal persons and private persons	12	117 897	129 634
Revenue from economic activities		6 848	3 817
Subsidies	13	551 016	28 371
Other revenue		7 068	6 073
Total operating income		2 220 282	1 733 321
Operating expenses			
Purchase of goods, raw materials and services	14	-458 795	-475 545
Blood establishment production costs	14	-17 864	-16 527
Administrative expenses	14	-170 775	-170 011
Personnel expenses	15	-748 693	-794 722
Other operating expenses	14	-167 087	-167 002
Total operating activities		-1 563 214	-1 623 807
Depreciation, amortisation and impairment	6,7	-137 807	-138 598
Profit/loss from operations		519 261	-29 084
Net financial items	16	-17 180	-25 993
Profit/loss for the financial year		502 081	-55 077

* Comparative data for the previous financial year have been restated (see Note 1 for additional information).

Cash flow statement

in thousands of kroons, per annum

	<i>Note</i>	2009	2008
Cash flow from operating activities			
Proceeds from the health insurance funds (for medical services)		1 522 593	1 504 419
Proceeds from establishments (for medical services)		174 548	155 436
Government grants received from the state budget		510 253	41 224
Interest received		4 571	2 967
Other proceeds		16 851	13 780
Paid to suppliers		-843 740	-801 048
Paid to employees		-461 101	-477 667
Taxes paid		-309 882	-318 400
Interest paid		-23 452	-18 914
Other expenses paid		-1 356	-318
Total cash flow from operating activities		589 285	101 479
Cash flow from investing activities			
Purchase of non-current assets		-581 018	-432 867
Proceeds from disposals of non-current assets		21	57
Total cash flow from investing activities		-580 997	-432 810
Cash flow from financing activities			
Loans taken	8	303 517	375 415
Repayment of loan principal	8	-112 655	-3 397
Repayment of finance lease principal	8	-5 433	-5 295
Total cash flow from financing activities		185 429	366 723
Net change in bank and bank accounts		193 717	35 392
Cash and bank accounts at the beginning of the period	2	79 971	44 579
Cash and bank accounts at the end of the period	2	273 688	79 971

Statement of changes in net assets

in thousands of kroons, per annum

	Capital	Granted capital	Retained earnings/accumulated loss	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/accumulated loss	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

* Comparative data for the previous financial year have been restated (see Note 1 for additional information).

Notes to the financial statements

Note 1 Accounting principles and basis of estimations used in the preparation of the financial statements

General principles

The financial statements of North Estonia Medical Centre Foundation (hereinafter the Medical Centre or the foundation) have been prepared in accordance with the generally accepted accounting principles of the Republic of Estonia, on a historical cost basis, unless otherwise stipulated in the 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 Accounting Board of the Republic of Estonia (hereinafter RTJ).

The financial statements have been prepared in Estonian kroons. For the purposes of reader convenience, the figures have been presented in thousands of kroons.

The income statement format No. 1, provided in the Accounting Act, has been used in the preparation of the financial statements.

Foreign currency transactions

The Estonian kroon is the underlying currency of the foundation. All other currencies are considered foreign currencies.

Foreign currency transactions are recorded on the basis of the foreign currency exchange rates of the Bank of Estonia officially valid on the transaction date. Assets and liabilities denominated in foreign currency as of 31 December 2009 have been translated into Estonian kroons on the basis of the currency exchange rates of the Bank of Estonia officially valid on the balance sheet date. Foreign exchange gains and losses associated with supplier and customer settlements have been charged to operating income and operating expenses in the income statement. Other foreign exchange gains and losses are recorded under net financial items in the income statement.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are short-term (with a term of up to three months), highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in market value. Cash and cash equivalents include cash in hand and at bank, demand deposits and term deposits with an original maturity of three months or less. Cash flow is recorded based on the direct method in the cash flow statement.

Financial assets

Financial assets include cash, short-term financial investments, accounts receivable, and other short-term and long-term receivables.

Financial assets are initially recognised at cost, being the fair value of the consideration given. The acquisition cost includes all expenditures directly related to the purchase of the financial asset, including service charges payable to brokers and advisors, non-refundable taxes and other similar expenditures related to the transaction, except for expenses related to the acquisition of financial assets recognised at fair value through profit and loss.

All regular way purchases and sales of financial assets are recognised on the trade date — i.e. the day when the company commits (e.g. concludes a contract) to purchase or sell the particular financial asset. Regular way transactions are purchases and sales transactions that require delivery of the financial asset to be purchased or sold by the seller to the buyer within the time frame generally established by regulation or convention in the marketplace.

Following initial recognition, financial assets are measured at their fair value, except for accounts receivable, which are recorded at amortised cost, and investments in shares, the fair value of which cannot be reliably measured and which are recorded at cost.

Receivables

Accounts receivable are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition, as well as expenses directly related to the transaction, over the year to maturity.

Financial assets measured at amortised cost will be written down, if it is probable that their recoverable amount is lower than their carrying amount. The recoverable amount of a financial asset measured at amortised cost is the net present value of future cash flows from the financial asset, discounted, upon its initial recognition, with the effective interest rate. The write-down of financial assets used for main activity is recorded under "Other operating expenses" in the income statement.

Impairment of financial assets will be presented separately for each item, if the item is material. An allowance will be established for doubtful receivables, if certain events indicate that the recoverable amount of the receivable has fallen below its carrying amount.

Collection of receivables, which have been previously expensed as doubtful receivables, is reported as a reversal of the write-down in the income statement – as an adjustment to the expense item under which the write-down was charged.

Changes in accounting principles

As of 31.12.2009, an inventory of the open health files was conducted, and the cost of health files revaluated.

Previously, the average health file price was used for the stock-take; this time the actual price was used.

In connection with the change in the accounting principles, the amount of open health files as of 31.12.2008 was restated, along with the revenue from sale of medical services to health insurance funds in the amount of 15,849 thousand kroons. The following data was restated in the Annual Report 2008 (in thousands of kroons):

Income statement entry	Reported in the Annual Report 2008	Restatement in connection with changes in the accounting principles	2008 restated
Revenue from sale of medical services to health insurance funds	1 529 398	-4 535	1 524 863
Total operating income	1 737 856	-4 535	1 733 321
Profit/loss from operations	-24 549	-4 535	-29 084
Profit/loss for the financial year	-50 542	-4 535	-55 077

Balance sheet entry	Reported in the Annual Report 2008	Restatement in connection with changes in the accounting principles	2008 restated
Receivables and prepayments	186 854	15 849	202 703
Total current assets	302 011	15 849	317 860
Total assets	1 600 456	15 849	1 616 305
Retained earnings/accumulated loss	65 199	20 384	85 583
Profit/loss for the financial year	-50 542	-4 535	-55 077
Total net assets	550 430	15 849	566 279
Total liabilities and net assets	1 600 456	15 849	1 616 305

Entry in the statement of changes in net assets	Reported in the Annual Report 2008	Restatement in connection with changes in the	2008 restated

		accounting principles	
Profit/loss for the financial year	-50 542	-4 535	-55 077
Total net assets	550 430	15 849	566 279

Inventories

Inventories are recorded at cost, consisting of the purchase price, customs duties and transportation costs directly related to the purchase. Under the General Rules for State Accounting, non-refundable taxes related to the acquisition of inventories are not included in the acquisition cost. Non-refundable taxes and duties related to the acquisition are recorded under "Other operating expenses" in the income statement.

The acquisition cost of inventories is calculated by using the individual cost method (medicinal products) and the FIFO method (except for medicinal products). Inventories are measured in the balance sheet according to the lower of the acquisition cost or net realisable value. The amount of write-down of inventories to their net realisable value is recorded as expenses of the reporting period, under "Write-down of inventories" in the income statement.

Long-term financial investments

Under the General Rules for State Accounting, 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. 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.

Property, plant and equipment

Assets with a useful life of over 1 year and an acquisition cost of over 30 thousand kroons are considered to be property, plant and equipment (PPE). Assets with a useful life of over 1 year, but an acquisition cost of less than 30 thousand kroons, are recorded as low-value items (in inventories) and are fully expensed when the asset is taken into use. Low-value items that have been expensed are accounted for off-balance sheet.

PPE are recorded at cost, consisting of the purchase price and expenditures directly related to the acquisition. Value added tax and other refundable taxes and duties are not capitalised to the acquisition cost of the non-current assets. Subsequent to initial recognition, an item of PPE is carried in the balance sheet at its cost, less accumulated depreciation and any accumulated impairment losses.

If the PPE item consists of distinguishable components with different useful lives, these components are separately recorded under assets, and the depreciation rates specified separately thereof in accordance with their useful lives.

Expenses incurred on PPE after their recognition (e.g. replacement of a part of the asset item) are added to the book value of the item, provided it meets the following criteria:

- 1) the asset item is likely to generate economic benefits in the future;
- 2) the acquisition cost of the asset item can be reliably measured.

Replaced parts are written off from the balance sheet. All other costs are charged to the expenses of the period when incurred.

Depreciation of PPE is calculated on a straight-line basis. Depreciation rates are determined for each PPE item individually, depending on its useful life.

The following annual depreciation rates apply for PPE groups:

Land	0%
Buildings and facilities	2-5%
Machinery and equipment	20%
Other non-current assets	20-33%

Depreciation methods, depreciation rates and final values of PPE are reviewed at least at the end of each financial year. If the new figures differ from previous figures, the changes will be recorded as changes in accounting estimates (proactively).

The carrying value of PPE will be reviewed when certain events or changes in circumstances indicate the carrying value may not be recoverable. Impairment tests will be conducted if any such indication exists. If the estimated recoverable amount of PPE is lower than its carrying amount, the asset (or the assets of the cash-generating unit) will be written down to its recoverable amount, which is the higher of the present value of the estimated future cash flows of the asset (i.e. value-in-use) and the fair value of the asset, less sales expenses. The write-down is charged to expenses under “Depreciation, amortisation and impairment” in the income statement.

If the recoverable amount of the asset rises above its carrying amount, the write-down will be cancelled, and the carrying amount of the asset increased, but not in excess of the carrying amount the asset item would have had if no write-down was conducted. Reversal of the write-down is recorded in the income statement — under the same entry previously used for the write-down.

PPE is derecognised upon transfer of the asset, or if the group can expect no financial benefits from use or disposal of the asset. Profit and loss from disposal of PPE is offset under “Other income” in the income statement. Loss from write-off of assets which are unfit for use is recorded under “Depreciation, amortisation and impairment” in the income statement.

Intangible assets

Assets are recognised as intangible assets if the following conditions are met:

- 1) the asset item can be tested by the foundation;
- 2) it is probable that future economic benefits attributable to the asset will flow to the foundation;
- 3) the acquisition cost of the item can be reliably measured.

Intangible assets are initially recorded at acquisition cost, consisting of the purchase price and expenses directly related to the acquisition. Value added tax and other refundable taxes and duties are not capitalised to the acquisition cost of the non-current assets. Subsequent to initial recognition, an item of PPE is carried in the balance sheet at its cost, less accumulated depreciation and any accumulated impairment losses.

Intangible assets have a definite useful life.

Amortisation of intangible assets is calculated on a straight-line basis. The following annual amortisation rates are used:

Licenses	20%
Software	20%

The amortisation of intangible assets is recorded under “Depreciation, amortisation and impairment” in the income statement. The amortisation period and amortisation methods of definite intangible assets are reviewed at the end of each financial year. There were no changes in accounting estimates in the financial year.

Financial liabilities

Financial liabilities include accounts payable, accrued expenses and other short-term and long-term borrowings.

Financial liabilities are initially recognised at their acquisition cost, consisting of the fair value of the consideration given. Following initial recognition, financial liabilities are measured at their amortised cost by

using the effective interest rate method. Transaction costs are taken into consideration upon calculating the effective interest rate, and charged to expenses over the term of the financial liability.

Interest expenses related to the financial liability are charged to the expenses of the period on accrual basis under "Net financial items" in the income statement. The financial liability will be derecognised when the liability is paid, cancelled or expired.

Accounting for lease

Lease transactions, where all material risks and rewards related to the ownership of the asset are transferred to the lessee, are treated as finance lease. All other lease transactions are treated as operating lease.

Assets leased under finance lease are recorded in the lessee's balance sheet at the lower of acquisition cost or the net present value of minimum lease payments. The depreciation period of assets acquired under finance lease is the useful life of the asset or the rental period, whichever is shorter. Rental payments are divided into financial expenses, and rental payable so that the interest rate would be the same at any given moment. Financial expenses are recorded under "Net financial items" in the income statement. Depreciation charge for depreciable assets associated with the financial lease is recorded under "Depreciation, amortisation and impairment" in the income statement.

In case of operating lease, the assets are recorded in the lessor's balance sheet. Operating lease payments are recorded during the lease period as income (by lessor) and expenses (by lessee) based on the straight-line method.

Recognition of revenue and expenditure

Revenue is recognised at the fair value of the received/receivable income. Revenue consists of revenue less discounts, non-accepted services as well as products and goods returned. Revenue is generated from the following main activities of the Medical Centre:

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

Revenue from ancillary activities includes rental income, register subsidies, revenue from clinical surveys of medicinal products and other income (government grants, subsidies, proceeds from disposals of properties, etc.).

Operating income is recorded on accrual basis, based on the revenue recognition principle - i.e. the income is recognised at the time of sale of goods or rendering of services or when earned during the period(s) specified in contract. Revenue from sale of goods is recognised when all material risks related to the ownership of the asset have been transferred to the buyer, and the amount of revenue and expenses related to the transaction can be reliably measured. Revenue from sale of services is recorded upon rendering of the service. Revenue does not include amounts transferred to the Medical Centre on behalf of a third party, and customer advances.

Operating income does not include amounts due as of the balance sheet date, regarding which there is no claim document (e.g. outstanding interest for the previous period; open health files as of the end of the year).

Interest income is recorded on accrual basis.

Financial transactions are conducted based on the matching principle; the expenditure incurred for generating the revenue for the reporting period is charged to expenses of the period. Expenses are recorded based on the accrual method of accounting.

Personnel expenses include wages and salaries, remuneration and fringe benefits equivalent to wages and salaries, and the calculated taxes. Personnel expenses not paid during the period are charged to employee-related liabilities. Unused holiday days and unpaid holiday pay are evaluated once a year, as of the end of the financial year, and charged to expenses of the period.

Other expenses include other operating expenses, depreciation, amortisation and impairment, and net financial items. Other operating expenses include:

- 1) taxes, fees and penalties;
- 2) allowance for doubtful receivables;
- 3) other operating expenses.

Depreciation, amortisation and impairment include depreciation of PPE and amortisation of intangible assets, as well as any impairment losses.

Net financial items include revenue from and expenses on financial investments and borrowings. Net financial items are recognised when incurred.

Government grants

Government grants allocated for purchase of non-current assets

Pursuant to the amendment of the General Rules for State Accounting, public entities whose main purpose is not to seek profit will record, from 01.10.2007, the government grants allocated for purchase of non-current assets under revenue for the period of acquisition in accordance with the IPSAS 23 principles.

Government grants allocated for operating expenses

Revenue from government grants allocated for operating expenses has been recorded in the income statement proportionally with the related expenditure. The revenue is recognised based on the gross method – i.e. the grants received and the costs to be compensated are recorded under separate entries in the income statement. Revenue from government grants has been recorded under “Other income” in the income statement.

Events after the balance sheet date

All known material circumstances that became evident before the date of preparation of the financial statements have been appropriately accounted for and presented in the financial statements.

Note 2 Cash and bank accounts

in thousands of kroons, as of December 31

	31.12.2009	31.12.2008
Cash	34	83
Cash in transit ¹	51	67
Bank	143 603	79 821
Term deposit	130 000	0
Total	273 688	79 971

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

	31.12.2009	31.12.2008
Receivables from the Estonian Health Insurance Fund	118 123	132 623
Other accounts receivable	22 149	25 716
Accrued income* ¹	31 505	37 583
Other receivables ²	37 714	4 381
Prepayments for services	3 701	2 924
Allowance for doubtful receivables ³	-35	-524
Total receivables and prepayments	213 157	202 703

* Comparative data for the previous financial year have been restated (see Note 1 for additional information).

¹ Accrued income consists of revenue from open health files in the amount of 31,505 thousand kroons (2008: open health files: 37,583 thousand kroons). At the end of the financial year, an inventory of the open health files was conducted in order to evaluate the open health files. As a result, health services provided in 2009 but not yet presented to the buyers as of 31.12.2009 are recognised in the revenue for 2009.

² Other short-term receivables consist of the following receivables:

	31.12.2009	31.12.2008
Unreceived government grants allocated for non-current assets	30 992	0
Unreceived subsidies provided by law	18	16
Amounts withheld from wages and salaries	1	0
Guarantee deposits paid	117	118
Prepaid VAT (not yet due)	731	0
Prepaid VAT for non-current assets	5 855	4 247
Total other receivables	37 714	4 381

The following changes occurred in the allowance for doubtful receivables (per annum):

	31.12.2009	31.12.2008
Balance at the beginning of the period	-524	-71
Additional write-down	-5	-524
Uncollectible receivables written off the balance sheet	480	61
Collection of amounts previously expensed as doubtful receivables	14	10
Balance at the end of the period	-35	-524

Note 4 Inventories

in thousands of kroons, as of December 31

	31.12.2009	31.12.2008
Pharmaceutical products	11 398	12 667
Finished products: blood products	1 813	1 875
Maintenance materials	751	751
Prostheses, surgical materials ¹	13 147	13 632
Medical materials	5 590	5 142
Strategic goods in stock	981	983
Equipment	90	136
Total	33 770	35 186

¹ An analysis of stock movements and values was conducted in the reporting period. As a result, the company wrote down slow-moving surgical equipment in the total amount of 223 thousand kroons. This amount was recorded in "Purchase of goods, raw materials and services" in the income statement (2008: write-up of 1,997 thousand kroons).

Note 5 Long-term financial investments

in thousands of kroons, as of December 31

Under the resolution of the Supervisory Board from 16 December 2004, the Medical Centre participated in the establishment of the Competence Centre for Cancer Research (AS Vähiuuringute Tehnoloogia Arenduskeskus), making a monetary contribution of 50 thousand kroons. The share capital contribution was made on 11 January 2005. The company acquired five thousand shares with a nominal value of 10 kroons. The Medical Centre holds a 12.5% stake in the public limited company. As of 31 December 2008, the Competence Centre for Cancer Research had a share capital of 1,460 thousand kroons.

Under the Resolution of the Supervisory Board from 20 April 2006, the Medical Centre participated in the establishment of the Picture Archiving and Communication System (SA Eesti Tervishoiu Pildipank), by making a monetary contribution of 100 thousand kroons. This makes up 50% of the foundation capital, with the remainder contributed by the Tartu University Hospital (Tartu Ülikooli Kliinikum SA). As of 31.12.2007, PACS had a share capital of 3,776 thousand kroons. As of 31.12.2008, PACS had a share capital of 6,425 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 Property, plant and equipment

in thousands of kroons, as of December 31

Non-current asset group	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress and prepayments	TOTAL
Acquisition cost						
Acquisition cost as of 31.12.2007	126 633	489 246	388 232	30 038	216 672	1 250 821
Acquisition of non-current assets	0	1 093	62 643	1 257	383 472	448 465
Reclassification	0	21 986	17 039	0	-39 025	0
Written-off non-current assets	0	0	-5 218	-1 575	0	-6 793
Acquisition cost as of 31.12.2008	126 633	512 325	462 696	29 720	561 119	1 692 493
Acquisition of non-current assets	0	0	20 051	1 863	416 760	438 674
Reclassification	0	6 038	34 330	0	-40 373	-5
Written-off non-current assets	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
Depreciation						
Depreciation as of 31.12.2007	0	78 830	176 888	14 312	0	270 030
Restatement	0	0	-46	46	0	0
Depreciation charge	0	26 658	70 925	4 476	0	102 059
Write-down ¹	0	35 651	0	0	0	35 651
Disposals and write-off	0	0	-5 218	-1 354	0	-6 572
Depreciation as of 31.12.2008	0	141 139	242 549	17 480	0	401 168
Depreciation charge	0	28 936	77 590	3 906	0	110 432
Write-down ²	0	26 326	0	0	0	26 326
Disposals and write-off	0	0	-1 689	-695	0	-2 384
Depreciation as of 31.12.2009	0	196 401	318 450	20 691	0	535 542
Net book value						
Net book value as of 31.12.2007	126 633	410 416	211 344	15 726	216 672	980 791
Net book value as of 31.12.2008	126 633	371 186	220 147	12 240	561 119	1 291 325
Net book value as of 31.12.2009	126 633	321 962	196 797	10 172	937 506	1 593 070

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

In 2008, the expense on the acquisition of the registered immovable located at 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 at 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 the X-wing of the building, with a part of the renovation work conducted in 2009 capitalised.

Note 7 Intangible assets

in thousands of kroons, as of December 31

Intangible assets	Licenses	Software	Ongoing projects	Total
Acquisition cost				
Acquisition cost as of 31.12.2007	452	3 437	2 859	6 748
Acquisition of non-current assets	0	927	1 828	2 755
Acquisition cost as of 31.12.2008	452	4 364	4 687	9 503
Acquisition of non-current assets	305	425	2 832	3 562
Acquisition cost as of 31.12.2009	757	4 789	7 519	13 065
Depreciation				
Depreciation as of 31.12.2007	390	1 155	0	1 545
Depreciation charge	62	826	0	888
Depreciation as of 31.12.2008	452	1 981	0	2 433
Depreciation charge	19	864	0	883
Depreciation as of 31.12.2009	471	2 845	0	3 316
Net book value				
Net book value as of 31.12.2007	62	2 282	2 859	5 203
Net book value as of 31.12.2008	0	2 383	4 687	7 070
Net book value as of 31.12.2009	286	1 944	7 519	9 749

Ongoing intangible asset projects as of 31.12.2009: 1) laboratory information system with a cost of 1,255 thousand kroons, 2) radiology information system with a cost of 3,761 thousand kroons, 3) pathology information system with a cost of 881 thousand kroons, 4) implementation of the reporting environment system with a cost of 468 thousand kroons, 5) development of the digital register X-tee interface with a cost of 534 thousand kroons, 6) development of the identity management system with a cost of 600 thousand kroons and 7) other software investments with a cost of 20 thousand kroons.

Note 8 Borrowings

in thousands of kroons, as of December 31

2009	Short-term portion	Long-term portion: 1-5 years	Long-term portion: over 5 years	Total liability
Overdraft	46 946	0		46 946
Bonds ¹	65 715	187 710	0	253 425
Long-term bank loans ²	0	0	500 546	500 546
Finance lease liabilities ³	5 252	5 322	0	10 574
Total borrowings	117 913	193 032	500 546	811 491
2008	Short-term portion	Long-term portion: 1-5 years	Long-term portion: over 5 years	Total liability
Bonds ¹	0	0	187 710	187 710
Long-term bank loans ²	0	0	422 346	422 346

Finance lease liabilities ³	5 433	10 574	0	16 007
Total borrowings	5 433	10 574	610 056	626 063

¹ In 2008, unsecured bonds were issued in the amount of 187,710 thousand kroons (12 million euros). The underlying currency of the bonds is the euro, and the redemption date is 30 June 2014. The interest rate consists of the benchmark (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:

- 1) 7 January 2009: 95,457 thousand kroons (3.8 million euros); underlying currency: euro, redemption date: 31.12.2009. The interest rate consists of the benchmark (1-month Euribor) + a margin of 0.8%. Bonds were redeemed on 31 December 2009.
- 2) 15 June 2009: 53,198 thousand kroons (3.4 million euros); underlying currency: euro, redemption date: 31.12.2009. The interest rate consists of the benchmark (1-month Euribor) + a margin of 1.5%. Bonds were redeemed on 27 October 2009.
- 3) 20 March 2009: 65,715 thousand kroons (4.2 million euros); underlying currency: euro, redemption date: 24 March 2010. The bond interest rate consists of the benchmark (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 500,691 thousand kroons (32 million euros). The interest rate is tied with the six-month 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 Finance lease and operating lease

in thousands of kroons, as of December 31

Finance lease

	31.12.2009	31.12.2008
Short-term portion - payable within 1 year	5 252	5 433
Long-term portion - payable within 1-5 years	5 322	10 574
Total finance lease liability	10 574	16 007

Additional information is available in Note 8.

Information on the valid financial lease contracts as of 31 December 2009 has been brought out in the below table (by leased non-current asset categories):

	Acquisition cost 31.12.2009	Net book value 31.12.2009	Acquisition cost 31.12.2008	Net book value 31.12.2008
Total cost of leased equipment	33 965	233	33 965	6 215

Operating lease

in thousands of kroons, per annum

	2009	2008
Transport vehicles	1 375	1 385
Administrative equipment and software	432	1 291

Medical equipment	5 387	4 797
Total operating lease payments	7 194	7 473

As of 31 December 2009, future operating lease expenses from non-cancellable operating lease contracts amounted to 4,755 thousand kroons (31.12.2008: 4,796 thousand kroons).

In 2009, the company generated 7,324 thousand kroons in revenue from operating lease contracts (2008: 5,759 thousand kroons).

The foundation has leased out approximately 6.24% of the premises on operating lease terms. The acquisition costs and net book values as of 31 December 2009 are the following:

Buildings	31.12.2009	31.12.2008
Acquisition cost of assets leased out under operating lease	31 698	14 592
Net book value of assets leased out under operating lease	17 282	9 765

The foundation has 7,632 thousand kroons worth of receivables from non-cancellable operating lease agreements.

Note 10 Payables and prepayments

in thousands of kroons; as of December 31

	31.12.2009	31.12.2009	31.12.2008	31.12.2008
	Short-term	Long-term	Short-term	Long-term
Accounts payable	118 791	1 190	280 073	0
Employee-related liabilities	67 588	0	78 416	0
Taxes payable ¹	48 282	0	56 978	0
Other payables	2 040	0	7 005	0
Prepayments received ²	1 248	472	564	707
Total payables and prepayments	237 949	1 662	423 036	707

¹ Taxes payable are divided into the following categories:

	31.12.2009	31.12.2008
Social tax	28 826	33 391
Personal income tax	14 937	17 813
Unemployment insurance	3 271	819
Funded pension	275	1 330
Other taxes	973	3 625
Total taxes payable	48 282	56 978

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 (31.12.2008: 707 thousand kroons).

Note 11 Government grants

in thousands of kroons; as of December 31

Government grants allocated for operating expenses:

	31.12.2009	31.12.2008
Balance of liabilities at the beginning of the period	220	3 952
Government grants received	612	228
Government grants depreciated as income	-800	-3 960
Balance of liabilities at the end of the period	32	220

Government grants, broken down by grant providers:

	Balance as of 31.12.2009	Received in 2009	Used in 2009;	Balance as of 31.12.2008
Ministry of Social Affairs	0	487	487	0
Health Board	0	0	112	112
Private persons	14	10	6	10
Baxter OY	1	0	0	1
Diamedica Eesti OÜ	0	0	42	42
Estonian Science Foundation	17	115	153	55
Total	32	612	800	220

Note 12 Operating income

in thousands of kroons, per annum

	2009	2008
State budgetary revenue, including:	36 704	40 563
emergency medical aid	36 704	38 871
register keeping	0	1 692
Revenue from sale of medical services to health insurance funds, including:	1 500 749	1 524 863
provision of health services under contracts *	1 441 467	1 472 619
preventive treatment	3 128	3 036
other services provided under contracts	53 677	44 790
health services to foreigners	2 477	4 418
Revenue from sale of medical services to legal persons and private persons, including:	117 897	129 634
revenue from local governments	39 642	41 528
sale of services to other health care institutions	27 986	33 109
sale of blood products and blood establishment services	21 138	23 940
visit fee, in-patient fee	8 479	8 563
health services to establishments, insurance companies	16 217	17 731
other fee-paying health services	4 435	4 763

* Comparative data for the previous financial year have been restated (see Note 1 for additional information).

Operating income is classified under EMTAK code 8610

Note 13 Subsidies

in thousands of kroons, per annum

	2009	2008
Subsidies, including:	551 016	28 371
remuneration for resident supervision	1 490	1 554
supervision of student practice	41	35
grant allocated for operating expenses – Estonian Science Foundation	3 518	134
grant allocated for operating expenses - Ministry of Social Affairs	1 381	2 639
grant allocated for operating expenses – remuneration for residents	21 484	21 645
domestic government grant allocated for purchase of non-current assets	197	1 779
other non-targeted financing	406	536
other non-targeted financing, with VAT	125	49
Foreign government grant allocated for purchase of non-current assets (EU aid)	522 373	0

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 the X-wing and reconstruction of the C-wing and the pathology wing. The ERDF aid for the "Expansion and reconstruction of the North Estonia Medical Centre" project amounts to 1.035 billion kroons. The total cost of the project (w/o 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. The aid paid last year for coverage of the expenses made before the resolution: 33,171 thousand kroons (in 2007), 224,626 thousand kroons (in 2008), 233,585 thousand kroons (in 2009).

Note 14 Operating expenses

in thousands of kroons, per annum

	2009	2008
Purchase of medical goods and services, including	458 795	475 545
medicinal products, vaccine, blood and blood products	214 171	215 609
medical equipment	84 181	88 191
medical materials	136 161	146 847
outsourced medical services	24 282	24 898
Blood establishment production costs	17 864	16 527
Administrative expenses, including	170 775	170 011
catering	22 875	22 602
Laundry, purchase of textile laundry	9 328	11 085
maintenance of immovables and buildings	64 666	62 391
maintenance of the lease space	1 561	268
transportation expenses	8 112	9 716
non-medical services	7 840	7 889
IT expenses	13 246	15 031
office expenses	8 642	10 029
property maintenance and operating lease	28 459	23 431
employee-related expenses (training, business trips, insurance,	5 868	7 417

representation expenses	178	152
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Other operating expenses, incl.	167 067	167 002
Value added tax expenses	160 584	167 008
scholarships awarded (Estonian Science Foundation's grant)	36	42
domestic government grant allocated for operating expenses	568	459
domestic government grant allocated for purchase of non-current assets	157	0
membership fees, entry fees	336	227
establishment of the future expense reserve	3 990	0
land tax	422	422
corporate income tax	84	12
state fees	49	32
natural resource usage and pollution charges	254	133
allowance for doubtful receivables	17	539
currency exchange rate differences, rounding (except for financial expenses)	76	58
damages, fines for delay (except for interest on tax arrears and financial expenses)	85	32
proof of claim – erroneous prescription	324	33
proof of claim – erroneous certificate for sick leave	12	2
write-down of inventories	72	-1 997
other miscellaneous expenses	20	0

Note 15 Personnel expenses

in thousands of kroons, per annum

	2009	2008
Personnel expenses, incl.	748 693	794 722
wages and salaries	558 336	588 481
social tax	184 111	194 210
unemployment insurance	5 126	1 752
holiday pay (including social tax and unemployment insurance)	-4 714	4 674
fringe benefits (including taxes)	5 834	5 810
performance pay (including social tax and unemployment insurance)	0	-205

Wages and salaries for the reporting period, broken down by employee categories:

	2009	2008
Managers, Supervisory Board, heads of divisions	57 819	56 567
Top specialists	258 960	262 149
Assistant specialists	135 662	155 500
Maintenance staff	69 700	75 179
Officials and other employees	36 195	39 086
Total	558 336	588 481

Note 16 Net financial items

Financial income

in thousands of kroons, per annum

	2009	2008
Interest income from deposits	4 571	2 881

Other financial income	0	5
Total financial income	4 571	2 886

Financial expenses

in thousands of kroons, per annum

	2009	2008
Interest income from loans	18 454	22 259
Interest expenses on finance lease	397	985
Interest on discounted liabilities	2 145	5 635
Other financial expenses	755	0
Total financial expenses	21 751	28 879

Note 17 Off-balance sheet assets

in thousands of kroons; as of December 31

	31.12.2009	31.12.2008
Current medical assets	56 041	51 224
Office equipment	13 838	1 496
Furniture	17 532	14 493
Administrative inventory	10 702	9 918
Soft inventory (laundry)	0	7 466
Other	175	8 138
Total off-balance sheet current assets	98 288	92 735

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

Note 18 Related party transactions

Related parties include members of the Management Board and the Supervisory Board, and the companies related to them, except for companies over which the members of the Management Board and the Supervisory Board have no significant influence and control.

Total remuneration paid to members of the Management Board in 2009 amounted to 4,138 thousand kroons. 254 thousand kroons was paid in remuneration to members of the Supervisory Board (2008: 4,506 and 306 thousand kroons, respectively). 4 thousand kroons was paid in remuneration to the audit committee (2008: 2 thousand kroons).

Pursuant to the management contract, members of the Management Board are entitled to severance compensation in the amount of their salary for three months (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.

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

in thousands of kroons, per annum

Sales

	2009	2008
Companies related to Management Board members	141	263
Companies related to a member of the Supervisory Board	6 370	3 492
Total	6 511	3 755

Purchases

	2009	2008
Companies related to Management Board members	2 654	8 895
Companies related to a member of the Supervisory Board	70	72
Total	2 724	8 967

The balance of receivables and liabilities from/to related parties as of 31.12.2009 (recorded under "Accounts receivable" and "Accounts payable"):

in thousands of kroons, as of December 31

Receivables

	31.12.2009	31.12.2008
Companies related to Management Board members	21	64
Companies related to a member of the Supervisory Board	216	273
Total	237	337

Payables

	31.12.2009	31.12.2008
Companies related to Management Board members	420	1 012
Companies related to a member of the Supervisory Board	1	10
Total	421	1 022

Note 19 **Loan collateral and pledged assets**

A registered immovable located at J. Sütiste tee 19 in Tallinn has been pledged in collateral to the 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

A registered immovable located at J. Sütiste tee 21 in Tallinn has been pledged in collateral to the liability (102,000 thousand kroons) arising from the contract of purchase and sale concluded between the Tallinn University of Technology and the North Estonia Medical Centre Foundation. The liability was fulfilled on 21 September 2009.

Type of pledge: mortgage in the amount of 110 million kroons

Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Council of North Estonia Medical Centre

We have audited the financial statements of North Estonia Medical Centre, which comprise the balance sheet as at 31 December 2009, the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audited financial statements, which we have identified on the accompanying pages, are enclosed with the current report.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of North Estonia Medical Centre as at 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with the Estonian generally accepted accounting principles.

Tallinn, 22 April 2010



Ivar Kiigemägi
Ernst & Young Baltic AS

SA PÕHJA-EESTI REGIONAALHAIGLA
SISSE TULNUD

31-05-2010

Nr. 4-3/124

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

The Management Board of North Estonia Medical Centre Foundation has prepared the management report and financial statements for 2009.

Management Board

Chairman of the Management Board	Tõnis Allik	_____	22 April 2010
Member of the Management Board	Sven Kruup	_____	22 April 2010
Member of the Management Board	Sergei Nazarenko	_____	22 April 2010

The Supervisory Board has reviewed and approved the Annual Report prepared by the Management Board, consisting of the management report, financial statements as well as the attached authorised auditor's report.

Supervisory Board

Chairman of the Supervisory Board	Toomas Vilosius	_____	_____ 2010
Member of the Supervisory Board	Margus Lepik	_____	_____ 2010
Member of the Supervisory Board	Tatjana Muravjova	_____	_____ 2010
Member of the Supervisory Board	Helle Mäeltsemees	_____	_____ 2010
Member of the Supervisory Board	Liisa-Ly Pakosta	_____	_____ 2010
Member of the Supervisory Board	Ester Pruuden	_____	_____ 2010
Member of the Supervisory Board	Toomas Varek	_____	_____ 2010