



# 2010 ANNUAL REPORT



**LPS SR**

Letové prevádzkové služby Slovenskej republiky, štátny podnik

Air Navigation Services Provider

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## Preface by the Director General



Ladies and Gentlemen,

I am pleased that in my first preface I may say that it is a great honour to be at the head of a company which keeps on previous good results and has proved again that it is able to maintain a high level of safety although the requirements for the provision of air navigation services are constantly increasing.

We are also glad that the company has proved to be a good 'house-keeper' again and for the last year it saw an after-taxation profit reaching €1 006 543.

Aviation all around the world is in crisis; and even though the eruption of the Iceland's volcano caused troubles to many last year, air transport is still the best way how to get to a desired destination in the most efficient way and in the shortest possible time. That is the reason why new possibilities keep appearing, such as the increasingly popular "low-cost" flights, so low-cost airlines play an irreplaceable role in air transport evolution.

With its ambition to overpower both Europe and the USA, Asia is becoming an interesting phenomenon in air transportation. Last year the personal air transport in Asia saw a year-on-year increase of 5.8 % and the cargo transport 7 %. Both figures are above the world year-on-year increase.

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The issue of air navigation services performance evaluation system is becoming more and more topical for our company; it should help achieve higher transparency in determining, imposing and recovering charges from airspace users, as well as cost efficiency in providing air navigation services. It should also enhance effectiveness of flights while maintaining optimum safety level; at the same time the provision of integrated services should be stimulated. Safety, Environment, Capacity and Cost-efficiency have become Key Performance Indicators of the „Single European Sky” project; and as the current system of 'full cost recovery' is changing, it is really a demanding task.

I believe that we will jointly be able to meet this aim as well as other equally important tasks such as finishing the construction of our new building, renewing communication systems, maintaining a high level of technical support, achieving a high-quality and safe provision of air navigation services and high expertise of all staff.

To conclude, let me express my sincere thanks to all those who have contributed to the current good achievements of the company with their human and professional potential.



Miroslav Bartoš  
Director General

## Supervisory Board Report

In line with the Article 20 of the Act No. 111/1990 Coll. on state enterprise as amended, the Supervisory Board of Letové prevádzkové služby, štátny podnik, as one of two main bodies of the state enterprise has uneven number of members, maximum 9.

The Chair of the Supervisory Board and other four members who are not company staff are appointed by the Minister of Transport, Construction and Regional Development of the SR, on behalf of the founder. The Board is also composed of 3 members selected by ballot vote from the staff and 1 member is delegated by company's Labour Unions.

In 2010 the structure of the Board changed several times. The current members and the Chair started performing their functions in March 2011.

I firmly believe that the current structure of the Board forms a stable and dynamically framed team of professionals who, together with their director, will ensure a transparent evolution of the whole company in a quickly-changing air transport environment.

At its meeting on 25 March 2011, based on the audit of Financial Statements conducted by the auditing company of BDR, spol. s r.o., M. M. Hodžu 3, Banská Bystrica, the Supervisory Board of Letové prevádzkové služby Slovenskej republiky, štátny podnik evaluated results of financial management of the company achieved in 2010 and stated that they are in compliance with the current legislation and accounting principles; that the presented Financial Statements of Letové prevádzkové služby Slovenskej republiky, štátny podnik show a true financial situation and assets of the company with all relevant connections as of 31 December 2010; and that the results of company's financial management for the given year are processed in compliance with the Act. No. 431/2002 Coll. on Accounting as amended, and in compliance with the current Accounting Standards for corporate subjects using double entry bookkeeping in 2010. The Supervisory Board also stated that financial management of the company was balanced.

The Supervisory Board discussed a proposal for after-taxation profit/loss distribution pursuant to Article 8 (4) (a) of the Act. No. 111/1990 Coll. on State Enterprise as amended, and in compliance with the Regulation of the Government of Slovak Republic No. 175/1993 Coll. on Financial Management of State Enterprises, and approved the proposed distribution.

The Supervisory Board also discussed the Report on the Financial Management of the company in 2010 compiled for company's founder and took it into consideration.



Peter Horal

Chair of the Supervisory Board  
of Letové prevádzkové služby Slovenskej republiky, štátny podnik

## Company activities in 2010

### ATM DOMAIN

#### Quality and safety in providing air traffic services

In January 2010 the organizational structure of the ATM area changed; the division of air traffic services (DLPS) was split into two independent units – Division of En-route Services (DERS) and Division of Airport and Approach Services (DAAS). The aim of this change was to respect the differences in the activities performed, while trying to provide a more detailed and higher-quality control of mainly airport and approach services. This step is expected to help increase the level of quality and safety of providing air traffic services.

#### DERS

In the monitored period there was no case of decreased level of air traffic safety classified as a serious incident within DERS (ACC Bratislava).

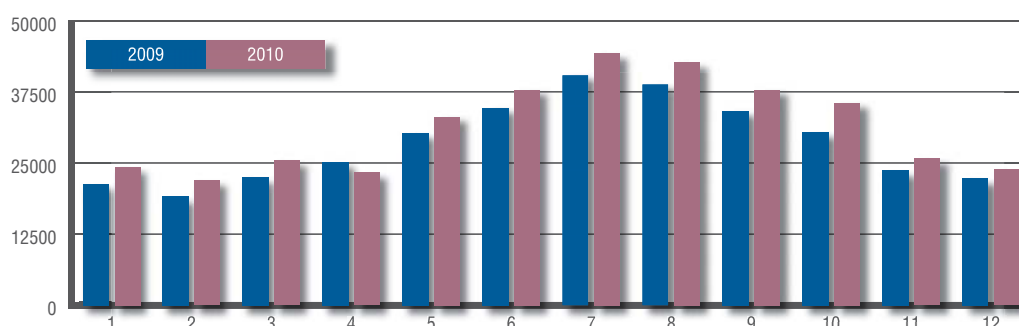
During the first half-year there were two cases classified as incidents, both caused by an incorrect procedure when ensuring separation by civil and military ATCOs. Other incidents were classified within the severity scale as level C – E, or as unidentified, or without any impact on safety, and were mainly connected with failures of devices and technical equipment of control workstations, with flights experiencing communication failure in the ACC-controlled airspace, with generating STCA alert without decreasing the separation minimum, with unjustified STCA alert generation. These issues were dealt with at once, and based on the knowledge gained during their investigation, corrective measures were taken.

### Statistical data

Table 1: Comparison of the number of movements in 2009/2010

Month	Overflights		Rise / Drop in %	Inbound / Outbound flights		Rise / Drop in %	Domestic flights		Rise / Drop in %	Total		Rise / Drop in %
	2009	2010		2009	2010		2009	2010		2009	2010	
1	18 801	21 789	15,9	1 124	1 035	-7,9	215	226	5,1	20 140	23 050	14,4
2	16 722	19 599	17,2	1 105	993	-10,1	208	199	-4,3	18 035	20 791	15,3
3	19 790	22 317	12,8	1 200	1 148	-4,3	251	280	11,6	21 241	23 745	11,8
4	21 581	20 324	-5,8	1 087	1 008	-7,3	410	218	-46,8	23 078	21 550	-6,6
5	26 257	29 659	13,0	1 182	1 271	7,5	408	250	-38,7	27 847	31 180	12,0
6	30 148	33 477	11,0	1 356	1 407	3,8	415	282	-32,0	31 919	35 166	10,2
7	35 104	39 429	12,3	1 500	1 500	0,0	436	296	-32,1	37 040	41 225	11,3
8	33 541	38 184	13,8	1 406	1 435	2,1	376	270	-28,2	35 323	39 889	12,9
9	29 942	33 710	12,6	1 280	1 429	11,6	346	247	-28,6	31 568	35 386	12,1
10	27 068	31 775	17,4	1 196	1 260	5,4	302	286	-5,3	28 566	33 321	16,6
11	20 837	23 239	11,5	1 058	1 040	-1,7	263	199	-24,3	22 158	24 478	10,5
12	19 696	21 647	9,9	1 120	988	-11,8	242	150	-38,0	21 058	22 785	8,2
Jan-Dec	299 487	335 149	11,9	14 614	14 514	-0,7	3 872	2 903	-25,0	317 973	352 566	10,9

Chart 1: Total number of movements - comparison



The total number of delays caused by the ACC Bratislava unit in the period of January – December 2010 represented 29 084 min. With 352 566 flights, a delay calculated for one flight represents 0.08 min, which is less than the maximum delay determined for one flight as defined by the LPS SR, š. p.'s quality system (1 min).  
The drop in March 2010 was caused by the eruption of the Icelandic volcano Eyjafjallajökull, requiring a full or partial closure of the Slovak airspace for 3 days.

### Theoretical and practical training

In the course of 2010 all ATCOs at the ACC unit underwent their obligatory theoretical and practical maintenance training. Likewise, FIC staff and staff in FDO and AMM functions underwent a theoretical training for 2010.

### DAAS

Following an organizational change, the following units were included within DAAS operation: TWR and APP units of the aerodromes Bratislava/M. R. Štefánik, Piešťany, Košice, Poprad-Tatry and Žilina.

### APP/TWR Štefánik and TWR Piešťany

As for organizational structure, these units fall under the responsibility of one head of the unit. During the monitored period there were no major shortcomings in providing air traffic services by ATCOs.

Three APP/TWR Štefánik employees obtained APP ratings, APS with RAD endorsement, and one employee successfully passed an exam to become an ES. All ATCOs and other staff of the units of APP/TWR Štefánik and TWR Piešťany underwent their obligatory theoretical and practical maintenance training.

### Statistical data

Table 2: Comparison of the number of movements in 2009/2010 – Bratislava

Month	NoAM - IFR		Rise / Drop in %	NoAM - VFR		Rise / Drop in %	NoAM		Rise / Drop in %	NoOF		Rise / Drop in %	NoM		Rise / Drop in %
	2009	2010		2009	2010		2009	2010		2009	2010		2009	2010	
1	1 748	1 754	0,3	53	86	62,3	1 801	1 840	2,2	616	559	-9,3	2 417	2 399	-0,7
2	1 639	1 665	1,6	98	63	-35,7	1 737	1 728	-0,5	554	556	0,4	2 291	2 284	-0,3
3	1 820	1 906	4,7	142	412	190,1	1 962	2 318	18,1	730	942	29,0	2 692	3 260	21,1
4	2 362	1 595	-32,5	449	309	-31,2	2 811	1 904	-32,3	1 014	851	-16,1	3 825	2 755	-28,0
5	2 208	2 080	-5,8	427	312	-26,9	2 635	2 392	-9,2	1 157	1 081	-6,6	3 792	3 473	-8,4
6	2 897	2 609	-9,9	403	378	-6,2	3 300	2 987	-9,5	1 392	1 200	-13,8	4 692	4 187	-10,8
7	3 150	2 810	-10,8	445	461	3,6	3 595	3 271	-9,0	1 533	1 554	1,4	5 128	4 825	-5,9
8	3 399	2 662	-21,7	361	348	-3,6	3 760	3 010	-19,9	1 478	1 417	-4,1	5 238	4 427	-15,5
9	2 422	2 445	0,9	353	248	-29,7	2 775	2 693	-3,0	1 560	1 374	-11,9	4 335	4 067	-6,2
10	2 103	2 175	3,4	214	331	54,7	2 317	2 506	8,2	1 113	1 260	13,2	3 430	3 766	9,8
11	1 936	1 611	-16,8	104	158	51,9	2 040	1 769	-13,3	946	829	-12,4	2 986	2 598	-13,0
12	1 789	1 551	-13,3	61	47	-23,0	1 850	1 598	-13,6	717	494	-31,1	2 567	2 092	-18,5
Jan-Dec	27 473	24 863	-9,5	3 110	3 153	1,4	30 583	28 016	-8,4	12 810	12 117	-5,4	43 393	40 133	-7,5

Chart 2: Number of movements (NoM) - Bratislava

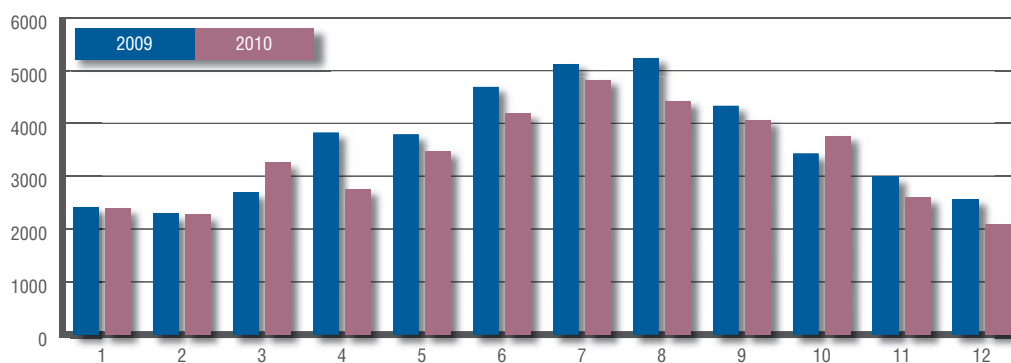
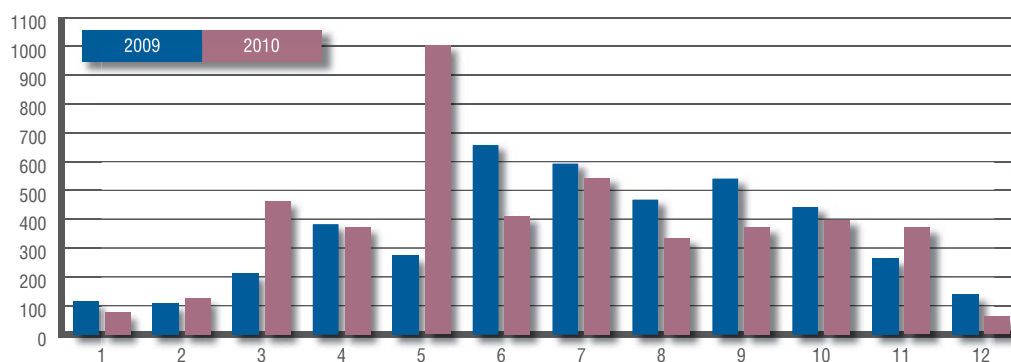


Table 3: Comparison of the number of movements in 2009/2010 – Piešťany

Month	NoAM - IFR		Rise / Drop in %	NoAM - VFR		Rise / Drop in %	NoAM		Rise / Drop in %	NoOF		Rise / Drop in %	NoM		Rise / Drop in %
	2009	2010		2009	2010		2009	2010		2009	2010		2009	2010	
1	51	13	-74,5	42	42	0,0	93	55	-40,9	24	23	-4,2	117	78	-33,3
2	36	68	88,9	50	34	-32,0	86	102	18,6	21	25	19,0	107	127	18,7
3	55	84	52,7	80	243	203,8	135	327	142,2	78	135	73,1	213	462	116,9
4	39	51	30,8	163	203	24,5	202	254	25,7	180	118	-34,4	382	372	-2,6
5	32	86	168,8	93	834	796,8	125	920	636,0	148	83	-43,9	273	1 003	267,4
6	128	88	-31,3	402	182	-54,7	530	270	-49,1	127	140	10,2	657	410	-37,6
7	80	52	-35,0	274	247	-9,9	354	299	-15,5	239	245	2,5	593	544	-8,3
8	68	62	-8,8	200	140	-30,0	268	202	-24,6	200	132	-34,0	468	334	-28,6
9	97	52	-46,4	253	211	-16,6	350	263	-24,9	191	110	-42,4	541	373	-31,1
10	95	137	44,2	231	122	-47,2	326	259	-20,6	116	139	19,8	442	398	-10,0
11	60	39	-35,0	146	280	91,8	206	319	54,9	58	52	-10,3	264	371	40,5
12	49	22	-55,1	56	32	-42,9	105	54	-48,6	35	8	-77,1	140	62	-55,7
Jan-Dec	790	754	-4,6	1 990	2 570	29,1	2 780	3 324	19,6	1 417	1 210	-14,6	4 197	4 534	8,0

Chart 3: Number of movements (NoM) - Piešťany



## APP/TWR Košice

In 2010 the provision of air traffic services saw no major shortcomings caused by ATCOs at APP/TWR Košice units. All ATCOs underwent their obligatory theoretical and practical maintenance training.

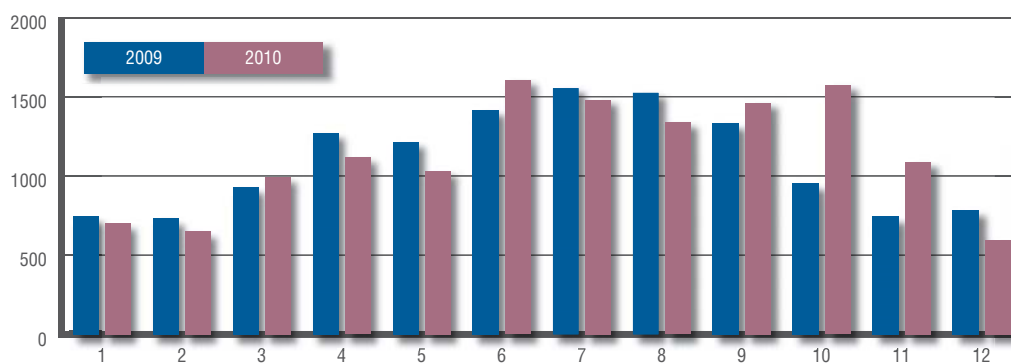
## Statistical data

Table 4: Comparison of the number of movements in 2009/2010 – Košice

Month	NoAM - IFR		Rise / Drop in %	NoAM - VFR		Rise / Drop in %	NoAM		Rise / Drop in %	NoOF		Rise / Drop in %	NoM		Rise / Drop in %
	2009	2010		2009	2010		2009	2010		2009	2010		2009	2010	
1	649	551	-15,1	30	113	276,7	679	664	-2,2	66	39	-40,9	745	703	-5,6
2	645	479	-25,7	34	143	320,6	679	622	-8,4	53	30	-43,4	732	652	-10,9
3	709	591	-16,6	128	345	169,5	837	936	11,8	93	59	-36,6	930	995	7,0
4	767	529	-31,0	365	496	35,9	1 132	1 025	-9,5	139	92	-33,8	1 271	1 117	-12,1
5	682	633	-7,2	331	320	-3,3	1 013	953	-5,9	200	78	-61,0	1 213	1 031	-15,0
6	857	753	-12,1	414	711	71,7	1 271	1 464	15,2	144	138	-4,2	1 415	1 602	13,2
7	948	793	-16,4	431	545	26,5	1 379	1 338	-3,0	175	143	-18,3	1 554	1 481	-4,7
8	926	767	-17,2	357	432	21,0	1 283	1 199	-6,5	242	139	-42,6	1 525	1 338	-12,3
9	726	777	7,0	381	594	55,9	1 107	1 371	23,8	222	90	-59,5	1 329	1 461	9,9
10	619	642	3,7	205	825	302,4	824	1 467	78,0	127	104	-18,1	951	1 571	65,2
11	575	550	-4,3	123	452	267,5	698	1 002	43,6	47	88	87,2	745	1 090	46,3
12	574	482	-16,0	127	83	-34,6	701	565	-19,4	84	29	-65,5	785	594	-24,3
Jan-Dec	8 677	7 547	-13,0	2 926	5 059	72,9	11 603	12 606	8,6	1 592	1 029	-35,4	13 195	13 635	3,3

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Chart 4: Number of movements (NoM) - Košice



### TWR Tatry

Air traffic services at TWR Tatry were provided without limitations and delays caused by LPS SR, š. p.

Throughout the whole 2010, air traffic services at TMA Poprad, CTR Tatry and at the aerodrome Poprad–Tatry were provided in operating time adjusted to operational needs of the airport operator.

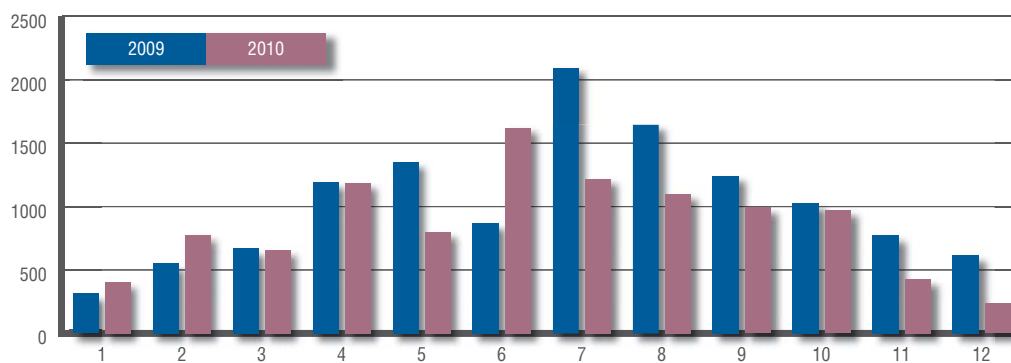
All ATCOs underwent their obligatory theoretical and practical maintenance training.

### Statistical data

Table 5: Comparison of the number of movements in 2009/2010 – Tatry

Month	NoAM - IFR		Rise / Drop in %	NoAM - VFR		Rise / Drop in %	NoAM		Rise / Drop in %	NoOF		Rise / Drop in %	NoM		Rise / Drop in %
	2009	2010		2009	2010		2009	2010		2009	2010		2009	2010	
1	166	288	73,5	121	86	-28,9	287	374	30,3	26	31	19,2	313	405	29,4
2	159	274	72,3	354	462	30,5	513	736	43,5	37	42	13,5	550	778	41,5
3	149	256	71,8	485	319	-34,2	634	575	-9,3	34	84	147,1	668	659	-1,3
4	200	208	4,0	739	749	1,4	939	957	1,9	249	229	-8,0	1 188	1 186	-0,2
5	283	153	-45,9	744	525	-29,4	1 027	678	-34,0	323	120	-62,8	1 350	798	-40,9
6	229	231	0,9	494	1 222	147,4	723	1 453	101,0	144	168	16,7	867	1 621	87,0
7	354	231	-34,7	1 378	674	-51,1	1 732	905	-47,7	363	312	-14,0	2 095	1 217	-41,9
8	268	192	-28,4	1 105	540	-51,1	1 373	732	-46,7	272	367	34,9	1 645	1 099	-33,2
9	269	227	-15,6	740	570	-23,0	1 009	797	-21,0	232	195	-15,9	1 241	992	-20,1
10	234	200	-14,5	657	549	-16,4	891	749	-15,9	132	220	66,7	1 023	969	-5,3
11	242	136	-43,8	483	217	-55,1	725	353	-51,3	45	74	64,4	770	427	-44,5
12	286	156	-45,5	262	45	-82,8	548	201	-63,3	69	34	-50,7	617	235	-61,9
Jan-Dec	2 839	2 552	-10,1	7 562	5 958	-21,2	10 401	8 510	-18,2	1 926	1 876	-2,6	12 327	10 386	-15,7

Chart 5: Number of movements (NoM) - Tatry



### TWR Žilina

Throughout the whole 2010 there were no major shortcomings in air traffic control caused by the LPS staff. Likewise, there were no delays or flight denials at the Žilina aerodrome.

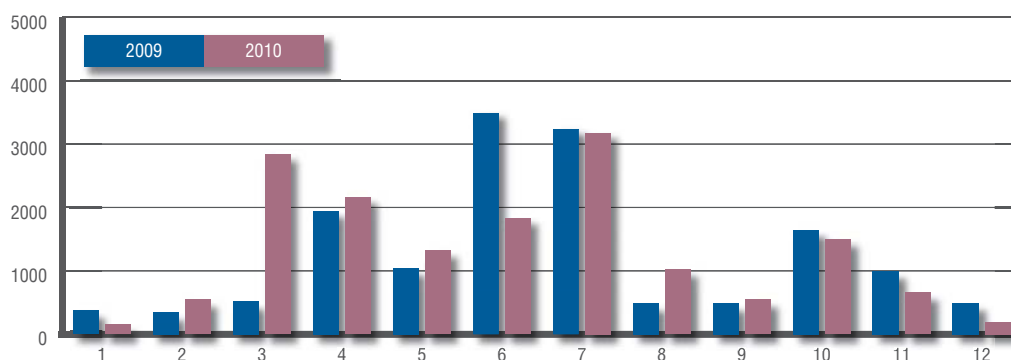
All ATCOs underwent their obligatory theoretical and practical maintenance training.

Installation works on ILS device continued and the device is supposed to be put into operation in 2011.

Table 6: Comparison of the number of movements in 2009/2010 – Žilina

Month	NoAM - IFR		Rise / Drop in %	NoAM - VFR		Rise / Drop in %	NoAM		Rise / Drop in %	NoOF		Rise / Drop in %	NoM		Rise / Drop in %
	2009	2010		2009	2010		2009	2010		2009	2010		2009	2010	
1	81	38	-53,1	274	96	-65,0	355	134	-62,3	20	16	-20,0	375	150	-60,0
2	94	58	-38,3	226	479	111,9	320	537	67,8	20	11	-45,0	340	548	61,2
3	122	150	23,0	363	2 599	616,0	485	2 749	466,8	27	83	207,4	512	2 832	453,1
4	177	173	-2,3	1 667	1 887	13,2	1 844	2 060	11,7	96	97	1,0	1 940	2 157	11,2
5	156	152	-2,6	771	1 132	46,8	927	1 284	38,5	113	40	-64,6	1 040	1 324	27,3
6	232	186	-19,8	3 196	1 563	-51,1	3 428	1 749	-49,0	60	81	35,0	3 488	1 830	-47,5
7	195	175	-10,3	2 884	2 897	0,5	3 079	3 072	-0,2	160	100	-37,5	3 239	3 172	-2,1
8	105	136	29,5	304	787	158,9	409	923	125,7	72	101	40,3	481	1 024	112,9
9	123	128	4,1	315	343	8,9	438	471	7,5	49	75	53,1	487	546	12,1
10	139	180	29,5	1 449	1 251	-13,7	1 588	1 431	-9,9	43	68	58,1	1 631	1 499	-8,1
11	80	159	98,8	892	453	-49,2	972	612	-37,0	21	43	104,8	993	655	-34,0
12	57	73	28,1	405	105	-74,1	462	178	-61,5	27	12	-55,6	489	190	-61,1
Jan-Dec	1 561	1 608	3,0	12 746	13 592	6,6	14 307	15 200	6,2	708	727	2,7	15 015	15 927	6,1

Chart 6: Number of movements (NoM) - Žilina



### Aerodromes - Summary

There were altogether 84 615 flights including 16 959 overflights made at aerodromes and in their vicinity where the company provides its services. The number of flights in 2010 dropped by 4% in comparison with 2009. As it is shown in the stated tables, only the aerodromes of Košice and Piešťany saw a slight increase, only thanks to VFR flights.

### ATM staff training

A change in the LPS SR, š. p.'s organizational structure made in February 2010 lead to the establishment of a training centre (VS), by putting the DLPS Training Department on the 2nd management level. The training centre's staffing is as follows: head of the VS, simulator trainers/instructors and pseudo-pilots.

The training centre holds an Authorization Certificate ATM SK/02 issued by the CAA as the organization authorized for training ATM staff. The Authorization Certificate was issued on request, after meeting the requirements of audits and issuing relevant documentation. The training centre is authorized to perform the following activities:

1. Ab-initio ATCO training
  - basic theoretical training
  - qualification module training
2. Operational training
  - transitional training
  - pre-on-the-job training before the training in real traffic
3. Refresher training
4. Re-training
5. Requalification training
6. Continuation training – OJTI training.

In 2010 the training centre staff was performing the following main tasks:

- planning and providing the basic module and refresher training;
- theoretical trainings and methodical training guidance;
- preparation and check of exercises for training simulators;
- preparation, instruction and training of pseudo-pilots;
- planning and work-plan for pseudo-pilots;
- checking and introducing changes in training plans, course preparation, preparation of courses and trainings in line with the syllabus approved by the CAA;
- preparation of specifications for the TWR simulator, FAT and testing the TWR simulator, preparation of exercises for the TWR simulator and training of instructors and PSPL for the TWR simulator;
- preparation, organization and methodical guidance of the TWR simulator training;
- preparation of exercises and trainings for instructors and pseudo-pilots at the TWR simulator;
- initiating the TWR simulator training.

In addition to the above-mentioned tasks, VS employees also provided training for military ATCOs for MAPP and MTWR Sliač on LETVIS and MaxSim ADACEL simulators in line with training plans of these units. DAAS staff also participated in the theoretical training and its preparation. About 100 new exercises were created for the training of military ATCOs.

Table 7: Summary of operating hours of the LPS SR, š. p.'s training centre in 2010 (hours):

	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.	X.	XI.	XII.	Σ
<b>SIMULATOR LETVIS</b>													
<b>ACC</b>	210	154	126	71	80	27	80	32,5	32,5	206,5	558	231	1808,5
<b>LZIB</b>	90	35	105	104	28	4,5			40,5	70	165		642
<b>LZKZ</b>	80	68	49	10	469						45		721
<b>LZTT</b>			14		10								24
<b>LZZI</b>		35	14										49
<b>LZPP</b>													
<b>LZSL</b>		21	322	217	110	87		210	168	80			1215
<b>*VS</b>	20	30	20								160	160	390
<b>Total</b>	400	343	650	402	697	118,5	80	242,5	241	356,5	928	391	4849,5
<b>SIMULATOR ADACEL</b>													
<b>LZIB</b>										10			10
<b>LZKZ</b>										50			50
<b>LZTT</b>					20				20				40
<b>LZZI</b>					20				40				60
<b>LZPP</b>									20				20
<b>LZSL</b>		35	230	70	30			200	60				625
<b>*VS</b>	110	35		90				27			165	160	587
<b>Total</b>	110	70	230	160	70			227	140	60	165	160	1392
<b>Σ</b>	510	413	880	562	767	118,5	80	469,5	381	416,5	325	320	6241,5

Notes: \*VS are hours used at the training centre for preparing exercises and for the module qualification training.

## ATM Safety

Safe provision of air traffic services is one of company's top priorities. In 2010 there was no case when LPS SR, š. p.'s staff directly caused an air accident or seriously endangered the air traffic safety. Out of the total number of incidents there were 3 air accidents related to ATM reported, however, the company had no fault in their origin.

On the basis of the analysis and statistics made we may say that in comparison with 2009, the 2010 saw a 23 % increase in the number of incidents reported by means of the reporting system of incidents in air traffic, confirming that a positive trend has been set in the company's safety culture evolution, in particular in the area of incidents reporting culture. We also appreciate the fact that there was a decrease seen in the case of incidents where the company directly participated in their origination, in comparison with the last year. At the same time we may say that in 2009 - 2010 the operational units achieved higher safety levels than the CAA had determined for them; moreover with a clearly positive trend seen in the last time.

In addition to re-active activities resulting mainly from air traffic incidents investigation, there is a reasonable emphasis put also on pro-active activities, in particular safety checks, assessment and risk mitigation in case of changes or introducing of new systems, safety education and other forms of increasing the level of safety management system. All these activities aim at maintaining this trend in ATM safety.

## CNS DOMAIN

### Technical Support

Based on the achieved figures defining reliability (availability) of the supplied services, CNS systems and devices in operation, it is clear that the overall average availability was higher than 99.50 % in 2010.

Comparing performance indicators for 2005, 2006, 2007, 2008, 2009 and 2010, we can see a permanent increasing tendency in figures defining reliability.

Total availability of technical systems which provide aeronautical telecommunication services, data transfer telecommunication services and technical support of air traffic services is requested to be higher than 99.50 % for the period under review.

Table 8: Comparison of the achieved availability in the period of 2005 - 2010

Characteristics \ Year	2005 [%]	2006 [%]	2007 [%]	2008 [%]	2009 [%]	2010 [%]
Total average value of availability of all registered components; taking into account failures only	99,90	99,91	99,95	99,98	99,98	<b>99,99</b>
Total average value of availability of all registered components, taking into account maintenance and failures	99,81	99,85	99,90	99,93	99,94	<b>99,90</b>
Long-term quality aim for the Engineering and Infrastructure Division-Required minimum value of total availability	99,50					
Number of registered components of CNS systems and devices in SPI databases	1774	1826	1933	1870	2137	2016

Comparing the 2005 - 2010 the values of selected characteristics we may see their statistical steadiness.

In 2010 there were 2016 components of CNS systems and devices registered. The decrease of the registered components in comparison with 2009 (2137 components registered) was mainly caused by terminating the operation of systems and devices at Sliač aerodrome in the course of 2009 when these items were delisted from the register and their monitoring was stopped.

In 2010, out of the total number of 2016 registered components of CNS systems and devices registered, only 54 components achieved a lower availability value than the required 99.50 %, representing a slight increase in comparison with 2009. In all these cases their stoppage had no impact on the safety of the provided services.

Table 9: Total average availability values achieved for 3 basic groups of CNS systems for the period 2005 – 2010

<b>Total average value of CNS availability</b>	<b>Year</b>	<b>2005</b> [%]	<b>2006</b> [%]	<b>2007</b> [%]	<b>2008</b> [%]	<b>2009</b> [%]	<b>2010</b> [%]
C – Communication		99,86	99,89	99,87	99,88	99,83	<b>99,82</b>
N – Navigation		98,20	98,44	98,80	98,30	98,66	<b>98,48</b>
S – Surveillance		99,76	99,924	99,925	99,916	99,94	<b>99,89</b>

The achieved average values of total availability for all basic groups of CNS systems have long been stable and there were no significant deviations in the monitored period of 2005 – 2010.

The achieved average values of availability of communication and surveillance systems were always higher than the required value of 99.50 % during 2005 - 2010.

Due to the specific architecture of the group of navigation systems and devices, they cannot achieve a higher than the required level. In most cases when one component fails, the whole device breaks down, leading to the interruption of the service provided. After making planned maintenance or fixing the failure, it is often necessary to make flight checks of the device before it is put into real operation. This factor increases the stoppage time. External factors have also an important impact on the availability of these devices, such as weather conditions (snow, icing, rain).

## **AERONAUTICAL INFORMATION SERVICE (AIS)**

### **Observing the Mission of the AIM Department**

In addition to their main activity of managing aeronautical information (AIM) and performing the aeronautical information service (AIS), the staff of the department also provided other activities, namely issuing regulations of L and JAR-series as well as other documents, and serving as an ICAO-documents sales centre. As a part of aeronautical information service provision, the amendment service of the Aeronautical Information Publication of the Slovak Republic was provided and other parts of an integrated aeronautical information package were issued in compliance with users' requirements and needs. There were no shortcomings in providing the aeronautical information service in the period under review.

### **SES Legislation Compliance**

In harmony with the Air Navigation Services Provider Authorization Certificate issued by the National Supervisory Body of the Slovak Republic (CAA S. R.), activities ensuring the compliance with common requirements of relevant EU legislation were performed. The compliance was ensured by a continuous supervision by the CAA S. R. Two audits were performed and no cases of non-compliance were found. The observations had no impact on the quality of the provided services and are continuously rectified.

### **Digital Terrain Model and the Database of Obstacles**

In the period under review activities aimed at meeting the requirements resulting from the Amendment No. 33 to ICAO Annex 15 continued to be performed. As for the database of obstacles, the activities were coordinated with the CAA and the Topographic Institute of Banská Bystrica. As for the implementation in the Slovak Republic, works were coordinated by a work group appointed by the Ministry of Transport, Constructions and Regional Development, while the head of the AIM Department was appointed to be its leader. Final outcomes, i.e. a digital terrain model and a database of obstacles for Space 1 (all-state area) were provided in the required extent, quality and the defined schedule, and are available to users on request.

### **Interactive Web Page**

The successful launch of a new interactive web page by the AIM department was appreciated by its users. In the monitored period the project for extending its functionality and other enhancements of this application were carried out. The web page also contains an eShop application providing product sale.

### **Modernization of the System of Compiling the 'Aeronautical Information Publication' and the Transition to the AIXM 4.5**

The project was executed in line with the plan to renew the system of compiling the Aeronautical Information Publication. It included a transition to a higher version of EAD exchange model, i.e. AIXM 4.5 and the function of an automatic eAIP from PAMS generation. FHA was made in the monitored period and operational instructions were defined. After meeting all conditions, the CAA issued an approval for operating the aeronautical ground device and the system was put into operation.

### **Integrated Briefing System (IBAF)**

In the period under review the AIM staff actively participated in the workgroup activities aimed at carrying out the IBAF project. This system was put into operation in May 2010 and serves for improving the quality of pre-flight crew preparation, providing them with the necessary aeronautical and meteorological information and enabling them to submit flight plans.

### **SLA Evaluation**

In the monitored period there was a meeting held with senders of background documents necessary for aeronautical publications from aerodromes, for the purpose of assessing the SLA performance and identifying the space for improving mutual cooperation necessary for a constant increase of the quality of provided services. The participants greatly appreciated the meeting. The Process of SLA preparation for general aviation aerodromes continued.

### **Aeronautical Publications Sale**

Following users' requirements, the form of sale of L-series aeronautical regulations was changed. These are available in their electronic form on a CD ROM and on the Internet. At the same time a new way of aeronautical publications sale was introduced – by means of an e-shop complementing the traditional way of mail ordering.

## **SEARCH AND RESCUE**

In the period under review, activities of the RCC centre were performed in compliance with the mission of the company, i.e. they were aimed at organization, coordination and management of search and rescue services assisting aircrafts in emergency. All staff was performing these activities followed the respective regulation on the RCC service performance and related documents.

In 2010 the services of the centre were used 481 times in 453 cases, i.e. there were almost 55 % more air traffic incidents than in 2009. This fact is a result of a change in methodology of reporting incidents in air traffic, a higher increase of failures of ground devices as well as a high number of SATM.

52 cases involved receiving transmissions on frequencies determined for emergency locator transmitters (ELT), whereas their source was not identified in 30 cases, but they could not have been serious incidents and were identified as false.

110 cases were classified as incidents, 3 cases were classified as serious incidents. There were 10 air accidents with 4 casualties.

There were 44 cases of communication failure flights within the airspace of the Slovak Republic.

In 8 cases the uncertainty phase (INCERFA) was declared, alert phase (ALERFA) was declared 7 times, but these emergency phases were cancelled in the end after performing determined procedures. It was not necessary to declare any distress phase (DETRESFA).

In 151 cases a specific ATM incident report (SATM) was distributed and in 42 cases miscellaneous incident (RU). There were 14 cases of bird-strikes.

19 cases required coordination with neighbouring RCCs and in 17 cases we received reports from the Cospas-Sarsat centre on receiving emergency frequency transmission which had to be assessed and obligatory procedures had to be made.

## **HUMAN RESOURCES**

### **Legal Agenda and General Administration Tasks**

Administrative Service Department was providing general advisory activities including information on valid legal norms and opinions on legal problems. It participated in the agenda of basic company documents in the Commercial Register in the subject of registering the Charter in the collection of charters in the Commercial Register. It was assessing and making opinions on directive documents of the company. The department provided complex filing activities and performed the agenda of a company archive. The company provided different specific activities such as capital life insurance agenda, Supervisory Board elections, etc.

In 2010 the Legal Department (PRAV) assessed and commented on 138 contract drafts in the area of commercial and civil law, and contracts related to handling the state property in company's administration. Within its activities, PRAV cooperated to prepare some contracts. The department participated in preparing tender documentation in public procurements of goods, services and works by commenting on tender cooperated and cooperating in elaborating commercial conditions for concluding contracts, which are a part of tender cooperated. It commented on the conditions

of business tenders provided consultation in administrative procedures. It evaluated claims from the point of view of their enforceability and prevented them from coming under the statute of limitation by filing a claim at a relevant court. It lodged claims for bankruptcy proceedings and for restructuring proceedings. It proposed depreciation of uncollectible claims in cases of foreign debtors after finding out facts in the debtor's country.

### **Personal Domain**

Human resources management is a strategic element for meeting company's aims and it is based on a complex participation of the Human Resources Department together with senior company staff when selecting qualified employees with professional skills and knowledge for all job positions, ensuring stabilization, motivation and further staff development. The human resources development policy was aimed at meeting the requirements resulting from international contracts and EU legislation requirements for air traffic safety. Education and courses were provided continuously in line with current requirements.

An important element in this area is also the provision of complex staff services for all company's employees by the Human Resources Department.

### **Employment**

2010 was a year of employment stabilization. As of 31 December 2010 the company had 476 employees, of whom 133 were women. Staff fluctuation was commonly on a low level. The reasons for terminating employment were mainly early pension and pension leaves, and termination of employment by agreement on the part of the employees.

### **Education**

Staff development is important for the company, so in 2010 it focused on the support and development of the professional and work potential.

Education was aimed at several areas, mainly on preparation courses for periodic examination of ATCOs' language proficiency in line with ICAO requirements in 2011, on professional education of operational and technical staff and on further preparation and education of all staff in line with the current legislation, mainly in the following areas: labour-legal area, taxation, salary as well as work safety and health prevention at workplace (BOZP) and fire prevention (PO).

In 2010 the company provided a training to manage mental workload and incidents (CISM), focused on providing psychological support – stress management for operational employees. The aim of this training was to provide practical guidance on how to build up stress resistance and maintain a balance between the load and the ability to handle it without negative impacts on health and performance quality. Practical training was also aimed at assertive management of problematic and conflict situation, managing and motivating people and active engagement of staff in exercises in such a way as to enable them the greatest self-perception possible. Professional trainings organized by the SAF Department by their own staff or by means of EUROCONTROL education institute (IANS) played a significant role in education too.

### **Staff Welfare**

In the monitored period the company pursued its social policy. In the area of staff welfare, its actions were based on company's social policy measures and the Collective Agreement.

As a part of the social programme, the employees were given contributions to capital life insurance, additional pension saving, work-force recovery, commuting from/to work and meals. The company also focused on improving the social situation of employees after they retire and on the assistance to employees in challenging life situations. The selected professions were provided with recovery stays and other employees and their families with recovery stays in the company's specialized establishments.

### **Controlling**

Internal company controlling was made by the section of internal control in the form of audits on the 2nd management level and of safety checks made by the Safety Department of air traffic services.

The internal control section carried out all 11 planned inspections and one special check. The inspections were mainly aimed at checking if generally binding legal regulations and internal directives are being followed. The status found at the inspections and recommendations of control groups for removing the shortcomings found were specified in single minutes taken during discussions with relevant senior staff of the units under inspection. Out of the 11 measures taken, all those which had deadlines in 2010 were performed. The performance of measures which are due in 2011 will be monitored by the internal control section during 2011.

In 2010 external control bodies of LPS SR, š. p. made five inspections. The results of these inspections were findings-free so no corrective measures were imposed on the company.

### Work Safety and Health Prevention at Workplace (BOZP) and Fire Prevention (PO)

In the monitored period the BOZP section focused mainly on these activities:

- change and amendment of directives due to legislative and organizational changes;
- controlling activities at workplaces aimed at checking if work safety principles are followed and checking labour conditions at workplaces;
- provision and usage of individual work protection means;
- cooperation with labour health service;
- other activities resulting from generally binding legal regulations and company's directives.

The company's PO technician and PO technicians of individual aerodromes made fire prevention checks at all company's workplaces and participated in regular EPS and SHZ inspections. The section continuously provided entrance trainings for newly-employed staff.

### Company's Specialized Establishments

In the recovery, training and recreation centre in Rajecké Teplice (RŠRS RT) there were 704 persons put up in 2010, representing a year-on-year drop by 7.73 %. This drop was caused by closing the RŠRS RT due to 61-days-long reconstruction.

83 ATCOs went on (14-days-long) recovery stays; there were 2 times „LPS SR, š. p.'s methodic days” organized in the establishment as well as other work events (attended by 67 persons). Recreation stays were provided to 541 persons.

In 2010 there were 334 persons put up in the specialized establishment in Banská Štiavnica, representing an increase by 18.44 % in comparison with the last year. There were 1-week-long recreation stays organized during school holidays as well as short weekend stays.

In the holiday house in Stará Lesná there were 114 persons put up in 2010 (increase by 21.28 %) mostly for 1-week-long stays.

The employees are increasingly interested in the stays in specialized establishments of the company.

## ECONOMIC SITUATION

### Evaluation of Company's 2010 Economic Performance

The tasks set in the 2010 Financial Plan expected continuing to increase the company's efficiency and securing the necessary revenues to achieve profit.

In 2010 LPS SR, š. p. saw a profit, namely € 2 139 523 before taxation.

As for the costs, the 2010 Financial Plan supposed drawing of costs at the height of € 52 510 171. The actual volume of costs drawn was € 51 578 933, representing a saving of € 931 238, i.e. expressed in percentage, the projected costs were drawn at 98.23 %.

As of 31 December 2010, the total LPS SR š. p.'s revenues amounted to € 52 585 476, representing 99.89 % of the Annual Plan, set at € 52 642 229 EUR.

The 2010 Financial Plan expected an after-taxation 2010 profit of € 132 058. The actual after-taxation profit amounted to € 1 006 543.

### Costs

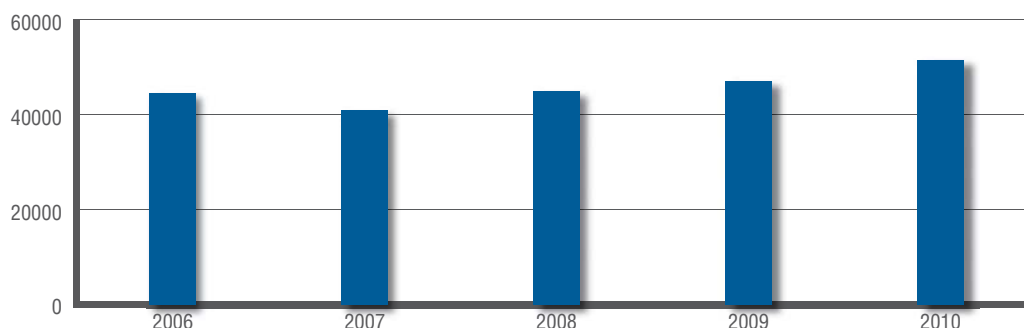
In comparison with the LPS SR, š. p.'s 2010 Plan establishing the total costs for providing safe and smooth air traffic above the territory of the Slovak Republic at € 52 510 171, as of 31 December 2010 LPS SR, š. p. calculated the costs at € 51 578 933, i.e. 98.23 % of the Plan had been drawn.

According to individual kinds of costs items, the actual drawing in comparison with the 2010 Plan was as follows:

- Consumed purchase: 92.30 % of the Annual Plan were drawn.
- Services: 83.02 % of the Annual Plan were drawn.
- Total staff costs: 96.07 % of the Annual Plan were drawn. In 2010 95.89 % of staff costs were spent in comparison with the planned volume of this costs item. The slightly lower spending of staff costs in comparison with the Plan is a result of the fact that some vacancies were not filled. This fact also caused that less costs in other staff costs items were drawn, in particular in the 'obligatory social and health insurance' and in the 'other social insurance' items. The costs item 'remuneration for members of corporate bodies' was drawn at 66.46 %, which was caused by the fact that the number of the Supervisory Board Members did not reach the number established by the Founder.

- Taxes and fees: 81.14 % of the Annual Plan were drawn.
- Other business costs: 123.04 % of the Annual Plan were drawn which influenced by the creation and accounting of adjusting entries to receivables.
- Depreciation and amortization represented 93.72 % of the Annual Plan.
- Financial costs: 101.13 % of the Annual Plan were drawn.

Chart 7: Total costs evolution for 2006 až 2010



## Revenues

As of 31 December 2010, LPS SR, š. p. accounted the total revenues of €52 585 476, representing 99.89 % of the Annual Plan.

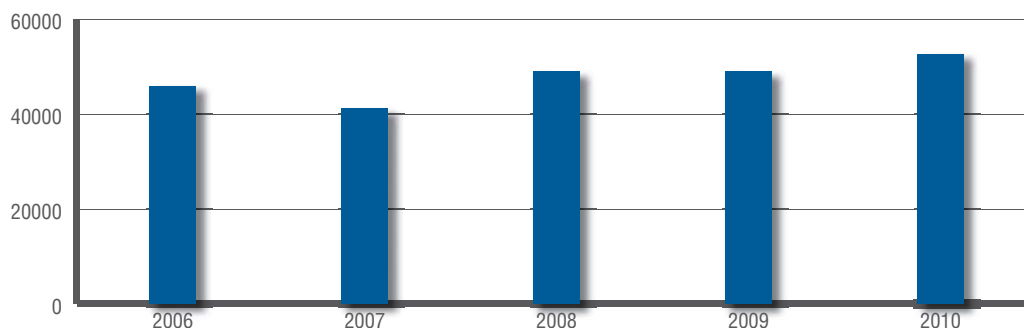
This result was largely influenced by revenues for en-route navigation services (en-route charges), invoiced at the height of €45 500 800. In comparison with 2009, the revenues for en-route services increased by 11.99 %; in financial terms that means an increase by €4 871 257.

2010 saw a drop in the 'terminal services' item (terminal charges) by €713 407 in comparison with 2009, i.e. a drop by 12.56 %.

As for the structure of revenues classified according to the kind of services provided, the drawing of revenues as of 31 December 2010 in comparison with the Annual Plan was as follows:

- **Terminal charges** – 69.24 % of the Annual Plan.
- **En-route charges** – 105.51 % of the Annual Plan.
- **Charges for training flights** – 17.82 % of the Annual Plan.
- **Other revenues from the sale of services** – 146.12 % of the Annual Plan.
- **Other business revenues** – 65.69 % of the Annual Plan.
- **Financial revenues** – 15.08 % of the Annual Plan.

Chart 8: Total revenues evolution for 2006 - 2010



Revenues from the sale of services, namely en-route charges, have a decisive impact on the total creation of revenues. These are dependent on the number of controlled service units and the height of the unit rate for en-route charges.

When establishing the height of the charges, forecasts of the air traffic density evolution made by EUROCONTROL, based on the facts of the previous periods, were taken into consideration. Comparing it with the 2009 Plan, the 2010 Plan expected a higher number of controlled service units by 4.62 %, i.e. by 803 000 controlled service units.

The calculation of the 2010 unit rate for en-route charges included all expected 2010 costs of operational activity, costs of administration, education, training, AIM services, METEO services and the costs of the CAA (LÚ SR) supervision.

The number of controlled service units as of 31 December 2010 was 855 572, that is an increase by 88 022 service units, i.e. an increase by 11.47 % as compared with 31 December 2009, when 767 550 service units were controlled.

The unit rate was established in view of the “Principles for Establishing the Cost-Base and the Calculation of Unit Rates EUROCONTROL DOC 04.60 01“. For 2010 the single unit rate was established at € 53.78, representing a decrease of the charge by 0.01 compared to 2009, i.e. a drop by 0.02 %.

Chart 9: Evolution of the volume of controlled service units for 2006 - 2010

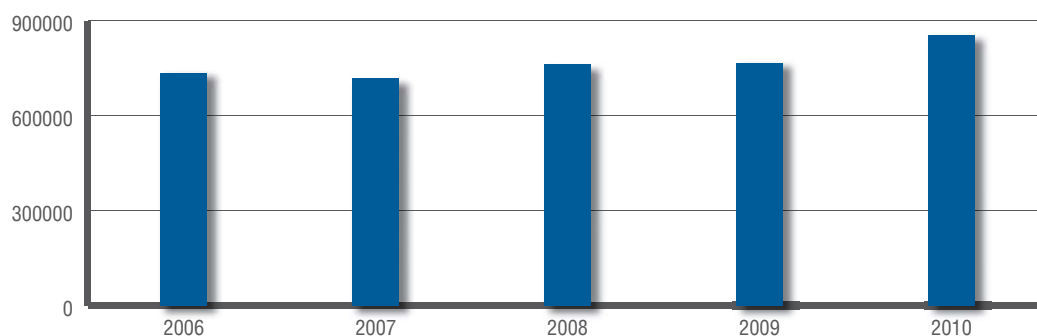
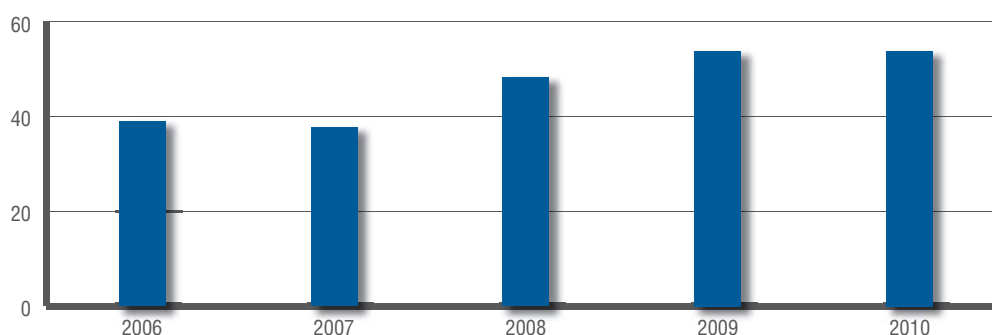


Chart 10: Evolution of the approved unit rate for 2006 - 2010



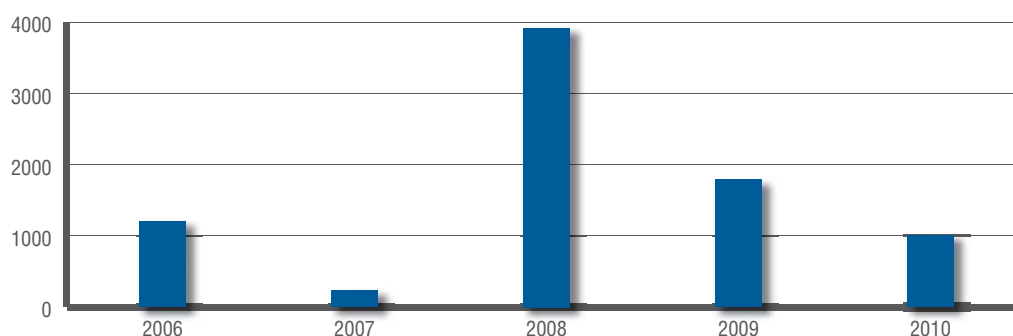
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### Profit and Loss

As of 31 December 2010, LPS SR, š. p. achieved a before-taxation profit of € 2 139 523. After settling the taxes for the monitored period, LPS SR, š. p. achieved a total profit of € 1 006 543.

The height of the profit after allocation of the costs between en-route and terminal services will also have an impact on the height of the adjustment mechanism for setting en-route charges for the future period.

Chart 11: Profit / Loss for 2006 - 2010



## Liquidity

This indicator represents corporate liquidity – solvency, and expresses the composition of economic funds enabling fluent payments depending on how quickly the subject is able to perform – transform material values and shares into a monetary form. It is expressed by:

- a) a ratio of financial accounts to liabilities – level I liquidity – with the required level of 0.20 and the optimum value of 0.2 to 0.5;  
in 2010, LPS SR, š. p. achieved the value of 2.50;
- b) the ratio of the sum of financial accounts and short-term receivables to current liabilities – level II liquidity – with the required value of 1.50 and with the optimum value of 1.0 to 1.5;  
in 2010, LPS SR, š. p. achieved the value of 4.40;
- c) the ratio of current assets current liabilities – level III liquidity (current ratio) – with the required level of 2.00 and the optimum value of 1.5 to 2.5;  
in 2010, LPS SR, š. p. achieved the value of 4.74.

As of 31 December, LPS SR, š. p. achieved the value of €18 510 728 in the Balance Sheet item of 'Financial accounts'. From the long-term point of view, the indicator of the status of financial resources seems to be stable.

## Other Evaluative Indicators

In 2010, 95.89 % of the staff costs were drawn in comparison with the planned volume of this costs item. The slightly lower spending of staff costs in comparison with the Plan is a result of the fact that some vacancies were not filled. This fact also caused that less costs in other staff costs items were drawn, in particular in the 'obligatory social and health insurance' and in the 'other social insurance' items. The costs item 'remuneration for members of corporate bodies' was drawn at 66.46 %, which was caused by the fact that the number of the Supervisory Board Members did not reach the number established by the Founder

In 2010 the average monthly earning per employee increased by 5.82 % in comparison with 2009.

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The average number of registered employees increased from 471 in 2009 to 473 in 2010. The number of registered employees as of 31 December 2010 stayed unchanged in comparison with the previous year, i.e. 476.

In 2010 the added value indicator increased in comparison with 2009 by €4 316 441 to the total value of €43 671 471. Such increase contributed to an increase of the labour productivity from the added value in 2010 by 10.50 %, in comparison with 2009.

## Financial Ratio Indicators

Financial ratio indicators enable the most complex assessment of the status and development of the corporate economic performance. They are expressed in financial values recorded in the company's accounting and they form the basis for calculation of other related qualitative indicators.

The productivity indicators characterize the efficiency of human labour of the company. They represent a ratio of the production volume to the executed work.

Profitability indicators measure the economic efficiency of the company's performance from the owner's point of view. They are relative indicators with a profit in their numerator.

As of 31 December 2010, LPS SR, š. p. achieved the following values of the selected indicators:

$$\text{Labour productivity from the added value} = \frac{\text{Added value}}{\text{Number of employees}} = \text{€92 329}$$

This indicator shows the height of the added value falling on one employee. It is the most important indicator of the economic efficiency. In comparison with 2009, the labour productivity from the added value is higher by €8 772.

$$\text{Labour productivity from revenues} = \frac{\text{Revenues}}{\text{Number of employees}} = \text{€111 174}$$

The labour productivity measured by revenues represents the volume of the total gain per one employee. In comparison with 2009, the indicator of the labour productivity from revenues was higher by €7 332. The 2009 labour productivity from revenues reached €103 842.

$$\text{Financial labour productivity from added value} = \frac{\text{Added value}}{\text{Staff costs}} = 1,63$$

The indicator of the financial labour productivity expresses the volume of production per one EUR of staff costs. In comparison with 2009 (1.66), this indicator is lower by 0.03.

$$\text{Revenues profitability} = \frac{\text{Profit}}{\text{Revenues}} \times 100 = 1,91 \%$$

Revenues profitability is also denoted as profitability and represents the total share of profit in revenues.

#### Profit allocation

In line with the Article 19 (6) of the Act No. 111/1990 Coll. on State Enterprise as amended, the Founder – Ministry of Transport, Construction and Regional Development - allocated the 2010 after-tax profit of €1 006 543.00 as follows:

a)	reserve fund fill-up (5% of profit)	€ 50 327,15
b)	social fund fill-up	€ 350 000,00
c)	allocation to the development fund	€ 450 267,11
d)	allocation to the statutory fund	€ 10 000,00
e)	Director's General bonus	€ 25 000,00
f)	Supervisory Board members bonus	€ 7 130,38
g)	retained earnings from previous years	€ 113 818,36

#### Annual Remuneration of the Director and the Supervisory Board Members

Having assessed the results of the company activity in 2010, the Minister of Transport, Construction and Regional Development awarded a yearly bonus to the Director General of the company in view of the Article 19 (8) of the Act No. 111/1990 Coll. at the height of €25 000.00.

At the same time the Supervisory Board members were awarded bonuses in view of the Article 20 (10) of the Act No. 111/1990 at the height of €7 130.38.

#### Transfer of the State Enterprise's Property

In line with the Act No. 111/1990 Coll. Article 21 (1) (j), in 2010 the Supervisory Board approved a state property transfer, on the basis of the submitted proposal for the conclusion of the Contract on Free Transfer of the State Property Administration concluded in line with the Article 51 of the Civil Code as amended. It is a transfer of an optical cable in the area of Sliač, of a cable distribution RL-41 LV in Sielnica, a weak-current distribution RL-41 in Sielnica/Badín, a cable distribution ILS/GP 1 km LV in the area of Sielnica/Hájniky.

#### Investment Plan

For 2010, company's management approved the Investment Plan at the height of €10 903 000.00. For the period of 01 – 12 / 2010, **€5 460 831.05** of the mentioned sum was invested.

The total number of the submitted Letters of Request for investment execution in 2010 was 56. Based on these Letters of Request and on the Letters of Request submitted in the previous years, there were altogether 58 new investment actions initiated in 2010. Other 29 actions executed by the Investment Department in 2010 had been elaborated in the previous years.

Out of the total number of the executed 87 actions:

- a) 52 were finalized
- b) 35 actions are continuing in 2011.

The resources planned for meeting the needs of the 2010 Investment Plan were not drawn as expected in the 2010 Plan. In comparison with the planned schedule, the process of executing some investment actions was delayed, for example due to unsuccessful testing of the FAT system of ATIS/VOLMET and of the tower simulator, unsuccessful testing of SAT and the failure to take over the Upgrade system of navigation devices remote control. In July the Ministry of Transport, Construction and Regional Development of the Slovak Republic (MDVRR SR) decided to stop any procurement and later the actions were allowed to be procured; but as the execution was impossible, the financial means were not drawn. Following the MDVRR's instruction, the procurement of the corporate information system was cancelled.

On the other hand, 2010 saw the execution of investment actions necessary for providing the air traffic and company's activity (List C – unexpected and unplanned actions), while in some actions technical specifications on the basis of current requirements were added.

Table 10: Capital expenditure, resources and their use in EUR for year 2010

<b>Capital expenditure in EUR</b>	<b>Year 2010</b>
<b>Planned resources – total</b>	<b>10 903 000,00</b>
- leasing/loan	2 238 256,79
- capital and reserves	8 664 743,21
<b>2010 Investment Plan</b>	<b>10 903 000,00</b>
out of that:	
- use leasing/loan	<b>0,00</b>
- use from capital and reserves	<b>5 460 831,05</b>
in that:	
- long-term tangible assets	5 149 907,72
- long-term intangible assets	310 923,33
- lands	0,00

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### Consultations with Airspace Users

In cooperation with the MoT, CAA and MET Office on 14 April 2010 the company organized a regular consultation meeting with the users of Slovakian airspace which was held in Bratislava. The second meeting in this year with the users took place on 19 October 2010. The aim of the meeting was to improve cooperation and informedness of the users about air navigation services provision in 2010.

## Outlook for 2011

The 2011 Financial Plan of Costs and Revenues was made on the basis of the costs and revenues of LPS SR, š. p. which are expected to incur to the company when providing air navigation services in the airspace of the Slovak Republic.

Compared to the 2010 Financial Plan (€ 52 510.2 thousand), the total 2011 cost base is higher by 7.89 % on average. The total costs amount to € 56 651.4 thousand, representing an increase by € 4 141.2 thousand compared to the 2010 Financial Plan.

In relation to performing state expert supervision over the air navigation services in line with the Act No. 278/2009 Coll., amending and supplementing the Act No. 143/1998 Coll. on Civil Aviation ('Aviation Act') and on amendments and supplements to certain laws, as amended, in 2011 the company will incur related costs of € 1 037.0 thousand.

The 2011 Plan counts with the total revenues of € 57 044.5 thousand, representing an increase of 8.36 % when compared to the 2010 Plan; in absolute figures it is an increase by € 4 402.3 thousand. The major part of the LPS SR, š. p.'s revenues is created by revenues from en-route services, at the total planned height of € 50 710.5 thousand, representing 85 % of all revenues.

The 2011 Financial Plan for en-route navigation services (ENR) contains all expected 2011 costs of the air traffic management service, communication services, radio-navigation services, surveillance services, search & rescue services, flight information services, MET services and expert supervision services in line with EUROCONTROL rules and which are decisive for the calculation of the unit rate for en-route navigation services in 2011.

The 2011 Plan counts with 941 000 invoiceable service units. The unit rate for en-route navigation services planned for 2011 is € 53.89, representing an increase by € 0.11 in comparison with 2010. The proposed 2011 plan for terminal navigation services (TNL) counts with the unit rate for terminal navigation services at the APP/TWR units at the height of € 6.47 with the expected air traffic density of 769 749 terminal units. All expected costs necessary for providing all services related to terminal navigation services were included in the TNL Financial Plan in view of the EUROCONTROL Document No. 07.60.01. The 2011 Financial Plan, and the related expected unit rates for en-route navigation services and terminal services, are proposed in such a way that with the established unit rate the revenues will cover all LPS SR, š. p.'s costs of this activity, while no potential loss may incur and the impact on the adjustment mechanism for en-route navigation services will be minimum.

The 2011 Financial Plan counts with the total before-tax profit of € 485.4 thousand and the after-tax profit of € 393.2 thousand.

### **The 2010 LPS SR, š. p.'s Annual Report was elaborated on: 31. 08. 2011.**

There have been no consequent occurrences since the elaboration of the 2010 LPS SR, š. p.'s Annual Report as of the day when the Financial Statements of LPS SR, š. p. , were elaborated.



## Independent auditor's report

**For the Ministry of Transport, Post and Telecommunications of the Slovak Republic and for the management of the state enterprise Letové prevádzkové služby Slovenskej republiky, štátny podnik, Bratislava.**

We performed an audit of the attached Financial Statements of the state enterprise Letové prevádzkové služby Slovenskej republiky, štátny podnik, having its registered office in Bratislava, identification number: 35 778 458, that comprise a Balance Sheet prepared as of 31 December 2010, a Profit and Loss Statement for the year ending as of the mentioned date and related notes; as well as an overview of important accounting principles and accounting methods and other explanatory notes.

Responsibility of the statutory body of the state enterprise for the Financial Statements.

The statutory body of the state enterprise of the company bears responsibility for the preparation and an objective presentation of the Financial Statements in accordance with the Act on Accounting No. 431/2002 Coll. as amended. This responsibility includes suggesting, implementing and maintaining internal checks relevant for the preparation and objective presentation of the Financial Statements which have to be prepared without any major inaccuracies caused by a fraud or mistake; further it includes a selection and application of appropriate accounting principles and accounting methods, as well as performance of reasonable accounting estimates within the given circumstances.

### Auditors' responsibility

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It is our responsibility to express our opinion on these Financial Statements based on our audit. The audit was performed in accordance with the International Auditing Standards according to which we shall observe ethical requirements, plan and perform the audit in such a way that we obtain reasonable assurance that the Financial Statements do not include any major inaccuracies.

The audit comprises procedures for obtaining audit evidence about sums and data included in the Financial Statements. The procedures are selected on the basis of auditor's decision, including a risk assessment of occurrence of major inaccuracies in the Financial Statements caused by a fraud or mistake. When assessing the risk, an auditor takes into consideration internal checks relevant for the preparation and objective presentation of the Financial Statements within the accounting unit, in order to be able to propose such auditing procedures to be used that are suitable under the given circumstances; however, the purpose is not to express their opinion on the efficiency of accounting unit's internal checks. The audit also evaluates suitability of the accounting principles and accounting methods used, accuracy of estimations made by the management, as well as presentation of the Financial Statements as a whole.

We are convinced that the audit evidence acquired provide a suitable and reasonable basis for our opinion.

### Opinion

We are of the opinion that the Financial Statements provide a true and objective view of the financial situation of the state enterprise Letové prevádzkové služby Slovenskej republiky, štátny podnik as of December 31, 2010, its economic results and its cash-flow for the year ending as of the specified date, in accordance with the Act on Accounting.

Banská Bystrica, 4 March 2011  
BDR, spol. s r.o. Banská Bystrica  
M. M. Hodžu 3, 974 01 Banská Bystrica  
SKAu Licence No. 6  
Company Register of the District Court of Banská Bystrica  
Section: Sro, Insert: 98/S, Identification No.: 00614556

Ing. Radovan Reguli  
Auditor in Charge  
SKAu Licence No. 968



## **Verification Report on Annual Report and Financial Statements Reconciliation**

pursuant to the Act No. 540/2007 Coll., Article 23 (5)

For the Ministry of Transport, Post and Telecommunications of the Slovak Republic and for the management of the state enterprise Letové prevádzkové služby Slovenskej republiky, štátny podnik.

- I. We verified the Financial Statements of the state enterprise Letové prevádzkové služby Slovenskej republiky, štátny podnik, having its office in Bratislava, identification number: 35 778 458, as of 31 December 2010, included in the Annual Report to which, on 4 March 2011 we expressed the following auditor's opinion:

We are of the opinion that the Financial Statements provide a true and objective view of the financial situation of the state enterprise Letové prevádzkové služby Slovenskej republiky, štátny podnik as of 31 December 2010, its economic results and its cash flow for the year ending as of the specified date, in accordance with the Act on Accounting.

- II. We also verified reconciliation of the Annual Report with the above-mentioned Financial Statements. The enterprise management held is responsible for correctness of the Annual Report. Based on the verification, our task is to express our opinion on the reconciliation of the Annual Report and the Financial Statements. The verification was made in accordance with the International Accounting Standards requiring the auditor to plan and verify all documents in such a way that they will be convinced that the information and data specified in the Annual Report correspond to the Financial Statements in their all important relations. The information stated in the Annual Report was verified in relation to the information specified in the proper Financial Statements as of 31 December 2010. Other data and information, such as accounting information obtained from the Financial Statements and books of accounts, was not verified. We are convinced that the verification provides an appropriate basis for expressing auditor's opinion.

We are of the opinion that the accounting information stated in the Annual Report corresponds to the above-mentioned Financial Statements in its all important relations.

Banská Bystrica, 14. 10. 2011  
BDR, spol. s r.o. Banská Bystrica  
M. M. Hodžu 3, 974 01 Banská Bystrica  
SKAu Licence No. 6  
Company Register of the District Court of Banská Bystrica  
Section: Sro, Insert: 98/S, Identification No.: 00614556

Ing. Ľudomila Svätová, MBA  
Auditor in Charge  
SKAu Licence No. 936



## Full Balance Sheet of LPS SR, š. p. as of 31 December 2010 (EUR)

Mark	ASSETS	Line No.	Current accounting period			As of 31 Dec. 2009
			Gross	Correction	Net	
*	Assets – total, lines 002+003+031+061	001	125 592 135	54 798 202	70 793 933	67 236 006
A	Non-current assets, l. 003+012+022	002	87 975 414	52 252 527	35 722 887	37 143 830
A.I.	Non-current intangible assets, lines 004 - 011	003	3 418 246	2 455 047	963 199	996 416
A.II.	Property, plant and equipment – total, lines 013 - 021	012	84 557 168	49 797 480	34 759 688	36 147 414
A.III.	Non-current financial assets, lines 023 to 030	022	0	0	0	0
B	Current assets. line 032+040+047+055	031	36 770 863	2 545 675	34 225 188	29 111 326
B.I.	Inventory – total, lines 033 to 039	032	2 510 735	0	2 510 735	2 619 800
B.II.	Non-current receivables, lines 041 - 046	040	0	0	0	0
B.III.	Current receivables – total , lines 048 - 054	047	15 749 400	2 545 675	13 203 725	10 992 019
B.IV.	Financial accounts – total, lines 056 a 060	055	18 510 728	0	18 510 728	15 499 507
C	Accruals and deferrals, lines 062 - 065	061	845 858	0	845 858	980 850

Mark	LIABILITIES	Line No.	Current accounting period	As of 31 December 2009
	Total equity and liabilities, line 067+088+119	066	70 793 933	67 236 006
A.	Equity, line 068+073+080+084+087	067	59 910 126	59 538 449
A.I.	Share capital, lines 069 - 070	068	50 746 440	50 779 307
A.II.	Capital funds – total, lines 074 - 079	073	0	0
A.III.	Funds created from profit – total, line 081 - 083	080	8 147 905	6 961 615
A.IV.	Net profit/loss of previous years, line 085+086	084	9 238	9 238
A.V.	Net profit/loss for the accounting period +/-	087	1 006 543	1 788 289
B.	Liabilities, line 089+094+105+115+116	088	10 871 530	7 684 822
B.I.	Provisions, lines 090 to 093	089	3 008 194	2 736 378
B.II.	Non-current liabilities – total, lines 095 - 104	094	1 675 653	842 107
B.III.	Current liabilities – total, lines 106 - 114	105	6 187 683	4 106 337
B.IV.	Short-term financial assistance (241, 249, 24X, 473A, /-/255A)	115	0	0
B.V.	Bank loans (line 117 + line 118)	116	0	0
C.	Accruals and deferrals, lines 120 - 123	119	12 277	12 735

# LPS SR, š. p.'s Full Profit and Loss Statement as of 31. 12. 2010 (EUR)

Mark	TEXT	Line No.	Status in the accounting period	
			monitored	previous as of 31/12/2009
I.	Revenues from sale of merchandism (604)	01	821	832
A.	Costs of merchandise sold (504, 505A)	02	566	670
+	<b>Trade margin, lines 01-02</b>	<b>03</b>	<b>255</b>	<b>162</b>
II.	Production, lines 05+06+07	04	52 003 859	47 394 882
II.1.	<b>Revenues from the sale of own products and services (601, 602)</b>	<b>05</b>	<b>51 995 802</b>	<b>47 387 180</b>
2.	Change in internal inventory (+/- account group 61)	06	1 213	1 282
3.	Own work capitalized (account group 62)	07	6 844	6 420
B.	<b>Production, lines 09+10</b>	<b>08</b>	<b>8 332 643</b>	<b>8 040 014</b>
B.1.	Consumed raw materials, energy consumption and consumption of other non-inventory supplies (501, 502, 503, 505A)	09	1 426 712	1 247 799
2.	Services (account group 51)	10	6 905 931	6 792 215
+	<b>Added value, lines 03+04-08</b>	<b>11</b>	<b>43 671 471</b>	<b>39 355 030</b>
C.	<b>Staff expenses (sum of lines 13 to 16)</b>	<b>12</b>	<b>26 808 577</b>	<b>23 682 099</b>
C.1.	Wages and salaries (521, 522)	13	19 507 417	18 385 102
2.	Remuneration of Board members of company or cooperative (523)	14	85 287	105 697
3.	Social security expenses (524, 525, 526)	15	5 437 018	4 508 222
4.	Social expenses (527, 528)	16	1 778 855	683 078
D.	Taxes and fees (account group 53)	17	49 684	58 091
E.	<b>Amortization of non-current intangible assets and depreciation of PPE (551,553)</b>	<b>18</b>	<b>7 054 516</b>	<b>6 670 662</b>
III.	Revenues from the sale of non-current assets and raw materials (641, 642)	19	830	839 470
F.	Carrying value of non-current assets sold and raw materials sold (541,542)	20	0	818 425
G.	Creation and accounting of rectifying items related to claims (+/-547)	21	1 328 251	1 195 621
IV.	Other operating income (644, 645, 646, 648, 655, 657)	22	534 531	608 330
H.	Other operating expenses (543 to 546, 547, 548, 549, 555, 557)	23	4 023 464	3 185 392
V.	Transfer of operating income (-) (697)	24	0	0
I.	Transfer of operating expenses (-) (597)	25	0	0
*	<b>Profit/loss from operations</b>			
	lines 11-12-17-18+19-20+21-22-23-24+25	26	4 942 340	5 192 540
VI.	Revenues from the sale of securities and shares (661)	27	0	0
J.	Securities and shares sold (561)	28	0	0
VII.	Income from non-current financial assets, lines 30+31+32	29	0	0
VII.1.	Income from securities and ownership interests in a subsidiary and in a company where a significant influence is held (665A)	30	0	0
2.	Income from other long-term securities and shares (665)	31	0	0
3.	Income from other non-current financial assets (665A)	32	0	0
VIII.	Income from current financial assets (666)	33	0	0
K.	Expenses related to current financial assets (566)	34	0	0
IX.	Gains on revaluation of securities and income from derivative transactions (664,667)	35	0	0
L.	Loss on revaluation of securities and income from derivative transactions (564,567)	36	0	0
M.	Creation and accounting of rectifying items related to financial assets +/- 565	37	0	0
X.	Interest income (662)	38	41 171	62 184
N.	Interest expense (562)	39	0	6
XI.	Exchange rate gains (663)	40	4 264	4 066
O.	Exchange rate losses (563)	41	3 349	13 859
XII.	Other income from financial activities (668)	42	0	0
P.	Other expenses from financial activities (568, 569)	43	2 797 650	2 810 449
XIII.	Transfer of financial income (-) (698)	44	0	0
R.	Transfer of financial expenses (-) (598)	45	0	0
*	<b>Profit/loss from financial activities lines 27-28+29+33-34+35-36-37+38-39+40-41+42-43+44-45</b>	<b>46</b>	<b>-2 755 564</b>	<b>-2 758 064</b>
**	Profit/loss from ordinary activity before taxation, lines 26+46	47	2 186 776	2 434 476
S.	Income tax on ordinary activities, lines 49+50	48	1 132 980	646 187
S.1.	- current (591, 595)	49	614 796	519 720
2.	- deferred (+/-592)	50	518 184	126 467
**	<b>Profit/loss from ordinary activity after taxation, lines 47- 48</b>	<b>51</b>	<b>1 053 796</b>	<b>1 788 289</b>
XIV.	Extraordinary income (account group 68)	52	0	0
T.	Extraordinary expenses (account group 58)	53	47 253	0
**	<b>Profit/loss from extraordinary activities before taxation, lines 52-53</b>	<b>54</b>	<b>-47 253</b>	<b>0</b>
U.	Income tax from extraordinary activities, lines 55+56	55	0	0
U.1.	- current (593)	56	0	0
2.	- deferred (594)	57	0	0
*	Profit/loss from extraordinary activities after taxation, lines 54-55	58	-47 253	0
***	<b>Profit/loss for the accounting period before taxation (+/-)[47+54]</b>	<b>59</b>	<b>2 139 523</b>	<b>2 434 476</b>
V.	Transfer of net profit/net loss shares on partners (+/-596)	60	0	0
***	<b>Profit/loss for the accounting period before taxation (+/-) lines 51+58-60</b>	<b>61</b>	<b>1 006 543</b>	<b>1 788 289</b>

## LPS SR, š. p.'s Cash Flow Statement as of 31 December 2010 (EUR) - indirect method

Mark	TEXT	Line No.	2010
<b>Z/s</b>	<b>Net profit before taxation</b>	<b>001</b>	<b>2 186 776</b>
A.1	Adjustments for non-monetary transactions	002	10 832 342
A.1.1	Depreciations to non-current assets	003	7 022 424
A.1.2	Depreciated price to non-current assets besides sales	004	32 092
A.1.4	Value adjustment to provisions	006	-532 152
A.1.5	Value adjustment to adjusting entries	007	-248 361
A.1.6	Value adjustment to accrual and deferral of costs and revenues	008	135 450
A.1.7	Dividends and shares accounted to revenues	009	0
A.1.8	Interests accounted to expenses (+)	010	0
A.1.9	Interests accounted to revenues (-)	011	-41 171
A.1.10	Exchange rate gains of cash as of the Balance Sheet date (-)	012	-2
A.1.11	Exchange rate loss of cash as of the Balance Sheet date (+)	013	111
A.1.12	Proceeds from sale of non-current assets (+/-)	014	0
A.1.13	Other items of non-monetary status influencing profit/loss from ordinary activities	015	4 463 952
A.2	Changes in working capital	016	-793 793
A.2.1	Value adjustment to receivables	017	-2 559 354
A.2.2	Value adjustment to liabilities	018	1 656 496
A.2.3	Value adjustment to inventory	019	109 065
A.2.4	Value adjustment to financial accounts	020	0
----	<b>Cash flow from operating activities Z/s + A1 + A2</b>	<b>021</b>	<b>12 225 326</b>
A.3	Interests received (besides interests received from investment activities)	022	41 171
A.4	Interests paid (besides interests included into financial activities)	023	0
A.5	Dividends and other shares income (besides income from investment activities)	024	0
A.6	Dividends and other shares paid (besides pays included in investment activities)	025	-22 100
----	<b>Cash flow from operating activities (+/-), (A1 to A6)</b>	<b>026</b>	<b>12 244 397</b>
A.7	Income tax paid (besides pays included in financial and investment activities)	027	210 819
A.8	Extraordinary income from operating activities (+)	028	314
A.9	Extraordinary expenses from operating activities(-)	029	-44 832
<b>A1-A9</b>	<b>Net cash flow from operating activities (sum of A1 - A9)</b>	<b>030</b>	<b>12 410 698</b>
----	<b>Cash flow from investment activities</b>	<b>031</b>	<b>0</b>
B.1	Purchase of non-current intangible assets	032	47 531
B.2	Purchase of non-current tangible assets	033	-6 606 483
B.3	Purchase of securities	034	0
B.4	Proceeds from sale of non-current intangible assets	035	0
B.5	Proceeds from sale of non-current tangible assets	036	0
B.6	Proceeds from sale of securities	037	0
B.7	Expenses of extended long-term loans	038	0
B.8	Incomes from long-term loans	039	0
B.11	Incomes from rent of tangible assets depreciable by renter	042	0
B.12	Interests received (besides interests from operating activities)	043	0
B.13	Dividends and shares received	044	0
B.14	Expenses related to derivatives	045	0
B.15	Incomes related to derivatives	046	0
B.16	Income tax paid	047	0
B.17	Extraordinary incomes from investment activities	048	0
B.18	Extraordinary expenses from investment activities	049	0
B.19	Other investment incomes	050	0
B.20	Other investment expenses	051	0
<b>B1-B20</b>	<b>Net cash flow from investment activities</b>	<b>052</b>	<b>-6 558 952</b>
----	<b>Cash flow from financial activities</b>	<b>053</b>	<b>0</b>
<b>C.1</b>	<b>Cash flow in equity (C.1.1-C.1.8)</b>	<b>054</b>	<b>-42 767</b>
C.1.1	Proceeds from issuance of share capital	055	0
C.1.2	Proceeds from other deposits	056	0
C.1.3	Received financial donations	057	0
C.1.6	Expenses related to decrease of funds created by accounting entity	060	-9 900
C.1.8	Expenses related to decrease of share capital	062	-32 867
<b>C.2</b>	<b>Cash flow from long-term and short-term financial activities (C.2.1-C.2.10)</b>	<b>063</b>	<b>0</b>
C.2.3	Proceeds from bank loans	064	0
C.2.4	Repayment of received bank loans	065	0
C.2.5	Proceeds from received loans	066	0
C.2.6	Repayment of received loans	067	0
C.2.7	Expenses of financial leasing	068	0
C.2.8	Expenses of rent of tangible assets depreciable by renter	069	0
C.2.9	Incomes from other long-term and short-term liabilities from financial activities	070	0
C.2.10	Expenditures from other long-term and short-term liabilities from financial activities	071	0
C.3	Interests paid included to financial activities	072	0
C.4	Dividends	073	0
C.5	Derivates	074	0
C.7	Income tax paid from financial activities	076	0
C.8	Extraordinary incomes related to financial activities	077	0
C.9	Extraordinary expenses related to financial activities	078	-2 797 650
<b>C1-C9</b>	<b>Net cash flow from financial activities</b>	<b>079</b>	<b>-2 840 416</b>
<b>D</b>	<b>Net increase / decrease of funds</b>	<b>080</b>	<b>3 011 329</b>
<b>E</b>	<b>Cash and cash equivalents at the start of the period</b>	<b>081</b>	<b>15 499 508</b>
<b>F</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>082</b>	<b>18 510 837</b>
<b>G</b>	<b>Exchange-rate difference as of the Balance Sheet date</b>	<b>083</b>	<b>-109</b>
<b>H</b>	<b>Cash and cash equivalents with exchange-rate difference</b>	<b>084</b>	<b>18 510 728</b>



## Independent auditor's report

For the management of the state enterprise Letové prevádzkové služby Slovenskej republiky.

We performed an audit of the attached Financial Statements of the state enterprise Letové prevádzkové služby Slovenskej republiky (hereinafter referred to as the "state enterprise"), drawn up as of 31 December 2010, complex Profit or Loss, statement of changes in equity and cash-flow statement for the year terminating on 31 December 2010, as well as a summary of significant accounting principles and accounting methods and other explanatory notes.

### *Responsibility of the statutory body of the state enterprise for the Financial Statements.*

The statutory body of the state enterprise of the company bears responsibility for the preparation of the Financial Statements providing a true and faithful view in line with International Financial Reporting Standards as adopted by the European Union and for such internal inspections which it finds necessary for making out the Financial Statements which have to be prepared without any major inaccuracies caused by a fraud or mistake.

### *Auditors' responsibility*

It is our responsibility to express our opinion on these Financial Statements based on our audit. The audit was performed in accordance with the International Auditing Standards according to which we shall observe ethical requirements, plan and perform the audit in such a way that we obtain reasonable assurance that the Financial Statements do not include any major inaccuracies.

The audit comprises procedures for obtaining audit evidence about sums and data included in the Financial Statements. The procedures are selected on the basis of auditor's decision, including a risk assessment of occurrence of major inaccuracies in the Financial Statements caused by a fraud or mistake. When assessing the risk, an auditor takes into consideration internal checks relevant for the preparation and objective presentation of the Financial Statements within the accounting unit, in order to be able to propose such auditing procedures to be used that are suitable under the given circumstances; however, the purpose is not to express their opinion on the efficiency of accounting unit's internal checks. The audit also evaluates suitability of the accounting principles and accounting methods used, accuracy of estimations made by the management, as well as presentation of the Financial Statements as a whole.

We are convinced that the audit evidence acquired provide a suitable and reasonable basis for our opinion.

### *Opinion*

We are of the opinion that the Financial Statements provide a true and objective view of the financial situation of the state enterprise Letové prevádzkové služby Slovenskej republiky, štátny podnik as of 31 December 2010, its economic results and its cash-flow for the year ended on 31 December 2010, in line with International Financial Reporting Standards as adopted by the European Union.

17 May 2010  
Bratislava, Slovak Republic

Auditing Company:  
KPMG Slovensko spol. s r. o.  
SKAU Licence No. 96



Auditor in Charge:  
Ing. Ľuboš Vančo  
SKAU Licence No. 745



## Independent auditor's report

For the management of the state enterprise Letové prevádzkové služby Slovenskej republiky.

We performed an audit of the attached Financial Statements of the state enterprise Letové prevádzkové služby Slovenskej republiky (hereinafter referred to as the "state enterprise"), drawn up as of 31 December 2010 in line with the International Financial Reporting Standards.

We performed the audit in compliance with the International Financial Reporting Standards.

On 17 May 2010 we issued an Independent Auditor's Report on verification of this Financial Statements expressing our unconditional opinion.

Shortened Financial Reports stated on pages 29 – 44 of this Annual Report were derived from the audited Financial Statements of the state enterprise. We are of the opinion that, in all their important relations, the Shortened Financial Reports stated in the Annual Report are in compliance with the Financial Statements they have been derived from.

For a better understanding of the financial situation of the state enterprise as of 31 December 2010, its Profit/Loss and its Cash flow for the year ended as of 31 December 2009, and the scope of our audit, it is necessary to review the Shortened Financial Reports together with the Financial Statement they have been derived from and our auditor's report on this Financial Statements.

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11 October 2011

Auditing Company:  
KPMG Slovensko spol. s r. o.  
SKAU Licence No. 96



Auditor in Charge:  
Ing. Ľuboš Vančo  
SKAU Licence No. 745

Balance sheet as of 31 December 2010  
(in thousands of EUR)

	Note	31 Dec 2010	31 Dec 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	36 804	35 204
Intangible assets	3	956	991
Deferred tax assets	4	532	112
<b>Non-current assets - Total</b>		<b>38 292</b>	<b>36 307</b>
<b>Current assets</b>			
Inventories	5	852	975
Trade and other receivables	6	11 113	10 387
Corporate income tax		-	151
Cash and cash equivalents		18 511	15 500
<b>Current assets - Total</b>		<b>30 476</b>	<b>27 013</b>
<b>Total assets</b>		<b>68 768</b>	<b>63 320</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital		50 746	50 780
Legal reserve and other capital funds		8 148	6 961
Retained earnings/accumulated losses		(2 960)	(1 984)
<b>Total equity</b>	7	<b>55 934</b>	<b>55 757</b>
<b>Non-current liabilities</b>			
Provision for employee benefits	8	1 966	1 608
Other non-current liabilities	4	293	170
<b>Non-current liabilities - Total</b>		<b>2 259</b>	<b>1 778</b>
<b>Current liabilities</b>			
Trade and other payments	9	10 172	5 239
Income tax		60	-
Short term part of provision for employee benefits	8	343	546
<b>Total current liabilities</b>		<b>10 575</b>	<b>5 785</b>
<b>Total equity and liabilities</b>		<b>68 768</b>	<b>63 320</b>

Income statements for the year ended as of 31 December 2010  
(in thousands of EUR)

	Note	2010	2009
<b>Revenues</b>			
Air traffic control services		51 997	47 387
Other operating income		535	608
<b>Total revenues</b>		<b>52 532</b>	<b>47 995</b>
Staff expenses	10	(27 191)	(24 735)
Depreciation and amortization	2, 3	(6 997)	(6 890)
Other operating expenses	11	(17 957)	(15 235)
<b>Total operating expenses</b>		<b>(52 145)</b>	<b>(46 860)</b>
<b>Profit from operations</b>		<b>387</b>	<b>1 135</b>
Net financing revenues	12	28	37
<b>Profit before taxation</b>		<b>415</b>	<b>1 172</b>
Income tax	13	(195)	(214)
<b>Profit for the accounting period</b>		<b>220</b>	<b>958</b>
Other parts of the total Profit/Loss		-	-
<b>Total Profit/Loss</b>		<b>220</b>	<b>958</b>

Statement of changes in equity for the year ended as of 31 December 2010  
(in thousands of EUR)

	<b>Issued capital</b>	<b>Legal reserve fund</b>	<b>Other capital funds</b>	<b>Retained earnings / (acc. loss)</b>	<b>Total</b>
As of 1 January 2009	50 801	1 400	2 395	225	54 821
Contribution to/use of other capital funds	-	-	2 971	(2 971)	-
Contribution to legal reserve fund	-	196	-	(196)	-
Issued capital decrease	(21)	-	-	-	(21)
Euro-conversion (rounding)	-	(1)	-	-	(1)
As of 31 December 2009	<u>50 780</u>	<u>1 595</u>	<u>5 366</u>	<u>(1 984)</u>	<u>55 757</u>
As of 1 January 2010	50 780	1 595	5 366	(1 984)	55 757
Contribution to/use of other capital funds	-	-	1 107	(1 107)	-
Contribution to legal reserve fund	-	89	-	(89)	-
Issued capital decrease	(34)	-	-	-	(34)
Statutory funds decrease	-	-	(9)	-	(9)
Profit for the year	-	-	-	220	220
As of 31 December 2010	<u>50 746</u>	<u>1 684</u>	<u>6 464</u>	<u>(2 960)</u>	<u>55 934</u>

Cash Flow statement for the year ended as of 31 December 2010  
(in thousands of EUR)

	2010	2009
OPERATING ACTIVITIES		
Cash receipts from customers	48 928	47 510
Cash paid to suppliers	(15 559)	(14 595)
Cash paid to employees	(25 501)	(24 948)
Cash generated from operations	7 868	7 967
Income tax paid	(404)	(1 262)
<b>Cash Flow from operating activities</b>	<b>7 464</b>	<b>6 705</b>
INVESTMENT ACTIVITIES		
Acquisition of plant, property and equipment	(4 239)	(5 550)
Acquisition of intangible assets	(255)	(448)
Interests received	41	62
<b>Cash Flow used in investment activities</b>	<b>(4 453)</b>	<b>(5 936)</b>
FINANCIAL ACTIVITIES		
Loan repayments	-	-
Interest paid	-	-
<b>Cash Flow from financial activity</b>	<b>-</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>3 011</b>	<b>769</b>
Cash and cash equivalents at the year-start	15 500	14 731
<b>Cash and cash equivalents at the year-end</b>	<b>18 511</b>	<b>15 500</b>

## NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 DECEMBER 2010

### GENERAL INFORMATION

Letové prevádzkové služby Slovenskej republiky, štátny podnik (hereinafter “the Enterprise”) is a state owned enterprise domiciled at Letisko M. R. Štefánika, 823 07 Bratislava, the Slovak Republic.

Air Traffic Control of the Slovak Republic was established as a state owned budget contributory organization on 1 January 1993 following the separation of the Slovak and Czech Republics. On 17 November 1999 the Slovak Ministry of Transportation, Post Offices and Telecommunications issued a decision on dissolution of the budget contributory organization Air Traffic Control of the Slovak Republic as at 31 December 1999 and establishment of the state owned enterprise Letové prevádzkové služby Slovenskej republiky, š.p. as at 1 January 2000. All assets were transferred under the administration of the Slovak Ministry of Transportation, Post Offices and Telecommunications as of the dissolution of the budget contributory organization. These assets were transferred into the stewardship of the state owned enterprise. The assets used for the Enterprise’s operations and administrated by the Enterprise are owned by the State and they are disclosed in the Enterprise’s accounts.

The main activity of the Enterprise is the provision of air navigation services to airline operators flying over the Slovak Republic and to those landing at public controlled Slovak airports.

The Slovak Republic has been a member of EUROCONTROL, the European Organization for the Safety of Air Navigation since 1 January 1997. At that time, the Slovak Republic became a party to a multilateral agreement with EUROCONTROL relating to the collection of en route navigation service charges. As required by EUROCONTROL, the Enterprise applies the “Principles for establishing the cost-base for route facility charges and the calculation of the unit rates”, dated March 2010. The Enterprise applies the principles according to Regulation (EC) No 550/2004 of the European Parliament and of the Council of 10 March 2004 on the provision of air navigation services over a unified European airspace, and has established a cost allocation system related to the main activities.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below.

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and with interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (“IFRIC”).

#### Basis of preparation

The financial statements have been prepared under the historical cost convention and do not form part of the statutory accounts of the Enterprise, which have been prepared separately in accordance with the Slovak Act on Accounting. The financial statements were approved by the Directors on 17 May 2011.

The financial statements are presented in thousands of euro.

Financial statements were prepared under the going concern assumption.

The accounting policies are consistent with those used in the previous year.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### New standards and interpretations not yet adopted

The following recently issued standards, amendments to standards and interpretations are not effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements:

- Revised IAS 24 Related Party Disclosure (effective for annual periods beginning on or after 1 January 2011)

The amendment exempts government-related entity from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with (a) a government that has control, joint control or significant influence over the reporting entity; and (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The revised Standard requires specific disclosures to be provided if a reporting entity takes advantage of this exemption.

The revised Standard also amends the definition of a related party which resulted in new relations being included in the definition, such as, associates of the controlling shareholder and entities controlled, or jointly controlled, by key management personnel.

Revised IAS 24 is not relevant to the Enterprise's financial statements as the Enterprise does not have a significant volume of government-related party transactions and the revised definition of a related party is not expected to result in new relations requiring disclosure in the financial statements.

- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011)

The amendment of IFRIC 14 addresses the accounting treatment for prepayments made when there is also a minimum funding requirements (MFR). Under the amendments, an entity is required to recognize certain prepayments as an asset on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which MFR payments would otherwise be required.

The amendments to IFRIC 14 is not relevant to the Enterprise's financial statements as the Enterprise does not have any defined benefit plans with minimum funding requirements.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)

The Interpretation clarifies that equity instruments issued to a creditor to extinguish all or part of a financial liability in a 'debt for equity swap' are consideration paid in accordance with IAS 39.41.

The initial measurement of equity instruments issued to extinguish a financial liability is at the fair value of those equity instruments, unless that fair value cannot be reliably measured, in which case the equity instrument should be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the initial measurement amount of equity instruments issued should be recognized in profit or loss.

The Enterprise did not issue equity to extinguish any financial liability during the current period. Therefore, the Interpretation will have no impact on the comparative amounts in the Enterprise's financial statements for the year ended 31 December 2010. Further, since the Interpretation can relate only to transactions that will occur in the future, it is not possible to determine in advance the effects the application of the Interpretation will have.

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010)

The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

The amendments to IAS 32 are not relevant to the Enterprise's financial statements as the Enterprise has not issued such instruments at any time in the past.

### **Cash and cash equivalents**

Cash and cash equivalents comprise of cash deposits and petty cash.

### **Trade and other receivables**

Trade and other receivables are stated at their cost less provision for bad and doubtful debts.

### **Inventories**

Inventories, mainly spare parts and supplies, are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business.

The costs of spare parts and supplies are determined using the weighted average cost method and includes expenditures incurred in acquiring the inventories and bringing them to their existing location.

### **Property, plant and equipment**

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Land is not depreciated.

Depreciation is provided using the straight-line method over the estimated useful life of each asset as follows:

Asset	Period
Building and infrastructure	12 - 40 years
Plant and equipment	4 - 15 years

Expenditures on repairs and maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets are recognized as an expense when incurred.

### **Impairment**

The carrying amounts of the Enterprise's assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

### **Intangible assets**

Intangible assets are amortized using the straight-line method. Software is amortized over a period from two to five years and valuable rights over the period of twelve years.

### **Provision for employee benefits**

The Enterprise creates provision for retirement benefits (other long-term employee benefits). The Enterprise's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value using the risk-free interest rate.

### **Employee benefits – contributions for supplementary pension insurance**

Obligations for contributions to supplementary pension insurance are recognized as an expense in the income statement as incurred.

### **Trade and other payables**

Trade and other payables are stated at cost.

### **Foreign currency**

Balances presented in the financial statements and related notes are expressed in the currency used in the economic environment of the Enterprise (functional currency). Financial statements are presented in thousands of euro which is the functional and presentational currency of the Enterprise.

Transactions denominated in foreign currencies are translated to euro at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to euro at the exchange rate of the European Central Bank on the balance sheet date. Resulting exchange differences, both realized and unrealized, are recognized in the income statement for the year.

Non-monetary assets and liabilities in foreign currency valued in acquisition cost are translated to euro at the exchange rate on the transaction date. Non-monetary assets and liabilities in foreign currency valued at fair value are translated to euro using the exchange rate of the fair value recalculation date.

### **Revenue recognition**

Revenue from services rendered is recognized in the income statement based on transactions (overflights and approaches) completed at the balance sheet date.

### **Operating lease payments**

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

**Net financing costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and foreign exchange gains and losses.

**Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred taxes.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

**2. PROPERTY, PLANT AND EQUIPMENT**

In thousands of euro	Land and buildings	Plant and equipment	Assets under construction	Total
<b>Cost</b>				
As of January 2009	24 013	64 609	6 832	95 454
Additions	655	2 263	3 201	6 119
Disposals	(924)	(5 857)	-	(6 781)
Transfers	983	5 614	(6 597)	-
As of 31 December 2009	24 727	66 629	3 436	94 792
<b>Accumulated depreciation and impairment losses</b>				
As of January 2009	6 123	52 768	-	58 891
Charge for the year	739	5 903	-	6 642
Disposals	(88)	(5 857)	-	(5 945)
As of 31 December 2009	6 774	52 814	-	59 588
<b>Net book value</b>				
As of January 2009	17 890	11 841	6 832	36 563
As of December 2009	17 953	13 815	3 436	35 204

In thousands of euro

	Land and buildings	Plant and equipment	Assets under construction	Total
<b>Cost</b>				
As of 1 January 2010	24 727	66 629	3 436	94 792
Additions	248	2 797	5 272	8 317
Disposals	(138)	(2 604)	-	(2 742)
Transfers	103	2 419	(2 576)	(54)
As of 31 December 2010	24 940	69 241	6 132	100 313
<b>Accumulated depreciation and impairment losses</b>				
As of 1 January 2010	6 774	52 814	-	59 588
Charge for the year	655	5 997	-	6 652
Disposals	(118)	(2 613)	-	(2 731)
As of 31 December 2010	7 311	56 198	-	63 509
<b>Net book value</b>				
As of 1 January 2010	17 953	13 815	3 436	35 204
As of 31 December 2010	17 629	13 043	6 132	36 804

The Enterprise is insured against natural disasters, thefts, damages and general damages on equipment. Total value insured in case of natural disasters is 97 387 thousands of euro. Value insured against general damage on equipment is 59 292 thousand of euro.

The Enterprise did not identify any unused assets as at 31 December 2010 and 2009.

### 3. INTANGIBLE ASSETS

In thousands of euro

	Software	Valuable rights	Total
<b>Cost</b>			
As of 1 January 2009	5 200	-	5 200
Additions	448	-	448
Disposals	(1 497)	-	(1 497)
Transfers	-	-	-
As of 31 December 2009	4 151	-	4 151
<b>Accumulated depreciation and impairment losses</b>			
As of 1 January 2009	4 409	-	4 409
Charge for the year	248	-	248
Disposals	(1 497)	-	(1 497)
As of 31 December 2009	3 160	-	3 160
<b>Net book value</b>			
As of January 2009	791	-	791
As of December 2009	991	-	991

In thousands of euro

	Software	Valuable rights	Total
<b>Cost</b>			
As of 1 January 2010	4 151	-	4 151
Additions	228	27	255
Disposals	(103)	-	(103)
Transfers	54	-	54
As of 31 December 2010	4 330	-	4 303
<b>Accumulated depreciation and impairment losses</b>			
As of 1 January 2010	3 160	-	3160
Charge for the year	344	1	345
Disposals	(104)	-	(104)
As of 31 December 2010	3 400	-	3 401
<b>Net book value</b>			
As of 1 January 2010	991	-	991
As of 31 December 2010	930	26	956

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### 4. DEFERRED TAX LIABILITY AND ASSET

Deferred tax assets and liabilities as at 31 December 2010 and 2009 are attributable to the items detailed in the table below:

In thousands of euro

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Property, plant and equipment	-	-	(908)	(981)	(908)	(981)
Inventories	314	298	-	-	314	298
Receivables	687	386	-	-	687	386
Provision for employee benefits	439	409	-	-	439	409
Deferred tax assets / (liabilities)	1 440	1 093	(908)	(981)	532	112
Set off of tax	-	-	-	-	-	-
Net deferred tax	1 440	1 093	(908)	(981)	532	112

The deferred tax liability/asset as at 31 December 2010 has been calculated using a tax rate of 19% (2009: 19%).

### 5. INVENTORIES

In thousands of euro

	2010	2009
Spare parts and supplies	2 505	2 546
Provision for slow-moving items	(1 653)	(1 571)
	852	975

## 6. TRADE AND OTHER RECEIVABLES

In thousands of euro	2010	2009
Trade accounts receivable	14 964	12 606
Provision for bad and doubtful debt	(4 996)	(3 016)
Advances to suppliers	389	113
Value added tax receivable	502	421
Other receivables and prepaid expenses	244	263
	11 113	10 387

## 7. CAPITAL AND RESERVES

### Issued capital

Following the separation of the Czech and Slovak Air Traffic Services on 1 January 1993 the State contributed as capital net assets of 8 579 thousand euro and made subsequent cash contributions of 7 347 thousand euro. With the transformation of the Enterprise from a budget contributory organization to a state owned enterprise on 1 January 2000, statutory funds amounting to 17 615 thousand euro were capitalized, thereby increasing the issued capital to 33 541 thousand euro.

Issued capital was increased in 2002 by the transfer of 5 066 thousand euro from other capital funds. The increase in issued capital was approved by the Supervisory Board on 28 August 2002. In 2006 and 2007 no changes occurred. In 2008, the issued capital was increased by the transfer of 12 193 thousand euro from other capital funds as approved by the Supervisory Board on 29 April 2008. As at 31 December 2008, the Issued capital was 50 801 thousand euro.

The Enterprise transferred land close to Sliač to Ministry of Defence reward-free during 2009. As this land was a non-monetary contribution to share capital, this transfer in amount of 21 thousand euro represents decrease of share capital.

In 2010 the Enterprise additionally transferred property indis-severable from the transferred land also reward free. As this property was a non-monetary contribution to share capital, this transfer in amount of 34 thousand euro represents decrease of share capital. The Enterprise has proposed a change of share capital to Commercial register. As at 31 December 2010, the issued capital amounts to 50 746 thousand euro.

### Other capital funds

Other capital funds consist of Fund for expansion and Statutory fund. The Minister of Transportation, Post Offices and Telecommunications decided on 12 May 2010 to transfer to fund for expansion an amount of 1 107 thousand euro from 2009 profit (profit as presented in statutory financial statements prepared in accordance with the Slovak Act on Accounting). The remuneration of the Supervisory Board represented the amount of 22 thousand euro. The remuneration was paid during 2010. Transfer to social fund out of profit for the year ended 2009 was 570 thousand euro. Movements in other capital funds represent movements in statutory funds based on Slovak accounting framework. As at 31 December 2010, other capital funds were 6 464 thousand euro.

### Legal reserve fund

The increase in legal reserve fund in amount of 89 thousand euro was approved by the Minister of Transportation, Post Offices and Telecommunications on 12 May 2010. As at 31 December 2010, the legal reserve fund amounted to 1 684 thousand euro. This reserve fund is not available for distribution and should only be used as a reserve against future losses arising from business activities.

## 8. PROVISION FOR EMPLOYEE BENEFITS

In thousands of euro	2010	2009
Present value of retirement benefits	2 154	2 154
out of that short-term part	546	546
out of that long-term part	1 608	1 608

The Enterprise did introduce new benefit for the first time in Collective agreement valid for 2005. It is understood by the Enterprise and employees that the benefit is transitional for the period before new legislation on retirement of air traffic controller (ATCO) become valid. Moreover the new benefit is contingent on the agreement between the employee and the Enterprise. Therefore it does not create constructive obligation. The liabilities, past service and current service costs for this benefit have been therefore calculated only for periods until the expected introduction of new legislation.

Movements in provision for retirement benefits:

In thousands of euro	2010	2009
As of 1 January	2 154	1 944
Interest costs	22	35
Current service costs	446	628
Actuarial (gains) / losses	252	(249)
Benefits paid	(565)	(204)
As of 31 December	2 309	2 154

Actuarial loss (252 thousand of euro) is caused mainly by a change of discount rates (1.4 % - 5.2 % in 2010 derived from interests of AAA state bonds increased by a spread; 1.3 % - 6.1 % in 2009) and by a change of estimated future payroll growth (in connection to predicted inflation according to National Bank of Slovakia 2.6 % in 2010; 2.5 % in 2009).

Under collective agreements with employees, the Enterprise pays to employees certain retirement benefits. Each employee, who has been employed with the Enterprise for 5 years or less, is eligible for a retirement benefit of 1 average monthly salary and, if employed for more than 5 years this amount increases to 4 times the monthly salary. For the employees with ATCO licence this benefit is increased to 24 times of the monthly salary.

## 9. TRADE AND OTHER PAYABLES

In thousands of euro	2010	2009
Trade accounts payable	5 398	1 457
Salaries, wages and social security payable	2 453	1 588
Employee income taxes	514	357
Social fund	776	550
Other payables and accrued expenses	1 031	1 287
	10 172	5 239

Based on collective agreements with employees, the Enterprise operates a defined contribution plan for endowment insurance of employees from the social fund. It was agreed with the insurance enterprise that the minimum amount contributed by the Enterprise should not be lower than 100 euro per annum per employee. In 2010, the Enterprise contributed to the employees' endowment insurance an amount of 343 thousand euro (2009: 347 thousand euro). In 2010, the Enterprise also contributed from the social fund to the employees' supplementary pension insurance an amount of 18 thousand euro (2009: 15 thousand euro).

## 10. PERSONNEL EXPENSES

In thousands of euro	2010	2009
Wages and salaries	19 507	18 385
Legal social insurance	4 369	4 116
Supplementary pension insurance	1 126	457
Provision for retirement benefits	842	211
Social fund expense	570	237
Remuneration of the Supervisory Board and Directors	255	345
Retirement benefits	85	96
Additional contribution to social fund	27	725
Other personnel expenses	410	163
	<b>27 191</b>	<b>24 735</b>

The average number of employees during 2010 was 473 (2009: 471) including 3 directors (2009: 3).

There was an additional contribution to the social fund from profit 2009 (profit as presented in statutory financial statements prepared in accordance with the Slovak Act on Accounting) in the amount of 570 thousand euro based on the decision of Ministry of transport, post and telecommunications dated 12 May 2010.

## 11. OTHER OPERATING EXPENSES

in thousands of euro	2010	2009
EUROCONTROL membership fees (see below)	2 917	2 723
Insurance	2 798	2 795
Other services	816	644
Telecommunications costs	1 098	1 208
Meteorological services	1 549	1 492
Provisions and write-offs of bad and doubtful debts	2 228	444
Repairs and maintenance	1 122	984
Advisory, audit	401	479
Material consumption and energy supplies	1 427	1 248
Travel	486	462
Rent of premises	457	517
Training	420	330
THALES (service)	244	244
Maintenance fees for technical software	383	383
State air traffic inspection	308	316
Provision for spare parts	82	103
CAA	989	373
Other operating expenses	232	490
	<b>17 957</b>	<b>15 235</b>

EUROCONTROL membership fees represent an annual contribution of the Slovak Republic (as a Contracting State) to the EUROCONTROL budget calculated in proportion to the value of its Gross National Product (initial 30 %) and to the value of the route facility cost-base (further 70 %).

Advisory and audit include also audit fees under IFRS done by KPMG Slovensko in the amount 30 thousand euro (2009: 30 thousand euro). The Enterprise is subject to statutory audit which is done by BDR (2010: 29 thousand euro; 2009: 29 thousand euro). KPMG Slovensko provides also audit of the Cost allocation system in the amount 30 thousand euro (2009: 30 thousand euro) and other advisory services in the amount 58 thousand euro.

## 12. NET FINANCING INCOME

In thousands of euro	2010	2009
Interest income	41	62
Interest expenses	(14)	(15)
Net foreign exchange losses	1	(10)
Total financing expenses	(13)	(25)
Net financing costs	28	37

## 13. INCOME TAX EXPENSE

In thousands of euro	2010	2009
Current year tax expense	(615)	(520)
Deferred tax income / (expense)	420	306
Total income tax expense in income statement	(195)	(214)

Income taxes have been provided for at a rate of 19 % (2009: 19 %) of taxable income based on Slovak accounting and tax regulations and deferred tax at a rate of 19 % (2009: 19 %). The difference between the Enterprise's effective and the corporate tax rates is a result of permanent and temporary differences arising from the inclusion of certain revenue and expense items in the accounting income that are not included in the calculation of taxable income. Reconciliation between accounting income and taxable income is as follows:

In thousands of euro		2010		2009
Profit before tax		415		1 172
Income tax using the prevailing corporation tax rate	19%	(79)	19%	(223)
Non-deductible expenses	485%	(2 014)	135%	(1 582)
Non-taxable income	-221%	918	-109%	1 281
Temporary differences	-236%	980	-26%	310
	47%	(195)	18%	(214)

## 14. RELATED PARTY TRANSACTIONS

During the year ended 31 December 2010, the Directors of the Enterprise and members of the Supervisory Board received wages and salaries amounting to 1 174 thousand euro (2009: 961 thousand euro) and 308 thousand euro (2009: 319 thousand euro), respectively.

## 15. COMMITMENTS

### Capital commitments

As of 31 December 2010, the Enterprise has entered into purchase agreements for property, plant and equipment totalling approximately 31 337 thousand euro (2009: 35 480 thousand euro). Out of this amount 26 887 thousand euro relates to the construction of the new building.

**Lease obligations**

The Enterprise leases for office and warehouses spaces based on the contracts with the minimum cancellation period of six months. The minimum annual lease payments are 480 thousand euro (2009: 530 thousand euro).

**Endowment insurance for employees**

Based on a frame agreement for capital life insurance, the minimum obligation of the Enterprise as an employer is to contribute from the social fund 100 euro for each employee per annum.

**16. FINANCIAL INSTRUMENTS**

Exposure to credit and foreign currency risks arises in the normal course of the Enterprise's business.

**Credit risk**

The Enterprise has potential credit risk exposures for trade receivables and cash investments. The exposure to credit risk with regard to trade receivables is not concentrated due to a large customer base. Adequate provision is made for doubtful debts. The Enterprise's cash balances are deposited with international banks operating in Slovakia. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**Foreign currency risk**

The Enterprise is not exposed to foreign currency risk as majority of transactions are in euro, the functional currency.

**Liquidity risk**

The Enterprise maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The table shows assets and liabilities by remaining contractual maturity.

In thousands of euro	2010			Total
	1 year or less	1 - 5 years	More than 5 years	
<b>Assets</b>				
Trade and other receivables	11 113	-	-	11 113
Cash and cash equivalents	18 511	-	-	18 511
<b>Equity and liabilities</b>				
Provision for employee benefits	(343)	(601)	(1 365)	(2 309)
Other non-current liabilities		(293)	-	(293)
Corporate income tax	(60)	-	-	(60)
Trade and other payables	(10 172)	-	-	(10 172)
<b>Net position</b>	<b>19 049</b>	<b>(894)</b>	<b>(1 365)</b>	<b>16 790</b>

	2010			
In thousands of euro	1 year or less	1 - 5 years	More than 5 years	Total
<b>Assets</b>				
Trade and other receivables	10 387	-	-	10 387
Corporate income tax	151	-	-	151
Cash and cash equivalents	15 500	-	-	15 500
<b>Equity and liabilities</b>				
Provision for employee benefits	(546)	(412)	(1 196)	(2 154)
Other non-current liabilities		(170)	-	(170)
Trade and other payables	(5 239)	-	-	(5 239)
<b>Net position</b>	<b>20 253</b>	<b>(582)</b>	<b>(1 196)</b>	<b>18 475</b>

#### Fair values

The carrying value of financial instruments (cash and cash equivalents, receivables, payables) approximates their fair value.

### 17. INFORMATION ON EVENTS OCCURING BETWEEN THE BALANCE SHEET DATE AND THE DATE OF PREPARATION OF FINANCIAL STATEMENTS

No subsequent event occurred after 31 December 2010 that would have a material impact on the true and fair presentation of facts subject to the bookkeeping.

## Acronyms and abbreviations

ACC	Area Control Centre
AIM	Aeronautical Information Management
AIP	Aeronautical Information Publication
AIS	Aeronautical Information Service
ALERFA	Alert Phase
AMM	Assistant Message Management
APP	Approach Control Unit
ATM	Air Traffic Management
CAA	Civil Aviation Authority
CNS	Communication, Navigation Surveillance
DAAS	Division of Airport and Approach Services
DERS	Division of En-route Services
DETRESFA	Distress phase
DLPS	Division of Air Traffic Services
DTZL	Division of Technical Provision of ATS
ELT	Emergency Locator Transmitter
ELT	Emergency Locator Transmitter
ES	Executive Supervisor
EUR	European Currency
EUROCONTROL	European Organisation for the Safety of Air Navigation
FDO	Flight Data Operator
FIC	Flight Information Centre
IBAF	Integrated Briefing Automated Facility
IFR	Instrument Flight Rules
INCERFA	Uncertainty Phase
JAR	Joint Aviation Requirements
LZIB	Bratislava Airport
LZKZ	Košice Airport
LZPP	Piešťany Airport
LZSL	Sliač Airport
LZTT	Poprad Airport
LZZI	Žilina Airport
MDVRR SR	Ministry of Transport, and Regional
OJT	On-the-job training
RCC	Rescue Coordination Centre
SAF	Safety
SATM	Specific occasion in ATM
TMA	Terminal control area
TWR	Tower or Aerodrome Tower
TZL	Technical Provision of Air Traffic Services
VFR	Visual Flight Rules

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