



“Nordeka” JSC

NON-REVISED

Periodic Report

for the period ended June 30, 2014

CONTENTS

	Page
Ancillary information	3
Management Report	4 - 6
Statement of responsibility of the Management	7
Financial statements:	
Income Statement	8
Balance Sheet	9 - 10
Statement of Cash Flow	11
Statement of Changes in Equity	12
Notes to the Periodic Report	13 - 16

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 (35.22%)
Members of the Board	Sergejs Zabavņikovs, Chairman of the Board Aleksandrs Žodžiks, Board member Sergejs Konopiņevs, 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. - 30.06.2014.
Previous reporting period	01.01.2013. - 30.06.2013.

Management Report

In the first 6 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.

The net turnover over the first 6 months of year 2014 amounted to 5 623 040 EUR which is by 5.37% or 319 382 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.

Income from operating activity was 3 205 573 EUR, which is by 4.20% or 140 422 EUR less than in the same period of 2013. The reduction is mainly due to decrease in passenger flow observed in 2014.

The compensation received in accordance with Cabinet of Ministers Regulation No 341 “The procedure of determination and compensation of losses and costs arisen from the provision of public transportation services and the order of setting tariffs for public transportation service” was 2 350 537 EUR, which has increased by 333 346 EUR as compared to the same period of 2013, as State Ltd. “Autotransporta direkcija” has partly compensated the year 2013 losses arisen from provision of public transportation services, which were not recognised in 2013 income, and increased monthly advance payments.

Commission and other income in 2014 was 66 930 EUR which is by 26.29 % or 13 932 EUR more than in the same period of 2013 the reason being that the Company has increased income from disposal of non-liquid assets.

The Company management continued to work on the decrease of expenses and economy of all resources, resulting in the reduction of costs of services rendered and administrative expenses in 2014 as compared to the same period of 2013.

Gross loss was 81 472 EUR, and has increased as compared to gross profit of 207 665 EUR in the same period of 2013, as the loss compensation from State Ltd. “Autotransporta direkcija” on intercity routes in the 6 months of 2014 has not been covered in full amount.

The Company total liquidity in first 6 months of 2014 was 1.19, which is less than in 2013, when it was 1.91.

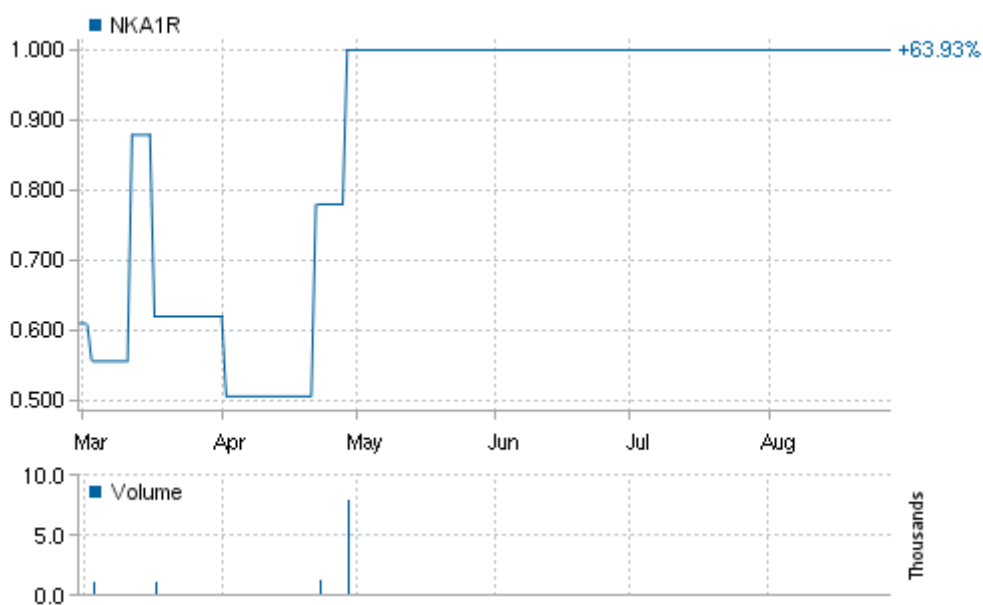
The average number of Company employees during the reporting period was 303.

The net result after taxes is loss in the amount of 230 600 EUR.

The applied accounting and evaluation methods in the Company have not been changed as compared to year 2013.

The Company holds ISO 9001:2008 management system certificate since 1 September 2004 for the service range “Regular internal and international carriage of passengers by coaches”. The actual certificate is valid until 31 August 2016. The certification and monitoring audits are carried out by DNV Certification OY/AB, Finland.

The highest price for the Company’s share in the first 6 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.



JSC „Nordeka” security trading chart for the period 01.01.2014. - 30.06.2014.
Information source: AS „NASDAQ OMX Riga” web page www.nasdaqomxbaltic.com

To ensure the compliance to the requirements regarding the quality of the buses involved in the providing the public transportation services set in the Concession agreements signed with State Ltd. “Autotransporta direkcija” and which has to be implemented by 1 January, 2015, according to the agreements of 16 April 2012 with State Ltd. “Autotransporta direkcija”, the Company in the reporting period has acquired 5 almost new buses. As a result the average age of Company bus fleet during the first 6 months of 2014 has decreased to 7.62 years, thus one of the most essential quality requirements mentioned above has been fulfilled.

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 (Dienvidastrumi); Nr. 2008/01-K-A/2-01 (Austrumi)”, and Cabinet of Ministers Regulation No 341, that changes the procedures of determining the maximum compensation amount of costs.

Statement of Responsibility of the Management

The management of NORDEKA JSC (the Company) is responsible for preparation of the financial statements.

The management confirms that the financial statements have been prepared in accordance with the legislation of the Republic of Latvia and present fair and true view of the financial position of the Company as at 30 June 2014, and its financial performance and cash flows for the period then ended and the management report encloses fair description of NORDEKA JSC business development and results.

The management confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements presented on pages 8 to 16. The financial statements are prepared in accordance with the law “On Annual Reports” and “Law on Accounting” of the Republic of Latvia.

The management of the Company is also responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The management is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

The financial statements have been prepared on a going concern basis.

Income statement
(by turnover cost method)

Item	Note No.	6 months 2014	6 months 2013
		EUR	EUR
Net turnover	1	5 623 040	5 942 422
Costs of services rendered	2	(5 704 512)	(5 734 757)
Gross (loss) / profit		(81 472)	207 665
Administrative expenses	3	(78 668)	(89 050)
Other operating income	4	92 221	45 168
Other operating expenses	5	(39 203)	(36 049)
Interest expenses and similar expenses	6	(116 966)	(115 048)
(Loss) / profit before taxes		(224 088)	12 686
Other taxes		(6 512)	(15 368)
(Loss) for the period		(230 600)	(2 682)
Profit for share		-	-

Notes on pages 13 to 16 form an integral part of these financial statements.

Balance Sheet as at June 30, 2014

Assets	Note No.	30.06.2014	30.06.2013
		EUR	EUR
1. Long-term investments			
Intangible assets			
Licenses and other similar rights		78	128
Total intangible assets		78	128
Fixed assets			
Land and buildings		463 227	480 958
Equipment and machinery		161 954	100 745
Other fixed assets		7 645 314	6 983 507
Fixed assets under construction		4 496	339
Total fixed assets		8 274 991	7 565 549
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		8 304 285	7 594 893
2. Current assets			
Inventory			
Raw materials		220 787	216 281
Advance payments for goods		14	14
Total inventory		220 801	216 295
Accounts receivable			
Trade accounts receivable	7	263 735	332 939
Other receivables	8	201 329	880 534
Prepaid expenses	9	32 986	30 772
Total accounts receivable		498 050	1 244 245
Cash	10	984 506	1 000 871
Total current assets		1 703 357	2 461 411
Total assets		10 007 642	10 056 304

Notes on pages 13 to 16 form an integral part of these financial statements.

Balance Sheet as at June 30, 2014

Liabilities	Note No.	30.06.2014	30.06.2013
		EUR	EUR
1. Equity			
Share capital		2 669 223	2 712 830
Retained earnings:			
a) retained earnings of previous periods		(625 531)	41 615
b) current period profit		(230 600)	(2 682)
Reserves:			
Statutory reserves		43 607	-
Total equity		1 856 699	2 751 763
2. Liabilities			
Long-term liabilities			
Leasing liabilities	11	6 450 200	5 633 710
Deferred tax liabilities		274 455	383 034
Total long-term liabilities		6 724 655	6 016 744
Short-term liabilities			
Leasing liabilities	11	803 875	608 406
Other payables	13	184 156	170 504
Trade accounts payable		268 790	351 300
Taxes and social security payments	12	157 476	157 587
Accrued liabilities	14	11 991	-
Total short-term liabilities		1 426 288	1 288 797
Total liabilities		8 150 943	7 304 541
Total liabilities		10 007 642	10 056 304

Notes on pages 13 to 16 form an integral part of these financial statements.

Statement of cash flows
(by indirect method)

	6 months 2014 EUR	6 months 2013 EUR
I. Balance assets correction		
1. Long-term investments correction	(709 392)	7 600
a) intangible assets (increase) / decrease	50	1 806
b) fixed assets (increase) / decrease	(709 442)	5 794
2. Current assets correction	741 689	641 367
a) stock (increase) / decrease	(4 506)	(3 143)
b) accounts receivable (increase) / decrease	746 195	644 510
II. Balance liabilities correction		
1. Equity correction increase / (decrease)	(895 064)	67 568
2. Term accounts payable correction increase / (decrease)	846 402	(22 746)
III. Net increase or decrease in cash or cash equivalents	(16 365)	693 788
IV. Cash and cash equivalents at the beginning of the period	1 000 871	307 083
V. Cash and cash equivalents at the end of the period	984 506	1 000 871

Notes on pages 13 to 16 form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Statutory reserves	Retained earnings / (accumulated loss)	Current year (loss) / profit	Total equity
	EUR		EUR	EUR	EUR
30.06.2012.	2 712 830	-	39 478	2 138	2 754 446
Profit of 2012 transferred to retained earnings / (accumulated loss)	-	-	(39 478)	39 478	-
Retained earnings of reporting period	-	-	(667 147)	-	(667 147)
30.06.2013.	2 712 830	-	(667 147)	41 616	2 087 299
Profit of 2013 transferred to retained earnings / (accumulated loss)	-	-	667 147	(667 147)	-
Denomination resulting from the difference	(43 607)**	43 607**	-	-	-
Retained earnings of reporting period			(230 600)		(230 600)
30.06.2014.	2 669 223*	43 607**	(230 600)	(625 1)	1 856 699

*On 10.06.2014 the denomination of the Company's shares was performed, and after the denomination the share capital consists of 1 906 588 shares with nominal value of each share 1.40 EUR with total value of the share capital 2 669 223 EUR.

**The positive difference arising from the Company's shares denomination in the amount of 43 607 EUR was transferred into the Company's reserves.

Notes on pages 13 to 16 form an integral part of these financial statements

Notes to the Periodic Reports

1 Net turnover

Net turnover split by types of activities:	6 months 2014	6 months 2013
	EUR	EUR
Income from operating activity	3 205 573	3 345 995
Subsidies (State Ltd “Autotransporta direkcija”)*	2 350 537	2 017 191
Outstanding Subsidies	-	526 238
Commission and other income	19 021	20 013
Other income	47 909	32 985
Total	5 623 040	5 942 422

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

2 Costs of services rendered

	6 months 2014	6 months 2013
	EUR	EUR
Fuel expenses	1 708 138	1 805 646
Personnel expenses (salaries)	1 716 998	1 685 820
Social security payments	392 886	395 075
Depreciation and amortization	936 275	915 690
Other production costs	950 215	932 526
Total	5 704 512	5 734 757

3 Administrative expenses

	6 months 2014	6 months 2013
	EUR	EUR
Bank services	5 780	11 279
Management and consultation services expenses	14 010	18 868
Other administrative expenses	58 878	58 903
Total	78 668	89 050

4 Other operating income

	6 months 2014	6 months 2013
	EUR	EUR
Recovered insurance premiums	20 752	23 657
Other operating income	71 469	21 511
Total	92 221	45 168

5 Other operating expenses

	6 months 2014	6 months 2013
	EUR	EUR
Loss from exchange rate fluctuations, net	613	8 036
Other operating expenses	38 590	28 013
Total	39 203	36 049

6 Interest expenses and similar expenses

	6 months 2014	6 months 2013
	EUR	EUR
Swedbank Līzings Ltd.	15 285	11 076
SEB Līzings Ltd.	71 687	63 851
Unicredit Leasing Ltd.	29 994	40 121
Total	116 966	115 048

7 Trade accounts receivable

	30.06.2014	30.06.2013
	EUR	EUR
Trade accounts receivable	273 343	342 547
<i>Provisions for doubtful debts</i>	<i>(9 608)</i>	<i>(9 608)</i>
Net value	263 735	332 939

8 Other receivables

	30.06.2014	30.06.2013
	EUR	EUR
Tax overpayment	156 362	77 969
Debt from State Ltd. "Autotransporta direkcija"*	-	791 192
Other debtors	44 967	11 373
Total	201 329	880 534

* As stated in Note 1, at the moment of preparing these financial statements the confirmation from State Ltd "Autotransporta direkcija" for amount of loss incurred from providing public transportation services in the six months of 2014 has not been received. Accordingly the balance of accrued income as on 30 June 2014 is 0.

9 Prepaid expenses

	30.06.2014	30.06.2013
	EUR	EUR
Insurance	30 876	29 111
Other expenses	2 110	1661
Total	32 986	30 772

10 Cash

	30.06.2014	30.06.2013
	EUR	EUR
Cash on hand	16 796	29 072
Cash in the bank	967 710	971 799
Total	984 506	1 000 871

11 Leasing liabilities

Table below discloses finance lease liabilities as on 30.06.2014. and as on 30.06.2013.:

	30.06.2014	30.06.2013
	EUR	EUR
SEB Lizings Ltd:		
Short term part	411 298	323 572
Long term part	4 036 328	3 548 194
Finance leasing payments, total	4 447 626	3 871 766
Swedbank Leasing Ltd:		
Short term part	167 114	59 458
Long term part	1 199 994	708 624
Finance leasing payments, total	1 667 108	768 082
Unicredit Lizings Ltd:		
Short term part	225 463	225 376
Long term part	913 878	1 376 892
Finance leasing payments, total	1 139 341	1 602 268
Short term part, total	803 875	608 406
Long term part, total	6 450 200	5 633 710

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

	30.06.2014	30.06.2013
	EUR	EUR
Social security payments	99 787	101 083
Personal income tax	57 572	56 308
Natural resources tax	-	84
Risk duty	117	112
Total	157 476	157 587

13 Other payables

	30.06.2014	30.06.2013
	EUR	EUR
Salaries	184 156	170 504
Total	184 156	170 504

14 Accrued liabilities

	30.06.2014	30.06.2013
	EUR	EUR
Accrued liabilities for unused vacations	11 991	-
Total	11 991	-