



“Nordeka” JSC

NON-REVISED

Periodic Report

for the period ended December 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 (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. - 31.12.2014.
Previous reporting period	01.01.2013. - 31.12.2013.

Management Report

In 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 in 2014 amounted to 11 960 623 EUR which is by 3.87% or 446 071 EUR more than in 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 325 627 EUR, which were not recognized in the year 2013 income.

Income from operating activity was 6 705 747 EUR, which is by 6.19% or 442 401 EUR less than in 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 5 111 192 EUR, which has increased by 827 170 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 in 2014 by 1.42% or 154 817 EUR as compared with year 2013.

Gross profit was 1 223 456 EUR, and has increased as compared to gross profit of 622 568 EUR in 2013, as State Ltd. “Autotransporta direkcija” has partly compensated the year 2013 losses. However, up to the moment of preparing the financial statements, the company has not received confirmed reconciliation document on the amount of loss compensation for year 2014.

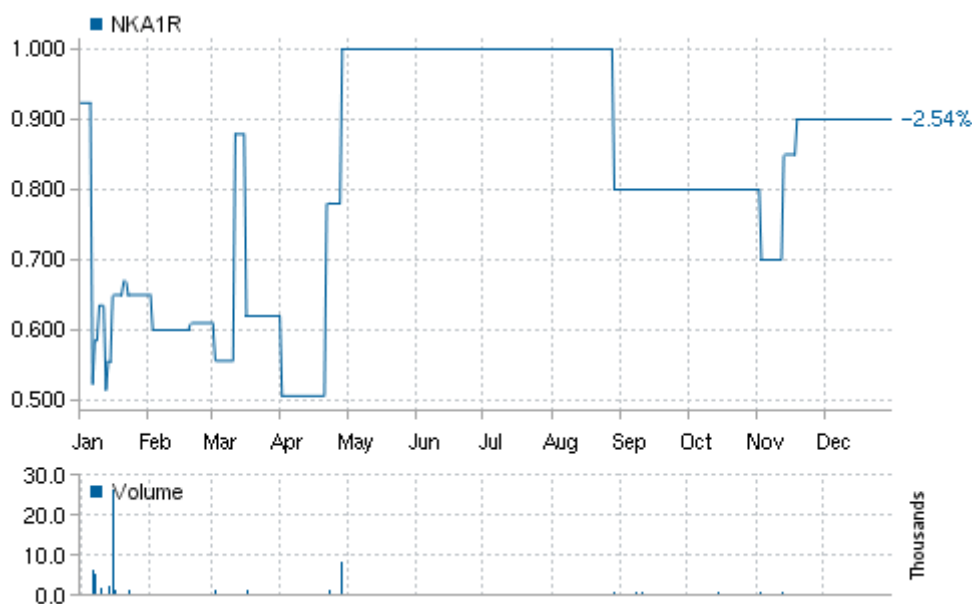
The average number of Company employees during the reporting period was 316.

The net result after taxes is loss in the amount of 64 567 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 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. - 31.12.2014.
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 in 2014 has decreased to 7.56 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 in force 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 invested additional funds to implement successfully the requirements of this agreement.

In Q3, 2014, the Company participated in the State Ltd. “Autotransporta direkcija” organized procurement tender "The award of rights to provide public transport services with coaches in the regional intercity route network parts "Center-1A"/ "Center-1B"/ "Center-1C"". In accordance with the results of the tender, the Company on 19 February, 2015, signed contracts with State Ltd. “Autotransporta direkcija” on the provision of the above mentioned services as of March 2015.

In 2015 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, as well as from the fulfilment of the above mentioned contracts signed with State Ltd. “Autotransporta direkcija” on 19 February, 2015.

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 31 December 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.	2014	2013
		EUR	EUR
Net turnover	1	11 960 623	11 514 552
Costs of services rendered	2	(10 737 167)	(10 891 984)
Gross profit		1 223 456	622 568
Selling expenses	3	(343 079)	(350 483)
Administrative expenses	4	(753 986)	(750 492)
Other operating income	5	132 708	151 625
Other operating expenses	6	(67 958)	(187 140)
Interest expenses and similar expenses	7	(230 874)	(230 255)
(Loss) before taxes		(39 733)	(744 177)
Other taxes		(24 834)	(30 518)
(Loss) for the period		(64 567)	(774 695)
Profit for share		-	-

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

Balance Sheet as at December 31, 2014

Assets	Note No.	31.12.2014	31.12.2013
		EUR	EUR
1. Long-term investments			
Intangible assets			
Licenses and other similar rights		54	102
Total intangible assets		54	102
Fixed assets			
Land and buildings		480 308	479 444
Equipment and machinery		150 286	103 720
Other fixed assets		6 758 856	7 448 441
Fixed assets under construction		1 100 156	-
Total fixed assets		8 489 606	8 031 605
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		8 518 876	8 060 923
2. Current assets			
Inventory			
Raw materials		176 241	215 017
Advance payments for goods		13	13
Total inventory		176 254	215 030
Accounts receivable			
Trade accounts receivable	8	220 809	230 703
Other receivables	9	343 591	109 544
Prepaid expenses	10	34 608	33 480
Accrued income		140 000	-
Total accounts receivable		739 008	373 727
Cash	11	1 140 248	1 370 320
Total current assets		2 055 510	1 959 077
Total assets		10 574 386	10 020 000

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

Balance Sheet as at December 31, 2014

Liabilities	Note No.	31.12.2014	31.12.2013
		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		(64 567)	(774 695)
Reserves:			
Statutory reserves		43 607	-
Total equity		2 022 732	1 979 750
2. Liabilities			
Long-term liabilities			
Leasing liabilities	12	5 710 799	5 503 879
Deferred tax liabilities		274 455	383 034
Total long-term liabilities		5 985 254	5 886 913
Short-term liabilities			
Leasing liabilities	12	1 783 463	1 403 620
Trade accounts payable		370 039	316 656
Taxes and social security payments	13	193 532	236 929
Other payables	14	200 100	184 141
Accrued liabilities	15	19 266	11 991
Total short-term liabilities		2 566 400	2 153 337
Total liabilities		8 551 654	8 040 250
Total liabilities		10 574 386	10 020 000

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

Statement of cash flows
 (by indirect method)

	2014 EUR	2013 EUR
I. Balance assets correction		
1. Long-term investments correction	(457 953)	(321 776)
a) intangible assets (increase) / decrease	48	(96)
b) fixed assets (increase) / decrease	(458 001)	(321 680)
2. Current assets correction	(326 505)	517 220
a) stock (increase) / decrease	38 776	(34 941)
b) accounts receivable (increase) / decrease	(365 281)	552 161
II. Balance liabilities correction	554 386	(131 788)
1. Equity correction increase / (decrease)	42 982	(779 833)
2. Term accounts payable correction increase / (decrease)	511 404	648 045
III. Net increase or decrease in cash or cash equivalents	(230 072)	63 656
IV. Cash and cash equivalents at the beginning of the period	1 370 320	1 306 664
V. Cash and cash equivalents at the end of the period	1 140 248	1 370 320

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
31.12.2012.	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)
31.12.2013.	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			(64 567)	-	(64 567)
31.12.2014.	2 669 223*	43 607**	(64 567)	(625 531)	2 022 732

*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:	2014	2013
	EUR	EUR
Income from operating activity	6 705 747	7 148 148
Subsidies (State Ltd “Autotransporta direkcija”)	5 111 192	4 284 022
Outstanding Subsidies*	-	-
Other income	143 684	82 382
Total	11 960 623	11 514 552

* The Company has not received from State Ltd. “Autotransporta direkcija” confirmed reconciliation document on the amount of loss compensation for year 2014.

2 Costs of services rendered

	2014	2013
	EUR	EUR
Fuel expenses	3 445 691	3 618 031
Personnel expenses (salaries)	3 113 361	2 866 289
Social security payments	703 743	676 123
Depreciation and amortization	1 901 048	1 860 344
Other production costs	1 573 324	1 871 197
Total	10 737 167	10 891 984

3 Selling expenses

	2014	2013
	EUR	EUR
Commissions for tickets sold	334 129	331 300
Advertising expenses	8 950	19 183
Total	343 079	350 483

4 Administrative expenses

	2014	2013
	EUR	EUR
Bank services	10 176	15 233
Management and consultation services expenses	9 465	12 528
Other administrative expenses	734 345	722 731
Total	753 986	750 492

5 Other operating income

	2014	2013
	EUR	EUR
Recovered insurance premiums	97 510	92 696
Other operating income	35 198	58 929
Total	132 708	151 625

6 Other operating expenses

	2014	2013
	EUR	EUR
Loss from exchange rate fluctuations, net	1 114	16 452
Other operating expenses	66 844	170 688
Total	67 958	187 140

7 Interest expenses and similar expenses

	2014	2013
	EUR	EUR
Swedbank Līzings Ltd.	39 194	24 910
SEB Līzings Ltd.	137 332	129 867
Unicredit Leasing Ltd.	54 348	75 478
Total	230 874	230 255

8 Trade accounts receivable

	31.12.2014	31.12.2013
	EUR	EUR
Trade accounts receivable	230 607	240 311
<i>Provisions for doubtful debts</i>	<i>(9 798)</i>	<i>(9 608)</i>
Net value	220 809	230 703

9 Other receivables

	31.12.2014	31.12.2013
	EUR	EUR
Tax overpayment	162 978	91 452
Debt from State Ltd. "Autotransporta direkcija"*	-	-
Trade accounts payable (advance payments)	147 766	-
Other debtors	32 847	18 092
Total	343 591	109 544

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

10 Prepaid expenses

	31.12.2014	31.12.2013
	EUR	EUR
Insurance	27 884	30 853
Other expenses	6 724	2 627
Total	34 608	33 480

11 Cash

	31.12.2014	31.12.2013
	EUR	EUR
Cash on hand	38 324	34 005
Cash in the bank	1 101 924	1 336 315
Total	1 140 248	1 370 320

12 Leasing liabilities

Table below discloses finance lease liabilities as on 31.12.2014. and as on 31.12.2013.:

	31.12.2014	31.12.2013
	EUR	EUR
SEB Lizings Ltd:		
Short term part	1 186 588	766 437
Long term part	3 893 800	3 655 153
Finance leasing payments, total	5 080 388	4 421 590
Swedbank Leasing Ltd:		
Short term part	257 746	192 305
Long term part	1 242 250	934 848
Finance leasing payments, total	1 499 996	1 127 153
Unicredit Lizings Ltd:		
Short term part	339 129	444 878
Long term part	574 749	913 878
Finance leasing payments, total	913 878	1 358 756
Short term part, total	1 783 463	1 403 620
Long term part, total	5 710 799	5 503 879

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.

13 Taxes and social security payments

	31.12.2014	31.12.2013
	EUR	EUR
Social security payments	115 720	148 196
Personal income tax	77 652	88 144
Natural resources tax	45	478
Risk duty	115	111
Total	193 532	236 929

14 Other payables

	31.12.2014	31.12.2013
	EUR	EUR
Salaries	200 100	184 141
Total	200 100	184 141

15 Accrued liabilities

	31.12.2014	31.12.2013
	EUR	EUR
Accrued liabilities for unused vacations	19 266	11 991
Total	19 266	11 991