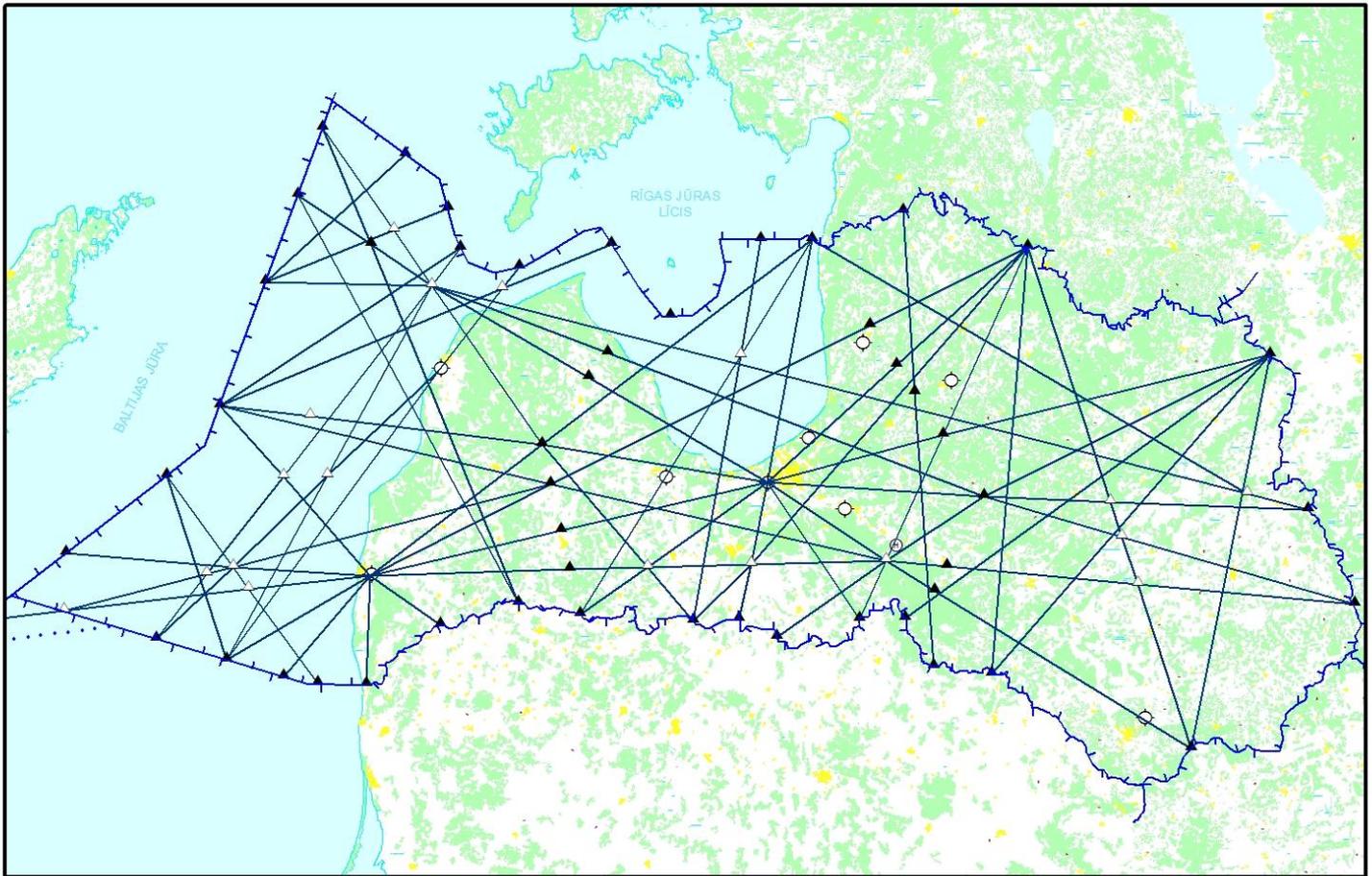




State Joint-Stock Company  
„Latvijas gaisa satiksme”  
International airport “Rīga”  
Marupe region, LV-1053  
Latvia

# ANNUAL REPORT 2012



# LGS

## LATVIJAS GAISA SATIKSME

### Statement of the State Joint-Stock Company

#### “Latvijas gaisa satiksme” (LGS)

“LGS” facilitates the safe movement of aircrafts in the airspace of Latvia by means of efficient and cost-effective methods through the provision of air navigation and meteorological services on a long-term, sustainable basis.

“LGS” provides air navigation and meteorological services to customers in an open and transparent manner. The Company does not discriminate its customers on the grounds of nationality or identity. “LGS” is committed to implementing the Single European Sky initiative.

All the conditions of service provision are clearly identified in the relevant parts of the AIP. These conditions depend on the operational limitations only. They are equal for all customers. Flight safety and customer satisfaction are the main focus of the Company.

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## 1. MANAGEMENT REPORT

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### Business

The core business activity of SJSC "Latvijas gaisa satiksme" (further referred as "LGS") is the provision of air navigation and aviation meteorological services to all airspace users within the Riga Flight Information Region (FIR).

### "LGS" Management Structure

"LGS" shareholder is the Ministry of Transport of the Republic of Latvia.

The company is managed by the Board which is acting in accordance with the legal acts, Articles of Association and decisions of the Shareholder. The Board organises the work of the company according to the international standards, regulations and directives of the (International Civil Aviation Organisation (ICAO), European Civil Aviation Conference (ECAC), European Organisation for the Safety of Air Navigation (Eurocontrol), Civil Air Navigation Services Organisation (CANSO)), as well as is responsible for the business activities of "LGS" and proper accountancy in compliance with the legal acts. The Ministry of Transport performed changes in the Board Membership of "LGS" on June 15, 2012, replacing Board Member Mr. Artis Birkmanis with Ms. Ilze Aleksandroviča. On July 9, 2012 the Ministry of Transport re-appointed Baiba Broka as a Board Member.

No structural changes have taken place during the reporting period and the company structure consists of five departments.

- Air Traffic Management Department.
- Technical Department.
- Administrative Department.
- Development Department.
- Quality Assurance Department.

The main areas of the Company activities during the reporting period

### Best practice

Services provided by "LGS" are evaluated by customers as very qualitative and it is confirmed by the fact that during the reporting period, the customers have submitted no complaints or claims regarding the provision of air navigation services. For the purpose of also ensuring the further provision of high quality services in 2012, the existing safety level of air navigation services was maintained and the number of air traffic management safety incidents was minimised.

For ensuring efficient cooperation and implementation of customer's wishes into everyday work to the furthest extent possible, "LGS" has arranged several official meetings between

air navigation management experts and representatives of the national airline “airBaltic”, hence facilitating the sharing of experience.

### **Membership in international organisations**

One of the most important objectives during the reporting period was active participation in the establishment of NEFAB (North European Functional Airspace Block). On June 4, 2012 an inter-governmental agreement on the establishment of NEFAB was signed in Tallinn, which entered into force on December 23, 2012.

In order to increase the efficiency of the air traffic management services providers “LGS” is taking part in the Borealis Alliance. It contributes to NEFAB activities in an economical sense and in relation to commercially-based projects. The Borealis Alliance includes the ANSP’s of Denmark, Estonia, Finland, Iceland, Ireland, Latvia, Norway, Sweden and the United Kingdom. In total these countries ensure the provision of air traffic services to 3.5 millions flights annually. Among them the largest portion of flights represents main European transatlantic routes.

Thanks to the membership of “LGS” in the European Organisation for the Safety of Air Navigation (Eurocontrol) the employees of the Company have regularly participated in professional skills improvement events and some employees have also organised training to other European air traffic services providers.

### **AMBER project**

“LGS” has been involved in the development of more efficient procedures with the aim to reduce the amount of emissions, fuel consumption and to increase efficiency. The project Arrival Modernisation for Better Efficiency in Riga (AMBER) is being implemented by the national airline of Latvia “airBaltic” jointly with consortia partners “Quovadis” and “LGS”. Its objective is the starting of a new project aimed to ensure the first green flights with propjets in Europe. During project AMBER new arrival procedures will be developed in Riga airport by shortening flight routes and improving flight paths so as to avoid densely populated areas and to decrease the impact of noise on the population, as well as reduce fuel consumption and the amount of emissions.

This project is fully compatible with the objectives of “LGS”. One of the NEFAB objectives is the reduction of fuel consumption and emissions. Project AMBER is one of ways towards reaching the objective set by NEFAB.

The new path in the direction of the runaway will be up to 30 sea miles shorter than the currently existing one and per each Q400 flight, CO<sub>2</sub> emissions will be reduced by up to 300 kg.

### **Tukums Airport**

In 2012 work was continued in relation to the implementation of the Tukums Airport project. Within the framework of this project many different level meetings of stakeholders (Tukums Airport, Ministry of Transport, CAA, “LGS”) took place. Project activities were focused on the launching of instrumental flights at the beginning of 2013 and the provision of air traffic management services at Tukums airport.

### **Technical modernisation**

Several significant technical projects were implemented during the reporting period. Relocation of the ultra-short waves facility “Rēzekne” to “Vijāni”, relocation of the ultra-short

waves facility "Ventspils" to a new location, modernisation of the data transmission network with Tallinn ATMC. Modernisation of AWOS software in the airports "Riga" (with the replacement of computer equipment) and "Liepaja", with the replacement of the emergency ultra-short waves radio-station in the ATM Centre, within the framework of the project "ATRACC modernisation" ATRACC working places (computers, monitors, software) were replaced, measures were performed for the improvement of VOR/DME "Daugavpils" functionality, modernisation of the HiPath 4500 telephone exchange, as well as construction of the high-speed network (in the airport "Riga") and modernisation of the "LGS" computer network.

### **Further development of the Company**

In further development "LGS" will focus on the goals set out in the National Performance Improvement Plan in accordance with the European Union legal acts.

The work related to the implementation of NEFAB operational aspects will proceed as well. As one of the principal areas of NEFAB activities will be the optimisation of the route structure, the implementation and carrying out of the "Free Route Airspace" concept, including technological and performance aspects, and closer cooperation with Danish and Swedish functional airspace block actors will be required.

Signed:

Mārupe Region, 2013.

**Mr. Dāvids Tauriņš**, Chairman of the Board

**Ms. Baiba Broka**, Member of the Board

**Ms. Ilze Aleksandroviča**, Member of the Board

**Mr. Elmārs Švēde**, Member of the Board

**Mr. Gints Freimanis**, Member of the Board

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## 2. BOARD MEMBERSHIP. STRUCTURE OF “LGS”

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In 2012 the supervision of the State Joint-Stock Company “Latvijas gaisa satiksme” in the name of the state shareholder – the Ministry of Transport of the Republic of Latvia was performed by Deputy State Secretary of the Ministry of Transport Ms. Aivita Ļubjina - Goldmane until 21 November 2012, and since 22 November 2012 – the Deputy State Secretary of the Ministry of Transport – Ms. Džineta Innusa.

In 2012 “LGS” was managed by the Board in the following composition:

Mr. Dāvids Tauriņš (Chairman of the Board) since 24.03.2010.

Ms. Baiba Broka (member of the Board) since 10.07.2009, on 09.07.2012 re-appointed as a Board member.

Mr. Elmārs Švēde (member of the Board) since 25.05.2010.

Mr. Gints Freimanis (member of the Board) since 01.12.2011.

Mr. Artis Birkmanis (member of the Board) until 15.06.2012.

Ms. Ilze Aleksandroviča (member of the Board) since 16.06.2012.

The Company structure is depicted in Figure No. 2.1.

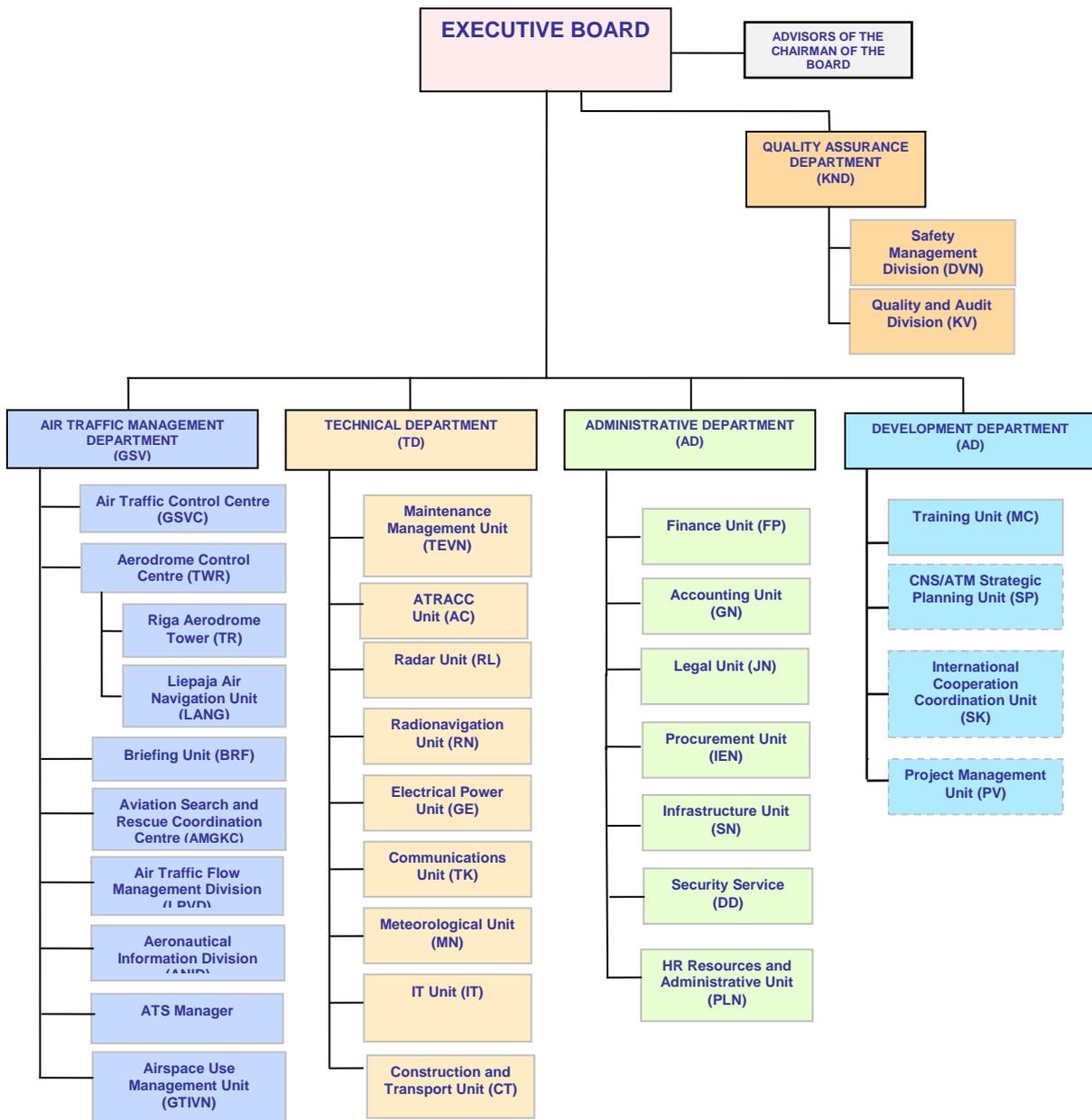


Figure No. 2.1. Structure of “LGS”

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### 3. BACKGROUND INFORMATION ON “LGS” AND BUSINESS CONTEXT

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#### History and status

“LGS” was founded on 21 October 1991 as a 100% state owned company providing air navigation services on the basis of the structure of the liquidated company „Aeroflot”.

The company’s legal status was changed to a state joint-stock company on 12 July 1997, keeping the same name of the company. In accordance with the legal acts of the Republic of Latvia “LGS” was registered with the Commercial Register as the Air Space Utilisation and Air Traffic Organisation State Joint-Stock Company “Latvijas gaisa satiksme” on 11 October 2004, but on 17 February 2006 the name was changed to the State Joint-Stock Company „Latvijas gaisa satiksme”.

#### Vision

“LGS” takes efforts in its development aimed at reaching the level of the most highly recognised and valued air navigation services provider in the region, according to the following aspects:

- safety and quality of the provided services;

- financial efficiency;

- loyalty of employees based on good job conditions, career possibilities and competitive remuneration.

#### Mission

“LGS” ensures safe aircraft traffic, providing air navigation services efficiently and cost-effectively on a stable and sustainable basis.

#### Competence

“LGS” provides effective and reliable air navigation services according to its competence, setting the highest priority for a task to ensure the required flight safety level. The guiding business principle of the company is the provision of high quality services at a reasonable and competitive price.

As a provider of air navigation services “LGS” offers to its customers air traffic management (ATM), meteorological (MET), air navigation information (AIS), communication, navigation and surveillance services (CNS).

The company provides air traffic management services for all general air traffic (GAT) and all military flights corresponding to GAT. Aviation search and a rescue coordination centre is in the competence of “LGS” as well.

“LGS” is a client orientated company operating in market economy conditions and supplying all the air space users within the territory of Latvia with services of an equal quality in accordance with international standards. “LGS” main income source is air navigation charges for the provided services. “LGS” is not receiving financial support from the public budget and is one of the biggest tax payers in the Republic of Latvia.

“LGS” is the only certified air traffic management services provider in Latvia. Within the scope of Regulation No.550/2004 of the European Parliament and of the Council of 10 March 2004 on the provision of air navigation services, “LGS” is the only air traffic management services provider that has exclusive rights to supply such services in the airspace of Latvia. Being a company operating in the civil aviation sector, “LGS” is controlled by the Ministry of Transport and supervised by the Civil Aviation Agency of Latvia (LCAA).

### **Geographical Borders**

“LGS” provides air navigation services in the Riga Flight information region (RIGA FIR) – an airspace marked in the “European Air Navigation Plan” (*ICAO Doc. 7754*) commencing from the ground with no upper limit.

Adjacent FIR/UIR zones:

*ECAC* countries:

North: Tallinn FIR (Estonia).

West: Malmö and Stockholm FIR (Sweden).

South: Vilnius FIR (Lithuania).

Non-*ECAC* countries:

East: Velikie Luki FIR (Russian Federation).

South-east: Minsk FIR (Belorussia).

## 4. AIR TRAFFIC IN 2012

233 658 flights were operated in the Riga FIR during 2012, that is 1% or 2706 flights less if compared to the previous year. The number of en route flights has increased by 1%, but the number of flights to/from Riga decreased by 6%.

Breakdown and number of flights (Table 4.1):

En route 165 272 (71% of the total number of flights).

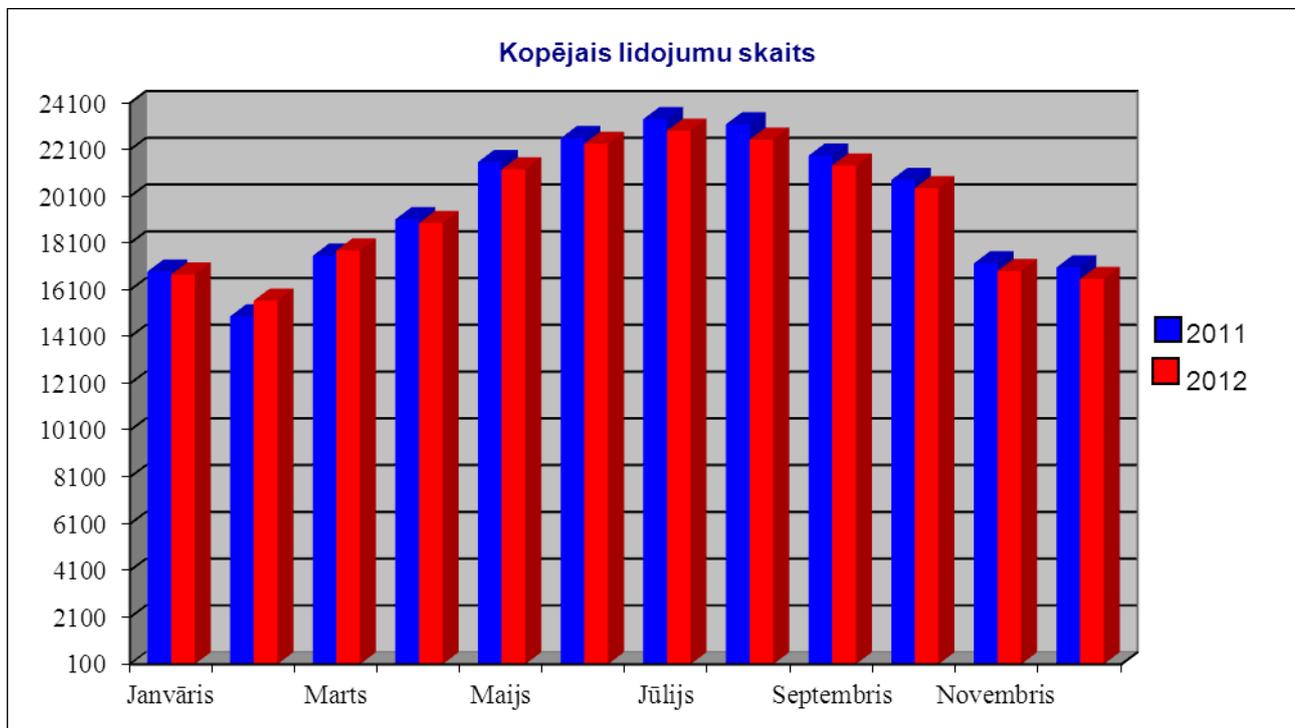
Flights to/from airports of Latvia: 68 386 (29% of the total number of flights).

Month	En route			To/from Riga			Total		
	2011	2012	%	2011	2012	%	2011	2012	%
January	11682	11716	0 %	5214	5053	-3 %	16896	16769	-1 %
February	10311	11003	7 %	4668	4652	0 %	14979	15655	5 %
March	12123	12546	3 %	5452	5252	-4 %	17575	17798	1 %
April	13090	12921	-1 %	6043	6048	0 %	19133	18969	-1 %
May	14819	14875	0 %	6763	6385	-6 %	21582	21260	-1 %
June	15571	16016	3 %	7029	6345	-10 %	22600	22361	-1 %
July	15999	16312	2 %	7417	6606	-11 %	23416	22918	-2 %
August	15946	16085	1 %	7250	6454	-11 %	23196	22539	-3 %
September	15228	15407	1 %	6626	6026	-9 %	21854	21433	-2 %
October	14683	14633	0 %	6129	5828	-5 %	20812	20461	-2 %
November	12245	12024	-2 %	5000	4895	-2 %	17245	16919	-2 %
December	11998	11734	-2 %	5078	4842	-5 %	17076	16576	-3 %
<b>Total</b>	<b>163 695</b>	<b>165 272</b>	<b>1 %</b>	<b>72 669</b>	<b>68 386</b>	<b>-6 %</b>	<b>236 364</b>	<b>233 658</b>	<b>-1 %</b>
	69%	71 %		31 %	29 %		100%	100%	

Table No. 4.1. Number of flights

The seasonal character of air traffic intensity is depicted in Figure No. 4.2.

Total number of flights



January March May July September November

**Figure No. 4.2. Seasonal nature of air traffic intensity**

## 5. KEY RATIOS

“LGS”, as an air navigation services provider acting in accordance with the quality standard *ISO 9001:2008* recognises the importance of a numerically expressed service quality evaluation.

Taking into consideration the generally accepted air navigation service providers’ quality evaluation practice based on the main performance scopes, “LGS” has determined the following planned and actual numerically expressible key performance indicators for 2012 (*Key Performance Indicators - KPI*).

### 5.1. KPI for safety and ATM services quality areas

**Table No.5.1**

Main performance scope	Key performance indicator	Planned	Actual
Safety	Losses of Separation risk due to ATM fault <sup>1</sup>	Not more than $1,39 \times 10^{-5}$	No Losses of Separation in 2012
Quality of ATM services	Delay of flights	No delayed flights due to ATM fault	None
Profitability	Profit (+) or losses (-) vs. equity	0.008	0.026

<sup>1</sup> Calculated as the proportion of losses of separation against the number of instrument flight rules (IFR) hours.

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## 6. QUALITY ASSESMENT OF THE PROVIDED SERVICES

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One of “LGS” constant service quality indicators is the assessment of the company’s quality system. A full and impartial overview of the quality system assessment can be achieved by analysing the results given by external evaluators and internal or self-assessment.

In 2012 a routine supervision audit took place within the company’s quality governance system certification cycle, performed by the auditors of the certification organisation *Bureau Veritas Certification Latvia*. No inadequacies were detected during the audit, but the most essential audit observations were related with errors due to inattentiveness in the recordings reflecting performance processes execution or possible deficiencies while reflecting the executed works in recordings. The regular meetings with the customers of the company and the implementation of customer wishes expressed during such meetings were recognised in audit report as good practice. Auditors admitted that the quality system of “LGS” meets the requirements of the ISO 9001:2008 standard. From the results of the analysis it can be concluded that the declared/required performance indicators in relation to ATM services/processes, CNS and MET services, as well as in the field of AIS are reached.

The number of customer’s complaints or claims received within a year is one of the quality indicators regarding the services provided by “LGS”. In 2012 the company received no complaints or claims from customers regarding the provided services.

In 2012 the integrated audits practice commenced in the previous year, that provides for an examination of the quality, safety and internal control system of “LGS” within a single audit was continued. Like in the previous year the audits were performed within the context of provided services or most essential processes. The results of the 2012 audits show that the company fully meets the quality requirements defined for the services.

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## 7. AIR TRAFFIC SAFETY

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The “LGS” air navigation service quality assurance system in 2012 ensured reactive response to flight safety occurrences, the investigation of these occurrences, the definition of the correctional activities and proactive activities, like the prevention of threats and identification of risks, as well as the diminishing of risks before the introduction of any changes to the air navigation services, the gathering of lessons learned from safety occurrences encountered and the dissemination of these lessons to the staff of the company.

The main goal of “LGS” in safety management in 2012 was to maintain the existing safety level, and to minimise the number of air traffic management safety occurrences in general flight safety in the Riga information region as far as practicably possible. In 2012 “LGS” proceeded with its safety management system development by commencing the application of main safety performance indicators such as safety governance efficiency and justice culture existence level.

In the reporting period “LGS” commenced the improvement of the safety culture maintenance system in the company.

In 2012 “LGS” proceeded with safety management personnel training and qualification development. In 2012 the employees of the Safety Management Division attended the planned training courses at the Air Navigation Institute of Luxembourg.

The safety management employees continued participation in the NEFAB airspace block safety management working group and made their contribution to the development of the NEFAB airspace system amendments evaluation manual.

In 2012 two seasonal change meetings of the employees of all units of the ATM department took place, during which issues were considered related to ATM services quality and safety. Such meetings are organised each year before the commencement of spring-summer and autumn-winter seasons.

In 2012 the identification of all threats related to the air traffic management system and procedure amendments, as well as the diminishing of risks took place in the company; the following safety files were prepared:

- Impact of the military training exercise “Baltic Regional Training Event XII” to flight safety in the airspace under control.
- Initial safety assessment “Changes in the Riga FIR airspace”.
- Flights of unmanned aerial vehicles in restricted zones.
- Automatic weather observation system MIDAS IV of the airport “Riga”.
- Automatic weather observation system “AVIMET” of the airport “Liepaja”.

In total, there were 205 different air traffic safety occurrences reports received from air traffic controllers in 2012. When referring this number of safety occurrences to the total number of flights it equals  $8.77 \times 10^{-4}$  safety occurrences per one flight in the Riga flight area.

The basic key performance indicator of the safety assessment in 2012 was 1.39 serious A class losses of separation per 100 000 aircraft instrumental flight rules (IFR) hours. According to the instrumental flight rules (IFR) no dangerous loss of separation of aircrafts was actually detected during aircraft flights in 2012.

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## 8. LATVIA AND “LGS” IN EUROPE

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Latvia is a Member State of the International Civil Aviation Organisation (ICAO). “LGS” employees are not only actively working in the ICAO, but also hold managerial positions – the Chairman of the CAMTGE group, Deputy Chairman of RDGE and AIM TF Secretary are employees of “LGS”.

The aviation system of all countries is founded on the Chicago Convention of 1944 on International Civil Aviation.

Taking into consideration that Latvia is a Member State of the European Union (EU), Eurocontrol and European Civil Aviation Conference (ECAC), it has to fulfil the obligations of an EU and ECAC Member State. In this global context the Single European Sky (SES) and the European Single Sky Implementation Plan (ESSIP) as an implementation tool, were the most important external factors having an impact on the development of “LGS” in 2012.

So as to meet the requirements of the SES, “LGS” continued work regarding the establishment of **NEFAB (North European Functional Airspace Block)**. During 2012 all needed documentation was prepared at the ANSP level so that Latvia could be capable of fulfilling SES requirements and officially become a full-scale member state of NEFAB. On June 4, 2012 an agreement was signed in Tallinn that entered into force on December 23, 2012. After the official declaration of NEFAB according to the approved plan, “LGS” continues active participation in the implementation of projects associated with the activities of NEFAB.

**“LGS” is also a member of the BOREALIS alliance** together with nine other ANSP of Northern Europe. The members of BOREALIS are AVINOR (Norway), LFV (Sweden), FINAVIA (Finland), NAVIAIR (Denmark), EANS (Estonia), ISAVIA (Iceland), IAA (Ireland), NATS (Great Britain) and “Latvijas gaisa satiksme” (Latvia).

The alliance is established on the basis of the Northern Europe air navigation services providers cooperation NEAP (*North European ANS Providers*) with a purpose of increasing ATM services’ providers performance efficiency, to improve cooperation at the sub-regional level and to decrease the costs of airspace users.

Within the membership of the **European Organisation for the Safety of Air Navigation (EUROCONTROL)** “LGS” is planning in the near future to increase the efficiency and quality of the provided services, to continue using ESSIP/LSSIP as a monitoring tool for planning harmonisation and development, optimisation of the participation of “LGS” employees in newly established working groups due to the reorganisation of EUROCONTROL and to continue qualification development in IANS EUROCONTROL.

The air navigation services supplied by “LGS” and the business of company is fully compatible with the provisions of the European Commission Regulation (EC) 1035/2011, which is confirmed by the certificate received on December 20, 2010, that is effective until December 2016. This certificate provides a possibility to offer air navigation services in all EU member states.

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## 9. HUMAN RESOURCES

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To ensure the company is still moving forward as a competitive and dynamic air navigation services company based on knowledge and experience with sustainable economic growth, and with working places becoming more attractive for employees, offering a wider social connection between the highest management and employees, in 2012 “LGS” continued to implement a personnel policy anticipating the continuous development and maintenance of professional competence.

For the implementation of staff management “LGS” has defined the most significant elements of personnel organisation:

**staff planning** – the number of employees should be established as precisely as possible according to the amount of work to be performed, quality, place and time – “the right person with the right skills performs the right job in the right position”;

impartial staff selection procedure;

**entry of staff into work**, providing employees with general and specific information;

**staff development** – support towards the development of employees’ education and qualifications by means of different programs – academic education (for the obtaining of master and doctor degrees in relation to the speciality), traineeship, experience exchange, familiarisation with international experience, participation in conferences, courses, seminars.

One of the elements of personnel competence maintenance in 2012 was to promote the retention of qualified, educated staff able to adapt to a changeable work environment and to ensure its development.

Staff, its competence and professional growth is the basis of the security and stability of the air navigation services provided by LGS. There were 369 employees in “LGS” by the end of the reporting period.

Personnel’s professional readiness needs continuous investment and the core activity of “LGS” – air traffic management as a continuous process requires criteria regarding specific staff selection and their amount. “LGS” feels highly responsible for the preparation of professionals, providing the training of new air traffic controllers annually. 12 new air traffic controllers/students received a qualification rating in 2012 and started training with “LGS”.

One of the guiding principles of the staff strategy is the following – an “**LGS**” **employee is an educated employee**. A strict procedure exists to ensure this is the case:

regular maintenance of **employees’ education and qualification**, which is provided for by the requirements of EUROCONTROL, ICAO, CAA and the internal legal acts relating to traffic controllers, safety experts and engineering personnel;

regular improvement of English language knowledge.

**The development of engineering personnel** (*ATSEP – Air Traffic Safety Electronics Personnel*) **qualifications** takes place as follows:

by familiarisation with air navigation technologies in specialised training institutions;

by acquainting personnel with new equipment in the training centres of the producer, receiving certification with rights to train other specialists;

by regularly acquainting employees with the technical use of specific equipment in the units of the Technical Department.

The Company's profile demands specific training that is often only available abroad. To ensure professional growth "LGS" experts are attending different training courses which from the point of view of employees are very useful.

The training of employees of the Administrative, Development and Quality Assurance Departments in 2012 were mostly connected with changes in legislation and current events related to the job specification.

In fulfilling the requirements of the SES establishing program "LGS" takes an active role in activities associated with NEFAB establishment. In 2012 membership was commenced in the Borealis Alliance aimed to improve business cooperation even more between the ANSP Member States for the complementing of NEFAB work on an economic sense. In 2012, experts of all departments and the Board of "LGS" took part in 70 events and activities related to NEFAB and Borealis activities.

The professionalism of "LGS" specialists has also been recognised with international aviation institutions delegating them to lead high level working groups – the head of the ICAO Air Traffic Management Governance (ATMGE) working group and the secretary of the Aeronautical Information Management working group are "LGS" experts, the leader of CANSO BEWG (*Business Excellence Work Group*) is an "LGS" Board Member, one of the nine permanent members of EUROCONTROL ANSB (Air Navigation Service Board) is the "LGS" Board Chairman, and NEFAB financial control is entrusted to an employee of "LGS" as well.

The professional growth of the whole staff is a guarantee of company stability. "LGS" supports and promotes the improvement of the general educational level of employees, funding studies for the obtaining of master's and doctor's degrees in the speciality.

In 2012 "LGS" performed employee satisfaction research to find out the opinion of employees on the most important and essential work issues, values and understanding of company values. Summarising the results of this research made it possible to find out which issues need to be addressed to promote personnel satisfaction and the further development of the company. Understanding personnel opinion is an essential element that will further help to define the priorities in work with human resources and to make reasonable and well considered decisions regarding employees.

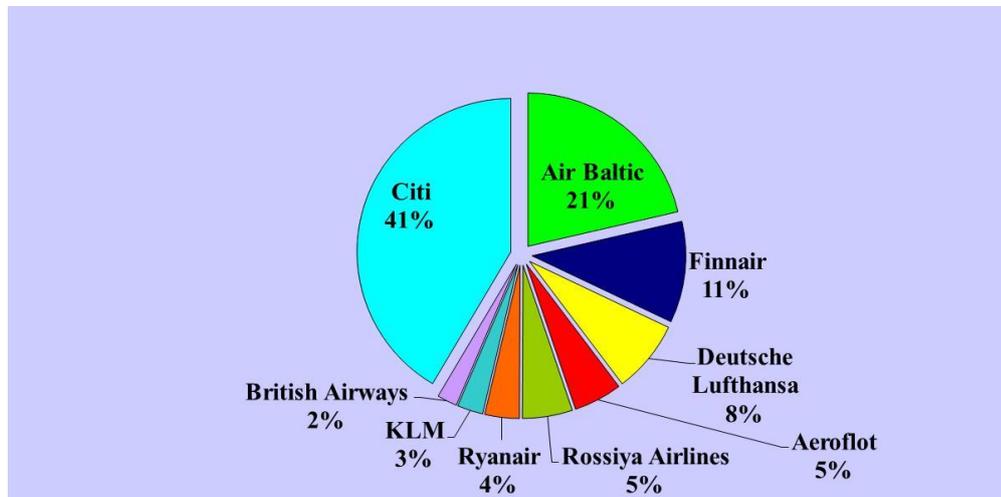
## 10. OFFICIAL CONSULTATION PROCESS WITH THE CUSTOMERS

“LGS” is a client orientated company regularly analysing air navigation services customers’ feedback.

“LGS” is providing services to the customers in an open and transparent manner not discriminating on the grounds of nationality or identity, as well as avoiding any other discriminating or competition distorting activities that might lead to dishonest competition or conflict with EC legislation.

In the previous year “LGS” proceeded to provide effective air navigation services to all users of the airspace of the Republic of Latvia. The main users of the airspace of the Republic of Latvia in 2012 are specified in figure 10.1.

Other



**Figure No. 10.1. The main users of Latvia airspace – “LGS” customers in 2012 (%)**

The development and implementation of new services in “LGS” is defined and executed in accordance with operational needs (purposeful safety improvement) or the requirements of the airspace users. In 2012 “LGS” still used a business approach, discussing particulars with customers before making final decisions. Usually such a kind of consultation is part of the pre-implementation stage of the project. As an example of such practice, the cooperation and regular consultations with all stakeholders involved in the Tukums airport project should be mentioned.

For the identification of customers wishes and opinions in 2012 “LGS” also used the customer questionnaire method for example, and in such a way the opinion of air navigation information services (AIS) users was obtained and analysed. On the grounds of the obtained results it was possible to conclude that in 2012 the users of AIS were satisfied with the quality of the provided services.

Consultations with “LGS” customers are also taking place within the process of the preparation of the visual flights air navigation map edition of Latvia – The Aeronautical Information Division informs users on its website about the commencement of the preparation of the new visual flights map edition and invites them to provide their suggestions.

The activities and efforts of “LGS” are characterised by the actions set out below, which are taken with the purpose of satisfying the wishes, requirements and development trends of the customers:

In 2012 several official meetings took place between the air traffic management experts of "LGS" and the national airline "airBaltic", hence promoting the exchange of experience and also with the purpose of identifying the areas in which improvements or innovations are needed.

The meetings with the representatives of the national airline also take place during everyday work so as to exchange actual information, perform the fast analysis of events and solve operational business issues.

For the gaining of a better mutual understanding, five visits of new "airBaltic" flights planning controllers in "LGS" were organised in 2012 for familiarisation with flight coordination, flight planning issues and "LGS" procedures related to these aspects.

During the reporting period, the air traffic management experts of "LGS" attended the awareness raising event organised by the CAA to private pilots, where private pilots were informed about certain particulars in the airspace of Latvia, including drawing their attention to issues of the newest airspace changes, as well as to aspects related to flights in uncontrolled airspace.

In 2012 project AMBER was commenced. "LGS" experts will also be involved in this.

During the reporting period the employees of "LGS" have been involved in activities associated with the development of the concerned sector companies harmonised decision taking approach – within the framework of these activities meetings with experts of the airport "Riga" and the national airline took place.

"LGS" defines the unit rate for the provision of air navigation services in a transparent and honest manner, providing consultations with airspace users before the unit rate approval. The rate is revised regularly. "LGS" ensures that all the airspace users have received all the necessary information, opinions and notes provided by customers which have been understood and taken into account before the unit rate consultations.

In 2012 work was continued in the context of the implementation of the Tukums airport project. Within the framework of this project many different level meetings of involved stakeholders (Tukums airport, the Ministry of Transport, CAA, "LGS") took place in 2012. Project activities were focused on the launching of instrumental flights at the beginning of 2013 and the provision of air traffic management services at Tukums airport.

In the case of an air traffic incident "LGS" provides customers with all necessary information obtained during the control process. "LGS" collaborates with customers, helping them to obtain the correct data, giving comprehensive incident analysis and providing impartial evidence.

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## 11. TECHNICAL MODERNISATION IN 2012

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Besides the core activity – technical exploitation of nav aids – the Technical Department of “LGS” has performed planned works within different projects related to the improvement of the quality of air navigation services.

In 2012 the following projects were implemented:

- Relocation of the ultra-short waves facility “Rēzekne” to “Vijāni”.
- Relocation of the ultra-short waves facility “Ventspils” to a new location.
- Data transmission network modernisation with Tallinn ATMC.
- Modernisation of AWOS software in airport “Riga” (with the replacement of computer equipment) and Liepaja.
- Replacement of the emergency ultra-short waves radio stations in the ATM centre.
- Within the framework of the project “ATRACC modernisation” ATRACC working places (computers, monitors, software) were replaced.
- VOR/DME “Daugavpils” functionality improvement measures.
- Modernisation of the HiPath 4500 telephone exchange.
- Construction of the high-speed network (airport “Riga”).
- Modernisation of the “LGS” computer network.

Projects continued:

- Modernisation of the aviation ultra-short waves system in the Republic of Latvia.
- ANOF modernisation.
- ATRACC modernisation.
- Organisation of the APP-2 working place.
- Replacement and modernisation of computers and peripheral equipment due to out-of-date equipment.

New projects started:

- Data transmission network modernisation with Vilnius ATMC.
- Replacement of voice data documentation systems in Riga and Liepaja.
- Expansion of voice communications system (VCS).
- Certification of the procedure „Lower than CAT-I”.
- Installation and certification of equipment in “Jurmala Airport”.
- Modernisation of ATRACC simulators.
- Purchase of new ATIS/VOLMET systems.
- System of working time planning and recording.
- Modernisation of “LGS” computer network security systems.

## 12. 2012 BUDGET IMPLEMENTATION OVERVIEW

### Income

The total income in 2012 is 17 651 th. LVL and this is 429 th. LVL (2.4%) less than planned in the budget of 2012, but at the same time, 831 th. LVL (4.9%) more than the facts of 2011.

Income from the core business constitutes by far the largest part (95.3%), while the smallest part constitutes other revenues (4.7%).

During the drafting of the 2012 plan the basic scenario was considered to be an optimistic one. Although the optimistic scenario was not reached either at European (air transport demand drop), or at national level, the revenues from the core business in comparison with 2011 have increased by 1.5%; nevertheless, versus the plan they decreased by 3.2%.

The 2012 facts of income from the core business were mainly influenced by two factors:

A drop inflight intensity in comparison with the plan of 5.9% (including a drop in en route flights of 5.6% in comparison with plan and a drop in flights to/from Riga of 6.7% in comparison with the plan);

The EUR/LVL exchange rate applied by Eurocontrol, which was approximately 1% higher than the exchange rate established by the Bank of Latvia.

In table No.13.1 the intensity of flights in 2012 vs. the plan and the facts of 2011 are reflected. It can be seen that the total amount of flights has decreased by 1.1% (including the number of flights en route which has increased by 1.0%, but the number of flights to/from Riga has decreased by 5.9%).

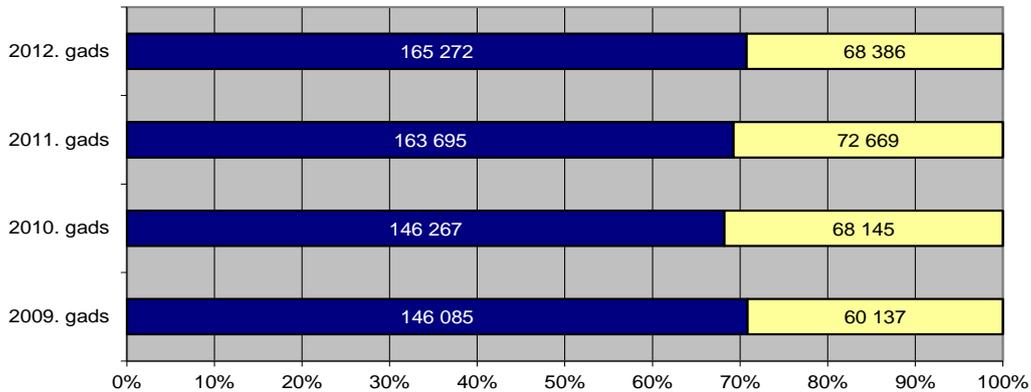
### Number of flights in 2012

Table No.13.1

Flight type	Plan 2012	Fact 2012	Changes %	Fact 2011	Changes %
<i>En route</i>	175 071	165 272	94.4	163 695	101.0
<i>Flights to/from Riga</i>	73 265	68 386	93.3	72 669	94.1
<b>Total</b>	<b>248 336</b>	<b>233 658</b>	<b>94.1</b>	<b>236 364</b>	<b>98.9</b>

Taking into consideration the actual flight intensity in 2012, an increase in the proportion of the total number of flights can be observed in the trend of en route flights (Figure 13.1 on the next page).

In 2012 there were no substantial changes in the unit rate amount and invoicing procedures. Since January 1, 2011 the Republic of Latvia and indirectly "LGS" as well, is a member of Eurocontrol enjoying full rights. The procedures for invoicing of the unit rate at the national level are set out in the Rules of the Cabinet of Ministers No.30 "Procedure for the Distribution of Charges for Air Navigation Services" and the Rules of the Cabinet of Ministers No.28 „Procedures for the Establishment of Service Charges Regarding Air Navigation Services Provided by the Public Joint-Stock Company "Latvijas gaisa satiksme" and the Procedures of their Invoicing."



Year 2012 Year 2011 Year 2010 Year 2009

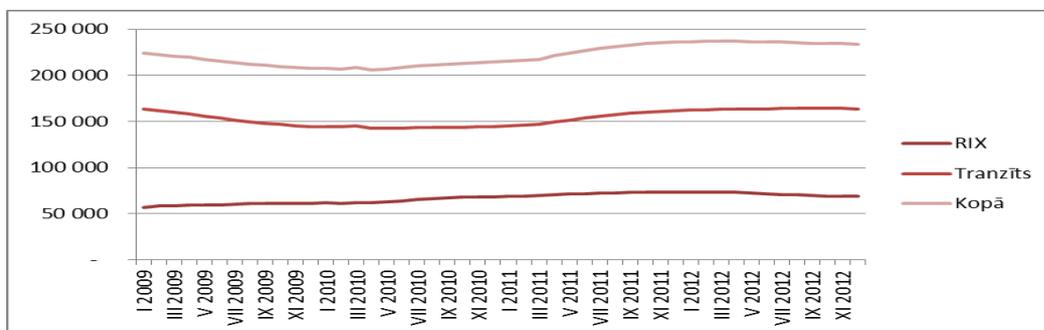
**Figure 13.1. Relative ratio of flights in 2012 to 2011, 2010 and 2009.**

In 2012 the rapid growth of the aviation industry that commenced in 2010 and continued in 2011 ceased. In the first quarter of 2012 the rapid growth decelerated considerably (the total rate of flight increase in the first quarter of 2012 was 1.5%), but as of April to the end of the year only a decrease in the number of flights was registered. The reason for such a decrease was a considerable drop in the number of flights to/from Riga airport (over the whole year). At the same time the en route flights segment showed an increase even until September 2012.

Individually, the highest relative increase in the number of flights was observed in February of 2012, when the total number of flights increased by 4.5% (including an increase in en route flights of 7.0% and a decrease in flights to/from Riga of 0.6%). The highest increase of en route flights within the year was observed in February, but April of 2012 was the only month when the number of flights to/from Riga airport grew (0.1%).

The trend of flight number decrease will also continue at the beginning of 2013, nevertheless the comparatively large drop at the end of 2012 gives grounds to make optimistic forecasts regarding the end of 2013.

Figure 13.2 shows the number of flights, counting the total number of flights in the previous 12 months in each month.



En route Total

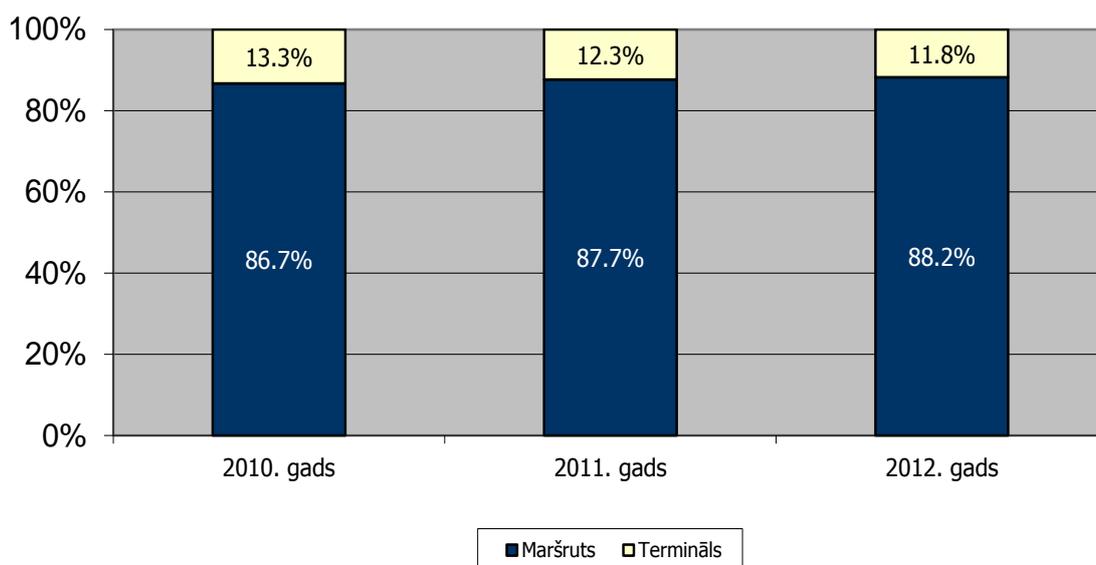
**Figure 13.2. Changes in intensity since 2009 until 2012 counting the total amount per the previous 12 months**

Income from air navigation services in 2012, th. LVL

Table No.13.2

No.	Name	Plan 2012	Fact 2012	(4) / (3), (%)	Fact 2011	(4) / (6), (%)
1	2	3	4	5	6	7
1.1	Income from route service	15.316	14.836	96.9	14.527	102.1
1.2	Income from terminal service	2.052	1.980	96.5	2.034	97.3
	<b>Total income</b>	<b>17.368</b>	<b>16.816</b>	<b>96.8</b>	<b>16.561</b>	<b>101.5</b>

The next figure (Figure No.13.3) schematically shows the “LGS” income structure in 2012 compared with 2011 and 2010.



Year 2010 Year 2011 Year 2012

Route Terminal

**Figure 13.3. Comparison of “LGS” income structure**

As can be seen from Figure 13.3, the portion of incomes from the terminal service in the overall income structure continues to decrease; some income from the route service (en route flights and route part of flights to/from Riga) increased by 2.1% in comparison with the facts of 2011, while income from the terminal service decreased by 2.7%.

### Other income

Other sources of income in 2012 have increased by 123 thousand LVL (17.3%) in comparison with the plan, while in comparison with 2011 they have increased by 576 th. LVL (3.2 times).

### Expenses

The total expenses of the core business in 2012 were 16 885 th. LVL; in comparison with the expenses of 2011 they have increased by 1.049 th. LVL (5.8%). Compared with the annual plan the expenses have been less by 745 th. (4.2%).

A detailed expenses breakdown is given in Chapter 14.

### Implementation of the investment plan

The planned updated money flow amount of investment projects is 3.227 th. LVL, but the actual implementation – 3.020 th. LVL (93.6 %). In 2012 new projects in the total amount of 2.599 LVL were commenced and payments were made in the amount of 1.244 LVL.

The fixed assets put into operation represent 383 th. LVL; capital expenditure – 136 th. LVL.

### Completed projects put into operation, th. LVL

Table No.13.3.

Name	Amount
Furniture, household equipment	61
Air treatment equipment and air cooling compressors in KDP building of	60
High-speed optical network in Riga airport, optical switchboards	52
AviMet software in Liepaja	22
Computer equipment and network equipment	16
Computer software	15
Software for EAD BF system	15
Visibility sensor and spare parts for MIDAS system	15
Hardware for EAD BF system	11
Multiplexing device for the Riga –Tallinn channel	11
Special device for the removal of motors from radio-locators	11
Voice communication system equipment for the APP air traffic controller working place	10
Laser type distance measuring device, antenna, ILS Checker software	10
Firearms	8
Telecommunications board and extension modules for data transmission network	7
Measuring device for THALES radar	6
Telecommunications networks for the ultra-short waves facility in Ventspils	6
Fitness equipment and inventory	6
Spare parts for the VOR-DME radio beacons (5)	6
Mobile and stationary telephones	5
Backup blocks for ILS systems	5
Projectors	4
Monitors for the ATRACC and A-SMGCS systems in Riga	3
ANOF system network switchboards, mounting board	3
Portable groundings, measuring device, controlling adapter for diesel generator	2

Extensions for MIDAS system video and audio signals	2
Conditioners, air cleaner	2
Snow blower and snow spade for a rider in Ezerlīči	2
Fence for the ultra-short waves facility in Ventspils	1
Antennae mast	1
Digital binoculars for communications unit	1
Power units for radio navigation unit and ATRACC laboratory	1
Switchboards for telephone exchanges in Riga and Liepāja	1
Frequency converter for ventilation machine	1
Other	1
<b>TOTAL:</b>	<b>383</b>

**Capital expenditure, th. LVL**

**Table No.13.4**

<b>Name</b>	<b>Amount</b>
Mounting of rotation drives to the radar in Ērgļi	59
Mounting of rotation drives to the radar in Cīrava	32
Renovation of the interior and facade of the Liepāja KDP premises	20
Installation works of the Ventspils ultra-short waves facility tower, diesel generator and container	5
Hard disks for the servers of ANOF system and AIN	3
Modernisation of the telephone exchange in Liepāja	2
Repair of the signal generator	2
Installation of partitions in KDP Riga	2
Additional cable supports for the radar in Ērgļi	1
Replacement of engine, besom of rider	1
Additional cable supports for the radar in Cīrava	1
Replacement of lamps in projectors	1
Reupholstering of couches and chairs	1
Development of documentation management system IMPULSS changes	1
Additional fuses for the voice communications system server	1
Other	4
<b>TOTAL:</b>	<b>136</b>

Assets under construction represent 2.384 th. LVL.

**Fixed assets under construction, th. LVL**

**Table No. 13.5**

<b>Name</b>	<b>Amount</b>
ATRACC modernisation	1.764
Modernisation of TDSS and TSIM simulators	249
Modernisation of ANOF Plus system	172
Voice communication documentation systems (Riga, Liepaja)	94
Computer equipment for working places	50
Fibre Optic upgrade in ILS systems	27
Technical solutions project for Riga tower working places	15
Spare parts for the AFTN system (Splitter upgrade)	9
RAD power units for MP-2100	3
Radio navigation device for the modernisation of Riga tower	1
<b>TOTAL:</b>	<b>2.384</b>

Advance payments constitute LVL 1.001 th.

#### Conclusions

The number of flights in 2012 compared with the plan has increased by 5.9%, but when compared with the facts of the previous year, the number of flights has decreased by 1.1%. It is related to the decrease in flights to/from Riga airport.

Income from the core business is 1.5% higher, if compared with the facts of 2011, and has decreased by 3.2% in comparison with the amount planned in 2012.

The net profit in 2012 is 459 th. LVL vs. a planned profit of 148 th. LVL.

### 13. BUDGET PERFORMANCE IN 2012

Table No.14.1

No.	Name	Planned in 2012	Actual in 2012	Relative difference (%)	Absolute difference	Actual in 2011	Relative difference (%)	Absolute difference
1	2	3	4	5	6	4	5	6
1.1.	Operating income	17.368	16.816	(3.2)	(552)	16.561	1.5	255
1.2.	Other income	712	835	17.3	123	259	222.4	576
<b>1.</b>	<b>Total income</b>	<b>18.080</b>	<b>17.651</b>	<b>(2.4)</b>	<b>(429)</b>	<b>16.820</b>	<b>4.9</b>	<b>831</b>
3.1.	Wage/salary	(8.926)	(8.972)	(0.5)	(46)	(7.927)	(13.2)	(1.045)
3.2.	Other personnel expenses	(128)	(123)	3.9	5	(119)	(3.4)	(4)
3.	Total personnel expenses	(9.054)	(9.095)	(0,5)	(41)	(8.046)	(13.0)	(1.049)
4.	Depreciation costs	(3.720)	(3.450)	7.3	270	(3.531)	2.3	81
5.	Payments to CAA and TAIIB	(1.290)	(992)	23.1	298	(1.317)	24.7	325
6.	Operating expenses	(1.256)	(1.197)	4.7	59	(1.104)	(8.4)	(93)
7.	Payments to Eurocontrol	(725)	(725)	-	-	(610)	(18.9)	(115)
8.	Training	(449)	(372)	17.1	77	(688)	45.9	316
9.	Administration costs	(436)	(348)	20.2	88	(324)	(7.4)	(24)
10.	Business trips	(395)	(366)	7.3	29	(328)	(11.6)	(38)
11.	Insurance	(228)	(228)	-	-	(222)	(2.7)	(6)
12.	Other costs	(77)	(112)	(45.5)	(35)	(1.764)	93.7	1.652
	Total of other exploitation expenses	(4.856)	(4.340)	10.6	516	(6.357)	31.7	2.017
<b>2.</b>	<b>Total operating expenses</b>	<b>(17.630)</b>	<b>(16.885)</b>	<b>4.2</b>	<b>745</b>	<b>(17.934)</b>	<b>5.8</b>	<b>1.049</b>
13.	Profit / (loss) from operating activities	450	766	70.2	316	(1.114)	-	1.880
14.	Interest income and other income	29	19	(34.5)	(10)	81	(76.5)	(62)
15.	Interest expenses and other expenses	(126)	(156)	(23.8)	(30)	(169)	7.7	13
16.	Profit / (loss) before taxes	353	629	78.2	276	(1.202)	-	1.831
17.	Total taxes	(205)	(170)	17.1	35	141	-	(311)
17.1	Corporate income tax	(175)	(203)	(16.0)	(28)	(138)	(47.1)	(65)
17.2	Deferred tax	0	63	-	63	309	(79.6)	(246)
17.3	Real estate tax	(30)	(30)	-	-	(30)	-	-
<b>18.</b>	<b>Net profit / (loss)</b>	<b>148</b>	<b>459</b>	<b>210.1</b>	<b>311</b>	<b>(1.061)</b>	<b>-</b>	<b>1.520</b>

## 14. EXPLANATIONS TO BUDGET IMPLEMENTATION

This chapter regarding the data on the implementation of the 2012 budget maintains the numeration given in table No.14.1.

### 1. Total income

The largest portion of company income constitutes revenues from the core business; the relative proportion of core business income in the total revenues of 2012 is 95.3%. In 2011 the relative indicator was 98.5 %.

#### 1.1. Operating income

A detailed description of the operating income is given in Chapter 13 of this document.

#### 1.2. Other income

Other sources of income in 2012 compared with the budget of 2012 have increased by 123 th. LVL (17.3%), but in comparison with the facts of 2011 have increased by **576** th. LVL (3.2) times. The reason for the increase is the doubtful debts of the company "RYANAIR" (decrease in accruals) and the payment of penalty fees for delayed air navigation payments.

### 2. Total operating expenses

The planned operating expenses in 2012 were 17.630 th. LVL, but in fact the expenses are 16 885 th. LVL, showing savings in the amount of 745 th. LVL. The most significant reason for the saving is the decrease in the CAA and TNGIIB position of 298 th. LVL (the planned amount was 1.290 th. LVL, in fact – 992 th. LVL). In 2011 accruals were made for the doubtful debtor "Ryanair" and "Latvijas Krājbanka".

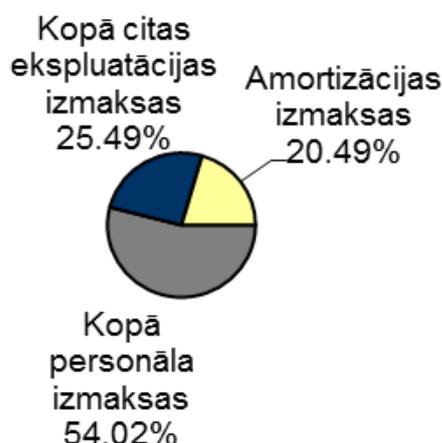
Breakdown of costs

Other operating costs in total

Depreciation costs

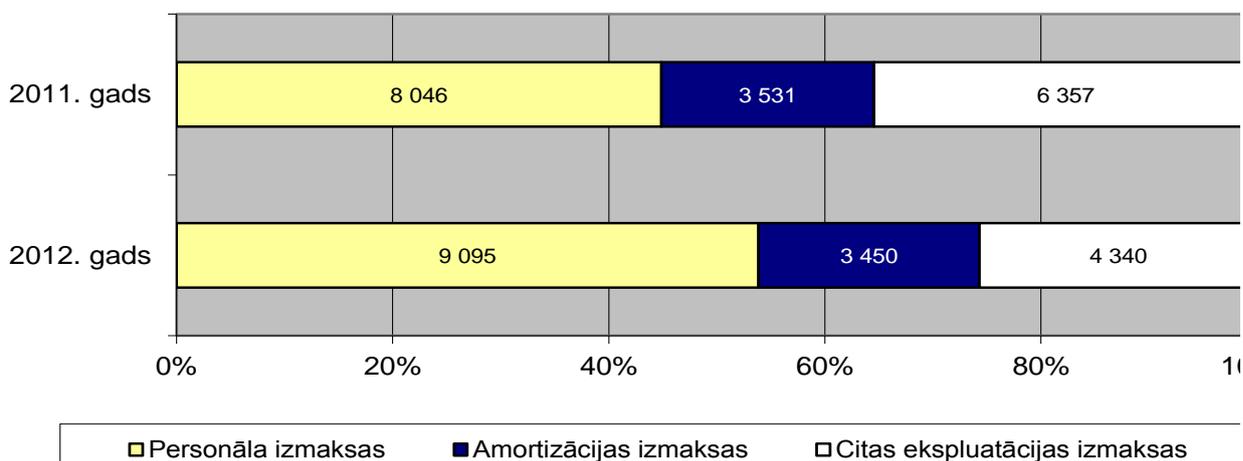
Personnel expenses in total

### Izmaksu sadalījums



**Relative breakdown of operating expenses for 2011-2012.**

**Figure No.15.1**



Personnel costs Depreciation costs Other operational costs

**3. Total personnel expenses**

Actual personnel expenses in 2012 were 9.095 th. LVL that is 41 th. LVL (0.5%) more than planned and 1.049 th. LVL (13.0%) more in comparison with the facts of 2011.

Reasons for the increase:

recruitment of new air traffic controllers and engineers;

augmenting of the supplement amount for extra-work with NEFAB/NEAP/BOREALIS, for the training of employees (improving of qualification, Transitional, OJT), for work in the Tukums airport;

accumulation of accruals for not-used leaves (average salary has increased). The amount of accruals, including social security costs was 338 th. LVL in 2012; (in 2011 – 296 th. LVL, an increase of 42 th. LVL).

**4. Depreciation costs**

In 2012 the actual depreciation costs were 3.450 th. LVL, that is 270 th. LVL (7.3 %) less than what was foreseen in the budget, but even in comparison with the facts of 2011 they have decreased by 81 th. LVL (2.3 %). The main reason for the savings is the postponement of investment projects deadlines and later putting into operation. The planned updated amount of the investment project funding flow is 3.227 th. LVL, but the actual implementation is 3.020 th. LVL (93.6 %).

### 5. Payments to CAA and TNGIIB

Payments to CAA and TNGIIB are made in accordance with the Rules of the Cabinet of Ministers No. 30 and the approved budget, which during 2012 was amended, thus decreasing the payment amount.

### 6. Operating expenses

Operating expenses in comparison with the budget of 2012 have decreased by 59 th. LVL or 4.7%. The largest saving is due to the item "Spare parts and materials".

**Table No.15.2, th. LVL.**

No.	Name	Plan 2012	Fact 2012	(4) / (3), (%)	Fact 2011	(4) / (6), (%)
1	2	3	4	5	6	7
6.1	<i>Met services</i>	244	243	99.6	231	105.2
6.2	<i>Electricity payments</i>	227	227	100.0	207	109.7
6.3	<i>Communication services</i>	166	144	86.7	139	103.6
6.4	<i>Technical maintenance and repair of fixed assets</i>	115	122	106.1	78	156.4
6.5	<i>Transport services</i>	68	61	89.7	52	117.3
6.6	<i>Short term hardware licences</i>	67	64	95.5	62	103.2
6.7	<i>Flight measurements of radio equipment</i>	54	52	96.3	47	110.6
6.8	<i>Land lease</i>	48	61	127.1	42	145.2
6.9	<i>Air navigation information expenses</i>	45	42	93.3	44	95.5
6.10	<i>Spare parts and materials</i>	34	17	50.0	25	68.0
6.11	<i>Operative leasing of vehicles</i>	30	29	96.7	35	82.9
6.12	<i>Hardware servicing</i>	29	28	96.6	31	90.3
6.13	<i>Building maintenance</i>	19	18	94.7	17	105.9
6.14	<i>Other expenses</i>	110	89	80.9	94	94.7
	<b>Total:</b>	<b>1.256</b>	<b>1.197</b>	<b>95.3</b>	<b>1.104</b>	<b>108.4</b>

"Technical maintenance and repair of the fixed assets" costs have increased most rapidly in 2012 compared with the approved annual plan due to the performance of planned repairs of existing equipment, and the costs of the "Land lease" item.

### 8. Training

Actual expenses related to training in 2012, when compared with the updated annual plan for 2012, have decreased by 77 th. LVL (17.1%), the main reason for the saving is related to the training foreseen during the investment projects, because they are postponed due to a delay in the project implementation deadlines.

The main items of training expenses are reflected in Table No.15.3.

**Table No.15.3, th. LVL.**

No.	Name	Plan 2012	Fact 2012	(4) / (3), (%)	Fact 2011	(4) / (6), (%)
1	2	3	4	5	6	7
8.1	<i>Preparation of new ATCO</i>	260	242	93.1	431	56.1
8.2	<i>Qualification development (ANS.MC, CAA)</i>	7	5	71.4	109	4.6
8.3	<i>Training abroad and within the investment projects</i>	114	73	64.0	100	73.0
8.4	<i>Other training</i>	68	52	76.5	48	108.3
	<b>Total:</b>	<b>449</b>	<b>372</b>	<b>82.9</b>	<b>688</b>	<b>54.1</b>

## 9. Administrative expenses

**Table No.15.4, th. LVL.**

No.	Name	Plan 2012	Fact 2012	(4) / (3), (%)	Fact 2011	(4) / (6), (%)
1	2	3	4	5	6	7
9.1	<i>Expert services</i>	81	8	9.9	8	100.0
9.2	<i>Lease of premises and other objects and fixed assets</i>	66	66	100.0	65	101.5
9.3	<i>Membership fee</i>	58	71	122.4	61	116.4
9.4	<i>Premises maintenance services</i>	45	45	100.0	36	125.0
9.5	<i>Legal services</i>	44	30	68.2	20	150.0
9.6	<i>Representation expenses</i>	44	53	120.5	38	139.5
9.7	<i>Territory improvement</i>	34	17	50.0	34	50.0
9.8	<i>Security expenses</i>	21	21	100.0	20	105.0
9.9	<i>Other expenses</i>	43	37	86.0	42	88.1
	<b>Total:</b>	<b>436</b>	<b>348</b>	<b>79.8</b>	<b>324</b>	<b>107.4</b>

Administration expenses in 2012 have decreased by 88 th. LVL (20.2 %) compared with the 2012 annual plan; at the same time administration expenses have increased by 24 th. LVL (7.4 %) when compared with 2011.

## 10. Business trips

When compared with the planned budget of 2012, savings have been made for this item in the amount of 29 th. LVL (7.3 %). In comparison with the facts of 2011, expenses have increased by 38 th. LVL (11.6 %).

## 11. Insurance

The main items of insurance expenses are summarised in Table No.15.5.

**Table No.5.5, th. LVL.**

No.	Name	Plan 2012	Fact 2012	(4) / (3), (%)	Fact 2011	(4) / (6), (%)
1	2	3	4	5	6	7
11.1	<i>GKV civil liability insurance</i>	220	220	100.0	215	102.3
11.2	<i>Other insurance</i>	8	8	100.0	7	114.3
	<b>Total:</b>	<b>228</b>	<b>228</b>	<b>100.0</b>	<b>222</b>	<b>102.7</b>

## 12. Other expenses

**Table No.15.6, th. LVL.**

No.	Name	Plan 2012	Fact 2012	(4) / (3), (%)	Fact 2011	(4) / (6), (%)
1	2	3	4	5	6	7
12.1	<i>Expenses not related to economic operations</i>	54	51	94.4	47	108.5
12.2	<i>Remaining expenses</i>	19	10	52.6	8	125.0
12.3	<i>Other expenses</i>	4	21	5.3 times	161	13.0
12.4	<i>Accruals due to doubtful debtors for air navigation services</i>	-	30	-	366	8.2
12.5	<i>Accruals for doubtful debtors (money in "Latvijas Krājbanka")</i>	-	-	-	1.182	-
	<b>Total:</b>	<b>77</b>	<b>112</b>	<b>145.5</b>	<b>1.764</b>	<b>6.3</b>

In 2012, expenses in this position have risen by 35 th. LVL compared with the budget of 2012. The main reason for the rise is the accumulation of accruals for the provision of air navigation services to doubtful debtors according to the obligations resulting from the multilateral agreement of Eurocontrol.

But when compared with 2011, this amount is significantly less in 2012, because in 2011 accruals were made as a result of the "Latvijas Krājbanka" insolvency, as well as for the doubtful debtor "Ryanair".

## 13. Profit / (losses) from the core business

Due to the fact that the total income from business activities in 2012 has decreased by 429 th. LVL in comparison with the annual plan, and the expenses of the core business activities have decreased by 745 th. LVL, the profit from core business activities has risen by 316 th. LVL in comparison with the approved plan. The actual profit from the core business activities is 766 th. LVL.

## 14. Interest income and similar revenues

The planned income for 2012 was 29 th. LVL, but the actual revenues in 2012 are 19 th. LVL. Compared with the facts of 2011 the interest income and similar income has decreased by 62 th. LVL (76.5%), and it can be explained by a decrease in deposit interest.

#### 15. Interest expenses and similar costs

The planned expenses in 2012 were 126 th. LVL; the actual expenses in 2012 are 156 th. LVL. Compared with the facts of 2011 the interest expenses and similar costs have increased by 13 th. LVL (7.7%). The main reason for the rise is the currency exchange rate, due to which net losses were suffered related to currency conversion in 2012.

#### 16. Profit / (losses) before taxes

The planned profit after/before taxes in 2012 was 353 th. LVL, and the profit is in fact 629 th. LVL. In 2011 there were losses before tax of 1.202 th. LVL (an increase of 1.831 th. LVL).

#### 17. Taxes

The planned taxes in 2012 were 205 th. LVL. In fact the taxes in 2012 are calculated as 35 th. LVL less.

#### 18. Net profit / (losses)

The planned profit in 2012 was 148 th. LVL. In fact the result of the company's economical operation is a profit of 459 th. LVL.

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## **ANNEX 1. FINANCIAL REPORT 2012**

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The financial report for 2012 prepared in accordance with the international standards for financial reports approved by the EU is attached in Annex No.1.

## ANNEX 2. LIST OF ABBREVIATIONS

ACC	Area Control Centre	Reģionālais vadības centrs
AFIPS	Airport Flight Information Processing System	Lidostu lidojumu informācijas apstrādes sistēma
AFTN	Aeronautical Fixed Telecommunication Network	Aeronavigācijas fiksēto telekomunikāciju tīkls
AIC	Aeronautical Information Circular	Aeronavigācijas Informācijas Cirkulārs
AIP	Aeronautical Information Publication	Aeronavigācijas informācijas publikācija
AIP AMDT	AIP Amendment	AIP Labojums
AIP SUP	AIP Supplement	AIP Papildinājums
AIRAC	Aeronautical Information Regulation and Control	Aeronavigācijas informācijas regulēšana un vadība
AMHS	ATS Message Handling System	ATS ziņojumu apstrādes sistēma
ANID	Aeronautical Information Division (LGS Unit)	Aeronavigācijas informācijas daļa
A-SMGCS	Advanced Surface Movement Guidance and Control Systems	Automātiskā zemes kustību vadības un kontroles sistēma
ASV	United States of America	Amerikas Savienotās Valstis
ATM	Air Traffic Management	Gaisa satiksmes vadība
ATMG	ATM Group	ICAO Gaisa satiksmes vadības pārvaldības grupas
ATRACC	ATM system used in LGS	LGS izmantotās GSV sistēmas
ATSEP	Air Traffic Safety Electronics Personnel	Inženiertehniskais personāls
CAA	Civil Aviation Agency	Civilās aviācijas aģentūra
CAT	Category	Kategorija
CFMU	Central Flow Management Unit	Galvenā plūsmas regulēšanas struktūrvienība
CNS	Communications, Navigation and Surveillance	Sakari, navigācija un novērošana
CRCO	Central Route Charges Office (Eurocontrol)	Centrālais (Eurocontrol) maršrutu maksājumu birojs
CVOR	Conventional VOR	Parastais VOR
DME	Distance Measuring Equipment	Attāluma mērīšanas iekārta
DVOR	Doppler VOR	Doplera VOR
ECAC	European Civil Aviation Conference	Eiropas civilās aviācijas konference
ES	European Union	Eiropas Savienība
ESSIP	European Single Sky Implementation	Eiropas Vienotās debess ieviešanas plāns
EUROCONTROL	European Organisation for the Safety of Air Navigation	Eiropas aeronavigācijas drošuma organizācija
FAB	Functional Airspace Block	Funkcionālais gaisa telpas bloks
FIR	Flight Information Region	Lidojuma informācijas rajons
FPMS	Flight Plan Management System	Lidojumu plānu vadības sistēma
GAT	General Air Traffic	Vispārējā gaisa satiksme
GSVD	Air Traffic Management Department (LGS Unit)	Gaisa satiksmes vadības departaments

IAIP	<i>Integrated Aeronautical Information Package</i>	Integrētā aeronavigācijas informācijas pakete
ICAO	<i>International Civil Aviation Organisation</i>	Starptautiskā civilās aviācijas organizācija
ISO	<i>International Standards Organisation</i>	Starptautiskā standartu organizācija
KDP	<i>LGS Operational Building</i>	LGS biroja ēka
KPI	<i>Key Performance Indicator</i>	Galvenais izpildes rādītājs
LCAA	<i>Latvian Civil Aviation Agency</i>	Latvijas civilās aviācijas aģentūra
LIR	<i>Flight Information Region</i>	Lidojuma informācijas rajons
LR	<i>Latvian Republic</i>	Latvijas Republika
LSSIP	<i>Latvian Single Sky Implementation</i>	Latvijas Vienotās debess ieviešanas plāns
MET	<i>Meteorological</i>	Meteo
MK	<i>Cabinet of Ministers</i>	Ministru Kabinets
NEAP	<i>North European ANS Providers</i>	Ziemeļeiropas gaisa satiksmes vadības sniedzēji
NOTAM	<i>Notice to Airmen</i>	Ziņojums lidotājiem
OLDI	<i>On - Line Data Interchange Operational Meteo</i>	Līnijrežīma datu apmaiņa Operatīvā meteoroloģiskā informācija
OPMET		
PEN	<i>Pan European Network Service</i>	Paneiropas komunikāciju tīkla
P-RNAV	<i>Precision RNAV</i>	Precīzais RNAV
RL	<i>Radar Unit (LGS Unit)</i>	Radiolokācijas nodaļa
RN	<i>Navigation Unit (LGS Unit)</i>	Radionavigācijas nodaļa
SES	<i>Single European Sky Single European Sky ATM Research</i>	Vienotās Eiropas debesis SES GSV izpēte
SESAR		
SIA	<i>Limited company</i>	Sabiedrība ar ierobežotu atbildību
SM	<i>Ministry of Transport Tactical Air Navigation</i>	Satiksmes Ministrija Militārās mobilās navigācijas iekārtas
TACAN		
TK	<i>Communication Unit (LGS Unit)</i>	Sakaru nodaļa
TMA	<i>Terminal Area</i>	Lidlauka vadības rajons
TRM	<i>Team Resource Management</i>	Komandas resursu pārvaldība
UIR	<i>Upper Information Region</i>	Augšējā informācijas zona
VOR	<i>VHF Omni - directional Radio Range</i>	Ļoti augstas frekvences visvirzienu radiobāka