

“Nordeka” JSC

NON-REVISED

Periodic Report

for the period ended March 31, 2014

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Ancillary information

Name of the Company	Nordeka
Legal Status	Joint-stock Company
Registration No., place and date	40003022404, Riga 02.09.1991.
Legal Address	121 Dzirciema str., Riga, LV-1055
Major shareholders	Juris Savickis (48.09%), Pēteris Ločmelis (33.30%)
Members of the Board	Sergejs Zabavņikovs, Chairman of the Board Aleksandrs Žodžiks, Board member Sergejs Konopijevs, Board member Edijs Eisaks, Board member as of 21.05.2014 Aivars Rimšāns, Board member as of 21.05.2014 Gunārs Baubelis, Board member till 21.05.2014 Ēriks Žukovs, Board member till 21.05.2014
Members of the Council	Juris Savickis, Chairman of the Council Mihails Kuzņecovs, deputy Chairman of the Council Valdis Jefimovs, member of the Council Natalja Savicka, member of the Council Edijs Eisaks, member of the Council till 21.05.2014 Aldis Pauniņš, member of the Council till 21.05.2014 Pēteris Ločmelis, member of the Council as of 21.05.2014 Sandra Savicka, member of the Council as of 21.05.2014
Reporting period	01.01.2014.-31.03.2014.
Previous reporting period	01.01.2013.-31.03.2013.

Management Report

In the first 3 months of year 2014 the principal business of NORDEKA JSC was passenger transportation services on intercity routes according to the Concession agreements of 24 November 2008 signed with State Ltd. “Autotransporta direkcija” on providing public passenger transportation services in regional intercity routes.

The Company also in cooperation with “Air Baltic Corporation” JSC provided passenger transportation services on the “Airport Express” route, which connects international Airport “Rīga” with several hotels in the center of Riga and international coach terminal. The Company has also provided services on demand, including ice hockey clubs “Rīgas Dinamo”, “HK Rīga”, “HK Juniors” and their away teams during the championship of Continental Hockey League (KHL) and junior Championship.

The net turnover over the first 3 months of year 2014 amounted to EUR 2 632 973 which is by 11.47% or 341 068 EUR less than in the same period of 2013. One of the reasons for decrease is that at the moment of preparing the financial statements the net turnover consisted only of income from operating activity and monthly advance payments received from the State Ltd. “Autotransporta direkcija”, which do not cover in full the losses arisen from provision of public transportation services.

The highest price for the Company’s share in the first 3 months of 2014 in „NASDAQ OMX Riga” stock exchange was EUR 1.00, the lowest – EUR 0.506. The share price in the first transaction of the year 2014 was EUR 0.923, but for the last – EUR 1.00.

In 2014 the course of development and financial results of the Company will mainly depend on the Company’s ability to fulfil regulations of inland passenger transportation stated in the four Concession agreements of 24 November 2008 “Public transportation services in regional intercity routes Nr.2008/01-K-C2/4-01 (Centrs 2); Nr. 2008/01-K-DR/3-01 (Dienvidrietumi); Nr. 2008/01-K-DA/5-01 (Dienvidaustrumi); Nr. 2008/01-K-A/2-01 (Austrumi)” and newly adopted regulation of Cabinet of Ministers Regulation No 46, approved on 21 January 2014 on amendments to the Cabinet of Ministers Regulations No 341, that changes the procedures of determining the maximum compensation amount of costs.

Considering the fact that Cabinet of Ministers regulations mentioned above obviously can negatively influence further financial performance of the Company, as the criteria used to calculate loss compensations are substantially changed as compared to those effective in 2008, when the Concession agreements were signed, the management of the Company in September 2013 filed a petition in the Constitutional court of the Republic of Latvia about the non-conformity of the 3rd paragraph of the regulation of Cabinet of Ministers No 341, approved on 15 May 2012 with the Constitution of the Republic of Latvia. The Court refused to institute proceeding as the offence of the applicant’s fundamental rights has not come into effect. The Company foresees that the

mentioned offence may come into effect in year 2014 after State Ltd. “Autotransporta direkcija” executes settlement of accounts for outstanding losses and profit share for the year 2013.

During the reporting year, the accounting methods applied were the same as in the previous year.

Net result after taxes is loss in the amount of EUR 299 820.

Income statement
(by turnover cost method)

Item	Note No.	Q1 2014	Q1 2013
		EUR	EUR
Net turnover	1	2 632 973	2 974 041
Costs of services rendered	2	(2 841 237)	(2 873 878)
Gross profit		(208 264)	100 163
Administrative expenses	3	(39 270)	(43 708)
Other operating income	4	28 349	28 460
Other operating expenses	5	(15 285)	(17 060)
Interest expenses and similar expenses	6	(58 236)	(57 044)
Profit before taxes		(292 706)	10 811
Other taxes		(7 114)	(7 324)
Profit for the period		(299 820)	3 487
Profit for share		-	0.0014

Notes on pages 11 to 14 form an integral part of these financial statements.

Balance Sheet as at March 31, 2014

Assets	Note No.	31.03.2014	31.03.2013
		EUR	EUR
1. Long-term investments			
Intangible assets			
Licenses and other similar rights		91	144
Total intangible assets		91	144
Fixed assets			
Land and buildings		468 300	488 287
Equipment and machinery		146 613	93 602
Other fixed assets		7 267 643	6 948 857
Fixed assets under construction		7 333	-
Total fixed assets		7 889 889	7 530 746
Long-term financial investments			
Other securities and investments		26 370	26 370
Loans to the company's employees		2 846	2 846
Total long-term financial investments		29 216	29 216
Total long-term investments		7 919 196	7 560 106
2. Current assets			
Inventory			
Raw materials		242 653	251 881
Advance payments for goods		13	14
Total inventory		242 666	251 895
Accounts receivable			
Trade accounts receivable	7	204 141	275 494
Other receivables	8	153 442	749 259
Prepaid expenses	9	31 273	30 180
Total accounts receivable		388 856	1 054 933
Cash	10	962 314	1 232 136
Total current assets		1 593 836	2 538 964
Total assets		9 513 032	10 099 070

Notes on pages 11 to 14 form an integral part of these financial statements.

Balance Sheet as at March 31, 2014

Liabilities	Note No.	31.03.2014	31.03.2013
		EUR	EUR
1. Equity			
Share capital		2 712 830	2 712 830
Retained earnings:			
a) retained earnings of previous periods		(625 531)	41 615
b) current period profit		(299 820)	3 487
Total equity		1 787 479	2 757 932
2. Liabilities			
Long-term liabilities			
Leasing liabilities	11	5 674 484	5 299 220
Deferred tax liabilities		274 455	383 034
Total long-term liabilities		5 948 939	5 682 254
Short-term liabilities			
Leasing liabilities	11	1 064 548	883 414
Other payables	13	187 836	179 456
Trade accounts payable		364 127	427 340
Taxes and social security payments	12	148 112	168 674
Accrued liabilities	14	11 991	-
Total short-term liabilities		1 776 614	1 658 884
Total liabilities		7 725 553	7 341 138
Total liabilities		9 513 032	10 099 070

Notes on pages 11 to 14 form an integral part of these financial statements.

Statement of cash flows
 (by indirect method)

	31.03.2014 EUR	31.03.2013 EUR
I. Balance assets correction		
1. Long-term investments correction	(359 090)	469 552
a) intangible assets (increase) / decrease	53	3 001
b) fixed assets (increase) / decrease	(359 143)	466 551
2. Current assets correction	675 306	982 785
a) stock (increase) / decrease	9 229	(17 364)
b) accounts receivable (increase) / decrease	666 077	1 000 149
II. Balance liabilities correction		
1. Equity correction increase / (decrease)	(970 453)	39 964
2. Term accounts payable correction increase / (decrease)	384 415	(391 976)
III. Net increase or decrease in cash or cash equivalents	(269 822)	1 100 325
IV. Cash and cash equivalents at the beginning of the period	1 232 136	131 811
V. Cash and cash equivalents at the end of the period	962 314	1 232 136

Notes on pages 11 to 14 form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Retained earnings of the reporting year	Retained earnings of the previous years	Equity total
	EUR	EUR	EUR	EUR
31.03.2012.	2 712 830*	39 478	2 138	2 754 446
Retained earnings of reporting period		(667 147)		(667 147)
31.03.2013.	2 712 830*	(667 147)	41 616	2 087 299
Retained earnings of reporting period		(299 820)		(299 820)
31.03.2014.	2 712 830*	(299 820)	(625 531)	1 787 479

The denomination of the Company's share capital has not been performed yet and Company's share face value is 1 LVL; and in this statement the share capital is indicated in EUR by converting it from LVL at the official exchange rate set by Latvia Bank: 1 EUR =0.702804 LVL.

Notes on pages 11 to 14 form an integral part of these financial statements

Notes to the Periodic Reports

1 Net turnover

Net turnover split by types of activities:	31.03.2014	31.03.2013
	EUR	EUR
Income from operating activity	1 524 893	1 583 250
Subsidies (State Ltd “Autotransporta direkcija”)*	1 073 300	1 362 809
Outstanding Subsidies	9 580	10 119
Other income	25 200	17 863
Total	2 632 973	2 974 041

*Decrease explained with the fact the Company has not received the confirmation from State Ltd. “Autotransporta direkcija” for extra amount of loss compensation incurred from providing public transportation services in the 1st quarter of 2014. Accordingly the Company has recognized as income only those compensations actually received from State Ltd “Autotransporta direkcija” in the 1st quarter of 2014.

2 Costs of services rendered

	31.03.2014	31.03.2013
	EUR	EUR
Fuel expenses	897 151	940 437
Personnel expenses (salaries)	822 806	820 316
Social security payments	188 629	192 419
Depreciation and amortization	465 448	451 804
Other production costs	467 203	468 902
Total	2 841 237	2 873 878

3 Administrative expenses

	31.03.2014	31.03.2013
	EUR	EUR
Bank services	3 202	5 427
Management and consultation services expenses	7 627	9 170
Other administrative expenses	28 441	29 111
Total	39 270	43 708

4 Other operating income

	31.03.2014	31.03.2013
	EUR	EUR
Recovered insurance premiums	13 941	13 561
Other operating income	14 408	14 899
Total	28 349	28 460

5 Other operating expenses

	31.03.2014	31.03.2013
	EUR	EUR
Loss from exchange rate fluctuations, net	274	2 504
Other operating expenses	15 011	14 556
Total	15 285	17 060

6 Interest expenses and similar expenses

	31.03.2014	31.03.2013
	EUR	EUR
Swedbank Līzings Ltd.	8 123	5 137
SEB Līzings Ltd.	34 589	31 374
Unicredit Leasing Ltd.	15 254	20 533
Total	58 236	57 044

7 Trade accounts receivable

	31.03.2014	31.03.2013
	EUR	EUR
Trade accounts receivable	204 141	275 494
Net value	204 141	275 494
<i>Provisions for doubtful debts</i>	<i>(9 608)</i>	<i>(9 608)</i>

8 Other receivables

	31.03.2014	31.03.2013
	EUR	EUR
Tax overpayment	108 682	137 354
Debt from State Ltd. "Autotransporta direkcija"*	-	593 614
Other debtors	44 760	18 291
Total	153 442	749 259

* As stated in Note 1, at the moment of preparing these financial statements the confirmation from State Ltd "Autotransporta direkcija" for amount of loss compensation incurred from providing public transportation services for the 1st quarter of 2014 has not been received. Accordingly the balance of accrued income as on 31 March 2014 is 0.

9 Prepaid expenses

	31.03.2014	31.03.2013
	EUR	EUR
Insurance	31 269	28 917
Other expenses	4	1 263
Total	31 273	30 180

10 Cash

	31.03.2014	31.03.2013
	EUR	EUR
Cash on hand	22 202	19 340
Cash in the bank	940 112	1 212 796
Total	962 314	1 232 136

11 Leasing liabilities

Table below discloses finance lease liabilities as on 31.03.2014. and as on 31.03.2013.:

	31.03.2014	31.03.2013
	EUR	EUR
SEB Līzings Ltd:		
Short term part	595 441	452 854
Long term part	3 825 758	3 273 515
Finance leasing payments, total	4 421 199	3 726 369
Unicredit Leasing Ltd:		
Short term part	133 229	94 594
Long term part	934 848	648 815
Finance leasing payments, total	1 068 077	743 409
Swedbank Līzings Ltd:		
Short term part	335 878	335 966
Long term part	913 878	1 376 890
Finance leasing payments, total	1 249 756	1 712 856
Short term part, total	1 064 548	883 414
Long term part, total	5 674 484	5 299 220

The currency of the lease liabilities is EUR. Interest rate consists of fixed part (in the range of 2.35 – 4.5 % p.a.) and variable part 3 months EURIBOR.

12 Taxes and social security payments

	31.03.14	31.03.2013
	EUR	EUR
Social security payments	89 334	90 347
Personal income tax	51 555	78 327
Natural resources tax	600	-
Risk duty	111	-
Real estate tax	6 512	-
Total	148 112	168 674

13 Other payables

	31.03.2014	31.03.2013
	EUR	EUR
Salaries	187 836	179 456
Total	187 836	179 456

14 Accrued liabilities

	31.03.2014	31.03.2013
	EUR	EUR
Vacations accrued liabilities	11 991	-
Total	11 991	-