



“Nordeka” JSC

NON-REVISED

Periodic Report

for the period ended September 30, 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 (35.22%)
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. - 30.09.2014.
Previous reporting period	01.01.2013. - 30.09.2013.

Management Report

In the first 9 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 9 months of year 2014 amounted to 8 997 137 EUR which is by 2.89% or 252 372 EUR more than in the same period of 2013. One of the reasons for increase is that at the moment of preparing the financial statements the net turnover consisted also of received from the State Ltd. “Autotransporta direkcija” payments for year 2013 in the amount of 243 159 EUR, which were not recognized in the year 2013 income.

Income from operating activity was 5 076 188 EUR, which is by 5.36% or 287 798 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 3 815 862 EUR, which has increased by 843 676 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.

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 profit was 423 580 EUR, and has increased as compared to gross profit of 111 214 EUR in the same period of 2013, as State Ltd. “Autotransporta direkcija” has partly compensated the year 2013 losses; however, to the moment of preparing the

financial statements, the company has not received confirmed reconciliation document on the amount of loss compensation.

The Company total liquidity in first 9 months of 2014 was 2.06, which is less than in 2013, when it was 2.37.

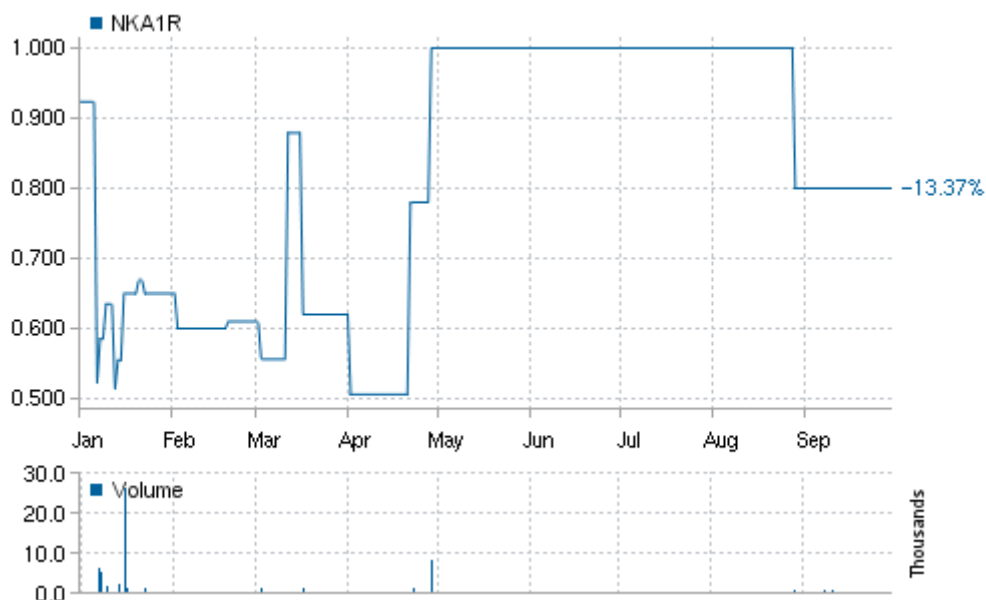
The average number of Company employees during the reporting period was 311.

The net result after taxes is loss in the amount of 2 001 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 9 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 0.90.



JSC „Nordeka” security trading chart for the period 01.01.2014. - 30.09.2014.
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 9 months of 2014 has decreased to 7.62 years, thus one of the most essential quality requirements mentioned above has been fulfilled.

On 28.07.2014. an agreement on quality requirements for buses from 1 January 2015 was signed with State Ltd. “Autotransporta direkcija” , which states that the info on route stops in the vehicle shall be provided with a visual or audio equipment. The company will invest additional funds to implement successfully this agreement.

In Q3, 2014, the Company participated in the State Ltd. “Autotransporta direkcija” organized tender "The award of rights of providing public transport services by coaches in the regional intercity route network parts "Center-1A"/ "Center-1B"/ "Center-1C", the results have not yet been announced.

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 September 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.	9 months 2014	9 months 2013
		EUR	EUR
Net turnover	1	8 997 137	8 744 765
Costs of services rendered	2	(8 573 557)	(8 633 551)
Gross profit		423 580	111 214
Administrative expenses	3	(112 451)	(119 878)
Other operating income	4	102 843	85 607
Other operating expenses	5	(216 368)	(61 534)
Interest expenses and similar expenses	6	(180 099)	(171 554)
Profit / (loss) before taxes		17 505	(156 145)
Other taxes		(19 506)	(22 713)
(Loss) for the period		(2 001)	(178 858)
Profit for share		-	-

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

Balance Sheet as at September 30, 2014

Assets	Note No.	30.09.2014	30.09.2013
		EUR	EUR
1. Long-term investments			
Intangible assets			
Licenses and other similar rights		66	115
Total intangible assets		66	115
Fixed assets			
Land and buildings		482 972	477 871
Equipment and machinery		161 486	94 436
Other fixed assets		7 035 527	6 759 902
Fixed assets under construction		2 810	-
Total fixed assets		7 682 795	7 332 209
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		7 712 077	7 361 540
2. Current assets			
Inventory			
Raw materials		214 200	242 352
Advance payments for goods		14	14
Total inventory		214 214	242 366
Accounts receivable			
Trade accounts receivable	7	218 821	307 080
Other receivables	8	378 431	441 954
Prepaid expenses	9	36 197	32 217
Total accounts receivable		633 449	781 251
Cash	10	1 287 212	1 359 678
Total current assets		2 134 875	2 383 295
Total assets		9 846 952	9 744 835

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

Balance Sheet as at September 30, 2014

Liabilities	Note No.	30.09.2014	30.09.2013
		EUR	EUR
1. Equity			
Share capital		2 669 223	2 712 830
Retained earnings:			
a) retained earnings of previous periods		(625 531)	41 616
b) current period profit		(2 001)	(178 858)
Reserves:			
Statutory reserves		43 607	-
Total equity		2 085 298	2 575 588
2. Liabilities			
Long-term liabilities			
Leasing liabilities	11	6 450 201	5 781 810
Deferred tax liabilities		274 455	383 034
Total long-term liabilities		6 724 656	6 164 844
Short-term liabilities			
Leasing liabilities	11	416 464	317 226
Other payables	13	292 664	365 745
Trade accounts payable		141 756	150 143
Taxes and social security payments	12	174 123	171 289
Accrued liabilities	14	11 991	-
Total short-term liabilities		1 036 998	1 004 403
Total liabilities		7 761 654	7 169 247
Total liabilities		9 846 952	9 744 835

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

Statement of cash flows

(by indirect method)

	9 months 2014 EUR	9 months 2013 EUR
I. Balance assets correction		
1. Long-term investments correction	(350 537)	379 351
a) intangible assets (increase) / decrease	49	707
b) fixed assets (increase) / decrease	(350 586)	35 569
2. Current assets correction	175 954	36 276
a) stock (increase) / decrease	28 152	(35 857)
b) accounts receivable (increase) / decrease	147 802	378 932
II. Balance liabilities correction		
1. Equity correction increase / (decrease)	(490 290)	(201 817)
2. Term accounts payable correction increase / (decrease)	592 407	305 712
III. Net increase or decrease in cash or cash equivalents	(72 466)	483 246
IV. Cash and cash equivalents at the beginning of the period	1 359 678	876 432
V. Cash and cash equivalents at the end of the period	1 287 212	1 359 678

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
30.09.2012.	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)
30.09.2013.	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			(2 001)	-	(2 001)
30.09.2014.	2 669 223*	43 607**	(2 001)	(625 531)	2 085 298

*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:	9 months 2014	9 months 2013
	EUR	EUR
Income from operating activity	5 076 188	5 363 986
Subsidies (State Ltd “Autotransporta direkcija”)*	3 815 862*	2 972 186
Outstanding Subsidies	- **	328 661
Commission and other income	29 081	30 493
Other income	76 006	49 439
Total	8 997 137	8 744 765

* State Ltd. “Autotransporta direkcija” during nine months of 2014 has partially made payment for the 2013 loss in the amount of 243 159 EUR.

** 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 nine months of 2014. Accordingly the Company has recognized as income only those compensations actually received from State Ltd “Autotransporta direkcija” in the nine months of 2014.

2 Costs of services rendered

	9 months 2014	9 months 2013
	EUR	EUR
Fuel expenses	2 539 966	2 674 909
Personnel expenses (salaries)	2 601 996	2 554 495
Social security payments	590 740	598 323
Depreciation and amortization	1 425 686	1 389 332
Other production costs	1 415 169	1 416 492
Total	8 573 557	8 633 551

3 Administrative expenses

	9 months 2014	9 months 2013
	EUR	EUR
Bank services	7 653	13 222
Management and consultation services expenses	16 726	21 206
Other administrative expenses	88 072	85 450
Total	112 451	119 878

4 Other operating income

	9 months 2014	9 months 2013
	EUR	EUR
Recovered insurance premiums	27 592	52 436
Other operating income	75 251	33 171
Total	102 843	85 607

5 Other operating expenses

	9 months 2014	9 months 2013
	EUR	EUR
Loss from exchange rate fluctuations, net	868	11 634
Other operating expenses	215 500 *	49 900
Total	216 368	61 534

*The increase of expenses is because the residue value of the fixed asset was included, as that fixed value was completely destructed in the accident.

6 Interest expenses and similar expenses

	9 months 2014	9 months 2013
	EUR	EUR
Swedbank Līzings Ltd.	30 817	17 712
SEB Līzings Ltd.	106 290	95 301
Unicredit Leasing Ltd.	42 992	58 541
Total	180 099	171 554

7 Trade accounts receivable

	30.09.2014	30.09.2013
	EUR	EUR
Trade accounts receivable	228 429	316 688
<i>Provisions for doubtful debts</i>	<i>(9 608)</i>	<i>(9 608)</i>
Net value	218 821	307 080

8 Other receivables

	30.09.2014	30.09.2013
	EUR	EUR
Tax overpayment	151 307	78 390
Debt from State Ltd. "Autotransporta direkcija"*	-	328 661
Other debtors	227 124	34 903
Total	378 431	441 954

* 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 nine months of 2014 has not been received. Accordingly the balance of accrued income as on 30 September 2014 is 0.

9 Prepaid expenses

	30.09.2014	30.09.2013
	EUR	EUR
Insurance	30 585	30 458
Other expenses	5 612	1 759
Total	36 197	32 217

10 Cash

	30.09.2014	30.09.2013
	EUR	EUR
Cash on hand	18 637	20 646
Cash in the bank	1 268 575	1 339 032
Total	1 287 212	1 359 678

11 Leasing liabilities

Table below discloses finance lease liabilities as on 30.09.2014. and as on 30.09.2013.:

	30.09.2014	30.09.2013
	EUR	EUR
SEB Lizings Ltd:		
Short term part	206 967	162 953
Long term part	4 036 328	3 548 194
Finance leasing payments, total	4 243 295	3 711 147
Swedbank Leasing Ltd:		
Short term part	95 916	46 740
Long term part	1 499 995	874 860
Finance leasing payments, total	1 595 911	921 600
Unicredit Lizings Ltd:		
Short term part	113 581	107 533
Long term part	913 878	1 358 756
Finance leasing payments, total	1 027 459	1 466 289
Short term part, total	416 464	317 226
Long term part, total	6 450 201	5 781 810

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 set as 3 months EURIBOR.

12 Taxes and social security payments

	30.09.2014	30.09.2013
	EUR	EUR
Social security payments	88 350	96 384
Personal income tax	53 277	53 634
Natural resources tax	11	13
Risk duty	118	112
Total	141 756	150 143

13 Other payables

	30.09.2014	30.09.2013
	EUR	EUR
Salaries	174 123	171 289
Total	174 123	171 289

14 Accrued liabilities

	30.09.2014	30.09.2013
	EUR	EUR
Accrued liabilities for unused vacations	11 991	-
Total	11 991	-