The picture on the cover: As part of the project Construction of the second track in Skrīveri – Krustpils section, building of a new bridge was commenced to replace the former one, built in 1860. Putting it into operation is foreseen in May 2013.
the picture on the cover: as part of the project Construction of the second track in Skrīveri – Krustpils section, building of a new bridge was commenced to replace the former one, built in 1860. Putting it into operation is foreseen in May 2013.
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THE RESULTS OF THE YEAR ARE GOOD

THE STATE JOINT STOCK COMPANY LATVIAN RAILWAY REACHED A RECORD-HIGH PROFIT OF 25.8 MILLION LATS IN THE REPORTING YEAR

The Latvian Railway (LDz) concern not only reached a record high freight transportation amount figure in 2012 by carrying 60.6 million tonnes of freight, but also a record high profit by earning 25.8 million lats, which contributed to a 35.2% or 6.7 million lats more than the previous year.

POSITIVE EVALUATION

The audited annual report of LDz bears evidence that apart from the increase in profit and turnover, the consolidated income of the concern increased by 4.8%, reaching 334 million lats last year and the profitability of LDz own funds increased to 11.8%. LDz paid 81.3 million lats in tax into Latvia's budget in 2012, including 39.2 million lats in social tax.

Both the government of the Republic of Latvia and the shareholder, positively assess the accomplishment of the company in general, however, we cannot stop at our achievement – the infrastructure upgrade projects which have been commenced must be accomplished, and the logistics systems must be upgraded in an attempt to reach even farther logistics centres in the East, and the planning and development of new container transport routes must be implemented.

The operational and financial results of Latvian Railway confirm that the reforms implemented at the company, the investment and the strategy used have been correct and justified. LDz serves as a good example to prove that Latvia can successfully export its services, thus contributing to the development of the economy.

LDz has been a stable leader of the transportation business by the amount of freight carried per kilometre since 2005, acquiring an even larger market share last year. Most of the freight carried by LDz comes from the main cooperation partners of the company in Russia and Belarus, as well as in Kazakhstan and Lithuania.

Last year was really successful to us and this success was a result of several years of purposeful work. The calculations of the Ministry of Transport bear evidence that the economy of Latvia gains approximately 10 lats from each tonne carried by LDz and therefore we can be content that the economy of our country gained approximately 600 million lats from the amount of cargoes carried last year, when the practically impossible was achieved in the area of freight transport.

Oil products and coal traditionally constitute the largest proportion of cargoes. These two types of cargoes make up more than two thirds of all cargoes. They are followed by mineral fertilisers, chemicals, metals, ores and grains.
MORE INVESTMENT IN THE UPGRADE OF INFRASTRUCTURE

The largest investment into the development of LDz since 2007, amounting to 86 million lats, was performed last year. This investment became the basis for the achievements of the last year and future development, and therefore LDz will continue an extensive investment programme with the objective of raising the throughput capacity of the railway, the security of transportation and, thus, the competitiveness of the company. The government does not participate in the co-financing of railway infrastructure maintenance, which is why raising the competitiveness of the company is a serious challenge to LDz. The intensive investment programme will serve as a serious contribution to raising competitiveness on an international level. Therefore investment of the largest proportion of the profit into the development of railway infrastructure is crucial.

The financial results of 2012 can serve as an excellent precondition for the implementation of the investment programme. The investment programme of Latvian Railway provides for an investment amounting to 317.6 million lats until 2015, which is a great challenge to our company. The financial results of 2012 give rise to a justified hope that the program will be implemented.

NEW PROJECTS HAVE BEEN COMMENCED

Last year LDz commenced several significant railway infrastructure development projects. One of the largest projects is the construction of the second railway track in the section Skrīveri – Krustpils, which is worth 65 million lats. The project will considerably improve the throughput capacity and traffic security – the trains will be able to use parallel tracks in both directions instead of using the same track as previously. The project of the marshalling yard upgrade at Šķirotava station was also commenced. As a result of the implementation of the project, the processing of wagons and formation of trains will be increased by 30% daily, resulting in more than 3,000 wagons being processed daily. A project aimed at the development of the left bank of the River Daugava was also commenced during the reporting year. The modernisation of the signalisation and communication system at the station Bolderāja – 1, as well as the construction of a new Bolderāja – 2 station is planned within the framework of this project.

While planning LDz development and the future growth of the company, LDz has come to an agreement with the Latvian Rail and Transport Industry Trade Union, providing for considerably more favourable work conditions to its employees. Being aware that in the labour market LDz is involved in fierce competition, not only with Latvian, but also European employers, we understand the necessity to invest in our employees – since a good employee is a loyal employee, who feels secure about its future, an employee, who feels allegiance with the company and who feels expected there. This might be the reason why the residents of Latvia have ranked LDz as the holder of 3rd position in the top of the most desired employers of the transport and logistics sector.

2012 was not an easy year for us, but it was inspiring, as we had a lot of work. The current throughput capacity of the railway in Latvia is 65 million tonnes of cargo annually, while in 2012 we carried 60.6 million tonnes. We plan our future, and our investment in infrastructure provides the actual basis for the increase in throughput capacity to 85 million tonnes per year.

It is important for us to prove that we are able to contribute to Latvia much more by developing and upgrading the railway network. This achievement is possible and we would like the public to understand – if we build railway tracks, if we electrify the railway, we do it in the interests of the state and the people of Latvia.

UGIS MAGONIS,
President of the State Joint Stock Company Latvian Railway
MISSION  VISION  VALUES

MISSION
TO ENSURE THE MANAGEMENT OF THE RAILWAY INFRASTRUCTURE AND RAILWAY TRANSPORT IN THE INTERESTS OF THE ECONOMY OF LATVIA

VISION
TO BECOME A PROGRESSIVE, SAFE AND EFFICIENT RAILWAY COMPANY

VALUES
COMPETENCE. RESPONSIBILITY. SECURITY. INITIATIVE. COOPERATION
STATE JOINT STOCK COMPANY
LATVIJAS DZELZCEĻŠ

LEADING COMPANY:
State Joint Stock Company Latvian Railway ensures the maintenance of railway tracks, control of train traffic, operation of railway stations, real estate management services, hiring of rolling stock, distribution and sales of electricity, information technology and electronic communication services.

STATE JOINT STOCK COMPANY
LATVIJAS DZELZCEĻŠ

LDZ CARGO Ltd
LDZ RITOŠĀ SASTĀVA SERVISS Ltd
LDZ INFRASTRUKTŪRA Ltd
LDZ APSARDZE Ltd
JSC LATRAILNET

LDZ CARGO logistika Ltd

SUBSIDIARIES:
LDZ Cargo Ltd
Subsidiary:
LDZ Cargo Logistika Ltd
LDZ infrastruktūra Ltd
LDZ ritošā sastāva serviss Ltd
LDZ apsardze Ltd
JSC LatRailNet

deals with domestic and international rail freight transportation, loading, unloading and storage of cargoes, management of warehousing facilities, organises international passenger transport.

a subsidiary of LDZ Cargo Ltd dealing with the attraction of new freight flows and the facilitation of rail cargo transport between European and Asian countries and the provision of forwarding services.

deals with the construction of railway tracks and the major overhaul thereof.

deals with the repair, equipping and upgrading of locomotives and railway cars.

provides security services to the companies of Latvian Railway, as well as private individuals, companies, public organisations, state institutions and municipalities.

determines the charge for the use of railway infrastructure, distributes the capacity of the railway infrastructure and takes decisions regarding the assigning of the trains of a particular carrier.
AREAS OF OPERATION

THE OBJECTIVE AND TASKS
OF THE ANNUAL REPORT

The annual report summarises the information on the operations of the State Joint Stock Company Latvian Railway and the companies of the group: LDZ infrastruktūra Ltd, LDZ ritošā sastāva serviss Ltd, LDZ apsardze Ltd, LDZ Cargo Ltd and a subsidiary LDZ Cargo Ltd Logistika, the Joint Stock Company LatRailNet in 2012.

STRATEGIC OBJECTIVES
OF THE COMPANY

- To ensure the throughput capacity of the railway in the amount of up to 85 million tonnes of freight annually in accordance with the demand in the medium term (up to 2015);
- To ensure the competitive level of the costs of railway infrastructure services;
- To ensure the level of railway infrastructure services in accordance with the demand of the carriers.

By implementing these objectives, Latvian Railway not only helps the economy of Latvia, but also provides a considerable contribution to the development of the Baltic region, resulting in economic and social gain to other European countries.

Latvian Railway is one of the oldest railway transport companies in Latvia and has been operating for more than 93 years, whereas the railway tracks have existed for more than 150 years in the territory of Latvia.
the history of railway in Latvia dates back to 1860, when the railway line St. Peters-
burg – Warsaw was constructed. This railway line crossed the territory of Latvia as well. Until 1918 the railway in Latvia was the final section of Russian railway routes.

In November 1918, after the proclamation of the Republic of Latvia, the management of railways in the territory of Latvia was devolved to the Ministry of Transport and Labour. The ministry commenced the establishment of a national railway company. On 5 August 1919 the Railway Central Administration, which managed the company Latvian State Railways up to 1st September 1940, commenced its operations.

World War II and its consequences considerably altered the development of railways in Latvia. Railway primarily served the needs of the army and became the symbol of deportations at the end of the war.

After the World War II Latvian Railway was renewed as an institution subject to the Ministry of Transport of the USSR. It was later renamed Baltic Railway. As a result of the restoration of the post war damages, the railway in Latvia obtained features characteristic of the Soviet railway and it was included into the unified railway network of the USSR. The liquidation of wartime damage continued until the 60s of the XX century.

The volume of transport kept increasing every year during the Soviet period. Freight transport retained its priority position. Regular passenger transport to Moscow, Leningrad (currently St. Petersburg), Minsk, Kiev, Kharkov and other cultural and industrial centres of the USSR was established, while direct transport communications to Europe were terminated.

The taking over of railway structures from the Soviet Union was commenced after 1991 on the basis of the Riga and Daugavpils railway divisions of Baltic Railway and other Baltic railway companies located in the territory of the Republic of Latvia. The state owned company Latvian Railway commenced its operations on 2 September 1991. On 10 November 1993 it was transformed into the State Joint Stock Company Latvian Railway. In the time period from 2005 until 2007 the operational areas of the State Joint Stock Company Latvian Railway were redistributed in accordance with the requirements of the European Union, as a result of which a concern with five subsidiaries was gradually developed. Each of the companies have their own management and administration system, which is closely related to the parent company in solving strategic and conceptual issues, but autonomous in taking professional decisions on budget planning and management in their area.
BOARD

Uģis MAGONIS  Chairman, president
Aivars STRAKŠAS  Board member, vice president on financial issues
Ēriks ŠMUKSTS  Board member, vice president on technical operation issues
Edvīns BĒRZIŅŠ  Board member, vice president on real estate, administrative and legal issues

CHARACTERISTICS OF OPERATIONS

LDz manages, maintains and develops railway infrastructure in Latvia and supervises the operation of its subsidiaries. LDz ranks among the largest state owned companies in Latvia and forms the transit backbone of the country. It ensures the maintenance of railway tracks, control of train transport, operation of railway stations, real estate management services, hire of rolling stock, distribution of electricity, provision of information technology and electronic communications services.

LDz manages 1,859.2 km of railway tracks, 729 bridges, 152 stations (70 of them are open to cargo operations), 557 railway crossings in the territory of Latvia.

Thanks to the thoughtful and successful implementation of its operations and tasks, Latvian Railway annually pays around 80 million lats in tax into the state budget.

Latvian Railway also provides long term employment possibilities to almost 12,000 employees or 1% of the residents of Latvia of productive age.

The company is the largest payer of social and personal income tax into the state budget. In 2012 the company paid 81,322,102 lats in tax, including 39,208,434 lats – into the social tax budget and 22,421,751 lats – into the personal income tax budget.

In 2012 Latvian Railway was included in the silver category of Sustainability Index for the second consecutive year. The silver index is granted to those companies, the development of which conforms to the requirements of the Sustainability Index in the amount of 60% to 79.9%. It is received by those companies that purposefully operate to implement the efficient involvement of influential audiences and to introduce processes for efficient risk identification and management. Only 29 companies in Latvia have received such an assessment. The Sustainability Index award is granted by the Latvian Free Trade Union Association and the Employers’ Confederation of Latvia.

According to the data of the Top 101 Most Valuable Latvian Companies, Latvian Railway was assessed as the fourth most valuable company in the country. The calculated value of the company corresponds to 459.17 million lats. The assessment of the financial operation of Latvia’s companies that is jointly performed by the IBS Prudentia investment banking company, the NASDAQ OMX Riga stock exchange and Lursoft IT serves as the basis for the TOP.
INFRASTRUCTURE SERVICE

Infrastructure use for cargo transportation, th.tkm
- 2010: 10,625
- 2011: 12,631
- 2012: 13,126
- 2013P: 11,255
- 2014P: 12,287
- 2015P: 12,813

Infrastructure use for passenger transportation, th.tkm
- 2010: 6,292
- 2011: 6,397
- 2012: 6,289
- 2013P: 6,279
- 2014P: 6,314
- 2015P: 6,336

Total infrastructure use, th.tkm
- 2010: 17,844
- 2011: 19,861
- 2012: 20,330
- 2013: 18,500
- 2014: 19,500
- 2015: 20,000
INFRASTRUCTURE
DEVELOPMENT PROJECTS

DEVELOPMENT OF RAILWAY INFRASTRUCTURE IN EAST – WEST TRANSIT CORRIDOR (2012)

Legend

6,5/9  existing carrying/throughput capacity (with regard to removal rate)
( million tons freight direction/train pairs in twenty-four hours)

4,9/3  actual carried freight in 2012
( million tons in both directions/train pairs in twenty-four hours)

25%  throughput capacity reserve

Note

* number of trains agreed with neighbouring states according to their railway capacity
RECONSTRUCTION OF THE MARSHALLING HUMP OF ŠĶIROTAVA STATION

Šķirotava station is one of the most significant railway hubs in Latvia, as an average of 2,000 wagons are sorted daily at the marshalling hump of this station. The upgrade of the Šķirotava hump will enable increasing of train processing capacity to 3,500 cars daily. Most of the trains for the main terminals of the Freeport of Riga are formed at the station. However, technologically the hump is very obsolete, for instance, while forming the trains and braking the cars at the last braking point thereof, the braking is performed by the railway personnel, by placing special brake shoes under the wheels. After the completion of a large scale construction and the upgrade of information systems, the braking of railway cars will not be performed by using the brake shoes. It will be done automatically using the technologies of Siemens and Sona Technologies. The agreement on the performance of reconstruction works was concluded in 2012. The technical project will be approved in 2013. The commencement of the construction works is planned in 2013 and the completion of the works – in 2015. The reconstruction of the marshalling hump will cost 27.9 million lats. 4.82 million lats will be covered by the state, 16.66 million lats will be co-funded by the EU Cohesion Fund, while 6.22 million lats will be funding provided by Latvian Railway.

THE DESIGNING AND RECONSTRUCTION OF THE MARSHALLING HUMP OF ŠĶIROTAVA STATION INCLUDES:
- reconstruction and ordering of the rail track infrastructure of the hump,
- increasing the height of the marshalling hump,
- reconstruction of the platforms and lighting of the hump,
- replacement of the control system and its infrastructure,
- replacement of the telecommunications system,
- reconstruction of the power supply system,
- introduction of environmental protection measures,
- incorporation of the object into the existing infrastructure.
THE DAUGAVA LEFT BANK RAIL INFRASTRUCTURE DEVELOPMENT PROJECTS IN RIGA

In June 2012 Latvian Railway commenced the implementation of the project for the development of the railway infrastructure on the left bank of the River Daugava, co-funded by the European Union Cohesion Fund. The Riga development plan provides for the relocation of port terminals in Riga from the right bank of the River Daugava to the left, thus relieving the centre of the city and raising the capacity of the port. The project aims at the development of the railway infrastructure on the left bank of the River Daugava, i.e. the upgrade of signalling, telecommunications and power supply systems in the Bolderāja-1 – Zasulauks section, as well as the construction of a new railway station Bolderāja 2 and the connecting track to the Krievusala terminals. The implementation of the project will additionally positively affect all cargo flow in the Zasulauks – Bolderāja section and cargo flow routes in the Riga railway hub in general, as well as provide opportunities for the further active development of Krievusala infrastructure and ensure improvement in the range of logistics services provided by the Riga transport hub. The project is planned to be completed in 2015. The total costs of the project amount to approximately 43 million lats.

PROJECT IMPLEMENTATION OBJECTIVES:
• To develop railway infrastructure on the left bank of the River Daugava in order to support the moving of the sea, road and rail cargo transport flows from the right bank of the Daugava (the historical centre of Riga and UNESCO World Heritage Monument protection area) to the left bank of the Daugava;
• To ensure (along with the other railway activities) the raising of the capacity of the entire Riga railway hub by upgrading and improving the equipment of the railway hub;
• To raise the turnover of the Riga transport hub. The upgrade and improvement of the Riga railway hub (together with other activities) will ensure the raising of the total capacity of the hub;
• To improve the safety and reliability of railway transport.

RENEWAL OF THE RAILWAY TRACKS IN RAIL BALTICA – 1 CORRIDOR

– Reconstruction/upgrade: northern crossborder section Valmiera – Valka and southern cross border section Jelgava – Lithuanian border. Railway track reconstruction in the Sigulda – Valmiera section. (TEN-T priority project No. 27)

Renewal works of 152 km of the railway track in the Valmiera – Valka, Jelgava – Lithuanian border and Sigulda – Valmiera sections are planned within the framework of the 1st phase of the renewal of Rail Baltica – 1 in order to ensure the speed of cargo trains at 80 km/h and that of passenger trains at 120 km/h. The objective of the project is to maintain a secure railway infrastructure among the Baltic States and, respectively – other European states. Railway renewal works were commenced in 2012 and it is planned that they will be concluded in 2015. The costs of the 1st phase of the renewal of Rail Baltica – 1 amount to 43.5 million euros, including 33.4 million euros funded by the state, 10 million euros – by EU TEN-T co-funding and in addition, Latvian Railway provides its own co-funding, which is approved within the framework of the annual budget.
PERFORMANCE OF RECONSTRUCTION WORKS

Contractor – LDZ Infrastruktūra Ltd.

A total of 37.74 km of railway track were reconstructed in 2012 in the following sections:

- Jelgava – Meitene 16.00 km
- Sigulda – Ligatne 10.46 km
- Ligatne – Ieriķi 9.43 km
- Bāle – Valmiera 1.85 km

Finishing works of the railway track – straightening and levelling of the last three sections must be performed in spring 2013.

In 2013 the reconstruction of railway track in the following sections is planned:

- Jāņmuiža – Lode, 7.16 km;
- Jelgava – Meitene 16.40 km;
- Lode – Bāle – Valmiera 13.74 km.

The assembly of rail track panels is planned within the framework of the reconstruction works of 2013.

The basic materials of the rail track – rails, railway ballast and reinforced concrete sleepers – are delivered pursuant to separate delivery agreements. 152 km of rails have been delivered for the entire amount of the planned reconstruction. The supplies of the ballast and sleepers will continue in 2013.

CONSTRUCTION OF THE SECOND TRACK IN SKRĪVERI – KRUSTPILS SECTION

One of the most significant projects aimed at ensuring regular transport flow is the construction of the second track in the Skrīveri – Krustpils section. It is the most heavily loaded railway section with insufficient throughput capacity and intensive traffic.

Construction of new railway track in Skrīveri – Koknese and Koknese – Pļaviņas section was performed in 2012, as well as station and platform reconstruction works at the following stations: Skrīveri, Aizkraukle, Koknese, Pļaviņas, Krustpils and at the stop Muldakmens, here the culverts and small bridges were renewed and built. The construction works of the railway bridge over the River Aiviekste were commenced – four pillars were built and the span of the bridge was constructed.

The objective of railway track construction is to increase the capacity of the section in order to ensure regular and safe traffic flow to the Port of Riga and more efficient cargo transit in the East – West corridor. It is planned that the construction works will be completed in 2014. The total costs of the project amount to 65.53 million lats. 70% of the funding was granted by the European Union Cohesion Fund, while 30% of the costs are covered by Latvian Railway.
ELECTRIFICATION OF THE RAILWAY

Currently 257.4 km of the total 1,859.2 km of the railway tracks managed by Latvian Railway are electrified. Electrified railway tracks are situated on the following routes: Riga — Jelgava, Riga — Skulte, Riga — Tukums and Riga — Aizkraukle. The Minister of Transport has also emphasized several times, that electrification of the railway is the option to be chosen in order to retain the competitiveness of Latvian Railway among other railway companies. Electrification of the railway is an environmentally friendly solution, which would reduce the proportion of harmful emissions (CO₂) into the environment even more. The electrification of the railway would also raise the efficiency of operation. As the prices of diesel fuel have grown recently and the availability of this resource decreases, the electrification of the railway lines could become the economically viable and prudent solution.

The objectives of the planned project include the raising of efficiency of operation and the competitiveness of the railway corridor in comparison with the competitors in neighbouring countries, as well as a considerable reduction of the negative effect on the environment caused by the trains. Within the framework of the project the preliminary research was performed in 2011. Meanwhile in 2012, Latvian Railway participated in the project selection announced by TEN-T and received funding amounting to 1.4 million euros for the development of preliminary design of railway electrification. The completion of the sketch project is planned in 2014. The total sum required for the completion of the electrification project amounts to 549 million euros (385.84 million lats). It is planned that the electrification of the railway will be implemented from 2015 until 2022.
REAL ESTATE MANAGEMENT

Latvian Railway supervises the maintenance and upgrade of the servicing premises at the stations, platforms, overhangs, a series of buildings and constructions of lesser importance, as well as the protective zone of the railway and the territories adjacent to the stations and the prompt performance of repair works at the objects. The company also owns and leases premises and buildings. Latvian Railway owns 3,031 objects with a total area of 1,340,969 m². The target of object management is to raise the efficiency of the real estate management by searching for solutions for the reduction of maintenance costs, rationalisation of work and optimisation of the personnel involved in management.

REGULAR REPAIRS OF BUILDINGS AND CONSTRUCTIONS

232 buildings and constructions have been repaired in accordance with the itemised list of regular and extraordinary repair works of buildings and constructions to the total sum of approximately 2,700,000 lats.

MOST SIGNIFICANT MAJOR REPAIRS OF BUILDINGS AND CONSTRUCTIONS

- Reconstruction works of the Šķirotava wagon regular repair point, to the sum of 214,000 lats, have been completed and the renovation works of the reinforced concrete field of the Ventspils wagon technical inspection point and the wagon regular repair point have been commenced to the value of almost 72,000 lats;
- Renovation of the Latvian Railway History Museum building for almost 330,000 lats has been completed;
- Reconstruction works of the engineering communications of Šķirotava station hump to the value of 120,000 lats;
- Installation of passenger overhangs at the railway stations, without passenger waiting rooms. Twenty overhangs to the total value of 69,000 lats have been purchased and installed;
- Reconstruction works at the railway station building in Ventspils to the value of 73,000 lats have been commenced;
- One of the most significant priorities of major repair works involves measures aimed at saving of thermal energy. The largest objects: heating mains, reconstruction of the heating manifold and heating system in the building on Kaļa iela, Riga, as well as the replacement of the heating type for the Track distance administration building in Riga;
- Eleven household and warehousing modules to the total value of 82,000 lats have been purchased for the needs of Latvian Railway structural units.
RECONSTRUCTION OF PASSENGER STATIONS

In February 2012 the agreement with BELAM RīGA company was concluded regarding the reconstruction of the audio/video notification system at Riga Central Passenger Terminal. New cable lines with optic cables and electricity supply to the platforms have been built within the framework of the project; new railway timetable displays on the platforms, in tunnels and in the terminal building have been installed. New lighting posts with LED lamps have been installed. In order to ensure the operation of the notification system, two system control centres with backup workplaces have been developed.

The putting of the system into operation is planned in 2013.

COMMERCIAL ACTIVITY

LEASE OF PREMISES AND LAND

More than 300 lease agreements on premises, land and other fixed assets were administered. 226 agreements and amendments thereof have been drawn up.

The total revenue collected from the lease of premises, land and other fixed assets amounted to 1,616,161.23 lats.

PROPERTY SALES

27 applications on the further use of real estate and movable property have been reviewed. 11 purchase agreements on selling movable property to the total value of 1,279,300 lats and 2 purchase agreements on selling real estate, including one agreement to the value of 47,700 lats and the other to the value of 1,410,990 lats, including inseparable investment of the lessor in the amount of 952,715 lats, have been signed.

REAL ESTATE REGISTRATION

Organisation of the surveying and the accumulation of the surveying data regarding the state public use railway infrastructure land division; registration of the surveyed land units in the Land Register on behalf of the Ministry of Transport (MOT); exploration of the Latvian Railway buildings and constructions; creation of land property plots and registration thereof in the Land Register; organisation of topographic surveying and accumulation of the surveying data; maintenance of the database of real estate tax objects and administration of the real estate tax; evaluation of municipal territorial planning and preparation of conclusions; review and approval of construction projects; introduction of the SAP module RE (real estate) was performed.

913 ha of land or 50 land plots have been surveyed, meanwhile 93 land units with a total area of 1,428 ha have been registered in the Land Register. Property rights to 49 buildings have been registered in the Land Register on behalf of Latvian Railway.
Railway traffic safety is one of the priority responsibility areas of Latvian Railway. The company takes care of maintenance of railway infrastructure and rolling stock, performance of passenger and cargo transportation in accordance with the highest security standards and the safety of road traffic participants in the proximity of the railway.

In order to enable cargo and passenger transport by the company without exceeding the permissible accident risk levels, Latvian Railway has a specific traffic safety supervision system, which has been developed for decades. The system involves prophylactic inspections, technical audits, the system of technical training and regularity thereof, the principles of the implementation of precise measuring equipment, statistical analysis and evaluation of technical breakdowns and accidents, as well as the integration of the feedback on security aspects and the received results into the existing system, thus constantly improving it.
IMPROVEMENT OF EMPLOYEE QUALIFICATION

In accordance with the notion of safety in the understanding of Latvian Railway, the employees of the company, who are employed in railway professions, are given special attention. The knowledge and skills of railway specialists are periodically examined by the commission, which is created by the employer, and decides on the suitability of the employee for the respective profession and issues or extends the Railway Specialist Certificate. The knowledge of the employees, whose work is directly related to railway traffic, is checked and the work results analysed in order to maximally avoid imprecision or negligence that may cause severe consequences on the railway. Special training simulators have been created for the training of railway traffic controlling personnel. Upon acquiring a practical and theoretical training course these employees are being prepared for thoughtful action in non-standard situations. At the same time, Latvian Railway cares for the professional qualification, training and good work conditions of these people, thus reducing the possibility of “human factor” related accidents to the minimum.

Training of the new employees of Latvian Railway continues in accordance with their profession. Every year the employees attend the training courses organised by the company, which provide information on the security aspects of a particular job and an in-depth insight into the essence and specific nature of their profession.

Upon the assessment of the aspects of traffic accident prevention and the coordination of the action of various services, the amplitude of annual training of rescue services has been expanded pursuant to the initiative of Latvian Railway – the experts of the municipalities and environmental services, National Armed Forces and the State Fire and Rescue Services are involved in this training together with the personnel of Latvian Railway with the purpose of practising coordinated action models.
ACCIDENTS WITH THE INVOLVEMENT OF PEOPLE

By educating and informing people, by gradually limiting access to the railway tracks, by improving and upgrading the railway infrastructure (paying special attention to the equipment of pedestrian and vehicle crossings on the railway and supervision thereof), the number of accidents involving people is being reduced. Through analysis of the reasons, dynamics and trends of every accident, the experts of Latvian Railway are continuously seeking optimum solutions for the reduction and prevention of accidents.

In 2012 seven people were injured and 24 died as a result of accidents on the infrastructure of Latvian Railway. The number of injured people has been reduced more than two and a half times from the figures of 2011, when 25 people were injured in railway accidents. The number of deaths has remained almost unchanged – in 2011 by one person less than in 2012. No children were injured on the railway tracks in 2012.

The statistical data indicate that more accidents happen in the summer and autumn seasons, the majority of the casualties are aged 18 – 30 and 41 – 60, predominantly males. In 2012 as many as 15 (or more than 70%) of the deaths on the railway were males.

In 2012 there were 73 incidents of engine drivers managing to promptly brake the locomotive before hitting the person or vehicle that was crossing the railway.

### RAILWAY ACCIDENTS WITH THE INVOLVEMENT OF PEOPLE IN 2012

<table>
<thead>
<tr>
<th>INJURIES</th>
<th>DEATHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Pedestrians Having Suffered in Accidents</td>
<td>Number of Motorised Vehicle Drivers and Cyclists Having Suffered in Accidents</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
</tr>
</tbody>
</table>

**TOTAL: 33**
TAVS PĒDĒJĀS VILCIENS!

ZAICINI VILI ĻENI!

BREMŽEŠANAS ČEĻŠ - 200m - 2km

TEV IR VIEGLĀK APSTĀTIES!
MEASURES TAKEN FOR THE PREVENTION OF ACCIDENTS WITH THE INVOLVEMENT OF PEOPLE AND THE IMPROVEMENT OF RAILWAY SAFETY:

- An 800 m long fence was built in park A of Daugavpils station;
- Seven pedestrian crossings were reconstructed – pedestrian crossings with labyrinth were installed;
- Repairs of two access roads to platforms and repairs of the stairs at Melluži and Torņakalns stations;
- Repairs of platforms at the stop Jāņavārti and stations Rēzekne – 1 and Sigulda were performed;
- A ramp for people with limited mobility was built at Melluži station.

The placement of informative stands at railway crossings has been commenced in order to inform the drivers or pedestrians about the contacts to address if the crossing is technically damaged or if an emergency situation has arisen.
INTERNATIONAL LEVEL CROSSING AWARENESS DAY

In order to attract the attention of the public and media to the issue of the safe crossing of level crossings, Latvian Railway organised a series of activities in cooperation with the State Police, Road Traffic Safety Directorate and world class motor sports representatives from Latvia on 7 June. International Level Crossing Awareness Day is marked internationally throughout Europe.

On this day Latvian Railway organised a special campaign on the busiest crossings of Riga and Daugavpils. Within the framework of this campaign Latvian Railway and representatives of the State police, together with famous motor sports representatives, urged the drivers of cars, motorcycles, bicycles and pedestrians to observe the regulations while crossing the railway, as well as informed them of the possible consequences of the failure to comply with the regulations. During the campaign, at one of the level crossings in Riga, the representatives of the media participating in the press conference were given the opportunity to observe what happens with a dummy hit by a train.

SAFETY EDUCATION FOR PUPILS

In order to educate the public on safety issues in the proximity of the railway, Latvian Railway pays special attention to school children, which is done with consideration of the fact that the opinions on the norms of behaviour, safety awareness and responsibility for their action is in the formation phase. Educational interactive sessions are organised at the Latvian Railway History Museum several times a month. Pupils can study the safety issues to be observed near the railway during these sessions. The youths gather information both from the stories, examples and situation analysis provided by the lecturers and witty animation films that have been created to provide a better understanding of specific security issues. The block of animation films that is dedicated to the railway safety topic has been created by the Latvian animation film studio Animācijas Brigāde. In 2012 approximately 4,000 young traffic participants from 32 schools participated in the studies of railway safety issues. The safety experts of Latvian Railway organise visiting tours and provide safety classes throughout the entire territory of Latvia.
EDUCATIONAL FILM ON SAFETY

In September 2012, in dedication to the beginning of the new school year, a première of the film Lai Dzīvo Bērni! (Let Children Live!) was released as a result of the cooperation of Latvian Railway, the Road Traffic Safety Directorate, the electricity company Latenergo, Latvijas Valsts Meži (Latvian State Forests) and Latvijas Gāze, a natural gas operator. The work, which lasts for almost an hour, highlights child safety on the roads, railway, when working with gas and electric devices and while being outdoors in the environment – in the forests and near waters. All the schools of Latvia received the film, and since the end of September, when safety weeks are held at schools, a part of the audience of this film has seen it. Lai Dzīvo Bērni! is the seventh film in the film cycle with the same heading dedicated to the highlighting of safety issues among school children. The director of the new film is Juris PAKALNIŅŠ.

SAFETY GAME FOR YOUTHS ON THE SOCIAL NETWORK

During the autumn holidays of 2012 Latvian Railway offered an interactive game Vilciena Vadītājs (Engine Driver) to the users of the social network draugiem.lv, which is popular in Latvia. The game enables anyone to play the part of an engine driver and try to stop the train upon noticing careless pedestrians. Carelessness is one of the main causes of severe injuries and death on the railway, therefore Latvian Railway used the game to indirectly urge the children and youths to be careful near railways. Approximately 20,000 players got involved in playing the game.
INTERNATIONAL COOPERATION

Latvian Railway develops multilateral cooperation with the leading international organisations of the railway industry and foreign railway operators. The objective of the concern is the development of the Latvian railway network as part of the European railway network and the raising of competitiveness for transportation in the Eurasian transport corridors.

Although Latvia is a member state of the European Union, the largest cooperation partners of Latvian Railway in terms of railway cargo traffic are Russia, Belarus and other Eurasian and Central Asian countries. Latvia has historically created good and close links with these countries. Careful and systematic work is done to maintain these links. Furthermore, this cooperation is facilitated by the common track gauge – 1520 mm, which predetermines active operations of Latvian Railway outside the borders of the European Union – in the eastern direction.

Considering these specifics, Latvian Railway is actively involved in the operation of work groups representing 1520 mm track gauge railway organisations. The most significant of the above are the Railway Transport Council (RTC), the Organisation for the Cooperation of Railways (OSJD), which represents railway companies from 27 countries – the Baltic states, CIS, China, Korea, Vietnam, Mongolia and other Eastern European and Central European countries and the Coordinating Council on Transsiberian Transportation (CCTT). Within the framework of RTC, Latvian Railway is involved in such significant commissions and work groups as various cargo and passenger transportation work groups, the Car Park Authorised Expert Commission and the Railway Transport Information Technology Expert Commission. Meanwhile, within the framework of OSJD, Latvian Railway is actively participating in five commissions and two permanent work groups; the most significant of them – the Transport Law Commission and the Freight Transport Commission.

The representatives of Latvian Railway are actively involved in the work of the leading railway organisations of the European Union in order to ensure that the interests of the company and the country benefit the development of the common European railway area. In order to facilitate its cooperation with the partners, Latvian Railway, along with 82 companies of European states representing railway infrastructure managers and carriers, is a member of the Community of European Railway and Infrastructure Companies (CER). CER represents the interests of its members in the institutions of the EU. Latvian Railway is also an active participant of the International Union of Railways (UIC), which unites 197 railway companies from the five continents of the world. Latvian Railway is a member of several other international organisations of the railway industry – the European Railway Agency (ERA), the International Rail Transport Committee (CIT) and the International Organisation for the Collaboration of Railway Police and Security Services (COLPOFER).
THE MOST SIGNIFICANT INTERNATIONAL EVENTS

On 13 January the president of Latvian Railway Uģis MAGONIS met Siim KALLAS, the European Commissioner of Transport, in order to discuss the progress of the Rail Baltica project, as well as the development of other projects of Latvian Railway, which would require EU support.

On 17 January the session of the Kazakh – Latvian Business Cooperation Council took place in Astana. Representatives of businesses from both countries, including Uģis MAGONIS, the president of Latvian Railway, participated in the session. Both parties expressed their interest in the further raising of the cargo turnover in the Eurasian transport corridor and the development of new transit routes from China and other Asian countries.

On 17 January the meeting of Latvian and Lithuanian delegations took place in Vilnius. During the meeting LDZ Cargo Ltd received part B of the Lithuanian Railway Safety Certificate; meanwhile the Joint Stock Company Lietuvos Geležinkeliai received part B of the Latvian Railway Safety Certificate. This granted rights to both parties to perform the operations of a railway carrier in the infrastructure sections of Latvian Railway and Lietuvos Geležinkeliai.

On 21 March the meeting of the representatives of Latvian and Belarusian railway companies was held in Riga to discuss the topical situation in the area of cargo transportation from Belarus to Latvian ports and Latvian cargo companies, as well as the issue of the use of railway cargo wagons.

On 26 March the work group of OSJD commenced its work in Riga with the aim of developing new standards for the fastening of cargo in cargo wagon of the 1520 mm track gauge system in order to ensure that the new standards within Annex 14 to the SMGS Agreement could take effect in the entire territory covered by the Organisation for the Cooperation of Railways in 2013. Participants from Russia, Belarus, Poland, Lithuania, Kazakhstan and Latvia took part in the work group session.

On 28 March more than 70 delegates from several European railway companies visited Riga for the Meeting of CER Assistants organised by Latvian Railways in order to discuss the legislation of the European Union on the railway industry – the content of the First Railway Package and the Fourth Railway Package, the guidelines of TEN-T (trans-European Transport Network), the differences in railway network and track gauge in Europe, as well as the opportunities offered by the new EU funding source CEF.
From 16 to 20 April the XXVII Session of the Conference of OSJD General Directors was held in Tallinn. The operation results of 2011 and the work programme for 2012 were approved during the session.

On 1 May in order to improve the cooperation with Russian Railway, as well as Russian state and private organisations, Latvian Railway opened its representative office in Moscow.

Two thirds of the cargoes carried by Latvian Railway are transported via the East – West Corridor. Therefore the Open Joint Stock Company Rossiyskie Zheleznyye Dorogi (Russian Railways) is the largest cooperation partner of Latvian Railway. The opening of the representative office will contribute to more successful solutions for topical cooperation issues.

On 2 and 3 May the 56th Conference of COLPOFER was held in Riga. Issues of the development of active cooperation to facilitate passenger and cargo safety by paying special attention to the transportation of hazardous cargoes and the prevention of violations against railway infrastructure, especially metal theft, were discussed at the conference. The new president of the organisation was elected and the action plan of the operations for 2013 was reviewed as well.

From 22 to 24 May the meeting of the regular work groups of RTC on information interaction issues and Infonetwork-21, which is an international railway informational computing network uniting the Russian Federation and the Baltic States, was held in Riga. Delegations from the Russian Federation, Kazakhstan, Belarus, the Baltic States, as well as other member states participated in the meeting of the regular work groups of RTC.

From 30 May to 1 June the VII International Railway Business Forum 1520 Strategic Partnership was held in Sochi, with the main topic Area 1520: A Formula of Growth in a Networked System of Economic and Trade Organisations. Approximately 1,200 managing personnel of railway transport businesses from 30 countries participated in the forum, including participants from 15 EU member states, the USA, Canada, as well as representatives of several international companies and leading world experts of the railway industry.
The representatives of railway administrations from the CIS countries, Estonia and Georgia visited Jūrmala in order to agree on railway transit transportation tariffs for 2013. The agreement on the approval of the tariffs was signed by railway administrations from 14 member states. The annual objective of the conference is to develop coordinated and convenient tariff conditions in order to establish a beneficial environment for the development of transit transportation.

The delegation of Latvian Railway participated in the largest forum of railway industry products and services InnoTrans, which was held in Berlin for the ninth consecutive time. The representatives of Latvian Railway visited the exhibition to find out the opportunities of choosing rolling stock by meeting the representatives of various companies and learning about the products and options offered by them.

The 12th Global Level Crossing Symposium on safety on level crossings was held in London. Security experts of Latvian Railway participated in the symposium together with delegates from 23 other countries. The leading theme of the symposium was Working together to improve safety and performance at level crossings.

The 57th session of RTC was held in Ashgabat, where the delegation of Latvian Railway participated along with the representatives from Azerbaijan, Armenia, Belarus, Bulgaria, Georgia, Estonia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Lithuania, Finland, Tajikistan, Turkmenistan, Uzbekistan and Ukraine. A wide range of issues was included on the agenda of the session, among these the following issues were reviewed – the summary of railway network operation work for 8 months of 2012, train traffic timetable norms for 2013-2014, the use of cargo wagon fleet, the results of wagon and container recording data, tariff policy and the plan of scientific research works on the railway for 2013.

The meeting for the assessment of Russian Railways operation of 2012 was held and the president of Latvian Railway Uģis MAGONIS was invited to participate in the meeting. During his evaluation of international cooperation, the president of Russian Railways Vladimir YAKUNIN commended the relations and cooperation with Latvian Railway, emphasising that Russia is seriously interested in expanding trade in Eurasian markets, as well as in raising railway transit potential.
PERSONNEL

The total workforce of the Latvian Railway concern is 11,818 people in 533 different professions. In 2012 the workforce of Latvian Railway declined by 300 people from 2011. The decline is due to the retirement of long standing employees and the optimisation, modernisation and centralisation of functions. Meanwhile the average gross salary at the company has increased from 716.2 lats in 2011 to 787 lats in 2012.

NUMBER OF LATVIAN RAILWAY EMPLOYEES

<table>
<thead>
<tr>
<th>Company</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>State JSC Latvian Railway</td>
<td>6,873</td>
</tr>
<tr>
<td>LDZ Cargo Ltd</td>
<td>2,659</td>
</tr>
<tr>
<td>LDZ ritošā sastāva serviss Ltd</td>
<td>1,382</td>
</tr>
<tr>
<td>LDZ infrastruktūra Ltd</td>
<td>465</td>
</tr>
<tr>
<td>LDZ apsardze Ltd</td>
<td>408</td>
</tr>
<tr>
<td>AS LatRailNet</td>
<td>26</td>
</tr>
<tr>
<td>LDZ Cargo Loģistika Ltd</td>
<td>5</td>
</tr>
</tbody>
</table>
MOST FREQUENTLY REPRESENTED PROFESSIONS AT LATVIAN RAILWAY

Railway track fitters 8.46%;
Diesel train engine drivers and assistant drivers 7.31%;
Stationmasters on duty 4.56%;
Rolling stock locksmiths 3.29%;
Car inspectors (repairmen) 3.46%

EDUCATION LEVEL

Secondary education 68.64%  
incl. secondary initial vocational education 8.72%,
secondary general education 20.63%,
secondary vocational education 39.29%;
Higher education 21.10%;
Basic education 9.98%  
incl. basic general education 8.33%,
basic vocational education 1.65%;
Lower than basic education 0.28%

AVERAGE EMPLOYEE AGE AND WORK EXPERIENCE AT THE CONCERN

Age 44
Work experience at the concern 14 years
Distribution by Gender

- Women: 64.48%
- Men: 35.52%

Employment by Region

- Riga region: 38%
- Jelgava region: 27%
- Daugavpils region: 10%
- Rēzekne region: 9%
- Ventspils region: 6%
- Other: 10%
DECORATIONS AND AWARDS

Latvian Railway grants awards to the best employees every year, thus evaluating their contribution to the development of the company – for long standing employment, for the prevention and elimination of emergency situations, for lifelong work and for scientific achievement. A special award Dzelzceļa Lepnums (Pride of Railway) is granted for humanity and fellowship. Everyone can nominate their subordinates, superiors and other colleagues for this award for their positive human qualities – a real reason to be proud of. The granting of this award is not only an expression of honour and respect, it is also thanks to the employees of the company for the help and support provided in daily work. Eleven employees received this high award in 2012.

AWARDS GRANTED IN 2012:

- Latvian Railway Decoration – 10
- Latvian Railway award Pride of Railway 2012 – 11
- Latvian Railway Annual Award – 2 (Aija POČA, Project Management Division manager of Latvian Railway and Artūrs PLEŠAUNIEKS, Senior Project Specialist of LDZ infrastruktūra Ltd.)
- Badge For Traffic Safety – 1
- Badge For Long Standing Work – 570
- Valuable award of Latvian Railway (watch with engraving) – 31
- 9 employees were awarded a diploma of the Ministry of Transport in 2012.
FURTHER EDUCATION OF PERSONNEL

The company supports the professional education and improvement of qualification of its employees in the area of railway services – in the programmes of secondary vocational education or professional BA programmes, by partially or fully covering the costs of studies at specialised educational establishments – Riga Technical University, as well as at two technical colleges – Riga State Technical College of Professional Education Competence Centre and Daugavpils State Technical College. In 2012 the company supported further education for 64 of its employees in Latvia and for 21 employees at St. Petersburg State Transport University in the Russian Federation.

GRANTS TO RAILWAY SPECIALTY STUDENTS AND PUPILS

In order to facilitate the prestige of railway related professions, create a positive company image and to improve the practical knowledge and career development of the youths studying in railway transport related programmes, Latvian Railway, in cooperation with the Riga Technical University Development Fund, announced the contest for practical skill training and facilitation grants in May 2012. As a result of the contest the following facilitation grants of Latvian Railway were granted to railway specialty students and pupils for the academic year:

- 8 students of Riga Technical University;
- 8 students of Riga State Technical College of Professional Education Competence Centre;
- 8 students of Daugavpils State Technical College
COMMUNICATION AND CORPORATE SOCIAL RESPONSIBILITY

The communication policy of Latvian Railway is closely related to the business strategy and the objectives of the company. The company implements internal and external communication by using a unified communication platform. The significance of maintaining regular communication in the international business environment, cooperation, integration of company position and strategic future visions and development in the awareness and processes on the national level, active involvement in the development of EU legislation norms, as well as the development of mechanisms for maintaining regular information flow within the company environment are essential cornerstones of Latvian Railway development.

Latvian Railway constantly develops and provides information on the concern by publishing it on the company web page and by developing informative or representational publications about the concern, its operations and topicalities, and gets involved in international and local railway unions and work groups that are strategically significant for the industry. Latvian Railway cooperates with domestic and foreign media, is actively involved in social networks, as well as takes care of circulating information inside the company – by supplementing the information on the internal homepage of the company on a daily basis with the significant topicalities of the railway industry and the operation of the concern. The weekly newspaper Latvijas Dzelzceļnieks (Latvian Railwayman) is being published.

The company that constitutes the backbone of transit must assume social responsibility for the processes in the country and social life in general. Latvian Railway cannot influence state policy on these issues, but the company has responsibly developed its vision and is purposefully implementing it by taking care of people with mobility problems – gradually equipping railway stations in Latvia with mobile lifts and assuming patronage over the pupils of two specialised boarding schools (Rauda and Medumi special boarding schools) – children with mental and physical development disorders. Subsidiaries of the Latvian Railway group regularly support cultural, arts and sports events in Latvia.

Joint events for the company employees are held regularly – joint spring clean-up work, international sports competitions at the sports and recreation base of the Latvian Rail and Transport Industry Trade Union in Viroga, the participation of company teams in Latvian amateur sport events and the celebrations of the holidays of a national and company scale.
STRENGTH DAY

As the company is aware of its role in the society of Latvia either as one of the largest companies, an employer or one of the pillars of the economy of Latvia, Latvian Railway initiated a socially responsible campaign Strength from Latvian Railway in 2012. The campaign aims at the widest involvement of the public in sport – democratic physical activity, which is available to anyone, positively affecting health of people and, thus, making Latvian society stronger and healthier. The first activities of the social campaign were connected with support for the World Championship of Street Gymnastics (in Riga in August 2012). A people’s class group for any participant interested in the sports was developed within the framework of the campaign. The task for non-professional participants involved pull-ups. More than 1,000 people participated in the People’s class, while 38 people from 20 countries of the world participated in the professional class competitions. Latvia is the first country in the world, where two world championships have taken place in the aforementioned sports discipline.

The most prominent event of the Strength from Latvian Railway campaign took place on 6 October 2012, when Latvian Railway, in cooperation with the Latvian Society of Street Gymnastics Sports organised all-Latvian Strength Day. Strength points were situated in 50 places throughout Latvia – they were places where everyone could check their individual strength by doing pull-ups. At the conclusion of Strength Day, the strongest city in Latvia was determined – it was the city where the most pull-ups were made. Riga happened to be the strongest, as at the Central Railway Terminal people did a total of 4,190 pull-ups. The first Strength Day organised by Latvian Railway proved to be a very popular event with almost 30,000 pull-ups done by people in the entire territory of Latvia. The company plans to continue this tradition in 2013.
MUSEUM OF LATVIAN RAILWAY HISTORY

COLLECTION

Since 1996 the Museum of Latvian Railway History has been the structural unit of Latvian Railway. The museum was established on 30 August 1994.

The objective of the Museum of Latvian Railway History operation is to create awareness and develop a positive attitude towards the railway industry, the material environment characteristic of the industry, work skills and traditions practised in Latvia by developing and creatively applying the collection of Latvian Railway heritage and the knowledge of the employees and railway history experts. The main types of the museum activities are: Development and maintenance of the collection of Latvian Railway transport heritage and research work, including exhibitions, expositions, publications, consultations, as well as various events and activities.

The expositions of the Museum of Latvian Railway History are situated in Uzvaras bulvāris 2A in Riga and Stacijas iela 3 in Jelgava.

In 2012 the museum was visited by 24,757 people. 177 excursions were conducted.

The most popular events of the museum traditionally were the international campaign, the Night of Museums in May, and the railway model exhibition Liliputija2012 during the autumn school holidays.

The collection of the museum was supplemented by 437 items in 2012. The most significant and largest acquisition is the photographs of the wagons used on Latvia’s railways in different historical periods. The photo materials of this collection have preserved the evidence on the technical construction of the rolling stock and its peculiarities that are not reflected in any other sources of information. The collection of photographs and printed materials that document the visit of the King of Sweden Gustaf V to Riga on 29 June 1929, which was purchased last year, is especially remarkable. The photographs reflect the arrival of the king’s train to Latvia by rail and the festive meeting at Sigulda and Riga railway stations. The collection also contains the special timetable of the king’s train.
RESTORATION WORKS

Restoration is one of the priorities of the museum's work in the last five years. The objective of the restoration is to ensure not only the preservation of the objects, but their accessibility and functionality. Forty nine objects of the collection were conserved and restored in 2012, including – broad gauge car and four locomotive engines, one of which was restored to operational condition.

Work on the restoration of the III class passenger car constructed by the Joint Stock Company Phoenix in 1925 was completed in 2012. This car is the only witness of the significant industry of carriage construction in Latvia between the two world wars! The restoration of the car – “turn of the century project” was commenced at the Museum of Latvian Railway History with the research of the carriage in 1994. Only in 2010, the works which required the professionalism, erudition and experience of distinguished masters on the one hand, and the scrupulous research work of museum employees on the other hand, were commenced, because the basis for the restoration of the car was its description and a few photographs, which were gradually supplemented with the required information.

The film director G. GRAIKSTS followed the restoration process of the car for three years and the Vides Filmu Studija film studio developed a short film Phoenix K – 3041, on the fate of the car in Latvian and English. The film has been published on-line and can be watched at https://vimeo.com/60742038, as well as in the exposition of the museum.

- Restoration of the steam locomotive engine Ml-611 to an operable condition was completed in the reporting year. Currently, it takes visitors of the railway exposition of the Seaside Open-air Museum in Ventspils on a ride.

- In order to increase the number of items that are actively used at the museum, a replica of the velorial car used in the 30s of the 20th century was produced at the end of the year.

- Items of rolling stock, track related items and station equipment have been restored at the exposition in Jelgava, with the most significant item being the Majori station clock, which was manufactured in the late 19th century – early 20th century at the company Ф. Винтер в С.-Петербурге (Friedrich Winter clock workshop in St. Petersburg).
RESTORATION OF THE WORKS
BY LATVIAN PAINTING CLASSIC AT A RAILWAY STATION

In autumn 2012, the employees of the museum visited Meitene station in order to evaluate the condition of two large format paintings in the waiting room of the station. Both paintings were drawn by a prominent Latvian artist Kārlis MELBARZDIS (1902 – 1970), a student of Vilhelms PURVĪTIS. During the Soviet period the paintings were altered by introducing corrections in conformance with the time. The museum plans to restore these pieces of art.

EXPOSITION AND EXHIBITIONS

Car Construction in Latvia 1860 – 1940

an informative stand describing the car manufacturing traditions in Latvia since the second half of the 19th century is placed next to the renewed III class passenger car. The stand informs on the booming production during Tsarist Russia, and the renaissance thereof during the Republic of Latvia and Soviet times, when the Riga Railcar Factory (RvR) was established.

Night of Museums

The exhibition Rīga – Bolderāja. Neizmantoto iespēju dzelzceļš (Riga – Bolderāja. The Railway of Unused Opportunities) was prepared for the Night of Museums campaign. This line was built 150 years ago and still plays a significant role in the railway transport system.

New Acquisitions – in the Weblog Galastacija (Destination)

Once every five years the museum organises an exhibition on new acquisitions. A new form of expression has been selected this year in order to tell about the items of the museum collection. The experts of the museum have selected the items and developed stories, which were published in the Weblog Galastacija http://www.dzelzcelamuzejs.blogspot.com/about them. In future, the stories on the items of the museum collection will be published in this weblog in order to popularise the content of the collection and to form the notion of the valuables and information that is accessible at the museum.

30 Years of the Jelgava Exposition

In 2012 the Jelgava exposition celebrated its 30 year anniversary, evidencing that this is the place where the Museum of Latvian Railway History finds its beginning. In order to celebrate the anniversary, renovation works at the premises of the Jelgava exposition and in the outdoor exposition were performed. Part of the exposition – the waiting hall has been fully reconstructed. A children’s playroom has been created, where the young visitors can play circus and draw, watch cartoons and films on the history of the railway and have the model railway demonstrated to them.
SUBSIDIARIES AND OPERATION THEREOF IN 2012
LDZ CARGO Ltd

BOARD

Guntis MAČS  Chairman of the Board
Vladimirs GRJAŽNOVS  Deputy Chairman of the Board
Inese KLEINBERGA  Board member
Andris REĶIS  Board member

LDZ Cargo

LDZ Cargo Ltd is the subsidiary of Latvian Railway. The basic activity of the company is the provision of railway freight transportation and international passenger carriages. Additionally, LDZ Cargo provides cargo forwarding and logistics services through its subsidiary LDZ Cargo Loģistika Ltd.

LDZ Cargo carries the widest range of freight – containers, oil, coal, metal, timber, food products, mineral fertilisers, chemicals and other types of cargo. LDZ Cargo operates within the SMGS and CILM railway legal environment and uses all major Eastern – Western and Northern – Southern transport corridors for the freight transportation.

LDZ Cargo provides international passenger carriage on the routes Riga – Moscow – Riga and Riga – St. Petersburg – Riga as well as provides running of the international passenger train Vilnius – St. Petersburg in the railway section Kārsava – Kurcums. Passenger transportation on the route Riga – Minsk – Riga has been renewed since 2011.

LDZ Cargo Loģistika Ltd is the forwarder of the container train ZUBR in Latvia. The subsidiary also participates in the organisation of non-military NATO cargo transportation to Afghanistan. LDZ Cargo Loģistika Ltd offers “door to door” cargo transportation services to its customers.

An additional service provided by LDZ Cargo Ltd is the possibility to purchase electronic tickets on-line on the company web page http://travel.ldz.lv and to use electronic passenger registration services. The web page also provides a wide range of practically useful tourist information and the possibility of booking service packages with excursions and SPA procedures, as well as hotel booking in the territory of Latvia.

LDZ Cargo Ltd is still the leader by the amount of cargo transportation in the Baltic States. 60,601,000 tonnes of cargoes were transported in 2012. Lithuania ranks second with 49,377,000 tonnes of cargo transportation and Estonia follows with 26,133,000 tonnes of cargo transported in 2012.

LDZ CARGO LOGISTIKA Ltd

BOARD

Māris KANCĀNS  Chairman of the Board

A subsidiary of LDZ Cargo Ltd, LDZ Cargo Loģistika Ltd is engaged in attracting new freight flows and promoting freight traffic between European and Asian countries, provides freight forwarding and logistic services. In Latvia LDZ Cargo Loģistika Ltd is the forwarder of the container trains.

CARGO TRANSPORT AND LOGISTICS
RAILWAY CARGO TRANSPORT IN THE BALTIC STATES IN 2010 – 2012 (MILLION TONNES)

THE FOLLOWING INDICATORS CHARACTERISE CARGO TRANSPORT OF LDZ CARGO Ltd BY TYPE OF TRAFFIC IN 2012 (IN COMPARISON WITH 2011):

- import transport 49,728,000 tonnes (+2.7%);
- export transport 4,886,000 tonnes (-0.9%);
- land transit 4,558,000 tonnes (-5.5%);
- domestic transport 1,429,000 tonnes (+19.8%).
### CARGO TRANSPORT OF LDZ CARGO Ltd IN 2012 BY TYPE OF TRAFFIC (THOUSAND T)

<table>
<thead>
<tr>
<th>Type of Traffic</th>
<th>Import Transport</th>
<th>Land Transit</th>
<th>Domestic Transport</th>
<th>Export Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>49,278 (82%)</td>
<td>4,558 (8%)</td>
<td>1,429 (2%)</td>
<td>4,886 (8%)</td>
</tr>
</tbody>
</table>

Latvia was the only one of the Baltic States that managed to reach an increase in cargo transport by rail. LDZ Cargo Ltd carried 2% more cargoes in 2012 and reached a new transport record. Out of 60,601,000 tonnes transported by LDZ Cargo Ltd the amount of coal transportation was the highest (22,454,000 t). The amount of coal carried in 2012 increased by 9.8%. Meanwhile the amount of transported oil products declined by 10% with 18,372,000 tonnes of oil products carried in 2012. As the demand for grain and flour products in the foreign markets increased, the amount of transportation of these products grew to 2,188,000 tonnes in 2012, which is a 93.5% increase from 2011. The amounts of chemical cargoes have grown by 38.9% with 4,415,000 tonnes of chemicals carried in 2012. LDZ Cargo Ltd transported 3,729,000 tonnes of mineral fertilisers in 2012, which is 26.2% less than in 2011. The amount of ferrous metal carried in 2012 declined by 14.8% to 1,757,000 tonnes. The amount of mineral substance carried in 2012 declined by 9.6% to 928,000 tonnes. Meanwhile the transport of timber increased by 6.8% with 894,000 tonnes of timber transported. The amount of transported ore declined by almost half – to 621,000 tonnes in 2012.
Russian and Belarusian companies and the railway companies of these countries have been the closest cooperation partners of LDZ Cargo Ltd for several years. The cargoes of these countries are mainly delivered to our ports and from the ports – to Russia and Belarus.
Although the principal partners of LDZ Cargo Ltd are in Russia and Belarus, several other countries are valuable partners of the company and provide their cargoes for transportation as well. Mutual trust earned over the years is one of the main reasons why LDZ Cargo Ltd is the leader among railway carriers in the Baltic Countries and one of the leaders in Europe. In order to retain this position the development of the wagon fleet must be continued, the locomotive engines must be upgraded, faster circulation of trains must be ensured, customs procedures must be improved and the cargo delivery and receipt process must be facilitated.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2012% against</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Total carried</td>
<td>43 871</td>
<td>45 117</td>
<td>39 056</td>
<td>47 738</td>
<td>49 036</td>
<td>125,6</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>via the Port of Ventspils</td>
<td>18 578</td>
<td>19 153</td>
<td>15 046</td>
<td>19 933</td>
<td>19 798</td>
<td>131,6</td>
</tr>
<tr>
<td>via the Port of Riga</td>
<td>22 891</td>
<td>23 771</td>
<td>22 096</td>
<td>25 480</td>
<td>25 812</td>
<td>116,8</td>
</tr>
<tr>
<td>via the Port of Liepājas</td>
<td>2 402</td>
<td>2 193</td>
<td>1 914</td>
<td>2 325</td>
<td>3 426</td>
<td>179,0</td>
</tr>
</tbody>
</table>

IMPORT AND LAND TRANSIT FREIGHT VOLUME PROPORTION BY DISPATCHING COUNTRIES

(imports AND land transit freight volume proportion)

2011

21.3%

67,5%

Russia

0,9%

0,7%

Ukraine

0,2%

0,1%

Uzbekistan

2,6%

1,0%

Other

21,3%

24,2%

Belarus

0,4%

0,4%

Estonia

3,4%

4,1%

Kazakhstan

3,7%

3,6%

Lithuania

2012
**Export Freight Volume Proportion by the Recipient Countries in 2012**

- Russia: 44.77%
- Belarus: 6.81%
- Estonia: 15.52%
- Lithuania: 4.81%
- Kazakhstan: 6.34%
- Ukraine: 1.13%
- Other: 20.62%

**Import Freight Volume Proportion by the Dispatching Countries in 2012**

- Russia: 71.28%
- Belarus: 20.77%
- Estonia: 0.29%
- Lithuania: 2.50%
- Kazakhstan: 4.41%
- Ukraine: 0.48%
- Other: 0.27%
CONTAINER TRANSPORT

Taking into account the global transport development trends, container transport has also become a priority for LDZ Cargo Ltd. Three container train routes continued operation in 2012: Baltika-Transit provides transportation in the Baltic States – Kazakhstan route and Central Asia, Riga Express runs between Riga and Moscow, while the ZUBR container train provides service on the route Latvia – Belarus – Ukraine, Black Sea.

In comparison with other types of transportation, the advantage of a container train is the possibility to carry the cargo and to move it in containers without reloading to another type of transport – from the train to a ship, a truck or an airplane. A simplified customs clearing and friendly tariff system has been introduced for container train cargo transportation.

The forwarder of container trains in Latvia is LDZ Cargo Logistika Ltd, the subsidiary of LDZ Cargo Ltd.

The volume of container transportation is growing year after year and will assume an even more important role in the railway industry.

CONTAINERS CARRIED BY LDZ CARGO Ltd OVER THE LAST FIVE YEARS:

- 52759 TEU container units in 2008;
- 71142 TEU container units (+35%) in 2009;
- 98223 TEU container units (+38%) in 2010;
- 101099 TEU container units (+3%) in 2011;
- 111117 TEU container units (+10%) in 2012.
CONTAINER TRANSPORT (TEU)

- Total transported
- Transportation by Baltika-Tranzit train
- Transportation to Afghanistan
- Transportation by ZUBR train
- Transportation by Riga Express train

**LDZ CARGO Ltd**

**FREIGHT TRANSPORT FIGURES IN 2012**

<table>
<thead>
<tr>
<th>TRAFFIC TYPES</th>
<th>CARGO TURNOVER (MILLION TON-KM)</th>
<th>FREIGHT TRANSPORT (THOUSAND T)</th>
<th>AVERAGE DISTANCE (KM)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
<td>%</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>16 551</td>
<td>16 930</td>
<td>102,3</td>
</tr>
<tr>
<td>DOMESTIC</td>
<td>296</td>
<td>372</td>
<td>125,7</td>
</tr>
<tr>
<td>Proportion</td>
<td>1,8</td>
<td>2,2</td>
<td></td>
</tr>
<tr>
<td>EXPORT</td>
<td>1 783</td>
<td>1 742</td>
<td>97,7</td>
</tr>
<tr>
<td>Proportion</td>
<td>10,8</td>
<td>10,3</td>
<td></td>
</tr>
<tr>
<td>incl. through the port stations</td>
<td>1 112</td>
<td>1 105</td>
<td>99,4</td>
</tr>
<tr>
<td>Proportion</td>
<td>6,7</td>
<td>6,5</td>
<td></td>
</tr>
<tr>
<td>IMPORT</td>
<td>13 270</td>
<td>13 850</td>
<td>104,4</td>
</tr>
<tr>
<td>Proportion</td>
<td>80,2</td>
<td>81,8</td>
<td></td>
</tr>
<tr>
<td>incl. through the port stations</td>
<td>12 520</td>
<td>13 140</td>
<td>104,9</td>
</tr>
<tr>
<td>Proportion</td>
<td>75,6</td>
<td>77,6</td>
<td></td>
</tr>
<tr>
<td>LAND TRANSIT</td>
<td>1 202</td>
<td>966</td>
<td>80,4</td>
</tr>
<tr>
<td>Proportion</td>
<td>7,3</td>
<td>5,7</td>
<td></td>
</tr>
</tbody>
</table>

LDZ Cargo Ltd is not a monopoly. Several companies specialising in cargo traffic by rail operate in Latvia. The largest among them are the Joint Stock Company Baltijas Tranzīta Serviss and the Joint Stock Company Baltijas Ekspress. The amounts carried by the competitors are not as large as those carried by LDZ Cargo Ltd, however, these companies have managed to attract and keep a share of the freight.
As the amount of freight increases, LDZ Cargo Ltd continues increasing their rolling stock. In 2012 the company purchased 573 cargo cars. In order to improve safety two locomotive engine radio stations were purchased as well. Investment in LENC – the Jelgava video system upgrade was made, thus improving work safety. In order to raise work efficiency, the major overhaul of two TEP 70 diesel locomotive engines was performed.

During the reporting period LDZ Cargo Ltd operated 74 locomotives for ensuring freight traffic, 55 shunting locomotives and 7 passenger train locomotives.

In late 2012 6,468 cargo wagons were at the disposal of the company, which is a 10% increase from 2011. 4,904 wagons are being hired from the parent company, while 1,564 are the property of LDZ Cargo Ltd. LDZ Cargo Ltd increased its cargo wagon fleet by 82% in 2012.

### CARGO WAGONS OF LDZ CARGO Ltd (31 DECEMBER 2012)

<table>
<thead>
<tr>
<th>No.</th>
<th>NAME OF WAGONS</th>
<th>HIRED FROM LDZ</th>
<th>LDZ CARGO Ltd</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Covered Wagons</td>
<td>1288</td>
<td>400</td>
<td>1688</td>
</tr>
<tr>
<td>2</td>
<td>Platforms</td>
<td>74</td>
<td></td>
<td>74</td>
</tr>
<tr>
<td>3</td>
<td>Gondolas</td>
<td>1113</td>
<td>2</td>
<td>1115</td>
</tr>
<tr>
<td>4</td>
<td>4-axle Cisterns</td>
<td>1063</td>
<td></td>
<td>1063</td>
</tr>
<tr>
<td>5</td>
<td>8-axle Cisterns</td>
<td>153</td>
<td></td>
<td>153</td>
</tr>
<tr>
<td>6</td>
<td>Isothermal Wagons</td>
<td>27</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>7</td>
<td>Grain Hopper Wagons</td>
<td>643</td>
<td>250</td>
<td>893</td>
</tr>
<tr>
<td>8</td>
<td>Transporter Wagons</td>
<td>4</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>Cement Hopper Wagons</td>
<td>119</td>
<td></td>
<td>119</td>
</tr>
<tr>
<td>10</td>
<td>Fitting Platforms</td>
<td>417</td>
<td>614</td>
<td>1031</td>
</tr>
<tr>
<td>11</td>
<td>918 Type Covered Wagons 127m³ (50t)</td>
<td>50</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td>12</td>
<td>Other wagons that have not been included in the inventory fleet</td>
<td>3</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL:</strong></td>
<td><strong>4 904</strong></td>
<td><strong>1 316</strong></td>
<td><strong>6 220</strong></td>
</tr>
</tbody>
</table>
## CHARACTERISTICS OF THE FREIGHT WAGONS OF LDZ CARGO
(31 December 2012)

<table>
<thead>
<tr>
<th>NO.</th>
<th>NAME OF WAGONS</th>
<th>YEAR OF MANUFACTURE</th>
<th>MODEL</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>Covered 150m³ (68t) (internal sizes 17.65x2.80m)</td>
<td>2009</td>
<td>11-7038</td>
<td>200</td>
</tr>
<tr>
<td>1b</td>
<td>Covered 150m³ (68t) (internal sizes 17.65x2.80m)</td>
<td>2011</td>
<td>11-7038</td>
<td>27</td>
</tr>
<tr>
<td>1c</td>
<td>Covered 150m³ (68t) (internal sizes 17.65x2.80m)</td>
<td>2012</td>
<td>11-7038</td>
<td>73</td>
</tr>
<tr>
<td>1d</td>
<td>Covered 150m³ (66.7t) (internal sizes 17.60x2.74m)</td>
<td>2009</td>
<td>11-1807-01</td>
<td>100</td>
</tr>
<tr>
<td>2a</td>
<td>Fitting Platforms 60’ (71t)</td>
<td>1998</td>
<td>13-935A-01</td>
<td>15</td>
</tr>
<tr>
<td>2b</td>
<td>Fitting Platforms 60’ (69t)</td>
<td>2009</td>
<td>13-935A-01</td>
<td>100</td>
</tr>
<tr>
<td>2c</td>
<td>Fitting Platforms 60’ (72t)</td>
<td>2011</td>
<td>13-1223</td>
<td>100</td>
</tr>
<tr>
<td>2d</td>
<td>Fitting Platforms 60’ (69t)</td>
<td>2012</td>
<td>13-935A-04</td>
<td>200</td>
</tr>
<tr>
<td>2e</td>
<td>Fitting Platforms 80’ (71.2t)</td>
<td>2009</td>
<td>13-7024</td>
<td>199</td>
</tr>
<tr>
<td>3</td>
<td>Grain Hopper Wagons 108m³ (70.2t)</td>
<td>2009</td>
<td>19-7016</td>
<td>200</td>
</tr>
<tr>
<td>4</td>
<td>Grain Hopper Wagons 116m³ (70.5t)</td>
<td>2012</td>
<td>19-7063-02</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>918 Type Covered 127m³ (50t)</td>
<td>1986-87</td>
<td>ЦБ55-659-04</td>
<td>50</td>
</tr>
<tr>
<td>6</td>
<td>Half wagons</td>
<td></td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

**TOTAL:** 1316
INTERNATIONAL PASSENGER TRANSPORT

For five years LDZ Cargo Ltd, on assignment by Latvian Railway, ensures the organisation of international passenger transport. Services are currently offered from Riga to Moscow, St. Petersburg and, since 2011, to Minsk.

The total number of passengers served in 2012 reached 348,000 people, a 4% increase from year 2011. The result was achieved by continuously improving the quality of services to the passengers and by competing with the representatives of other transport type carriers. As many as 148,000 people left Latvia on international passenger trains, 150,000 entered Latvia and 50,000 crossed Latvia in transit.

PASSENGERS CARRIED BY LDZ CARGO Ltd 2009 – 2012 (MILLION PASS/KM)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>International transport</td>
<td>70</td>
<td>79</td>
<td>79</td>
<td>85</td>
</tr>
<tr>
<td>Among these:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The number of passengers, leaving Latvia</td>
<td>30</td>
<td>35</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>The number of passengers, entering Latvia</td>
<td>32</td>
<td>36</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>Transit</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>
Work on the development and improvement of the internet site www.travel.ldz.lv continued in 2012 in order to provide comprehensive information on the organisation of international passenger transport, as well as extensive tourist information on places of interest and noteworthy events at the destination stations of our trains, as well as other useful information for passengers. On this web page the customers can purchase travel documents to all train routes on-line without paying a commission fee for the drawing up of the documents, which is paid at the cash registers.

In 2012 more than 10% of the passengers opted to purchase travel documents electronically by using bank cards to pay for their travel. The service of electronic passenger registration, which is available for the routes to Moscow and St. Petersburg has become very popular. 76% of the passengers who bought travel documents on-line went on their travel by using the electronic registration service. In 2013, it is planned to offer the same service to the passengers participating in the traffic between Latvia and Belarus, thus enabling the passengers travelling to Minsk to use the electronic registration service.

Since the effective date of the train schedule for 2012 – 2013, the changes have affected the train route Riga – St. Petersburg and Riga – Minsk. In order to attract more passengers to the route Daugavpils – St. Petersburg, as well as in order to optimise the costs, the train Riga – St. Petersburg has changed its route and is now travelling through Daugavpils. As a result of this, ticket prices were reduced – in the compartment cars by 17% and in the reserved couchette cars by 8%. For the convenience of passengers a restaurant car was included in the train. Train No. 38 Riga – St. Petersburg and train No. 88 Riga – Minsk are now leaving Riga as a unified train from one platform and at the same time.

PROVISION OF TICKET SALES ON-LINE
LDZ INFRASTRUKTŪRA Ltd

BOARD

Ģīrists KALNBIRZE  
Chairman (until 08.10.2012)

Jānis ŽīLE  
Chairman (from 09.10.2012 until 30.10.2012)

Jānis ĻEICĀNS  
Chairman (from 20.12.2012)

Valdemars DAĻECKIS  
Deputy Chairman

Marina KABAĻSKA  
Board member

Ents PUTNIŅŠ  
Board member (until 08.10.2012)

Guntars LAPIŅŠ  
Board member (from 09.10.2012)

Jānis LAPIŅŠ  
Board member (from 20.12.2012)

RAILWAY TRACKS

Latvian Railway performs the maintenance of 1,859.2 km of operational length or 3,131.4 km of expanded length of railway track. It is in charge of continuously monitoring the condition of switches, turnouts and engineering structures, assessment of their conformity to the safety requirements and making decisions about the speed limits on lines. LDZ infrastruktūra Ltd, the subsidiary of Latvian Railway, carries out the planned orders of Latvian Railway for large scale major repairs of track sections, renewal and upgrading works. LDZ infrastruktūra Ltd also offers its services to companies outside the Latvian Railway concern in the free market.
THE INFRASTRUCTURE OF LATVIA’S RAIL TRACKS

BY TRACK CATEGORY:
- 1st category – 1958.8 km;
- 2nd category – 935.9 km;
- 3rd category – 236.9 km.

RAILWAY SWITCHES:
There are 3,198 switches, including:
- On the main tracks – 1,156 pcs;
- On the station tracks – 1,654 pcs;
- On the access tracks – 389 pcs.

BY TRACK STATUS:
- Main lines – 2160.9 km;
- Station lines – 809.9 km;
- Access Lines – 143.7 km.

ENGINEERING STRUCTURES:
- Bridges – 729 pcs.
- Culverts – 1,046 pcs.
- Road overpasses – 22 pcs.

LEVEL CROSSINGS
557 pcs, including 56 manned ones –
By investing 55,534,391.00 lats into maintenance and improvement of railway infrastructure, the following measures have been carried out:
- Type A track major repairs – 35 km;
- Type B track major repairs – 21 km;
- Replacement of switches – 67 pcs;
- Repairs of engineering structures (bridges, culverts, etc.) – 24 pcs;
- Repairs of level crossings – 13 pcs.
WORKS PERFORMED:

- Renovation works of railway tracks within the framework of the Rail Baltica – 1 project – the surface materials of railway tracks are replaced without the assembly of railway track panels on the base and, respectively, dismantling on the track.

- By using modern technologies and equipment, the work of monitoring the construction of railway tracks commenced in 2011 was continued in order to ensure conformity with the effective construction norms and projects.

- Provision of services in the area of geodetic engineering has been commenced as a new service – the performance of geodetic surveying and the development of the plan by using a robotised metering device Trimble S3, which performs automated measuring of the railway tracks and GNSS receiver Topcon Hyper SR, which ensures high precision levelling data to be used in the process of railway track construction. Approximately 35 km have been measured.

- The company pays special attention to the quality of the work, for instance, all regional centres have purchased and use bulldozers with a laser device that ensures high quality of earth levelling works.

THE MAJOR RAIL INFRASTRUCTURE IMPROVEMENTS PLANNED FOR 2013:

- Construction of the second track in the Skrīveri – Krustpils section.

- Track Renewal in the Rail Baltica – 1 corridor.

- Major repairs of tracks and installation of switches.
**LDZ RITOŠĀ SASTĀVA SERVISS** Ltd

**BOARD**

Svetlana BERGA  
Chairman

Ivars RULLIS  
Board member

Genādijs RJAZANCEVS  
Board member

Sandis VĒTRA  
Board member

**ROLLING STOCK**

A total number of 6,127 cars and 110 locomotive engines are operated by Latvian Railway. Ritošā Sastāva Daļa (the Rolling Stock Division) a structural unit of Latvian Railway is in charge of regular servicing, maintenance, technical inspection and minor repair works. Meanwhile major repairs and upgrades, as well as servicing, maintenance and technical support of the wagons and locomotives owned by the company are performed by the subsidiary of Latvian Railway LDZ ritošā sastāva serviss Ltd.

Pursuant to the orders of the parent company, LDZ ritošā sastāva serviss Ltd performs the repairs and equipping of rolling stock, upgrading of wagons and locomotives, hiring of locomotives, tank cleaning, production of non-standard equipment, as well as equipping works and the provision of backup services. To enable these functions, there are several Locomotive Repair Centres in Latvia: Daugavpils and Riga with workshops in Rēzekne, Liepāja and Jelgava; a Wagon Repair Centre in Daugavpils, and the chemical and technical measurement laboratory in Riga with an inspection group in Daugavpils. While repair and upgrade works of the rolling stock are performed at the repair centres and workshops, the task of the laboratory is to ensure the safety of railway transportation by performing qualitative repairs and metrological inspections of the metering units of the technical maintenance devices and equipment. The chemical and technical measurement laboratory of LDZ ritošā sastāva serviss Ltd has been assigned the National Accreditation Bureau certificate for tank inspection pursuant to LVS EN ISO/IEC 17020.
WORKS PERFORMED:

- 1st phase of the fuel base upgrade of the Rēzekne workshop was completed;
- Certification of LRCl upgrade position in accordance with D module (certification of production);
- Upgraded locomotive TGM23BV-0665 was put into operation;
- Equipping of five 2M62U locomotive with GSM-R devices;
- Testing of the GE Evolution series locomotive;
- Installation of steam boilers at the Rēzekne workshop;
- Locomotive scales were installed at the Locomotive Repairs Centre in Daugavpils;
- Defectoscopy stand for wagon wheel sets was installed at the Wagon Repair Centre;
- Automatic regulator repair and testing stand was installed at the Wagon Repair Centre;
- Locomotive engine component and spare part repair stand was purchased and installed at the Locomotive Repair Centre;
- Bearing diagnostics device was installed at the Locomotive Repairs Centre in Daugavpils;
- Locomotive jacks were purchased for the Riga sector of the Locomotive Repair Centre;
- Installation and upgrade of video surveillance systems is being continued at the structural units of the company.

UPGRADING OF ČME3 LOCOMOTIVES

The upgrade projects of ČME3 locomotives commenced in 2011 were successfully continued in 2012. The projects provide for the increasing of the power from 993 kW to 1,550 kW by installing the new generation Caterpillar engine CAT3512C, as well as by performing other improvements – in order to ensure compliance with safety, economy, comfort and environmental protection requirements. The increase in power of the upgraded engine will amount to 60%, while its fuel consumption will drop by 20%.

LOCOMOTIVES SUBMITTED TO THE CLIENT:
- ČME3M – 5953
- ČME3M – 5955
- ČME3M – 5964
**LOCOMOTIVE REPAIR CENTRE**
**PERFORMANCE OF REPAIR PROGRAMME IN 2012**

<table>
<thead>
<tr>
<th>Unit of measure</th>
<th>LDz CARGO Ltd</th>
<th>LDz Infrastruktūra Ltd</th>
<th>BE</th>
<th>BTS</th>
<th>Abroad</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Conditional units (210 human/hrs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3934,381</td>
</tr>
<tr>
<td>GR Locom.</td>
<td>3</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>VR-1 Locom.</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>TR-3 Locom.</td>
<td>1</td>
<td>36</td>
<td>1</td>
<td>6</td>
<td>2 2,5</td>
<td>48,5</td>
</tr>
<tr>
<td>TR-1 Locom.</td>
<td>4</td>
<td>191</td>
<td>2</td>
<td>10</td>
<td>15 4</td>
<td>226</td>
</tr>
<tr>
<td>TA-3 Locom.</td>
<td>15</td>
<td>1149</td>
<td>10</td>
<td>54</td>
<td>188 4</td>
<td>1346</td>
</tr>
<tr>
<td>TA-2 Locom.</td>
<td>154</td>
<td>12342</td>
<td>152</td>
<td>277</td>
<td>1346 14271</td>
<td></td>
</tr>
</tbody>
</table>

**CAR REPAIR CENTRE**
**AMOUNT OF CARRIAGE REPAIRS AND UPGRADES IN 2012**

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>UNIT OF MEASURE</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depot repairs of cargo wagons LDz – DR</td>
<td>wagons</td>
<td>3028</td>
</tr>
<tr>
<td>Major repairs of cargo wagons LDz – KR</td>
<td>wagons</td>
<td>149</td>
</tr>
<tr>
<td>Carriage repairs for private customers</td>
<td>carriage</td>
<td>196</td>
</tr>
<tr>
<td>TOTAL:</td>
<td></td>
<td>3373</td>
</tr>
</tbody>
</table>
CHEMICAL AND TECHNICAL MEASUREMENT LABORATORY

The competence of the laboratory was assessed by the Latvian National Accreditation Bureau and the laboratory was accredited as compliant with the requirements of the LVS EN ISO/IEC 17025 standard in the area of testing and calibration and with the requirements of the LVS EN ISO/IEC 17020 standard as an inspection institution.

In 2012, the laboratory included calibration services in the accreditation sphere and expanded the accreditation sphere of oil product testing. The calibration of manometers and testing of greases was prepared for accreditation and accredited.

The attraction of new customers played a significant role in the work of the laboratory in 2012; as a result, cooperation with 14 new customers of testing and calibration services was established. This enhanced the income of the laboratory. Income has increased by 31.2% in comparison with 2011.

NEW JOINT VENTURE

**RVU BALTIJA Ltd**

In 2012 a new joint venture Rīgas Vagonbūves uzņēmums Baltija Ltd was established, with 25% of the stock belonging to LDZ ritošā sastāva serviss Ltd.

*Rīgas Vagonbūves uzņēmums Baltija Ltd* plans to establish and develop the production of freight wagons in the Republic of Latvia, Daugavpils, considering the:

- appropriate infrastructure;
- acquired technologies in the assembly of wheel sets;
- experience in repairs and upgrade of cargo cars;
- possibility of assembling the bogies using the supplied cast components;
- possibility of producing the basic elements of wagons (body, bearing frame);
- conformity of the wagon products made in the EU to the 1520 mm gauge railway area;
- conformity of wagon types to the requirements of Latvian and foreign freight forwarders.
LDZ APSARDZE Ltd

BOARD

Aivars STRAUME	Chairman of the Board (until 01.03.2012)
Arnis MACULĒVIČS	Board member (until 01.03.2012)
Chairman of the Board (from 01.03.2012)
Linda BALTIŅA	Board member (from 01.03.2012)

PROVISON OF SECURITY SERVICES

LDZ apsardze Ltd, the subsidiary of Latvian Railway is in charge of security and guarding issues. The company deals with the physical security of objects and cargoes, design, assembly, installation and maintenance of security, fire safety and video surveillance systems and monitoring of the received alarm signals. LDZ apsardze Ltd provides these services to satisfy the needs of Latvian Railway, as well as for private and business customers outside the company.

- In 2012, security was provided in 62 objects, and security by technical means in 848 objects.
- LDZ apsardze Ltd installed technical security equipment at 190 new objects. The largest of those are:
  - Museum of Latvian Railway History; Track district production base in Tomākalns, Turgeņeva iela 14; Tomākalns station in Riga;
  - territory of Track district in Prohorova street; territory of Jelgava LEN in Jelgava;
  - RSS production territories in Varšavas and 2. Preču stacijas street in Daugavpils;
  - level crossings in Camikava, Jelgava, Aglona;
  - at railway stations in the following sections: Daugavpils – Eglaine; Daugavpils – Kurcums; Daugavpils – Indra; Krustpils – Rēzekne; Rēzekne – Zīlupe; Riga – Skulte (partially); Riga – Krustpils (partially); Riga – Valka (partially); Jelgava – Liepāja (partially); Jelgava – Rēņģe (partially).
- guarding on the route was ensured for 79,079 freight wagons.
- 130 persons were detained and submitted to the police.
• 4 fires were prevented at significant railway objects.
• 550 persons, who tried to enter the territory of the bridges without a permit, were expelled from the territory of 10 guarded railway bridges.
• more than 103 thefts from guarded objects (railway parks, production premises, freight carried) prevented. The most common types of theft:
  • scrap metal theft and theft of transported oil;
  • metal items from stationary objects.

In the attempt to expand its operations and attract new private and legal entities as customers, LDZ apsardze Ltd plans to focus on guarding of industrial objects and expanding the services in the regions where fast response groups are currently based.

Upon the assessment of the experience accumulated by the company and by means of production process optimisation, it is planned to reduce the scope of outsourced services.

To ensure high quality of services provided to Latvian Railway and external customers, the company implements a continuous employee training process and focuses on upgrading of technical tools used by employees of LDZ apsardze Ltd in their daily tasks, such as vehicles, means of communication, computer and security equipment. – In cooperation with the Real Estate Directorate the renovation works of the regional security centre premises in Daugavpils and Ventspils were carried out. Increased energy efficiency of the buildings was ensured and the workplaces of security organisers were equipped with modern security equipment. Development of a completely new Operative Control Centre with video surveillance hall was commenced in 2012 in a continuing attempt to develop technical security services and upgrade technical capacity of the company.
# PROFIT OR LOSS STATEMENT

(By turnover cost method)

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>162 045 005</td>
<td>147 560 893</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>(153 527 156)</td>
<td>(132 154 673)</td>
</tr>
<tr>
<td><strong>Gross profit (from turnover)</strong></td>
<td><strong>8 517 849</strong></td>
<td><strong>15 406 220</strong></td>
</tr>
<tr>
<td>Administration costs</td>
<td>(13 917 418)</td>
<td>(15 672 691)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>28 176 172</td>
<td>12 627 189</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(4 900 537)</td>
<td>(5 373 228)</td>
</tr>
<tr>
<td>Income from participation in subsidiary and associated undertakings</td>
<td>2 159 719</td>
<td>1 690 286</td>
</tr>
<tr>
<td>Income from securities and loans forming long-term investments</td>
<td>128 270</td>
<td>141 070</td>
</tr>
<tr>
<td>Other interest income and similar revenue</td>
<td>90 750</td>
<td>174 767</td>
</tr>
<tr>
<td>Interest payments and similar costs</td>
<td>(1 381 033)</td>
<td>(2 209 896)</td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td><strong>18 873 772</strong></td>
<td><strong>6 783 699</strong></td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>(1 065 490)</td>
<td>(732 289)</td>
</tr>
<tr>
<td>Deferred corporate income tax</td>
<td>(487 377)</td>
<td>384 070</td>
</tr>
<tr>
<td>Other taxes</td>
<td>(320 072)</td>
<td>(275 066)</td>
</tr>
<tr>
<td><strong>Profit after tax for the accounting period</strong></td>
<td><strong>17 000 833</strong></td>
<td><strong>6 160 424</strong></td>
</tr>
</tbody>
</table>

Riga, 23 May 2013

Chairman of the Board                                        U. Magonis
Member of the Board                                           E. Bērziņš
Member of the Board                                           A. Strakšās
Member of the Board                                           Ė. Šmuksts

## ANNEX

Guidelines for the Preparation of the summary financial statement

This summary financial statement, consisting of a balance sheet as at 31 December 2012 and profit and loss statement as at 2012, is based on the respective information from the audited 2012 financial statements of the State Joint Stock Company Latvijas Dzelzceļš without making any amendments thereto. The audited financial statement is available from the administration of the SJSC Latvijas dzelzceļš. Thus, this summary financial statement corresponds to the full financial statement.
**STATE JOINT STOCK COMPANY LATVIJAS DZELZCEĻŠ**

**BALANCE SHEET**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. LONG-TERM INVESTMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I. Intangible Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Concessions, patents, licenses, trademarks, etc. rights</td>
<td>1 074 014</td>
<td>854 571</td>
</tr>
<tr>
<td><strong>I TOTAL</strong></td>
<td>1 074 014</td>
<td>854 571</td>
</tr>
<tr>
<td><strong>II. Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Land, buildings, structures and perennial plantings</td>
<td>188 407 959</td>
<td>177 967 015</td>
</tr>
<tr>
<td>2. Long-term investments in rented fixed assets</td>
<td>-</td>
<td>2 569 538</td>
</tr>
<tr>
<td>3. Equipment and machinery</td>
<td>77 986 437</td>
<td>63 105 336</td>
</tr>
<tr>
<td>4. Other fixed assets and fixtures</td>
<td>11 046 564</td>
<td>6 409 832</td>
</tr>
<tr>
<td>5. Fixed assets under construction and construction in progress costs</td>
<td>35 402 100</td>
<td>16 208 725</td>
</tr>
<tr>
<td>6. Advances for fixed assets</td>
<td>18 652 609</td>
<td>40 875 812</td>
</tr>
<tr>
<td><strong>II TOTAL</strong></td>
<td>331 495 669</td>
<td>307 136 258</td>
</tr>
<tr>
<td><strong>III. Long-term Financial Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Participation in related undertakings</td>
<td>24 486 584</td>
<td>24 486 584</td>
</tr>
<tr>
<td>2. Other securities and investments</td>
<td>347 450</td>
<td>347 450</td>
</tr>
<tr>
<td><strong>III TOTAL</strong></td>
<td>24 834 034</td>
<td>24 834 034</td>
</tr>
<tr>
<td><strong>1. SECTION TOTAL</strong></td>
<td>357 403 717</td>
<td>332 824 863</td>
</tr>
<tr>
<td><strong>2. CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I Stocks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Raw materials, basic materials and consumables</td>
<td>14 693 372</td>
<td>5 004 976</td>
</tr>
<tr>
<td>2. Finished goods and goods for resale</td>
<td>5 620</td>
<td>7 309</td>
</tr>
<tr>
<td>3. Orders in progress</td>
<td>-</td>
<td>10 196</td>
</tr>
<tr>
<td>4. Prepayments for goods</td>
<td>88 491</td>
<td>212 199</td>
</tr>
<tr>
<td>5. Working animals and productive animals</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>I TOTAL</strong></td>
<td>14 787 493</td>
<td>5 234 690</td>
</tr>
<tr>
<td><strong>II. Accounts Receivable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Trade receivables</td>
<td>3 492 721</td>
<td>2 495 317</td>
</tr>
<tr>
<td>2. Receivables from related undertakings</td>
<td>6 410 135</td>
<td>8 733 480</td>
</tr>
<tr>
<td>3. Other receivables</td>
<td>161 273</td>
<td>811 934</td>
</tr>
<tr>
<td>4. Prepaid expenses</td>
<td>392 267</td>
<td>397 397</td>
</tr>
<tr>
<td><strong>II TOTAL</strong></td>
<td>10 456 396</td>
<td>12 438 128</td>
</tr>
<tr>
<td><strong>III. Cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>41 239 712</td>
<td>37 207 455</td>
</tr>
<tr>
<td><strong>III TOTAL</strong></td>
<td>41 239 712</td>
<td>37 207 455</td>
</tr>
<tr>
<td><strong>2. SECTION TOTAL</strong></td>
<td>66 483 601</td>
<td>54 880 273</td>
</tr>
<tr>
<td><strong>BALANCE</strong></td>
<td>423 887 318</td>
<td>387 705 136</td>
</tr>
</tbody>
</table>
# STATE JOINT STOCK COMPANY LATVIJAS DZELZCELS

## BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. OWNERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Share capital (equity capital)</td>
<td>114 850 643</td>
<td>114 850 643</td>
</tr>
<tr>
<td>2. Reserves: other reserves</td>
<td>6 270 511</td>
<td>1 773 401</td>
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<tr>
<td>3. Retained earnings: reporting year’s reporting year’s retained earnings</td>
<td>17 000 833</td>
<td>6 160 424</td>
</tr>
<tr>
<td><strong>1. SECTION TOTAL</strong></td>
<td>138 121 987</td>
<td>122 784 468</td>
</tr>
<tr>
<td><strong>2. PROVISIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Provisions for pensions and similar obligations</td>
<td>139 688</td>
<td>651 271</td>
</tr>
<tr>
<td>2. Other provisions</td>
<td>19 458 175</td>
<td>24 951 743</td>
</tr>
<tr>
<td><strong>2. SECTION TOTAL</strong></td>
<td>19 607 863</td>
<td>25 603 014</td>
</tr>
<tr>
<td><strong>3. LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I. Long-term Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Loans from credit institutions</td>
<td>59 992 009</td>
<td>54 006 573</td>
</tr>
<tr>
<td>2. trade payables</td>
<td>3 580 225</td>
<td>341 747</td>
</tr>
<tr>
<td>3. Deferred income</td>
<td>143 618 502</td>
<td>131 649 238</td>
</tr>
<tr>
<td>4. Deferred tax liabilities</td>
<td>5 907 221</td>
<td>5 419 844</td>
</tr>
<tr>
<td><strong>I TOTAL</strong></td>
<td>213 097 957</td>
<td>191 417 402</td>
</tr>
<tr>
<td><strong>II. Current Liabilities</strong></td>
<td></td>
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</tr>
<tr>
<td>1. Loans from credit institutions</td>
<td>11 071 292</td>
<td>11 567 156</td>
</tr>
<tr>
<td>2. Other loans</td>
<td>-</td>
<td>6 151 991</td>
</tr>
<tr>
<td>3. Advances from customers</td>
<td>199 452</td>
<td>19 846</td>
</tr>
<tr>
<td>4. Trade liabilities</td>
<td>9 068 744</td>
<td>6 217 613</td>
</tr>
<tr>
<td>5. Amounts due to related undertakings</td>
<td>5 069 834</td>
<td>4 114 724</td>
</tr>
<tr>
<td>6. Taxes and mandatory state social security contributions</td>
<td>6 048 844</td>
<td>4 015 745</td>
</tr>
<tr>
<td>7. Other liabilities</td>
<td>5 239 786</td>
<td>3 417 687</td>
</tr>
<tr>
<td>8. Deferred income</td>
<td>16 298 509</td>
<td>12 332 230</td>
</tr>
<tr>
<td>9. Accrued liabilities</td>
<td>63 050</td>
<td>63 260</td>
</tr>
<tr>
<td><strong>II TOTAL</strong></td>
<td>53 059 511</td>
<td>47 900 252</td>
</tr>
<tr>
<td><strong>3. SECTION TOTAL</strong></td>
<td>266 157 468</td>
<td>239 317 654</td>
</tr>
<tr>
<td><strong>BALANCE</strong></td>
<td>423 887 318</td>
<td>387 705 136</td>
</tr>
</tbody>
</table>

Riga, 23 May 2013

Chairman of the Board

Member of the Board

Member of the Board

Member of the Board

U. Magonis

E. Bērziņš

A. Strakššas

Ē. Šmuksts
<table>
<thead>
<tr>
<th>Performance Indicators</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>147,560,893</td>
<td>162,045,005</td>
</tr>
<tr>
<td>including proceeds from sales of infrastructure capacity;</td>
<td>98,933,940</td>
<td>111,328,697</td>
</tr>
<tr>
<td>revenue from ancillary infrastructure manager services</td>
<td>26,115,129</td>
<td>27,055,188</td>
</tr>
<tr>
<td>Profit from economic activity *</td>
<td>6,712,434</td>
<td>17,555,994</td>
</tr>
<tr>
<td>Economic profitability *</td>
<td>4.5%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Profit for the reporting year</td>
<td>6,160,424</td>
<td>17,000,833</td>
</tr>
<tr>
<td>Profit margin for the reporting year **</td>
<td>4.2%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Total liquidity ***</td>
<td>1.1</td>
<td>1.3</td>
</tr>
<tr>
<td>Return on assets **</td>
<td>1.6%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Return on equity **</td>
<td>5.1%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Long-term assets at end of reporting year</td>
<td>332,824,863</td>
<td>357,403,717</td>
</tr>
<tr>
<td>Assets at end of reporting year</td>
<td>387,705,136</td>
<td>423,887,318</td>
</tr>
<tr>
<td>Shareholders' equity at end of reporting year</td>
<td>122,784,468</td>
<td>138,121,987</td>
</tr>
<tr>
<td>Loans from credit institutions at end of reporting year</td>
<td>65,573,729</td>
<td>71,063,301</td>
</tr>
<tr>
<td>Capital investments</td>
<td>45,732,185</td>
<td>85,818,259</td>
</tr>
</tbody>
</table>

* Profit from economic activity – profit before corporate income tax, financial expenditure or income and other economic activities

* Economic profitability – profit from the economic activity/income

** Profit margin for the reporting year – profit for the reporting year/income

*** Total liquidity – current assets/current liabilities

* Return on assets – profit for the reporting year/mean assets (assets at beginning of reporting year + assets at end of reporting year / 2)

** Return on equity – profit for the reporting year / mean owners’ equity (owners’ equity at the beginning of year + owners equity at end of year / 2)

<table>
<thead>
<tr>
<th>Rail Network Utilization Indicators</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of freight carried (thousands tons)</td>
<td>59,385</td>
<td>60,601</td>
</tr>
<tr>
<td>Train-kms in freight transport (thousands train-kilometres)</td>
<td>12,631</td>
<td>13,126</td>
</tr>
<tr>
<td>Number of passengers carried (thousands)</td>
<td>20,494</td>
<td>19,757</td>
</tr>
<tr>
<td>Train-kms in passenger transport (thousands train-kilometres)</td>
<td>6,397</td>
<td>6,289</td>
</tr>
<tr>
<td>Handling of freight trains at stations (number of carriages)</td>
<td>4,310,780</td>
<td>4,478,042</td>
</tr>
<tr>
<td>Freight car maintenance and inspection (number of carriages)</td>
<td>3,835,210</td>
<td>3,961,930</td>
</tr>
</tbody>
</table>
Independent Auditors' Report on the Summary Financial Statement

To the Shareholder of the State Joint Stock Company “Latvijas Dzelzceļš”

Report on the Summary Financial Statement

The enclosed Summary Financial Statement, consisting of the Balance Sheet as at 31 December 2012 and Profit and Loss Statement of 2012, has been prepared on the basis of the annual audited financial statement of 2012 of the SJSC “Latvijas Dzelzceļš”. In our report of 23 May 2013, we provide our conclusion on this financial statement without any reservation.

The Summary Financial Statement does not contain all the information that should be presented pursuant to the Annual Reports Act. Therefore reading of the Summary Financial Statement cannot substitute the reading of the full financial statement of SJSC “Latvijas Dzelzceļš”.

Management’s responsibility for the preparation of the financial statements

The Management is responsible for deriving the Summary Financial Statements from the audited financial statements, as described in the Appendix “Guidelines for Deriving of the Summary Financial Statements”.

Auditor’s responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with the International Standard on Auditing (ISA) 810, “Engagements to Report on Summary Financial Statements.”

Conclusion

In our opinion, the enclosed Summary Financial Statement derived from the audited financial statements of SJSC “Latvijas Dzelzceļš” of 2012 correspond in all material aspects to the full financial statement prepared according to the Appendix “Guidelines for Deriving of the Summary Financial Statements”.

PricewaterhouseCoopers Ltd
Certified audit company
Licence No.5

Ahmed Abu Sharkh
Chairman of the Board

Ilandra Lejiņa
Certified auditor in charge
Certificate No. 168

Riga, Latvia
23 May 2013
### CONCERN LATVIAS DZELZCEĻŠ

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2012**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>333,997</td>
<td>318,773</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>(305,687)</td>
<td>(279,553)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>28,310</strong></td>
<td><strong>39,219</strong></td>
</tr>
<tr>
<td>Administration costs</td>
<td>(22,554)</td>
<td>(26,067)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>29,275</td>
<td>16,713</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(5,113 )</td>
<td>(5,885  )</td>
</tr>
<tr>
<td>Proceeds from long-term investments</td>
<td>128,270</td>
<td>141,070</td>
</tr>
<tr>
<td>Financial income</td>
<td>246,770</td>
<td>153,376</td>
</tr>
<tr>
<td>Financial costs</td>
<td>(1,911 )</td>
<td>(2,704  )</td>
</tr>
<tr>
<td><strong>Profit before corporate income tax</strong></td>
<td><strong>28,380</strong></td>
<td><strong>21,571</strong></td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>(2,568 )</td>
<td>(2,473  )</td>
</tr>
<tr>
<td><strong>Profit for the reporting period</strong></td>
<td><strong>25,811</strong></td>
<td><strong>19,098</strong></td>
</tr>
<tr>
<td>Comprehensive income for the reporting period</td>
<td><strong>25,811</strong></td>
<td><strong>19,098</strong></td>
</tr>
<tr>
<td><strong>Profit and comprehensive income attributable to holders of the concern majority shareholders</strong></td>
<td><strong>25,811</strong></td>
<td><strong>19,098</strong></td>
</tr>
</tbody>
</table>

Riga, 23 May 2013

Chairman of the Board

Member of the Board

Member of the Board

Member of the Board

U. Magonis

E. Bērziņš

A. Strakšas

Ē. Šmuksts
## Long-term Investments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td>427,656,176</td>
<td>355,625,718</td>
</tr>
<tr>
<td>Intangible Investments</td>
<td>1,079,129</td>
<td>864,169</td>
</tr>
<tr>
<td>Advance Payments</td>
<td>15,341,356</td>
<td>39,866,755</td>
</tr>
<tr>
<td>Long-term financial investments</td>
<td>3,479,500</td>
<td>3,474,500</td>
</tr>
<tr>
<td><strong>Total Long-term Investments</strong></td>
<td><strong>4,444,246,611</strong></td>
<td><strong>3,967,040,092</strong></td>
</tr>
</tbody>
</table>

## Current Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>28,285,318</td>
<td>14,115,588</td>
</tr>
<tr>
<td>Trade receivables and other receivables</td>
<td>11,730,183</td>
<td>12,306,316</td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>2,178,269</td>
<td>654,881</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>58,200,078</td>
<td>69,884,767</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>100,393,848</strong></td>
<td><strong>96,961,552</strong></td>
</tr>
</tbody>
</table>

**Total Assets**: 544,818,459

---

**Annex**

Guidelines for the Preparation of the summary Consolidated financial statement

This summary Consolidated financial statement, consisting of the Consolidated statement of comprehensive income for 2012 and the Consolidated statement of financial position for the year ended as at December 31, 2012, was prepared based on the corresponding information stated in the audited Consolidated Financial Statement of SJSC Latvijas dzelzceļš for 2012, without making any changes thereto. The audited Consolidated Financial Statement is available at the SJSC Latvijas dzelzceļš administration. Consequently, this Summary Consolidated financial statement complies with the Consolidated financial statement.
### CONCERN LATVIJAS DZELZCEĻŠ

**CONSOLIDATED FINANCIAL STATEMENT**

**31 DECEMBER 2012**

(Continued)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OWNERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attributable to the Concern majority shareholders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital (equity capital)</td>
<td>114 850 643</td>
<td>114 850 643</td>
</tr>
<tr>
<td>Other reserves</td>
<td>33 805 586</td>
<td>23 444 803</td>
</tr>
<tr>
<td>Retained earnings from previous years</td>
<td>44 011 777</td>
<td>36 937 493</td>
</tr>
<tr>
<td>Comprehensive income for the reporting year</td>
<td>25 811 762</td>
<td>19 098 381</td>
</tr>
<tr>
<td><strong>TOTAL OWNERS’ EQUITY</strong></td>
<td>218 479 768</td>
<td>194 331 320</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LONG-TERM LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>11 395 910</td>
<td>11 528 816</td>
</tr>
<tr>
<td>Provisions</td>
<td>174 170</td>
<td>1 642 975</td>
</tr>
<tr>
<td>Loans from credit institutions</td>
<td>71 914 977</td>
<td>63 251 206</td>
</tr>
<tr>
<td>Other loans</td>
<td>20 978</td>
<td>25 177</td>
</tr>
<tr>
<td>Trade payables</td>
<td>3 580 225</td>
<td>341 747</td>
</tr>
<tr>
<td>Deferred income</td>
<td>143 618 502</td>
<td>131 649 238</td>
</tr>
<tr>
<td><strong>TOTAL LONG-TERM LIABILITIES</strong></td>
<td>230 704 762</td>
<td>208 439 159</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans from credit institutions</td>
<td>13 787 388</td>
<td>12 993 090</td>
</tr>
<tr>
<td>Other loans</td>
<td>35 454</td>
<td>573 177</td>
</tr>
<tr>
<td>Provisions</td>
<td>23 233 509</td>
<td>28 325 436</td>
</tr>
<tr>
<td>Trade payables and other liabilities</td>
<td>30 874 810</td>
<td>26 944 108</td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>1 009 809</td>
<td>2 338 018</td>
</tr>
<tr>
<td>Taxes and mandatory state social security contributions</td>
<td>10 394 149</td>
<td>7 388 924</td>
</tr>
<tr>
<td>Deferred income</td>
<td>16 298 810</td>
<td>12 332 412</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>95 633 929</td>
<td>90 895 165</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>326 338 691</td>
<td>299 334 324</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES TOTAL</strong></td>
<td>544 818 459</td>
<td>493 665 644</td>
</tr>
</tbody>
</table>

Riga, 23 May 2013

Chairman of the Board
U. Magonis

Member of the Board
E. Bērziņš

Member of the Board
A. Strakšas

Member of the Board
Ē. Šmuksts
**CONCERN LATVIJAS DZELZCEĻIŠ**

**PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>318 773 284</td>
<td>333 997 393</td>
</tr>
<tr>
<td>including proceeds from sales of infrastructure capacity;</td>
<td>222 041 434</td>
<td>236 097 393</td>
</tr>
<tr>
<td>revenue from ancillary infrastructure manager services</td>
<td>34 065 429</td>
<td>41 886 356</td>
</tr>
<tr>
<td>Profit from economic activity *</td>
<td>23 981 279</td>
<td>29 916 803</td>
</tr>
<tr>
<td>Economic profitability *</td>
<td>7.5 %</td>
<td>9.0 %</td>
</tr>
<tr>
<td>Profit for the reporting year</td>
<td>19 098 381</td>
<td>25 811 762</td>
</tr>
<tr>
<td>Profit margin for the reporting year **</td>
<td>6.0 %</td>
<td>7.7 %</td>
</tr>
<tr>
<td>Total liquidity ***</td>
<td>1.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Return on assets *</td>
<td>4.0 %</td>
<td>5.0 %</td>
</tr>
<tr>
<td>Return on equity **</td>
<td>10.3 %</td>
<td>12.5 %</td>
</tr>
<tr>
<td>Long-term assets at end of reporting year</td>
<td>396 704 092</td>
<td>444 424 611</td>
</tr>
<tr>
<td>Assets at end of reporting year</td>
<td>493 665 644</td>
<td>544 818 459</td>
</tr>
<tr>
<td>Shareholders’ equity at end of reporting year</td>
<td>194 331 320</td>
<td>218 479 768</td>
</tr>
<tr>
<td>Loans from credit institutions at end of reporting year</td>
<td>76 244 296</td>
<td>85 702 365</td>
</tr>
<tr>
<td>Capital investments</td>
<td>61 041 963</td>
<td>128 954 768</td>
</tr>
</tbody>
</table>

* Profit from economic activity – profit before corporate income tax, financial expenditure or income
* Economic profitability – profit from the economic activity/income
** Profit margin for the reporting year – profit for the reporting year/income
*** Total liquidity – current assets/current liabilities
* Return on assets – profit for the reporting year/mean assets (assets at beginning of reporting year + assets at end of reporting year / 2)
** Return on equity – profit for the reporting year / mean owners’ equity (owners’ equity at the beginning of year + owners equity at end of year / 2)

**THE RAIL NETWORK UTILIZATION INDICATORS**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern’s Volume of freight turnover (thousands tkm)</td>
<td>16 551</td>
<td>16 930</td>
</tr>
<tr>
<td>Train-kms in freight transport of carriers outside the Concern (thousands train-kilometres)</td>
<td>2 696</td>
<td>2 838</td>
</tr>
<tr>
<td>Train-kms in passenger transport of carriers outside the Concern (thousand train-kilometres)</td>
<td>5 807</td>
<td>5 712</td>
</tr>
</tbody>
</table>
Independent Auditors’ Report on the Summary Consolidated Financial Statements

To the Shareholder of the State Joint Stock Company “Latvijas Dzelzceļš”

Report on the Summary Consolidated Financial Statements

The enclosed Summary Consolidated Financial Statements, consisting of the consolidated statement of financial position for the year ended as at December 31, 2012 and the Consolidated statement of comprehensive income for 2012, have been prepared on the basis of the annual audited financial statements of SJSC “Latvijas Dzelzceļš” and its subsidiary company (Concern) for 2012. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 23 May 2013.

The Summary Consolidated Financial Statements do not contain all the information that should be presented pursuant to the EU approved International Financial Reporting Standards. Therefore the reading of the Summary Consolidated Financial Statements cannot substitute the reading of the full consolidated financial statements of the Concern.

Management’s Responsibility for the Preparation of Summary Consolidated Financial Statements

The Management is responsible for the deriving of the Summary Consolidated Financial Statements from the Audited Consolidated Financial Statements, as described in the Appendix “Guidelines for Deriving of the Summary Consolidated Financial Statements”.

Auditor’s responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, “Engagements to Report on Summary Financial Statements.”

Conclusion

In our opinion, the enclosed Summary Consolidated Financial Statements derived from the audited consolidated financial statements of the Concern for 2012 correspond in all material aspects to the full financial consolidated statements prepared in accordance with the Appendix “Guidelines for Deriving of the Summary Financial Statements”.

PricewaterhouseCoopers Ltd
Certified audit company
Licence No. 5

Ahmed Abu Sharkh
Chairman of the Board

Ilandra Lejina
Certified auditor in charge
Certificate No. 168

Riga, Latvia
23 May 2013
In order to ensure equal access to railway infrastructure by state and private carriers a new independent subsidiary of Latvian Railway – Joint Stock Company LatRailNet was established in late 2010. In accordance with the law, the company performs the essential functions of railway infrastructure manager – determines charge for the use of the railway infrastructure, distributes the capacity and assignment of a train of a particular operator.

THE ESSENTIAL FUNCTIONS OF THE PUBLIC USE RAILWAY INFRASTRUCTURE MANAGER:

- decision making on rail infrastructure use charges;
- setting of an increased charge for the use of rail infrastructure on busy sections and during busy periods;
- granting economically justified charge discounts for the use of rail infrastructure that encourage optimum usage of the infrastructure capacity;
- distribution of the rail infrastructure capacity among carriers based on the received applications for transport using the respective railway infrastructure;
- decision making on assignment of a train of a particular operator.
Public use infrastructure in Latvia is freely accessible and open for freight and passenger rail transport, as well as for the implementation of technological processes. All carriers which have received the licence of a carrier and received the safety certificate, and submitted the infrastructure capacity use application to the Joint Stock Company LatRailNet can qualify for the use of railway infrastructure capacity.

The Joint Stock Company LatRailNet takes decisions on the charge for the use of public rail infrastructure and capacity distribution with consideration of the equality principle, as well as the requirement for the optimal use of rail infrastructure. While performing its functions, the JSC LatRailNet has to ensure equal, just and non-discriminating access to railway infrastructure.

The JSC LatRailNet observes the programme of independence requirements, where the duties of particular employees and measures, to be taken in order to prevent an unequal attitude towards the operators, and ensures sufficient control of the programme.; the State Railway Administration monitors compliance with the independence requirements and reviews the claims of the operators regarding breaches of these independence requirements. Currently, 2 passenger and 3 freight operators are using capacity of the public railway infrastructure in Latvia.

CHARGE FOR THE USE OF RAIL INFRASTRUCTURE FOR TRANSPORT

Use of public rail infrastructure for rail transport is subject to infrastructure charges that are calculated for different train categories according to the methodology developed by the Public Utilities Commission and ensure infrastructure charges that are approximated to the costs and meet the following principles:

- the estimated cost base is composed of the current rail infrastructure maintenance and management costs estimated by managing authority, to which amortisation and profit norm of, (capital investments for infrastructure development) are added;
- the cost base with various cost drivers is divided into different train categories;
- each train category is assigned an estimated freight volume according to which the cost base of the respective train category is divided to obtain the charges for the use of rail infrastructure; infrastructure charges may be subject to discounts or increased rates according to the charging procedure developed by the Public Utilities Commission.
RAIL INFRASTRUCTURE CAPACITY ALLOCATION AND PARTICULAR OPERATOR TRAIN ASSIGNMENT

- Railway infrastructure capacity must be distributed in a manner that ensures equal conditions for railway operators and the principle of the optimum use of railway infrastructure. The priority in the distribution of railway infrastructure capacity shall be given to those transportation services that are provided on the basis of a state or municipal rail transport agreement, i.e. mainly for passenger transport.

- The capacity allocation must include the capacity required for the technological needs of the operator and the repairs. A number of criteria are taken into account in the capacity allocation process, including previous cooperation, frequency, intensity and duration of rail infrastructure use, as well as the compliance of train technical parameters to the rail infrastructure efficiency requirements. Where possible, the operator is allocated the full capacity requested in the application. If the requested capacity exceeds what is available, the carrier is offered to choose another route or another time for the requested route, to reduce the passenger train travel time by reducing the number of stops or otherwise, to reduce the total weight of the passenger train or to use a traction unit with better traction parameters, to increase the total weight of a freight train, to use a traction unit with better traction parameters or to yield up some of the required capacity. Where it is impossible to allocate the capacity requested in the application, the rail operators may agree on the amounts of the requested capacity with other rail operators, who apply for the capacity in the same section.

- The JSCLatRailNet makes the decision on allocation of capacity and ratifies the annual capacity allocation plan not later than by 15 December of each year.

- Train assignment is made under the daily capacity allocation plan within the limits of distribution. Train assignment includes setting exact train departure times and regulation of operators locomotive turnover.
EVENTS IN 2012

On 6 January

the subsidiary of the State Joint Stock Company Latvian Railway LDZ CARGO Ltd received the award of the Latvian Free Trade Union Association Best Social Partner 2011 for successful cooperation with the trade union, care for the employees and strengthening of social dialogue. After the receipt of the award Guntis MAČS, Chairman of the Board of LDZ CARGO Ltd, admitted that it is important for a company that considerably contributes to the economy of Latvia to employ qualified specialists and, in turn, the company must offer a high quality and safe work environment for its employees.

On 26 January

the large scale project Modernisation of the Train Traffic Control System at Jelgava Station was completed. Within the framework of the project the reconstruction of the system was performed from 2005 until 2011 by replacing the previous relay blocking system with modern microprocessor centralisation. Now dispatcher stations in Daugavpils and Jelgava are equipped with modern technologies, 1,287 warning signals were replaced, new systems that regulate the traffic of trains and road vehicles at the crossings of roads with the railway were installed at 125 level crossings. The modern control panel of the computerised system is the visible part of the project, while the invisible part is 4,500 kilometres of cable, which was laid under the ground and connects 45 railway stations in Latvia into a unified system.

On 2 March

the presentation of the book Labāk radošs, nekā pārdrošs (Better Creative than Reckless). Pupils from schools of Latvia were involved in the creation of the book. It was a joint project of Latvian Railway and the printing house Jumava. The main objective of the book was to explain to school children how important is observing safety requirements while being in the proximity of the railway.
On 28 March the meeting of the assistants of the Community of European Railway and Infrastructure Companies (CER) was held in Riga for the first time. 70 delegates from all member states participated in the meeting. The activities of the European Union in the area of railway legislation were discussed during the meeting and the opportunities offered by the new funding source of the EU Connecting Europe were discussed.

On 12 April the Prime Minister of Latvia Valdis Dombrovskis met the LDz President Uģis MAGONIS in Daugavpils. The Prime Minister visited the companies operating in the industrial area, including the Wagon Repair Centre of the subsidiary of Latvian Railway LDZ ritošā sastāva servīss Ltd and other companies.

On 20 April the overall clean-up work of the Railway took place. Approximately 200 employees of the General Directorate, as well as employees of subsidiaries participated in the event. The clean-up has become a traditional event and the territories are becoming cleaner year by year. During the first clean-up work, which was mainly performed in the area of Riga Central Railway Terminal, not only household, but also industrial waste was collected, it can be noticed that the environment has become cleaner.

On 2 May the representative office of the State Joint Stock Company Latvian Railway commenced its operations in Moscow. The head of the office is Larisa IVOLGINA, who has successfully cooperated with the specialists of LDz. Earlier she has been the representative of the Ministry of Transport in Moscow. The necessity to have a permanent presence of LDz is determined by the fact that the Open Joint Stock Company Russian Railways is the largest cooperation partner of LDz; furthermore, Moscow is the place where regular international forums related to railway transport take place.

On 10 May at the building of the Information Computing Centre in Turgerņeva iela 21, the people working for the centre started to gather for the historic records of the centre on its 40th anniversary.
On 17 May

the employees of the State Fire and Rescue Service gathered in the Large Hall of the General Directorate of Latvian Railway, in order to receive the awards for diligent work. The awards were presented by the Vice President of LDz on technical operation issues Ēriks ŠMUKSTS. 17 May is the day of Fire-fighters and Rescuers in Latvia and LDz pays serious attention to these services, because both human safety and the efficient elimination of disasters depend on the equipment held in the hands of fire-fighters and rescue personnel.

On 7 June

Latvian Railway, in cooperation with the State Police, Road Traffic Safety Directorate and world class motor sports athletes from Latvia, organised a series of events aimed at the attraction of public and media attention regarding the issues of safe railway crossing. The idea was initiated by the International Union of Railways. Booklets with interesting facts, for instance, information on how much a cargo train weighs, as well as scaring facts –information on the casualties, careless pedestrians and drivers were distributed during the event.

On 8 June

the Prime Minister Valdis Dombrovskis visited Latvian Railway. Initially the Prime Minister visited the building of the Riga Central Passenger Railway Terminal, where he was introduced to the process of the passenger information system reconstruction. Then, at the LDz Headquarters, the Prime Minister listened to the information on the development plans of the company provided by the LDz President Uģis Magonis.

On 7 July

the international sports games of the Latvian Railway concern were held. Teams of Latvian Railway and its subsidiaries, as well as teams from Estonia, Lithuania, Belarus and the Kaliningrad division of Russian Railways participated in the competitions.

On 27 July

the narrow-gauge steam locomotive Mi-611 was delivered from the Czech Republic after reconstruction. It is a steam locomotive belonging to the Museum of Latvian Railway History, which will be operated in the park of the Seaside Open Air Museum in Ventspils.
On 29 August

the Continental Hockey League club Rīgas Dinamo receives the Latvian Railway Cup after their victory over Yaroslavl Lokomotiv.

On 6 October

the beginning of a new tradition – Strength Day took place. It was organised for the first time by Latvian Railway in cooperation with the television company Latvijas Neatkarīgā Televīzija and the Latvian Society of Street Gymnastics Sports. Within the framework of the Strength Day anyone all over Latvia could test their strength in a simple and democratic discipline – pull-ups.

On 24 October

the two-sided clock, which once decorated the building of Majori railway station, was fixed to the building of the Jelgava Exposition of the Museum of Latvian Railway History. In 1993, when the station building was dismantled, the clock was brought to Jelgava. Now it is restored to an operable condition and again counts the minutes and hours.

In November

the information that a five-year old girl from Latvia, Anabella MAĻINA, won the child painting contest Trains Decorated for Christmas organised by the Community of European Railway and Infrastructure Companies (CER) became known. Her mother – Ilona MAĻINA works for Latvian Railway.
Narrow-gauge tracks
Automatic blocking, including CTC
Electrified sections

The Baltic Sea
The Riga Gulf

Lithuania
Belarus
Russia
Estonia

The Riga Gulf
The Baltic Sea