



POLSKA AGENCJA ŻEGLUGI POWIETRZNEJ  
POLISH AIR NAVIGATION SERVICES AGENCY

RAPORT  
ROCZNY 2016

# ANNUAL REPORT 2016



**740.000**

flight  
movements  
per year

**9.**

largest country in Europe  
in terms of administrative  
area

**6.**

largest in  
European  
Union

**6.**

airspace  
size in  
Europe



Polish Air Navigation  
Services Agency in  
numbers in 2016

# PANSA

## Relation with partners

### Stakeholders

- Airlines
- Airports
- MIL
- AUS organizations

### Initiatives

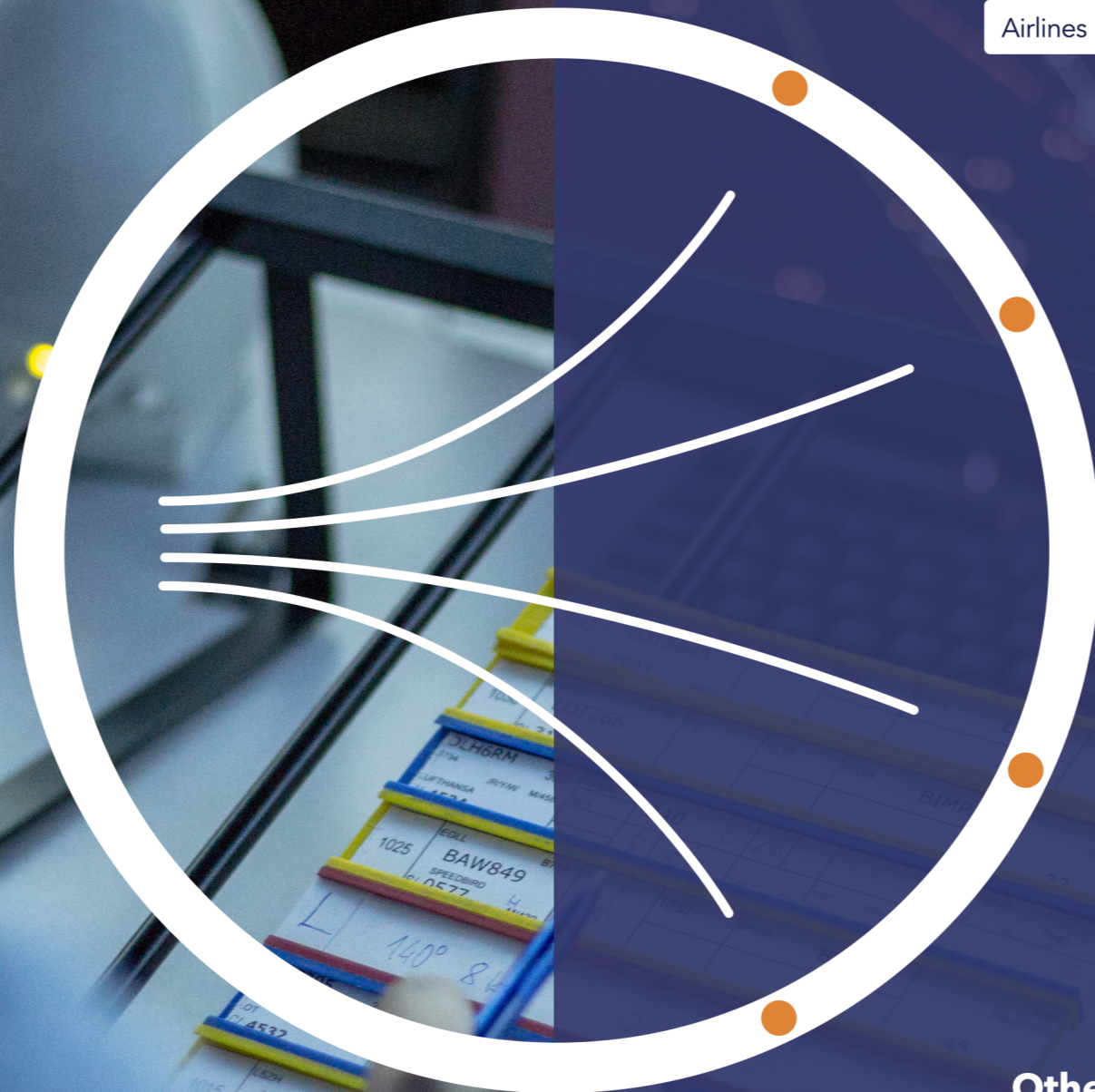
- Baltic FAB
- Gate One
- A6
- B4
- CANSO
- iTec
- others

### Governance

- NSA
- EC
- NM
- EUROCONTROL
- EASA
- SESAR JU
- SESAR DM
- MiB

### Others

- Aviation Industry
- Academic Centers





The vision

Polish Air Navigation Services Agency shall have strong and well established position on the European market of air navigation services providers

The vision of PANSA's development shall be implemented by an effective and optimal use of staff's potential, innovative infrastructure and using the specificity of Poland's location in Europe (Eastern border of European Union and NATO). Polish Air Navigation Services Agency by cooperating with domestic, European and international organisations shall be the bridge between the East and the West of Europe in regards to the provision of air navigation services

The mission

Providing safe and seamless air traffic, by an effective airspace management and provision of high quality air navigation services.

Long-term business strategic objectives

- 1** Pansa as one of the key ANSPS in Europe
- 2** Providing B2B Data Services

Organisational structure of the Polish Air Navigation Services Agency on 31st December, 2016



## Key performance indicators

## Number of controlled flight hours



## Operational part

INDICATOR	2014	2015	2016
Number of controlled IFR flight hours <i>Hrs ('000)</i>	409	403	426
En-Route Service Units ('000)	3 931	3 880	4 175
IFR En-Route Movements <i>MVS ('000)</i>	691	688	740
Terminal Service Units ('000)	156	166	182
IFR Airport Movements <i>MVS ('000)</i>	317	328	352
En-route ATFM delay ( <i>min/lot</i> )	0,79	0,19	0,39
ATCO in OPS ( <i>FTE</i> )	481,9	495,5	524,5
Total employment ( <i>FTE</i> )	1 803,6	1 839,5	1 835,1

## Financial part

INDICATOR	2014	2015	2016
Intangible fixed assets and PPE <i>PLN ('000)</i>	676 544	784 021	884 868
CAPEX (intangible fixed assets and PPE) <i>PLN ('000)</i>	106 261	168 499	174 311
Cash and cash equivalents <i>PLN ('000)</i>	391 478	330 601	332 966
Sales revenues <i>PLN ('000)</i>	726 884	711 490	758 272
Revenues from En-route navigation services <i>PLN ('000)</i>	590 049	564 197	611 734
Revenues from terminal navigation services <i>PLN ('000)</i>	116 132	126 171	126 111
Net result <i>PLN ('000)</i>	(28 614)	18 456	41 505
Inflation %	0,1	-0,7	-0,2
En-route - unit rate <i>PLN</i>	147,43	143,89	145,47
TNC - unit rate <i>PLN</i>	699,80	740,28	772,54



## Highlights January

### Signing the application to SESAR JU by the B4 Consortium

The application of four air navigation services providers to SESAR Joint Undertaking was signed on 25th January, 2016. Within the last year, the Polish Air Navigation Services Agency, Lithuanian Se Oro Navigacija, Czech ANS CR and Slovak LPS have prepared a set of projects, which will allow the B4 Consortium to participate in the European-wide research and development programme SESAR 2020, managed by SESAR JU.

## February

### Polish Air Navigation Services Agency as a member of IFISA

Pursuing constant improvement of competences resulted in decision to join IFISA - International Flight Service Association. IFISA is an international, non-profit organisation that brings together domestic FISO unions - Flight Information Service Officer, which role is to exchange experiences and promote safety.

PANSA has four en-route Flight Information Services (FIS Units) in Warsaw, Gdańsk, Poznań, Kraków and employs 73 FISOs and FIS assistants.



## March

### Inauguration of the World ATM Congress Madrid 2016

Agency attended the World ATM Congress Madrid. The Congress was both, a conference and an exhibition, on which expositions of leading air navigation service providers and suppliers of this industry from around the world could be found. This year's Congress was held under the motto: „Leadership, change and implementation“.

The participants of the World ATM Congress 2016, air navigation service providers, airspace users and airports, had the possibility to exchange information on the most important ongoing and planned projects in the European sky.

During the Congress the Polish Air Navigation Services Agency signed a letter of intent on cooperation with the „iTEC“ (Interoperability Through European Collaboration) Group, confirming its intention, together with Se Oro Navigacija (Lithuania) and Avinor (Norway), to join the European Alliance „iTEC“.

The „iTEC“ Alliance brings together the air traffic services organizations in Europe, including services from the United Kingdom (NATS), Germany (DFS), Spain (ENAI), the Netherlands (LVNL) or Norway (Avinor).



## March

### Baltic FAB

On 9-10 March 2016 in Warsaw, the third meeting of the Baltic FAB was held.

During the meeting, the status of implementation work within the Baltic FAB was discussed. In addition, the review of the activities of the aviation authorities of both countries within the NSA Coordination Committee was discussed.

The performance indicators of the implementation of the Air Navigation Services Performance Plan for 2015-2019 achieved by the Baltic FAB members in 2015 were also discussed.



## March

### Vertical division of the airspace

Polish Air Navigation Services Agency has introduced a vertical split of the managed airspace. Introducing the above mentioned solution can improve air traffic flow, reducing delays and the length of flights, reducing CO2 emissions, improving the competitiveness of the Polish Air Navigation Services offered to Polish users, while ensuring the safety.

## April

### PANSA and UkSATSE meeting on 25th April 2016

The evaluation of the cooperation between UkSATSE and PANSA and specifying the possibility to extend it in regards to other areas of both of the entities that provide air traffic services with the involvement of Baltic FAB, was the main topic of the management boards meeting.

Representatives of the Polish Ministry of Infrastructure and Construction and the Civil Aviation Authority also attended the meeting.

The heads of the Polish and Ukrainian agencies have summarized the ongoing cooperation, confirming the possibility of its extension on the working level. The undoubted additional advantage resulting from the strengthening of relations between PANSA and UkSATSE shall be an improved exchange of information in the current cooperation between Polish and Ukrainian air traffic controllers. Furthermore, PANSA has expressed its interest in adjustment of technological infrastructure so that the quality and the speed of exchanging information would improve the possibilities of PANSA and UkSATSE.





## June

### PANSA controllers in Olsztyn-Mazury Airport

In June, Polish Air Navigation Services Agency began providing services in the controlled area and region of Olsztyn - Mazury Airport. The presence of PANSA's air traffic controllers will improve the management of the commercial flights, while introducing a number of rules for all airspace users, including operators of drones that are becoming more and more popular in Poland.

## June

### New radar at the Chopin Airport in Warsaw

The new Primary Surveillance Radar (Primary Surveillance Radar and Secondary Surveillance Radar) at the Warsaw Airport replaced the ASR-9 / MSSR radar.

The new radar set will provide data to illustrate the airspace situation in the Pegasus\_21 system, which is operated by the PANSA's air traffic controllers.

In the following years PANSA plans to establish three such facilities in Poland, and in addition, four secondary surveillance radars and multilateral system which is an alternative to the traditional radars.



PHOTO: ANDRZEJ RUTKOWSKI PANSA

## June

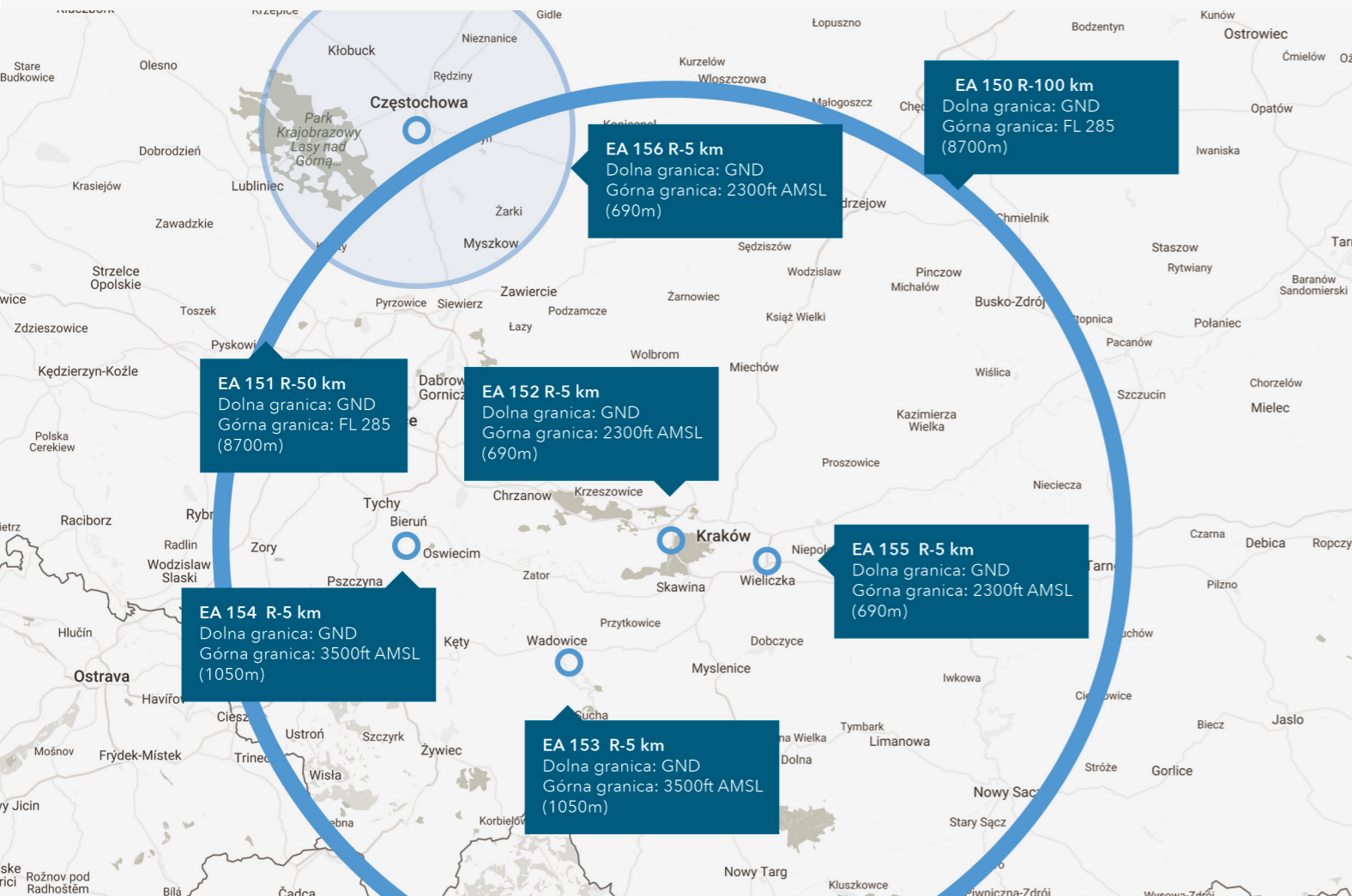
### New Generation Sky

Managing the Polish and Lithuanian airspace on the basis of the latest generation operating systems is becoming a fact. The first step was made in Warsaw. Polish Air Navigation Services Agency and ORO NAVIGACIJA, institutions providing air traffic services from Poland and Lithuania have signed agreements with an international company – Indra to implement the latest iTEC air traffic management system in both countries. It is assumed that all major Air Traffic Management Centers in Europe will be using the iTEC system over the next five years. The purchase procedure was carried out prior the signing of the contracts. As a result, both institutions joined the iTEC Alliance, as announced at the World ATM Congress in Madrid.

## July

### General Aviation traffic performance record

General aviation traffic is growing at a record pace. Last year, the number of operations carried out by the Flight Information Service (FIS) in PANSa broke the record and in 2016 the FISOs carried out **197 319** VFR movements. In 2016, in comparison to 2015 it was a **13%** increase in provided services in the G class.



**July**

**Airspace during World Youth Days**

Increased air traffic related to World Youth Days that took place on July 2016, and intensive holiday related traffic was an organizational challenge for PANSA and air traffic controllers employed by the Agency. Seven zones of limited flights around Krakow. Absolute ban on flights related to: sport, aeroclubs, recreation, with particular regard to the total ban on flying drones. Those special measures have been introduced during the World Youth Days in the airspace under the control of PANSA and were aiming at providing maximum safety for all airspace users and WYD participants.

**August**

**PANSA opened to cooperation with Ukraine - Aviation meeting in Lviv**

Heads of PANSA and UkSATSE, opened the air traffic management center in Lviv, which is equipped with a new management system.

During the meeting, the heads of both agencies discussed the adaptation of ATM systems in order to introduce Free Route Airspace (FRA) and create a regional frequency synchronization and sectoring tool (FRASE) to improve the air traffic management, shorten the routes and thus minimize the negative impact on the environment. The FRASE system will be integrated with the ATM system and will allow to import and export data from two different sources.



## August

### ATC Global 2016

ATC Global is an annual ATC/ATM environmental exhibition and conference. This is a place for companies and institutions which are looking for modern solutions and systems, as well as a place for connecting with others and exchanging experience. This year, PANSА representatives, including the Acting President of PANSА Magdalena Jaworska, who has presented the topic of the role of the Agency in connecting regions in the context of operational cooperation between air navigation services providers from different countries.

## August

### Successes of FIS Poland at the seminar in Manchester

FIS Poland, an association which unites PANSА's FISO, has been a member and the founder of IFISA since 2015. In September, in Manchester an annual seminar and workshop devoted to, among other things, EU regulations in the area of FIS, good practices in the flight information service as well as phraseology used in FIS were held.



## November

### Completion of the implementation of the Baltic FAB

On 28-29 November, in Vilnius, the third meeting of Baltic Functional Airspace Block took place.

During the meeting, the final report of the Baltic FAB implementation program was approved, directions for development and strategic objectives for 2017 were identified, including joint air traffic management and airspace design based on the same principles and its integration within the Free Route Airspace for Baltic FAB.

The Board of the Baltic FAB has decided to put more attention on cooperation with non-UE countries, research and development and creating a PR strategy for the Baltic FAB. In addition, the participants committed themselves to implement the tasks described in the Baltic FAB Strategy (including achieving and maintaining high performance in the areas of safety, airspace capacity and air traffic flow management, and reducing the negative impact of aviation on the natural environment).

## November

### Warsaw: the European capital of drones

In November 2016 Warsaw hosted the High-Profile Conference: „Drons as a source of new jobs and growth”, jointly organized by the Ministry of Infrastructure and Construction, EASA - European Aviation Safety Agency, Polish Civil Aviation Authority and Polish Air Navigation Services Agency.

More than 300 guests from around the world came to the capital of Poland. Among the guests, there were representatives of European institutions, national aviation authorities, civil and military drones manufacturers, research institutions, universities and private ventures.

The purpose of the conference was to identify actions that could provide new jobs and economic growth, with respect for the safety, privacy and the environment.



## December

### Innovative navigation technologies in Krakow

The representatives of the Polish Air Navigation Services Agency and the busiest regional airport in Poland - Krakow Airport - have signed an agreement in regards to the implementation instrument flight approach based on the GBAS (Ground Based Augmentation System) which uses satellite navigation technology for the air traffic control system.

The GBAS (Ground Based Augmentation System) is a new technology that not only allows simultaneous provision of approach air navigation services comparable with ILS at all the runway's directions, moving operations from one runway to another without the need for any additional equipment, but it also allows flexibility in the designing the approach procedures. Introduction of GBAS will also indirectly contribute to reducing fuel consumption and impact the process of designing routes over less populated areas.

PANSA is a connections between the Eastern and Western parts of Europe in regards to providing air navigation services.

PANSA in

# 2016

Polish Air Navigation Services Agency (PANSA) has been functioning as a state body responsible for managing the national airspace (FIR Warsaw) since April 1, 2007, acting pursuant to the Act on Polish Air Navigation Services Agency dated December 8, 2006.

Air traffic control takes place on three levels:

- 1** area control - established to provide control of en-route air traffic (1 ACC: Warszawa),
- 2** approach control - set up to control air traffic in reference to controlled flights of arriving and departing traffic - in Warsaw this is an area with a radius of about 100 km (4 APPs: Warszawa, Gdańsk, Kraków, Poznań),
- 3** airport control - established to provide control of air traffic in airports (15 TWRs)

Additionally, PANSA delivers Flight Information Services (FIS) in uncontrolled airspace. It also cooperates with Search and Rescue (SAR) bodies, providing alerting service. PANSA performs these functions - among others - by ensuring high quality of provided services and technologically advanced ground-based navigation and telecommunication equipment, cooperation with international organizations, and by arranging resources (both technical and human) to provide Air Traffic Services (ATS).

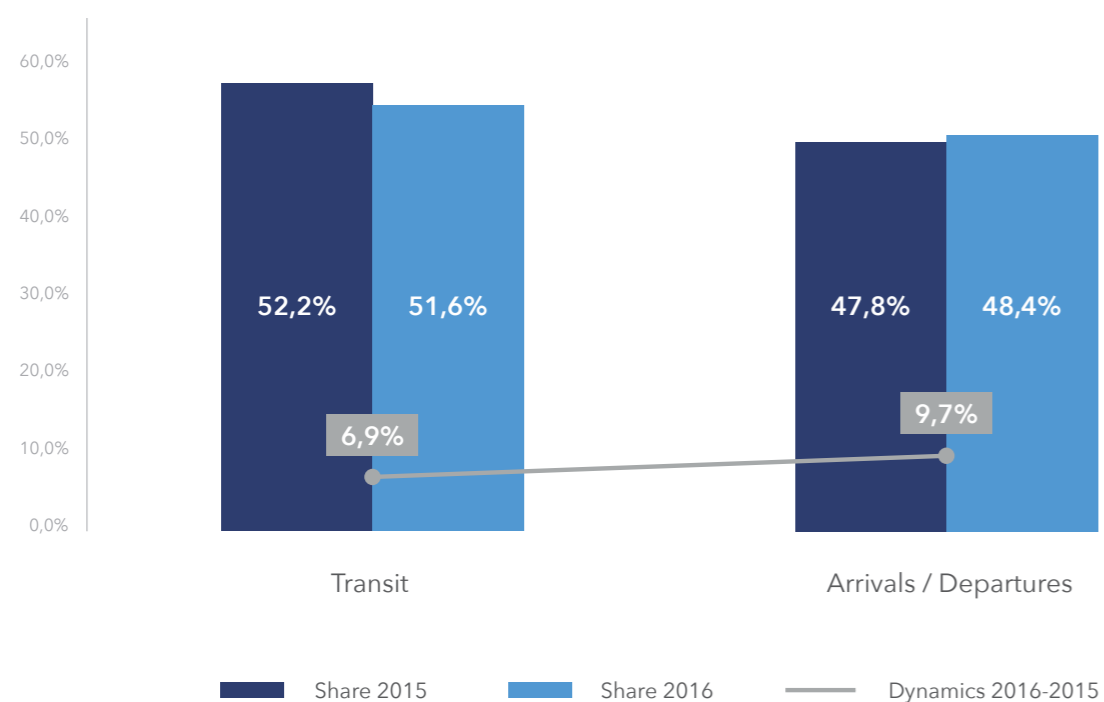
TWRs map



Air traffic in Polish controlled airspace 2016 in terms of the total number of flights was higher than in 2015 by **7,5%**.

In the analysed period the value of the average En-route ATFM delay was 0.39 min/flight. There was an increase in the number of flights in departures/arrivals by 9.7% and in overflights by 6.9%. In total number of flights, share of departures/arrivals increased from 47.8% to 48.4%. The share of overflights decreased to 51.6%.

Share of traffic categories in total number of flights 2015-2016



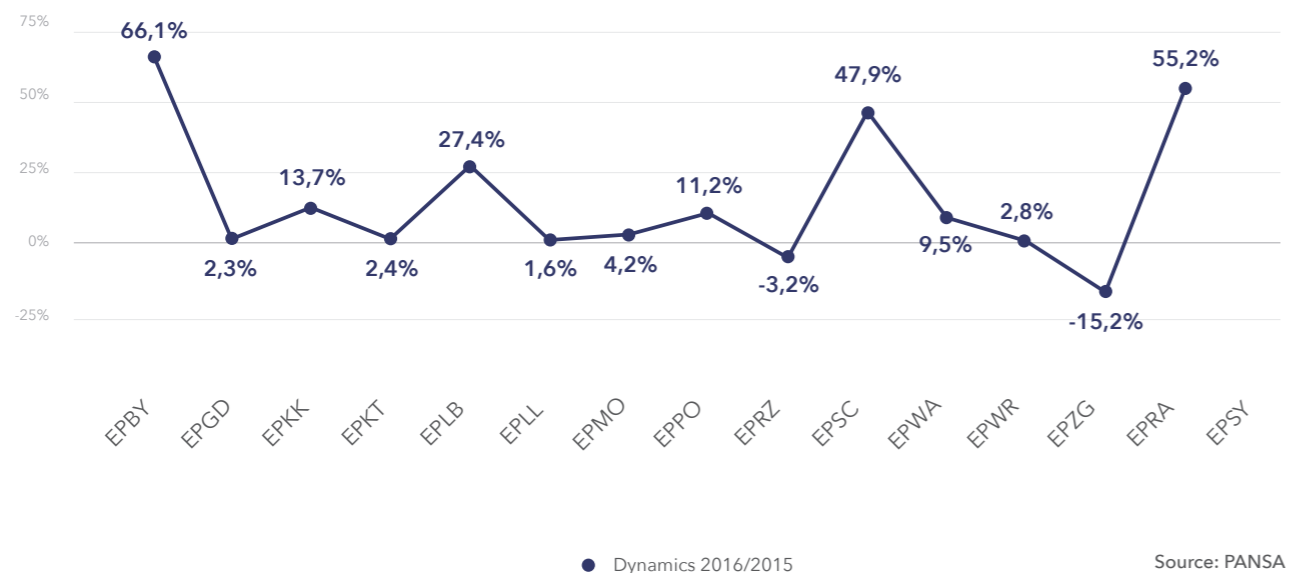
Number of flights and En-route ATFM delays 2002-2016



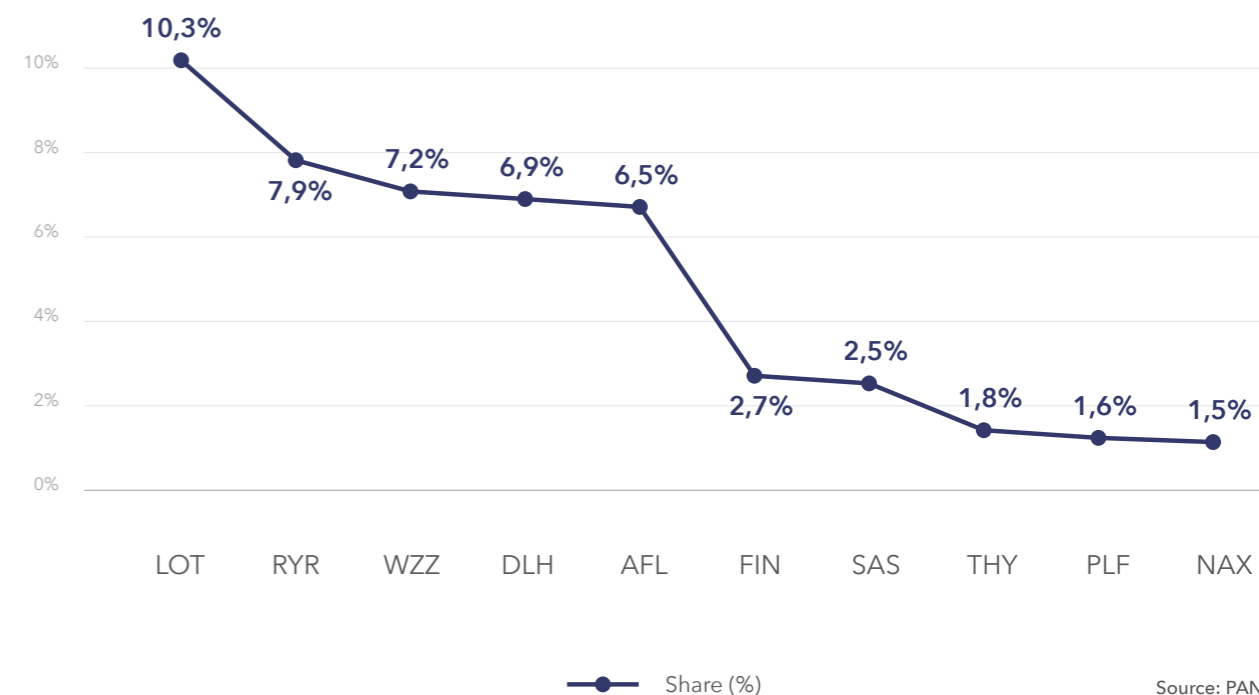
Source: PANSA



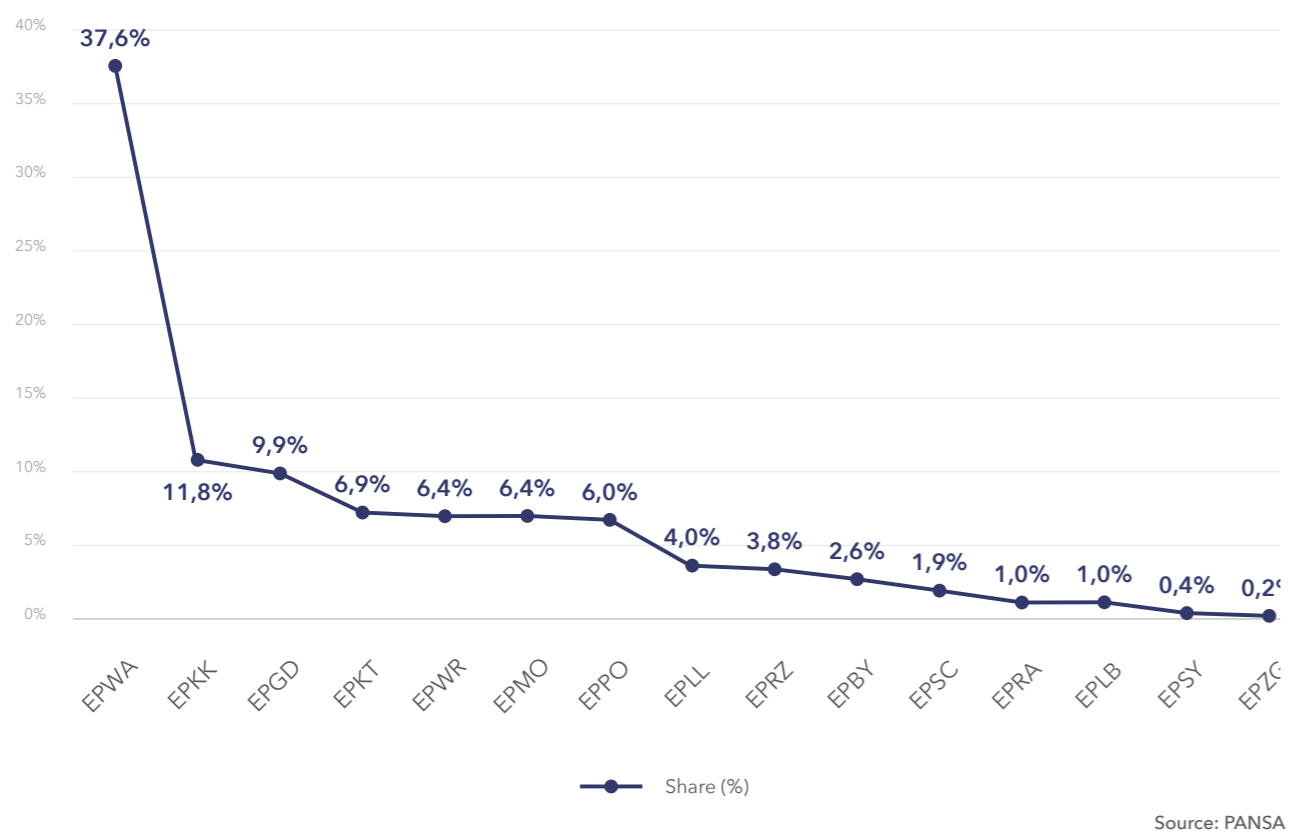
Dynamics of the number of flights at airports 2016/2015



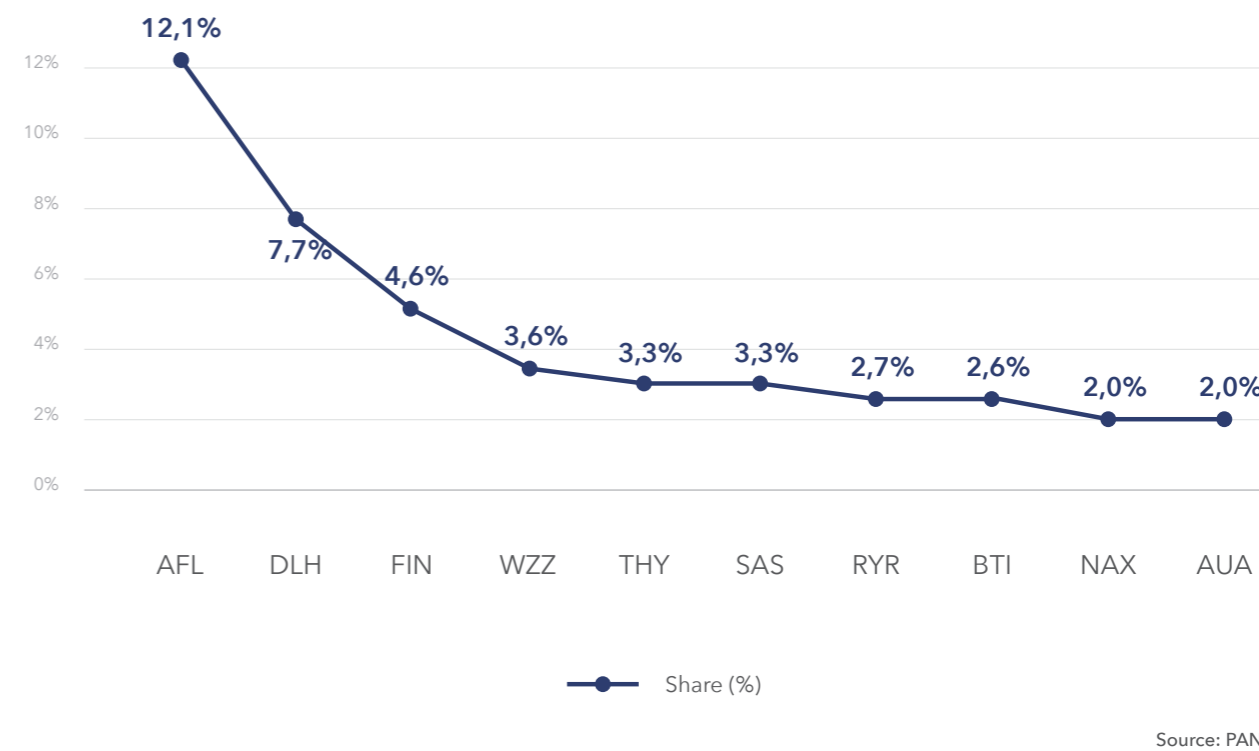
Share of airlines in total number of flight in 2016 - (Top 10)



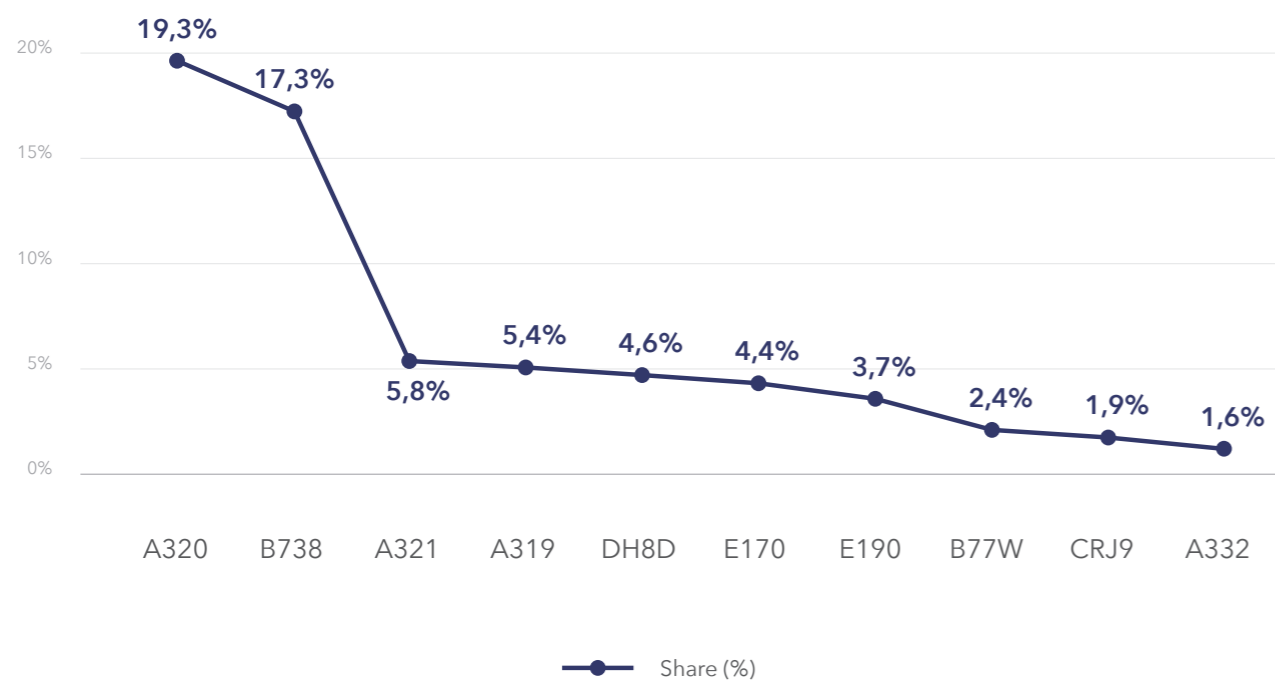
Share of airports in total number of flight in 2016



Share of airlines in overflights in 2016 - (Top 10)

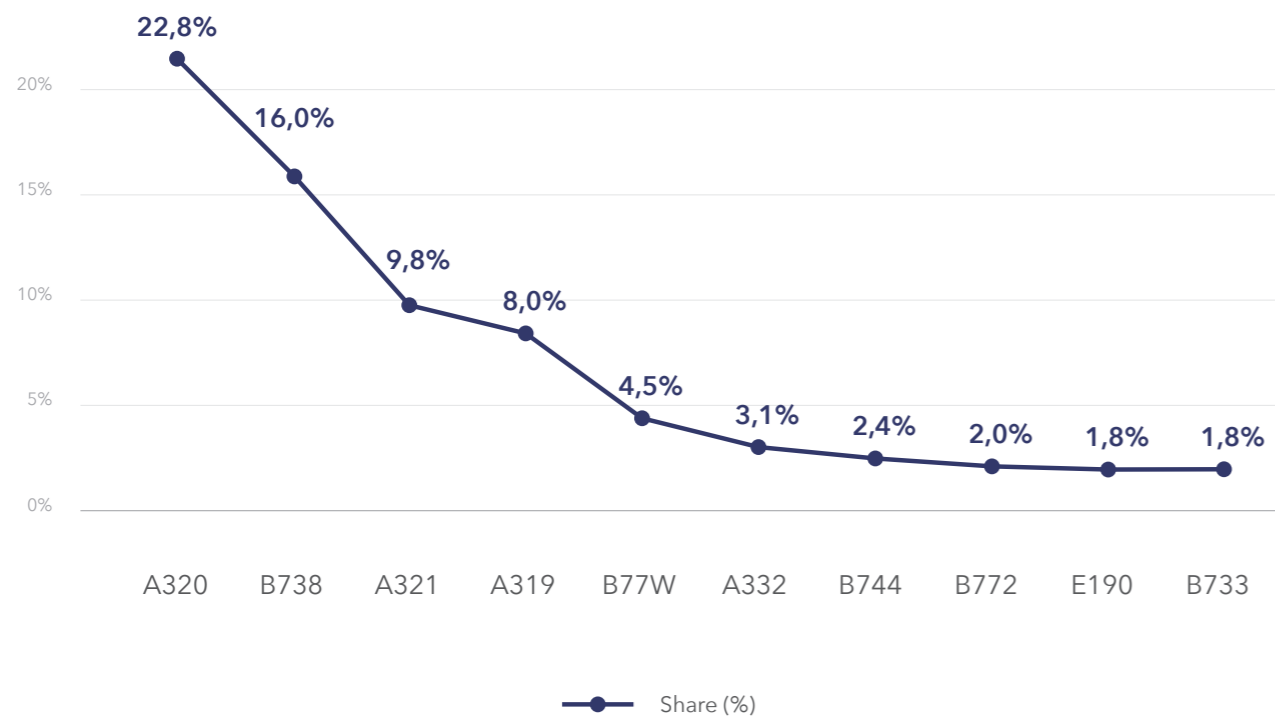


Share of aircraft in total number of flight in 2016 - (Top 10)



Source: PANSA

Share of aircraft in overflights in 2016 - (Top 10)



Source: PANSA

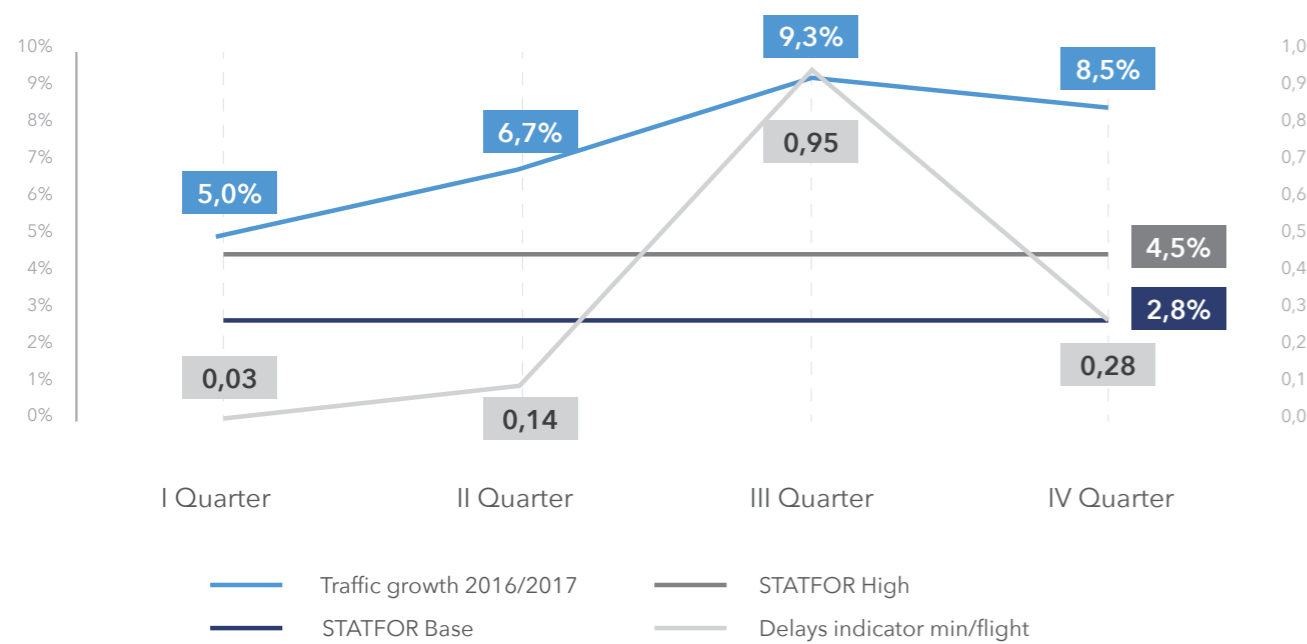


In 2016, Warsaw FIR reached much higher than planned air traffic level .

## Managing the air traffic

As a result of the dynamic increase in the number of aircraft operations in 2016 (+ 7.5%), Warsaw FIR has achieved significantly higher level of air traffic in comparison to what was expected. During peak hours, the actual demand exceeded 180 operations per hour. Stacking of the traffic in the summer season ranged between **+8%** and **+15%**.

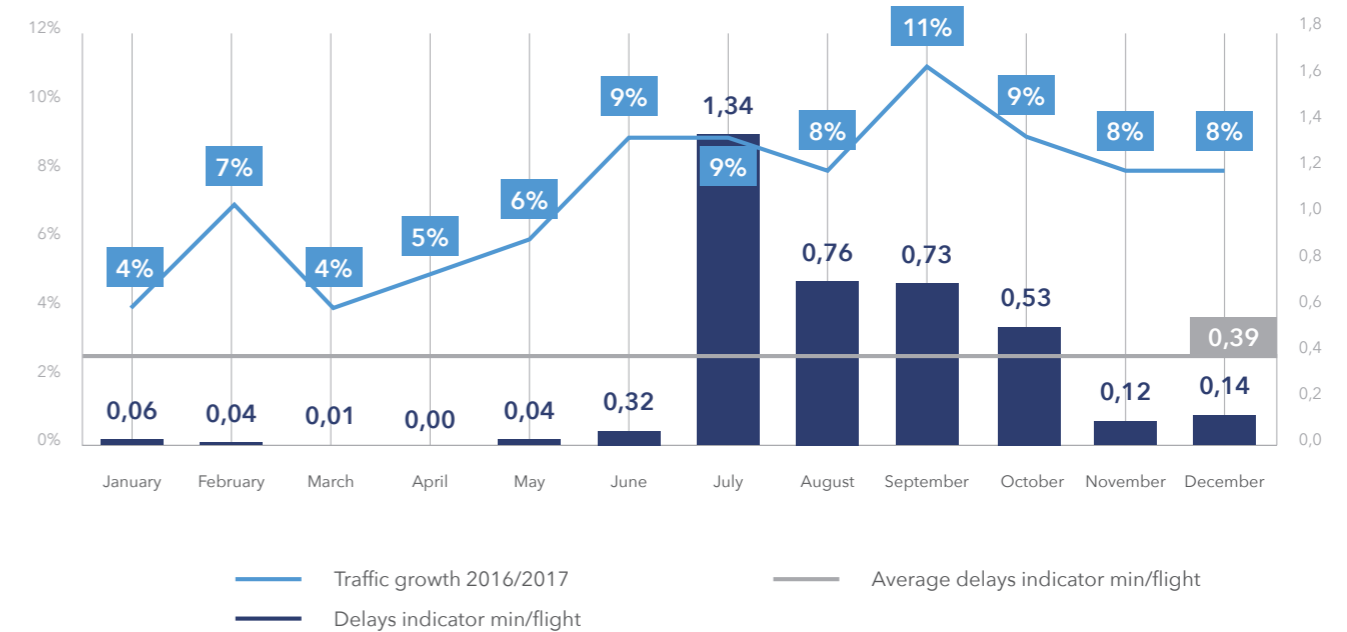
Increase in air traffic and the number of delays divided into quarters in 2016



Source: Own study of PANSa based on EUROCONTROL / PRU data.

The actual increase of air traffic (especially its hourly stacking in the summer season) has led to overcapacity and caused a large increase in delays from July to October..

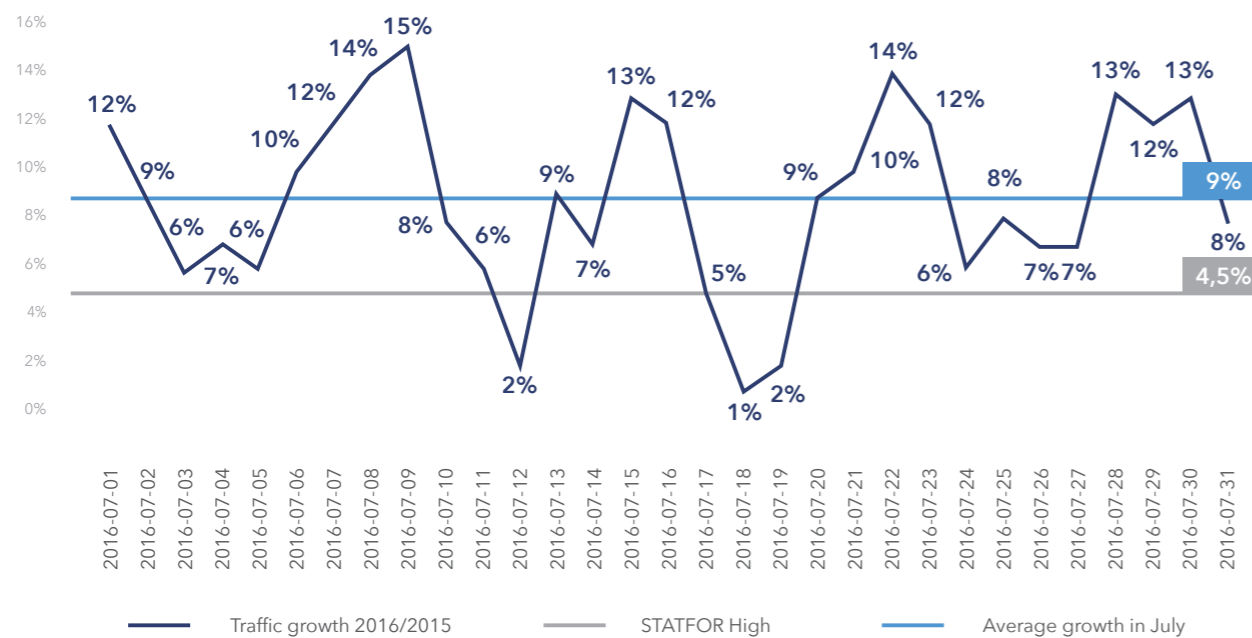
Increase in air traffic and number of route delays in 2016



Source: Own study of PANSa based on EUROCONTROL / PRU data.

The largest number of flights and the highest monthly value of en-route delays in 2016 were recorded in July. The average increase in traffic during this period was **+9%** (expected maximum **+4.5%**), while the maximum traffic growth reached **+14%**, **+15%**.

### Air traffic growth in July 2016



Source: Own study of PANSA based on EUROCONTROL / PRU data.

During high air traffic volumes providing air navigation services at the required safety level inevitably leads to increase of the delays. This was the case in 2016 across Europe, and as a result, delays were higher than the assumed values. Regardless of the above, safety and traffic flow have been preserved.

In 2016, significant changes in Warsaw FIR in the structure and intensity of traffic flow as well as the dynamically increasing number of air operations compared to assumptions of PSD on RP2 have occurred. Moreover changes in the air traffic in Warsaw FIR were abrupt being a result of restrictions related to the political situation in Ukraine.

In addition, there were other factors beyond PANSA's control, such as the need to close a portion of the airspace during the NATO summit and military exercises, increase traffic during World Youth Day, unplanned increase in the Scandinavian traffic along the western border of Warsaw FIR resulting from a low Polish Unit Rate and an unplanned growth of unregulated traffic from the Russian Federation. This has led to the increased demand for recruitment of additional staff.

Despite the fact that many organisational and operational measures were taken, discrepancies between the planned and the achieved value of delay indicators have been identified.

An average delay in this year was **0,39** min/flight with the target set at **0,23** min/flight.

Delays were related to the dynamics of traffic growth in FIR Warszawa, which in 2016 was more than double in comparison to what was expected (**+ 7.5%**).

In the same period, the average delay in Europe (EUROCONTROL area) was **0.86** min/flight with an increase in air traffic of **+ 2.4%**.

Works were carried out, which were aimed at the implementation of the iTEC validation platform, which will enable active participation of PANSA in the work on the future European iTEC system, and preparation of a full specification for the new ATM system in Poland, which will replace the current P\_21 system after 2020

The cooperation of PANSA with the "iTEC" shall bring the following benefits in regards to air traffic management:

- 1** Reduced deployment and operational expenses through the use of shared software,
- 2** Sharing work costs for further development, improving security in airspace through shared methods and processes of system development,
- 3** Improving interoperability through joint processing of flight data and use of open interfaces,
- 4** Shared operational posts facilitating communication between air traffic controllers.

## Safety and quality of the services

In 2016, works were continued in the safety area which aimed at increasing the Safety Culture and the effectiveness of SMS.

The Just Culture policy has been implemented in PANSA. The adoption of the Just Culture policy is an obligation resulting from Regulation (EU) No 376/2014 of the European Parliament and of the Council in regards to reporting and analysis of civil aviation events. In accordance with the policy, the operators or other persons that are directly involved in the policy are not punished for acts, omissions or decisions they make that are commensurate with their experience. However, gross negligence or wilful misconduct is not tolerated under this policy.

## The basic condition for protection under the Just Culture policy is to report the event as part of a mandatory or voluntary safety reporting system that is used in PANSA

The main goal of the policy is to increase safety by encouraging employees to report any information related to air traffic safety. Thus, in 2016, the reporting of events affecting air traffic safety and the procedures for investigating operational incidents in the operational and technical areas were improved through the use of the digital event reporting system at ATM, and the identification of new features in the system to improve its functionality for its users.

In addition, new operational staff (ATC inspectors, FIS officers) were added to the functions of safety inspectors. The Safety Occurrence Analysis Methodology (SOAM) was improved within the group of employees that analyse aviation accidents and persons who applied for the position of aviation accidents inspectors.

## Regional cooperation initiatives Baltic FAB

Poland and Lithuania carry out projects related to the unification and harmonization of the Air Traffic Management (ATM) system in the jointly managed functional airspace block - Baltic FAB. Actions taken by FAB partners aim at restructuring the managed airspace, which will organise the traffic flows, release additional airspace capacity, and increase the effectiveness of provided air traffic services.

In 2016, a key issue related to the future of the Baltic FAB was the presentation of an initial draft of the development strategy of the Polish-Lithuanian initiative, developed by the Baltic FAB Management Office on the basis of the directional arrangements of the Polish and Lithuanian transport ministers which were made in 2015. After analysing the document, the Management Board decided to pass it to further work and to prepare the necessary corrections and additions by individual members of the Management Board.

**The partnership between ANSPs led to the formal integration of COOPANS into the A6 Alliance for SESAR Deployment Manager activities and today, the A6 Alliance members provide significant support either in logistics or in staff to the SESAR Deployment Manager.**

The A6 Alliance as an important player and a key stakeholder of the Single European Sky has made significant and remarkable contributions to the SESAR JU, for example on the occasion of the ATM Master Plan Updates (editions 2012 and 2015).

The A6 Alliance leads European-wide technical activities validated and co-funded by the EC for their consistency with the SES framework. Recently INEA awarded close to 543 million € to A6 members' implementation projects as part of 2014 and 2015 Connecting Europe Facility (CEF) calls within SESAR Common Projects deployment priority (currently only Pilot Common Project - PCP).

## Gate One

Since 2013, PANSA has been the founding member of GATE ONE, one of the largest regional platforms for ANSP in Europe. GATE ONE covers the airspace between the Baltic Sea and the Black Sea and it is one of the most important gates on the European continent: this region providing air traffic services heading in various directions: north and south, east and west, as well as Asian and the Middle East.



SESAR

The intention of the Agency is to execute the implementation projects related to the ATM Functions described in Regulation 716/2014 in regards to the establishment of a joint pilot project to support the implementation of the Air Traffic Management master plan in Europe.

### **The Polish Air Navigation Services Agency is actively involved in the SESAR deployment.**

The intention of the Agency is to execute the implementation projects related to the ATM Functions described in Regulation 716/2014 in regards to the establishment of a joint pilot project to support the implementation of the Air Traffic Management master plan in Europe and functions later presented in the Deployment Programme drawn up by SESAR Deployment Manager.

In 2016, PANSa continued work related to the implementation of the project named „1st part of the upgrade of the P\_21 PEGASUS system to the SESAR functionalities - Test and Validation Platform“, which was notified for EU co-financing within 2014 CEF Transport Call for proposals.

In 2016, works related to the implementation of projects executed under EU co-financing in relation to the CEF Transport Call for proposals, i.e.:

- ECG communication System Upgrade - a system that provides data on flight plans and is responsible for providing a solution to maintain service continuity in emergency situations;
- LAN Network upgrade - expansion of local computer network connecting computers in PANSa separation of network services dedicated for the production environment, operational and back-office environment.

As part of the next Call for proposals, i.e. 2016 CEF Transport Call for proposals, which was published in the autumn of 2016, PANSa reported as the project leader, that the following projects were a part of the SESAR Program:

- ATM System Upgrade towards Free Route Airspace (ANSP from Ukraine takes part in the project);
- Traffic Complexity Tool;
- Implementation of Data Link Service for the ATM in FIR Warsaw;
- iTEC Training, Validation and Planning;
- TRAFFIC system upgrade to support FRA;

In addition, in the projects submitted by 2016 to CEF Transport Call for proposals, PANSa acts as a contributor:

- Gate One Free Route Airspace (GO FRA);
- Deploy SWIM Governance;
- NewPENS Stakeholders contribution for the procurement and deployment of NewPENS;
- DLS Implementation Project - Path 2;
- General Call - DLS Implementation Project - Path 1 „Ground“ stakeholders;
- European Deployment Roadmap for Flight Object Interoperability.



**1854** employees  
2016

**534** air traffic  
controllers (ATCO)

## Human resources management

PANSA is a professional and attractive employer and creating valuable relationships within the organization is one of the priorities of the Agency.

Employment status presented in contracts and persons per day on 31.12.2016 compared to employment on 31.12.2015.

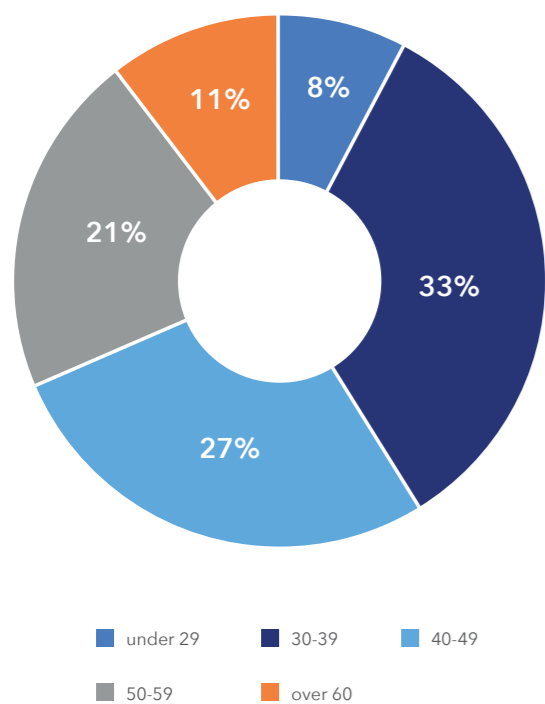
EMPLOYMENT STATUS IN FTE	EMPLOYMENT STATUS IN FTE		DIFFERENCE	EMPLOYMENT STATUS IN EMPLOYEES		DIFFERENCE
	31.12.2015 r.	31.12.2016 r.		31.12.2015 r.	31.12.2016 r.	
ATCOs in OPS	495,54	524,466	28,93	503	534	31
ATCOs on other duties	26,68	28,00	1,32	27	28	1
Ab-initio trainees	69,40	26,00	-43,40	70	26	-44
On-the-job trainees	62,50	66,50	4,00	67	669	2
ATC Assistance	69,75	75,50	5,75	70	76	6
OPS support (non-ATCOs)	291,00	295,05	4,05	293	296	3
Technical support staff for operational maintenance, monitoring and control	329,50	335,00	5,50	330	335	5
Technical support staff for planning and development	52,33	42,825	-9,50	54	45	-9
Administration	342,50	342,50	0,00	346	345	-1
Staff for ancillary services (e.g. MET, AIS, SAR)	100,25	99,25	-1,00	101	100	-1
<b>Total</b>	<b>1 839,45</b>	<b>1 835,09</b>	<b>-4,35</b>	<b>1 861</b>	<b>1 854</b>	<b>-7</b>

### Age structure

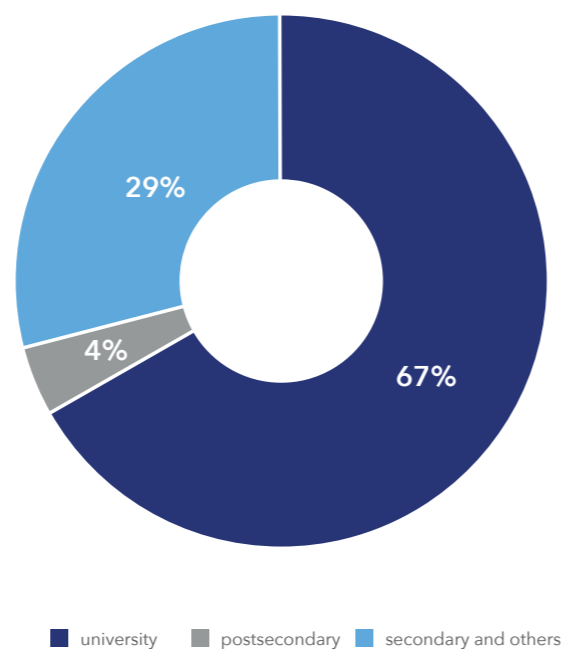
The average age of PANSAs employees is **43** years. Among employed, **29%** are women

Almost **70%** of employees have university education.

Age of PANSAs employees

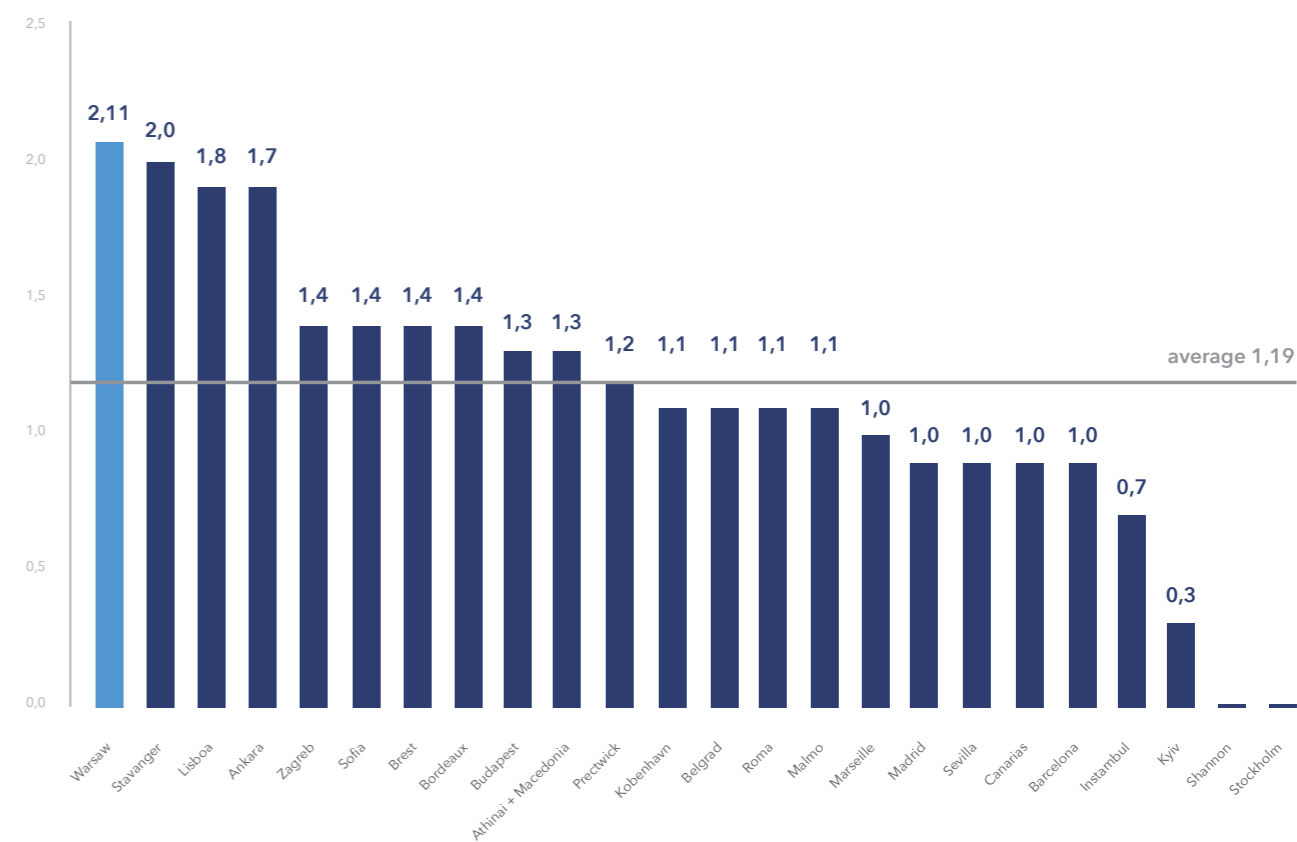


Education level of PANSAs employees



534 persons were employed as air traffic controllers at the end of 2016. Great engagement and excellent collaboration have resulted in an excellent performance results. Polish air traffic controllers are one of the most productive compared to Central Europe's benchmark group and they achieve a productivity index above the EUROCONTROL.

ATCO-ACC productivity in 2015 (Cluster 3a\*)



\* Cluster 3a: ACCs ≥ 7 sectors and serving airspace with relatively low complexity.

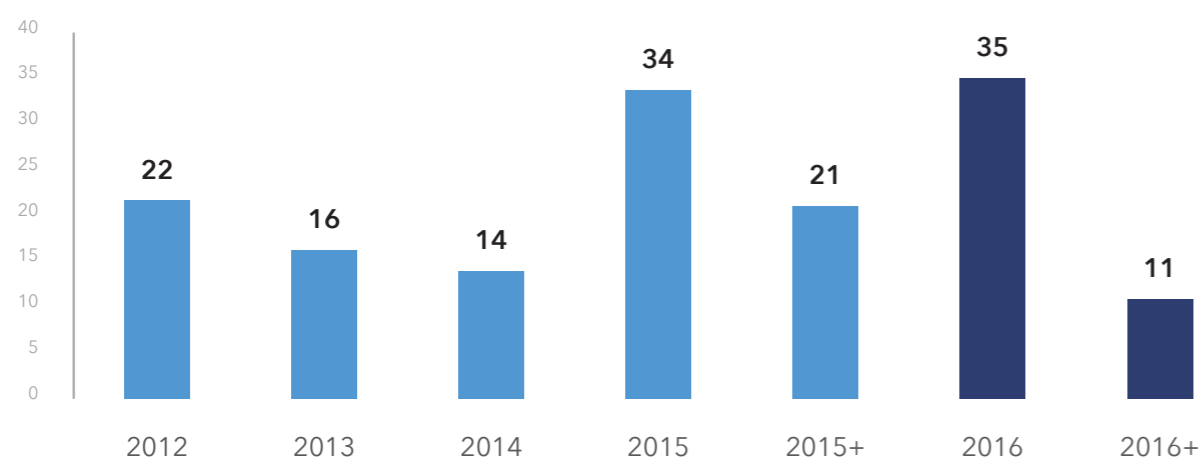


## Trainings

In 2016, the number of new licenses was similar to 2015. The number of new licenses increased by **35**.

In addition, **11** new licenses were granted, which allowed the transfer of personnel from TWR to APP and ACC and APP to ACC.

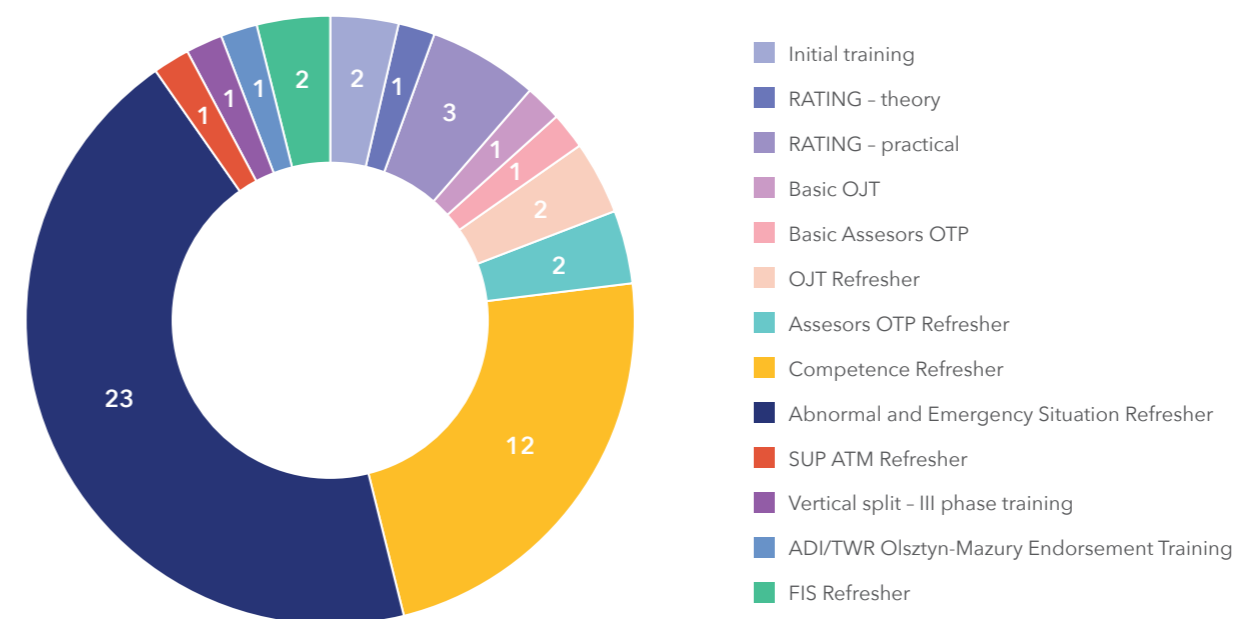
The number of new licenses in 2012-2016



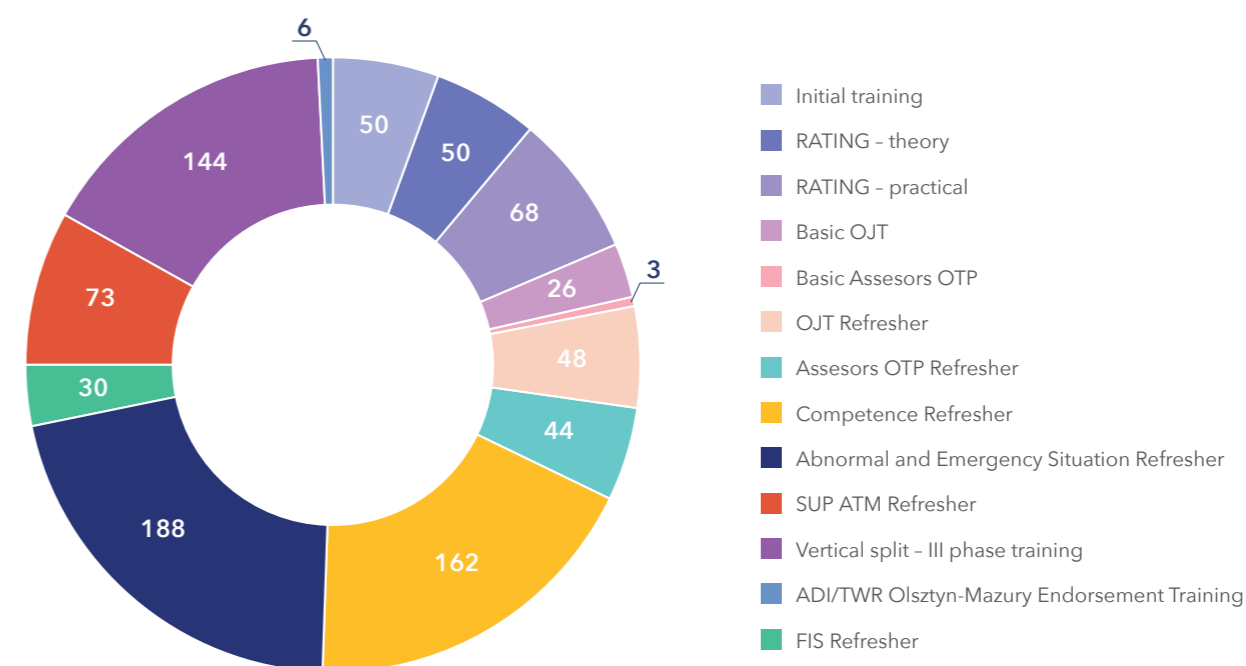
In 2016 at the ATM Personnel Training Center (OSPA), continued to improve the results of the training, including:

- Continuation of a long-term plan of ATC training for 2015-2019, which meets the need to provide sufficient number of air traffic controllers;
- All the training provided by the foreign training organisations for a licensed and qualified staff have been completed;
- The new teaching staff (lecturers and instructors) have been recruited;
- The number of pseudopilots needed to provide the correct training rhythm for all training was supplemented;
- OSPA performance analysis was continued to monitor up-to-date information on the effectiveness and organizational effectiveness of the activities that are being implemented.

Number of trainings conducted at OSPA (structure) in 2016 (total number of trainings: **52**)



Number of people trained in OSPA (structure) in 2016 (**892** trained in total)



## Business development / Regionalization of the Network

Agency holds an opinion, that the Network should be organized in a cross-border regional manner, where the local ATFM units, operating on behalf of one or more other flow management entities, will play a leading role in the Network management processes. In PANSA's position unification of the SES airspace with one, central flow management will not solve the occurring problems with Network's capacity.

Only local, dynamic air traffic flow management conducted in particular in the tactical phase of operations can bring positive result. One of the reason for such this approach is that traffic over Poland is developing dynamically, making the Agency a significant player in the region, allowing PANSA to develop its systems and operational methods.

### Network Efficiency – concept of Local ATFM

## Our Goal: **Increase the role of Local ATFM units**

- Defragmentation of the European Airspace is inevitable
- Need to use local knowledge and potential
- ANSPs have better understanding of local conditions
- ANSPs act more dynamically which is more effective
- Better operational collaborative decision making process
- Local FMPS Development

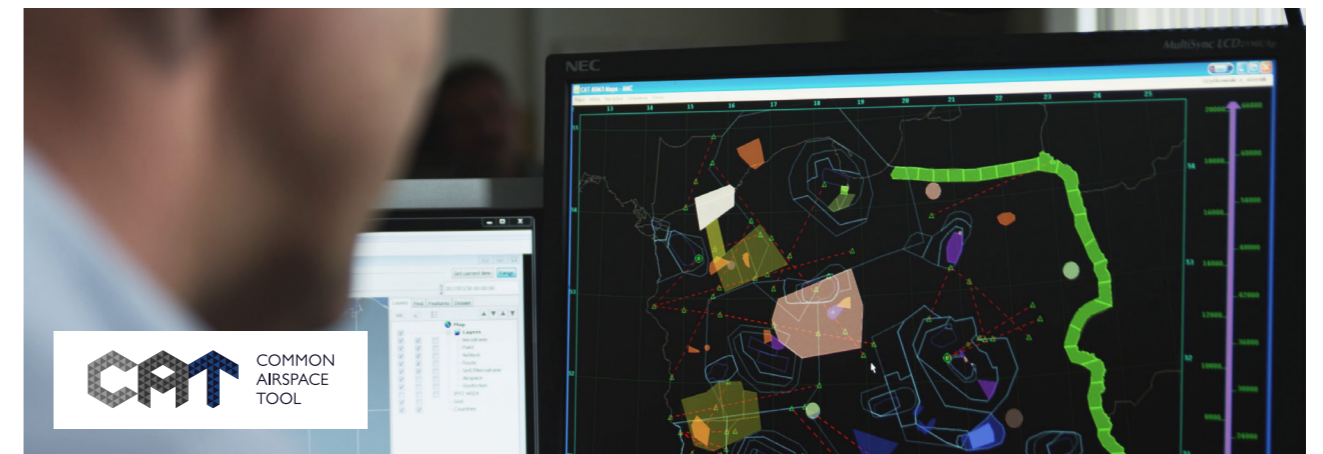
## PANDORA, Created and developed by PANSA



In the world paralyzed by air traffic time saving management is crucial. Immediate and efficient access to information provides safety and traffic flow.

To combine these essential elements of Polish Air Navigation Services Agency created a modern, intuitive and user-friendly tool – integrated air traffic management display system PANDORA.

## Common Airspace Tool (CAT), Created and developed by PANSA



Common Airspace Tool – CAT System provides the ATC operational system with information on the current and planned use of air space.

CAT covers the functional airspace block of Poland and Lithuania. It is used by the airspace management cell and traffic service, as well as the Polish Air Force.

## Drones



### Integrating Drones into Airspace while keeping sky safe – **PANSA Concept**

DroneRadar is an easy to use mobile application (iOS and Android) for airspace visualization which enables the registration and monitoring of areas where RPAS flights take place.

Using 3 simple lights, UAV Operator becoming familiar with all necessary aeronautical knowledge (eg. AMSL, AIP, AIP Supplement) and restrictions (eg. NOTAM, AUP) to perform safe flight

DroneRadar is a frontend to all UTM Services, like Drone Registration DB, Geofencing, education, and many others...

DroneRadar is an ANSP integrated system for UTM (Pandora IDS), which allow manage UAV (Drone) flights.

DroneRadar integrated with ANSP allows two way “non-verbal communication” between ATS and RPAS operator with the use of a notification of requests for flights, start/end times, loss of control, emergency situations and many others

DroneRadar is a complete system, which may be integrated within ANSP environment. It has been developed according to best aviation techniques, standards and best practices. It consist of secure, compliant database and secure open interfaces.

## PARROT - Control and measurement flights



### Two PANSA's inspection planes: **Beechcraft King Air 350** and **L-410 UVP-E 15 „Turbolet”**

are used to perform flight inspection of the ground equipment responsible for ensuring the air traffic services, in accordance with the ICAO provisions and regulations issued by Polish authorities, as well as for as well as for flight validation of both conventional and satellite flight procedures. Both aircraft are equipped with the latest control and measurement equipment and, in addition to the Agency's statutory tasks, services are also provided to airport managing bodies in the area of aerodrome control of visual navigation aid systems.

### Aviation publications

Within the PANSA's flight information service, the Agency is obliged to collect and distribute aviation information that is essential for the safety, regularity and efficiency of air navigation services. In addition to the standard publications included in the Integrated Aviation Information Package, PANSA offers a wide variety of products that are based on aviation information: AIP, maps, databases, which in the era of transition from AIS (air information service) to AIM (air information management) will become more and more important.

# Financial Performance



## Financial Performance – General information

### The basis for compiling the financial statement

The Agency, in accordance with the Act of 8th December 2006 on Polish Air Navigation Services Agency (Journal of Laws of 2015, item 1641), prepares a financial statement for statutory purposes in accordance with IFRS as adopted by the EU.

### The functional and presentation currency of the financial statements

The financial statements are presented in Polish zloty ("PLN"), which is a functional currency of the Agency. All financial information, unless otherwise indicated, is presented in thousands of Polish zloty ('000).

### The principles of financial management

The Agency, in accordance with the PANSA Act, conducts its own financial management in accordance with EU law, international contracts and EUROCONTROL laws regarding the navigation charges, including the rules of determining the payments and the invoicing carried out by CRCO.

Based on the Act of Polish Air Navigation Services Agency dated 8 December 2006 (Journal of Laws of 2015, item 1641), the Agency's net loss for the period is covered from the reserve fund. In case of higher net loss than the reserve fund, uncovered part is covered by the statutory fund. The Agency's net profit for the period is allocated to a reserve fund or other fund created based on separate regulations.

Any operating costs are covered by the income. The income sources are as follows: charges for the provided services, interests from bank investments, donations from the government funds, other income sources including funds gained through non-repayable aid.

The main source of income generated through sales is the income from navigation, including charges from the provision of the air navigation services (The EC Implementing Regulation (EU) No 391/2013 of 3rd May 2013 establishing a common charging scheme for an air navigation services).

The amount of the income from navigation services (en-route and terminal) depends on the level of annual rates for navigation services charges (unit rate).

The basic values on which the income calculations for Agency's navigation services sales were based on are:

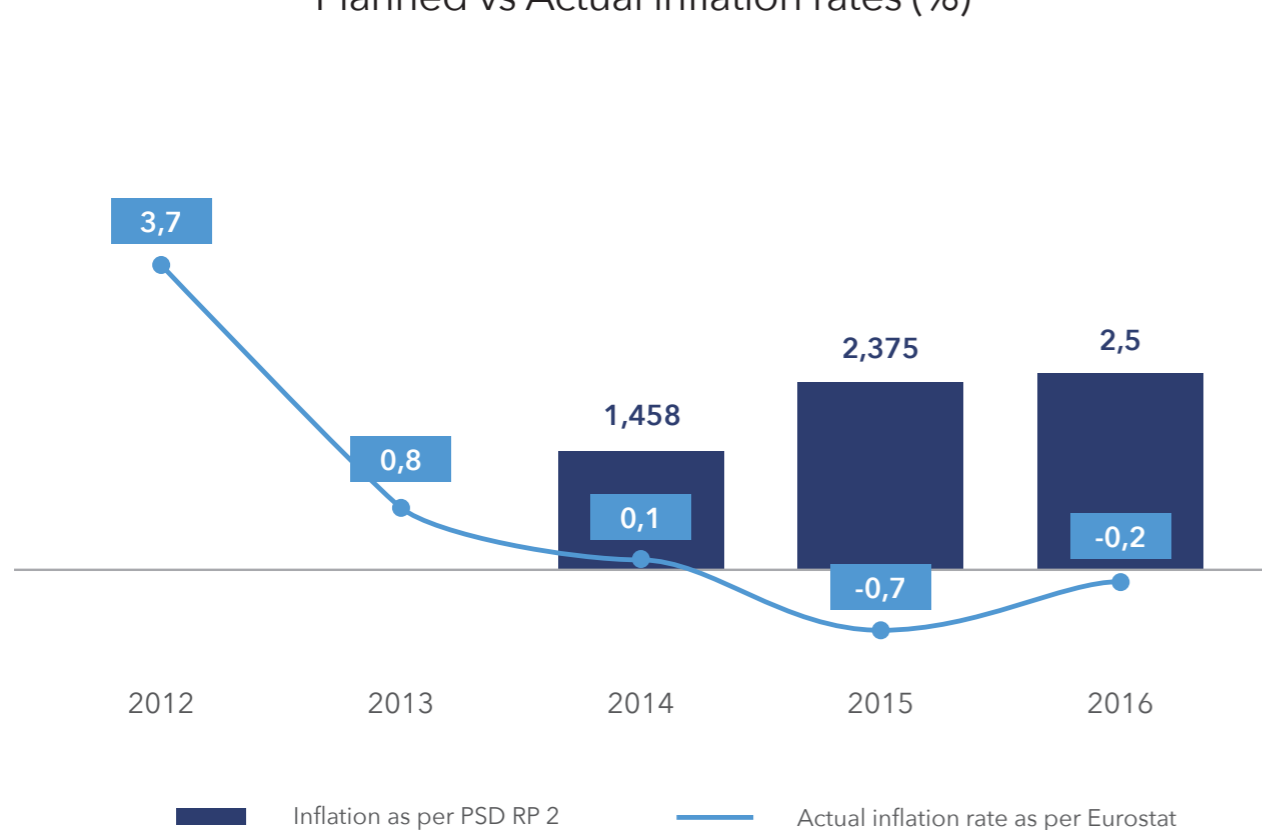
- the number of en-route operations, the weight of the aircrafts and the distance covered within Polish borders, as a base as the primary determinants for accrued service units (SU) in transit traffic navigation, landing and take off navigations;
- the number and weight of the aircrafts that land in the „controlled“ Polish airports, as the basic values for the number of service units (SU-L) in terminal services.
- the further division of navigation incomes is determined by the type of fee charged for the provided navigation services.



## Inflation

In 2016 according to EUROSTAT data from March 2017 a deflation of **0,2%** was observed (compared to deflation of **0,7%** in 2015). The biggest influence on the rate of the consumer goods and services prices, came from lower prices in regards to the transport and clothing.

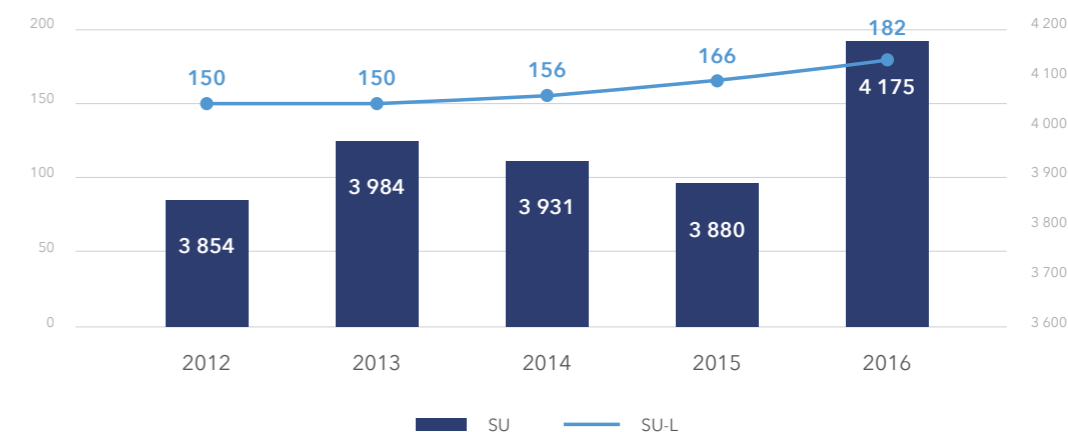
Planned vs Actual inflation rates (%)



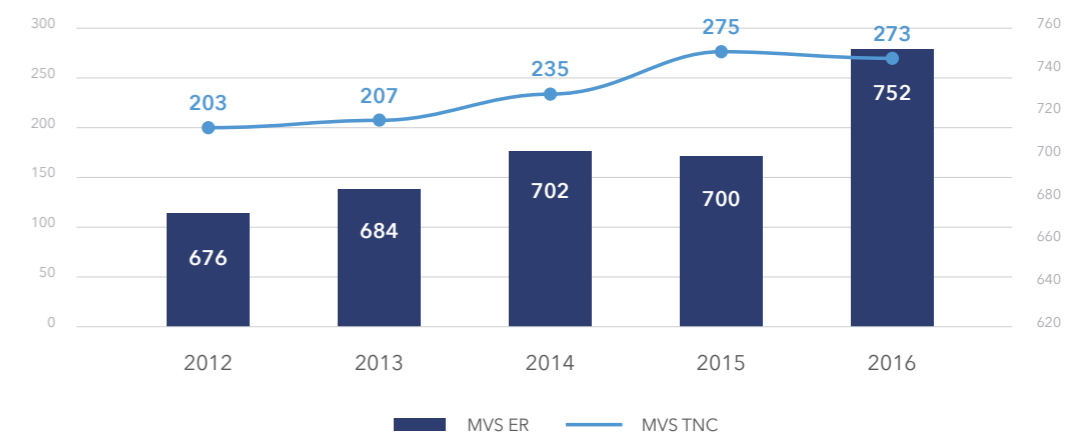
## Air operations

In 2016, the increase in TNC traffic (in terms of service units - SU-L) and the increase of En-route traffic (both in terms of number of operations - MVS and in service units -SU), are noticeable.

Traffic by services ('000)



Traffic by services ('000)

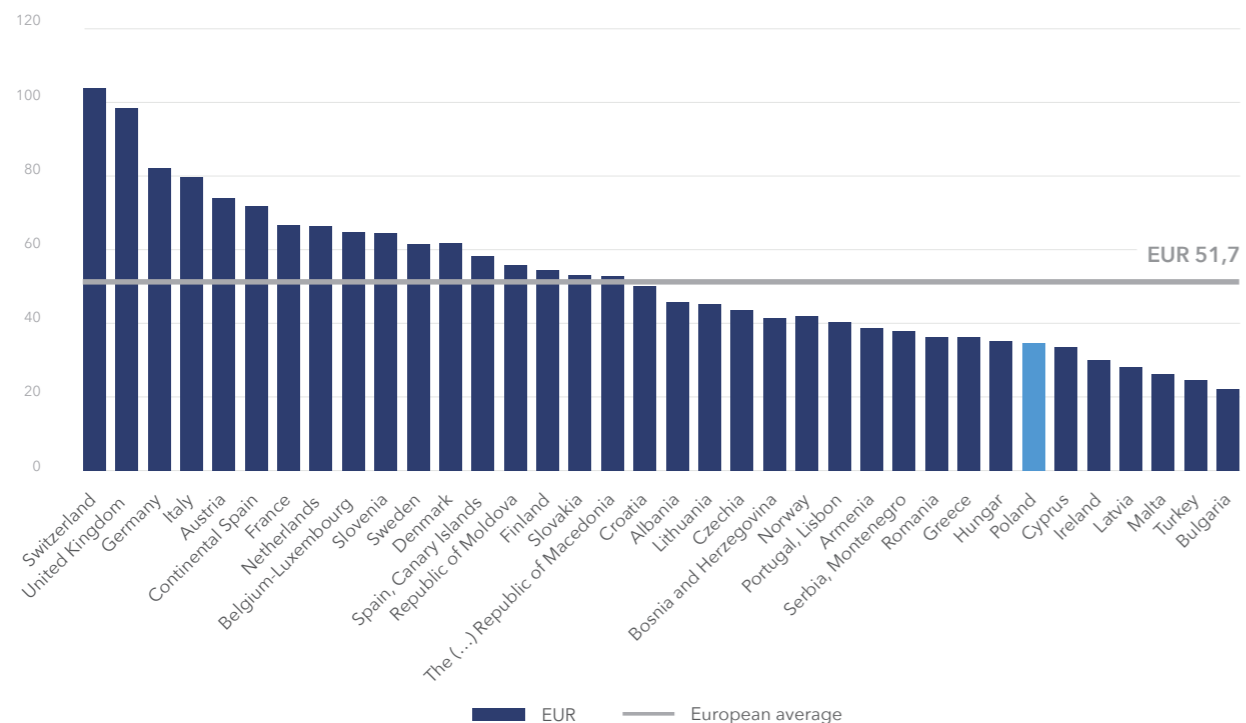


## Air navigation charges

# The average value of the en-route charge unit rate in 2016 in EUROCONTROL member states was **EUR 51,7**.

Out of the selected EUROCONTROL member states, only Cyprus, Ireland, Latvia, Malta, Turkey, Bulgaria had a unit rate that was lower than Polish unit rate for en-route navigation services.

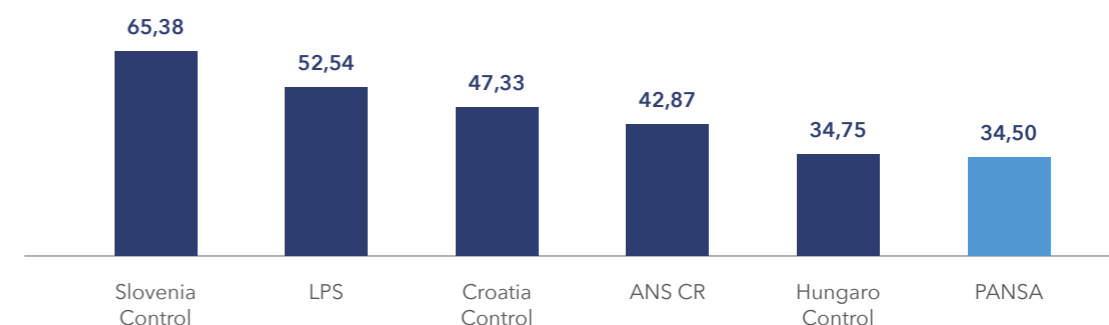
En-route unit rate 2016 in selected EUROCONTROL Member States\*



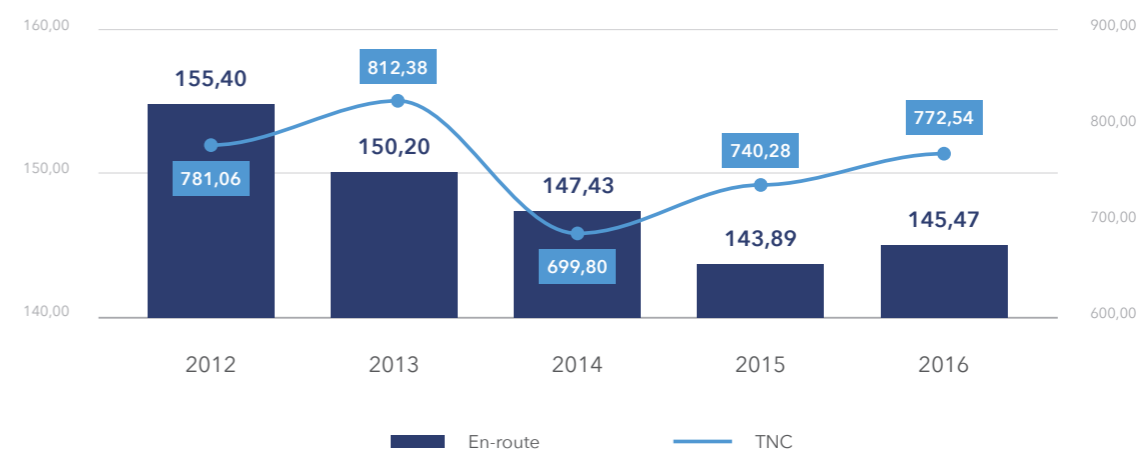
\* including CRCO's administrative unit rate  
Source: Own study of PANSa based on „EUROCONTROL Route Charges System”.

For benchmarking, PRB has split the European ANSPs into groups. PANSa was assigned to “Central Europe”, a group of countries that operate under similar economic conditions and environment. These are Croatia, Czech Republic, Slovakia, Slovenia, Hungary and Poland. In 2016, En-route unit rate was one of the lowest among EUROCONTROL Member States and the lowest in the “Central Europe” group.

En-route unit rate (EUR)



Navigation unit rates (PLN)



For the income calculations from flights and transit navigation for take-offs and landings (arrivals) the en-route charge is used.

En-route navigation sales revenues in the controlled airspace are determined as a product of the unit value and the volume of en-route services.

En-route charge unit rate had been approved in the amount of PLN **145,47** (EUR 34,50) and was in force from 1st January to 31st December, 2016.

For the calculation of income from the terminal navigation, the rate for terminal services is used.

Terminal services sales revenues are calculated as a product of the unit value and volume of projected service units for this area. In 2016, the unit rate of the terminal charge was collected in a single zone, regardless of the location of the airports. The amount was PLN **772,54 PLN**.

## Report from financial activities of PANSA

STATEMENT OF COMPREHENSIVE INCOME	FOR THE YEAR ENDED 31/12/2016	FOR THE YEAR ENDED 31/12/2015
Sales revenues	758 272	711 490 *
Operating expenses	730 295	694 140 *
<b>Profit on sale</b>	<b>27 976</b>	<b>17 350 *</b>
Other operating revenues	26 255	26 019 *
<i>grants from EU and MI&amp;C</i>	20 563	14 546 *
Other operating expenses	8 816	19 775 *
<b>Operating profit</b>	<b>45 414</b>	<b>23 594 *</b>
Financial revenues	8 358	5 444
Financial expenses	207	2 342
<b>Gross Profit</b>	<b>53 565</b>	<b>26 696</b>
Income tax expense	12 060	8 239
<b>Net profit</b>	<b>41 505</b>	<b>18 456</b>
Items of other comprehensive income	0	0
<b>Total overall income</b>	<b>41 505</b>	<b>18 456</b>

\* Data restated

Due to changes in the accounting principles regarding EU grants as of 1 January 2016, to ensure comparability of data:

- the amount of PLN 268 thousand related to 2015 was transferred from "Sales revenues" to "Other operating revenues";
- the amount of PLN 443 thousand related to 2015 was transferred from "Operating expenses" to "Other operating expenses";

as a consequence, results from sales for 2015 increased by PLN 175 thousand.



## Sales revenues

The revenue earned from en-route flights performed in the Polish airspace is charged, invoiced and collected in euro currency on behalf of PANSA by Central Route Charges Office (CRCO), the EUROCONTROL organizational unit. The fee for the navigation service is charged in PLN and collected by PANSA.

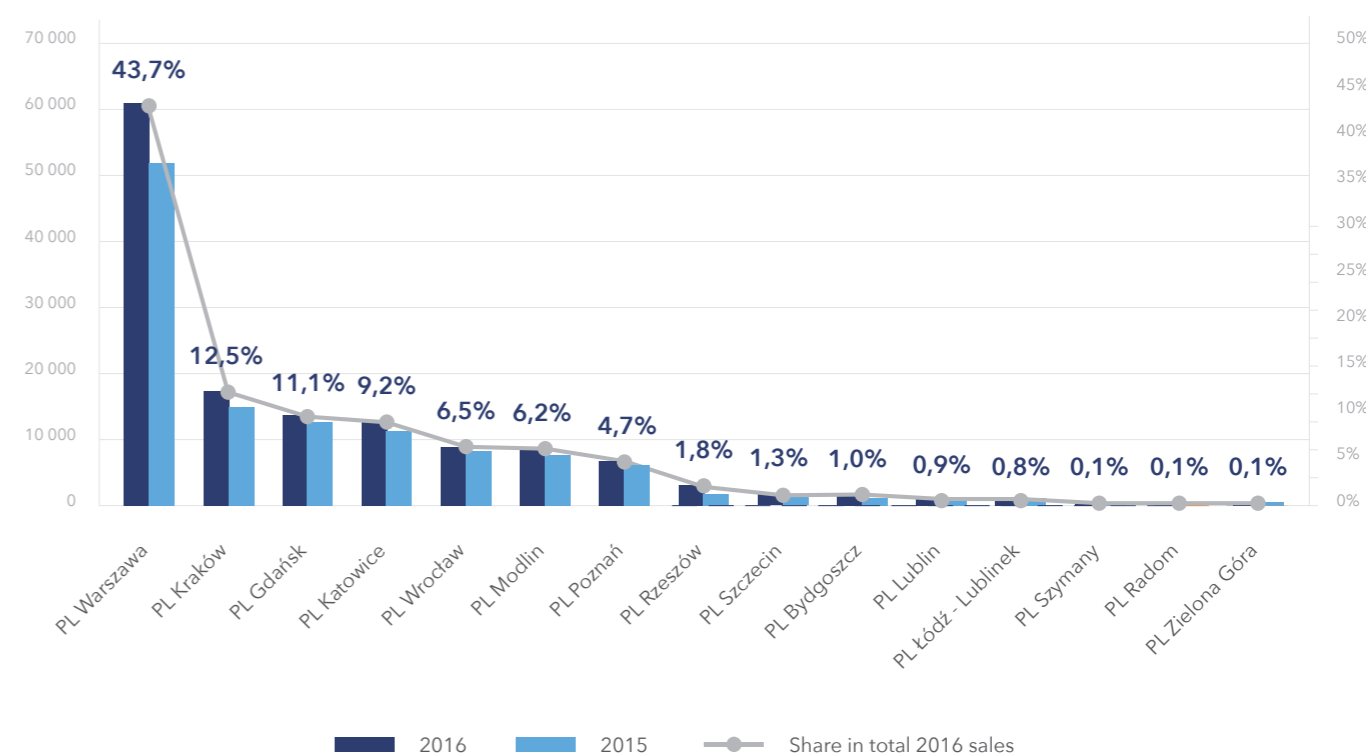
SALES REVENUES	FOR THE YEAR ENDED 31/12/2016	FOR THE YEAR ENDED 31/12/2015
<b>Aeronautical services including:</b>	<b>748 513</b>	<b>700 659</b>
En-route navigation, including:	611 734	564 197
Accrual for settlements with carriers	5 037	8 318
Terminal navigation, including	126 111	126 171
Accrual for settlements with carriers	-11 923	5 562
Grant for free of charge flights	10 668	10 291
<b>Non-aeronautical services including:</b>	<b>9 730</b>	<b>10 680</b>
Meteorological measurements	4 191	4 399
Providing the radar data	2 134	2 134
<b>Sales of materials</b>	<b>29</b>	<b>151</b>
<b>Total</b>	<b>758 272</b>	<b>711 490*</b>

\* data restated

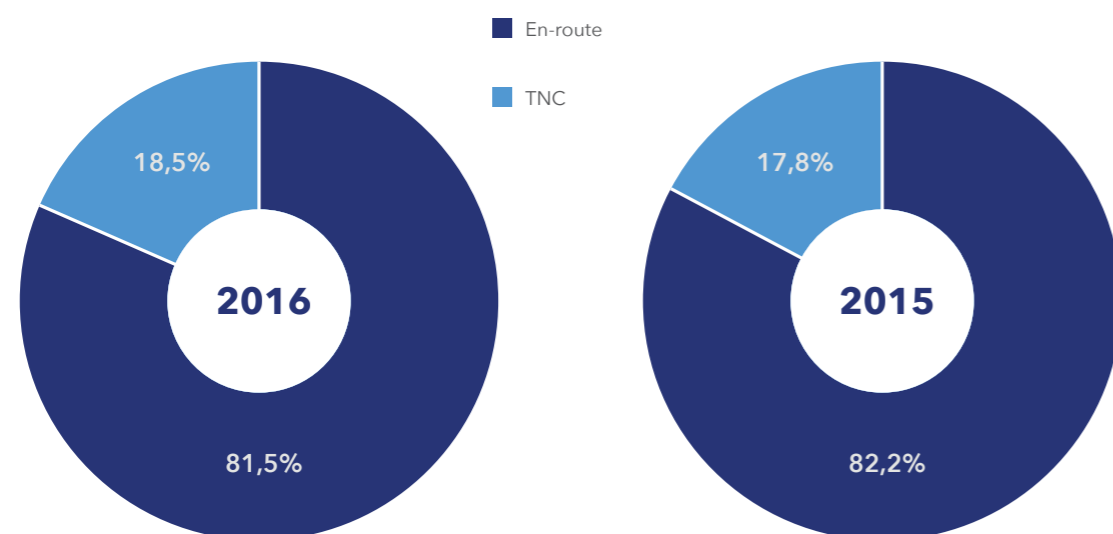
The amount of PLN 268 thousand related to 2015 was transferred from "Sales revenues" to "Other operating revenues".

Sales revenues were dominant source of PANSA income and amounted to PLN 758 272 thousand in 2016. Out of sales revenues, the navigation services (En-route and TNC) accounted for 94,4% of the total income generated by the Agency.

## TNC sales invoiced by airports



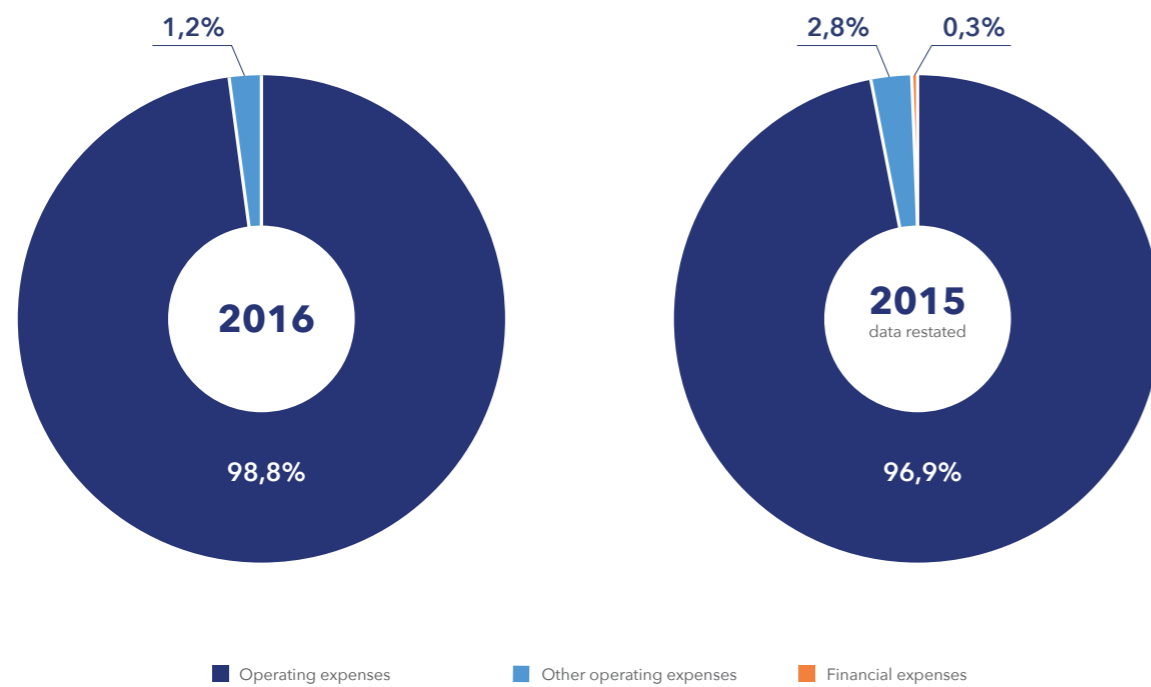
## Invoiced sales revenues by services



## Total costs

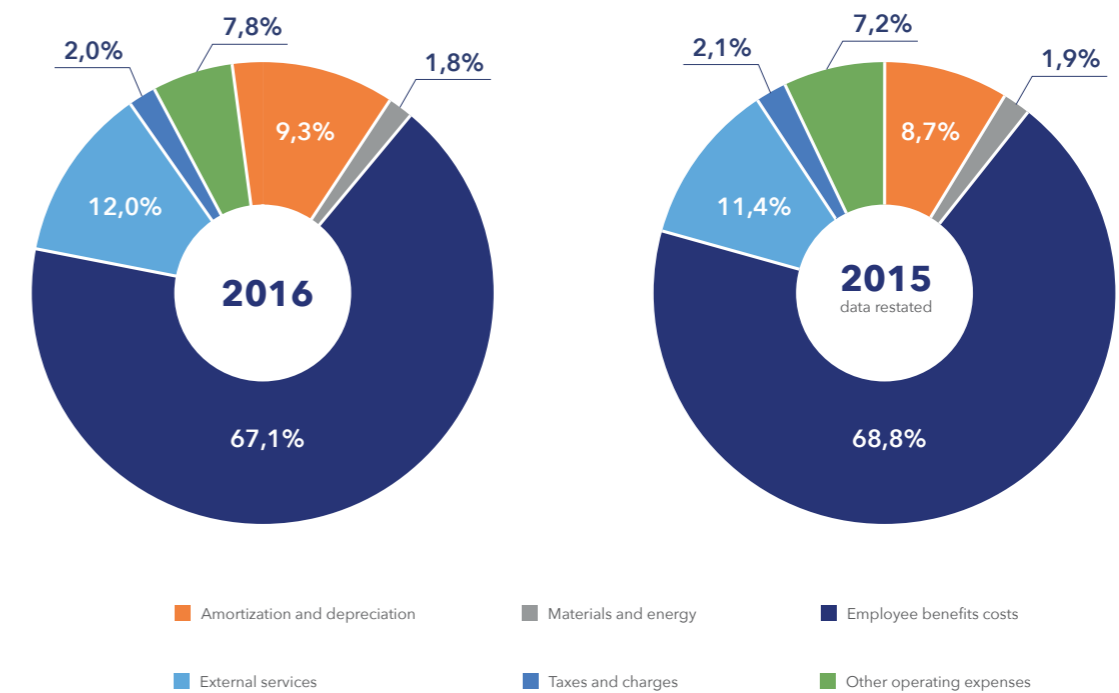
Total costs incurred by PANSAs in the twelve months of 2016 amounted to PLN **739 319 thousand**. Operating expenses in 2016 increased in relation to the previous year (an increase by PLN **36 156 thousand**). The greatest increases were observed in staff-related expenses (an increase by PLN **12 969 thousand**), foreign services (increase by PLN **8 381 thousand**) and amortization and depreciation (an increase by PLN **7 123 thousand**).

### Total costs



The analysis of the costs of PANSAs activity shows that the operating expenses represented the biggest share of total costs and amounted to PLN **730 295 thousand** for 12 months of 2016.

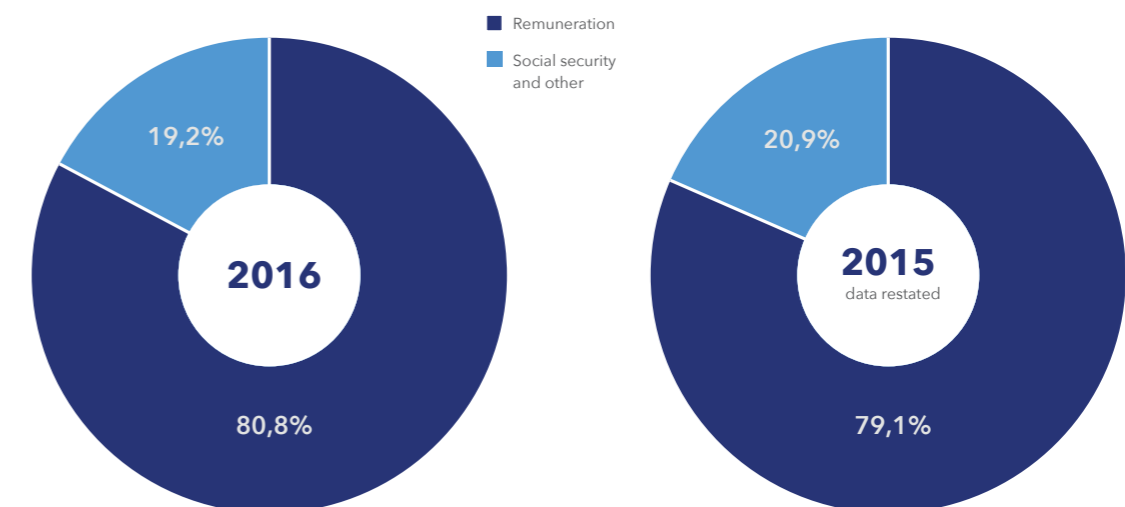
## Operating expenses by kind



The commitment of PANSAs in the implementation of the key tasks in 2016 resulted in the need to ensure the proper management of human resources and therefore require the necessary financial commitment.

Employee benefits costs in 2016 were determined on the basis of the mechanisms that regulate them in the Rules for Workers Compensation Polish Air Navigation Services Agency of 17.02.2010, with all later amendments.

## Employee benefits costs



## The costs of activities divided by services

In accordance with Commission Implementing Regulation (EU) No 391/2013 of 3rd May 2013 that established a common charging system for the use of air navigation services, the costs of providing air navigation services include: personnel costs, other operating costs (table: non-staff net operating costs), depreciation, capital costs (off-balance sheet items) and exceptional costs.

Staff-related costs are include personnel costs (excluding training costs). Non-staff net operating costs include the following categories of costs: material and energy consumption, external services, taxes and charges, other costs and staff training costs.

<b>SPECIFICATION COMPLIANT WITH THE "REGULATION"</b>	CONSTITUENT ITEMS	EN-ROUTE	TNC
<b>Staff</b>	<b>Total, including</b>	<b>399 935</b>	<b>78 897</b>
	<i>Operating expenses</i>	399 603	78 855
	<i>Other operating costs</i>	332	42
<b>Non-staff net operating costs</b>	<b>Total, including</b>	<b>70 056</b>	<b>14 636</b>
	<i>Operating costs</i>	70 036	14 716
	<i>Other costs and financial costs</i>	6 921	1 559
	<i>Adjustment due to revenues from other services</i>	-1 049	-207
	<i>Other operational revenues and financial revenues</i>	-5 851	-1 432
<b>Depreciaton</b>	<b>Operating expenses</b>	<b>56 832</b>	<b>10 110</b>
<b>Cost of capital</b>		48 339	8 589
<b>Exceptonal items</b>		0	0
<b>Total net costs</b>		<b>575 162</b>	<b>112 232</b>

## Statement of financial position

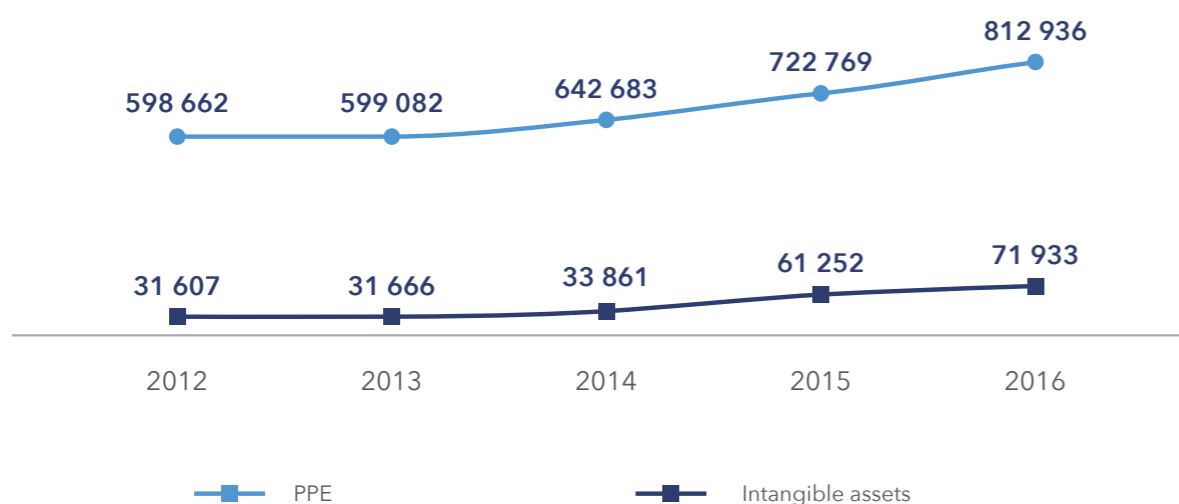
As at 31/12/2016, PANSAs balance sheet total amounted to PLN **1 433 177 thousand**.

<b>STATEMENT OF FINANCIAL POSITION AS AT</b>	31/12/2016	31/12/2015
<b>Non-current assets</b>	<b>952 231</b>	<b>854 321</b>
Intangible assets	71 933	61 252
Property, plant and equipment	812 936	722 769
Long term receivables	62	1 025
Deferred tax assets	66 037	68 043
Other long-term prepayments	1 264	1 233
<b>Current assets</b>	<b>480 946</b>	<b>469 856</b>
Inventories	258	360
Non-current assets held for sale	4 656	0
Trade and other receivables	136 095	132 495
Income tax receivables	5 116	3 998
Short-term prepayments	1 856	2 403
Cash and cash equivalents	332 966	330 601
<b>Total Assets</b>	<b>1 433 177</b>	<b>1 324 178</b>
<b>Equity, including:</b>	<b>742 705</b>	<b>701 200</b>
Statutory fund	475 022	475 022
Reserve fund	226 178	207 722
Retained earnings	0	0
Net profit	41 505	18 456
<b>Long-term liabilities</b>	<b>498 719</b>	<b>455 904</b>
Long-term provisions	236 188	241 663
Long-term accruals	261 075	212 774
Other long-term liabilities	1 455	1 467
<b>Short-term liabilities</b>	<b>191 753</b>	<b>167 074</b>
Short-term provisions	11 812	9 643
Trade and other liabilities	82 116	67 052
Accruals	97 824	90 379
<b>Total Equity and Liabilities</b>	<b>1 433 177</b>	<b>1 324 178</b>

## Non-current assets

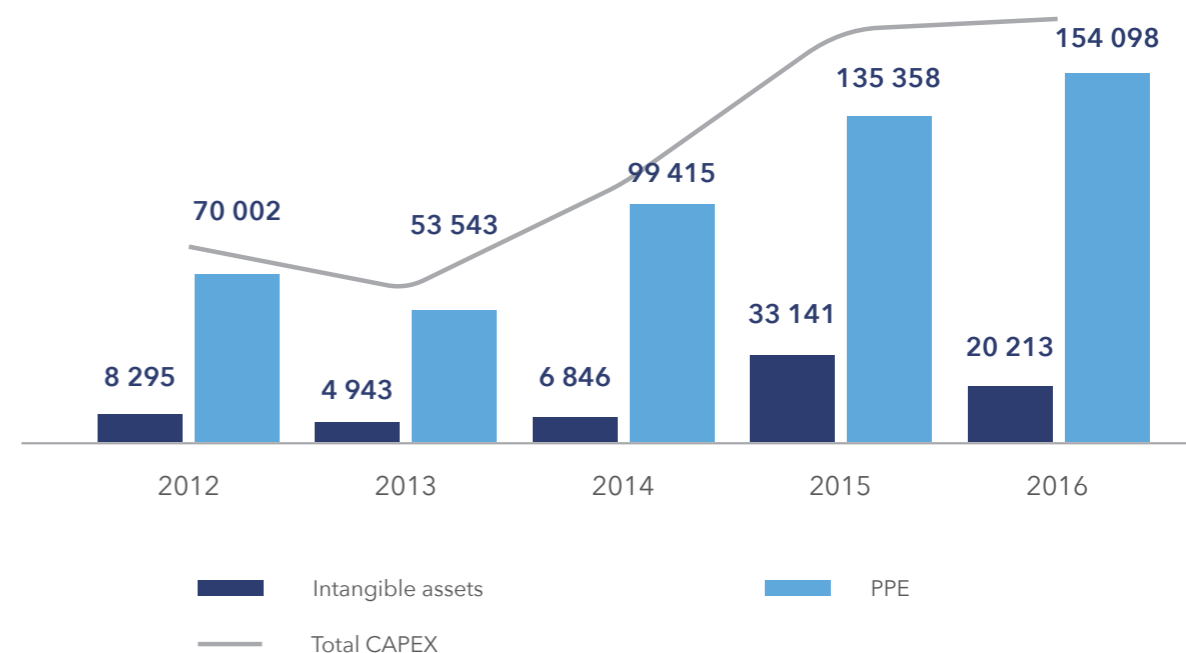
The non-current assets as at 31.12.2016 were 66,4% of the balance sheet total, while the remaining 33.6% were current assets. As in previous years, PPE are the most significant category of non-current assets. As at 31.12.2016, PPE of PLN 812 936 thousand, consisted mainly of technical equipment and machinery, buildings and structures, land (including perpetual usufruct of the land) and construction in progress. The increasing value of PPE and intangible assets is the result of the intensified pro-investment strategy pursued in 2016.

PPE and Intangible assets



PROPERTY, PLANT AND EQUIPMENT	CARRYING AMOUNT AS AT 31/12/2016	CARRYING AMOUNT AS AT 31/12/2015
Land & Perpetual usufruct of land	162 418	122 109
Buildings and constructions	188 745	176 818
Machinery and equipment	326 694	299 494
Construction in progress	96 365	80 516
Vehicles & Other	43 371	43 832
<b>Total</b>	<b>817 592</b>	<b>722 769</b>
<i>including non-current assets held for sale</i>	4 656	0

## CAPEX



Due to a long timescale of the investment projects, a significant increase in construction in progress has been recorded.



Construction works of TWR in Cracow

## Current assets

Cash and cash equivalents were a significant item among current assets in 2016. Cash and cash equivalents as at 31.12.2016 amounted to PLN **332 966 thousand** of which PLN 40 050 thousand was cash held on bank accounts and cash in hand, while PLN 292 916 thousand were bank deposits of maturities of 3 months or less.

Agency creates bad debts allowance for uncollectible overdue receivables according to principle that uncollectible receivables shall be covered in 100% with an impairment allowance. Receivables due over 91 days and less than 180 days are covered in 50% and receivables due over 181 days are covered in 100% with an impairment allowance.

TRADE AND OTHER RECEIVABLES	31/12/2016	31/12/2015
Trade receivables (gross)	150 948	138 096
Receivables impairment allowances	-30 420	-31 381
<b>Trade receivables (net), including:</b>	<b>120 528</b>	<b>106 715</b>
<i>due within 12 months</i>	<i>120 528</i>	<i>106 715</i>
Other taxation, grants, duty, social security and other benefits receivables	11 384	22 289
Other receivables	3 666	2 288
Receivables from Social Security Benefit Fund	517	1 203
<b>Other receivables</b>	<b>15 567</b>	<b>25 780</b>
<b>Trade and other receivables c/fwd balance</b>	<b>136 095</b>	<b>132 495</b>

## Equity and liabilities

The analysis of the sources of financing of the assets shows that the Agency's own funds in the amount of PLN **742 705 thousand** represents 51.8% of total liabilities, while the remaining 48.2% are long-term liabilities and short-term liabilities in the total amount of PLN **690 472 thousand**.

STATEMENT OF CHANGES IN EQUITY	STATUTORY FUND	RESERVE FUND	RETAINED EARNINGS	TOTAL
<b>As at 31 December 2015</b>	<b>475 022</b>	<b>207 722</b>	<b>18 456</b>	<b>701 200</b>
Distribution of prior year profit		18 456	-18 456	0
Profit for the year			41 505	41 505
Other comprehensive income				0
<b>As at 31 December 2016</b>	<b>475 022</b>	<b>226 178</b>	<b>41 505</b>	<b>742 705</b>

## Statement of cash flows

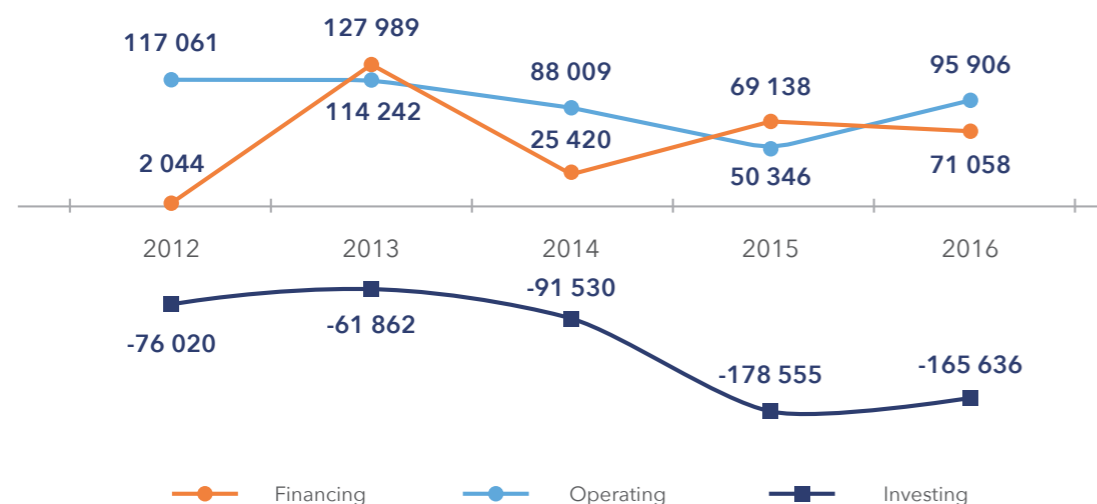
Net cash flow from PANSA's operating activities for 2016 amounted to PLN **95 906 thousand**. Cash flow from operating activities are cash flows from the primary statutory activity of PANSA and are directly related to the rendered services. Those flows include cash inflows from sales, expenses incurred for the purchase of materials and raw materials, salaries, rents, etc. The positive cash flow in the operating area indicates the ability of the Agency to generate cash from its core operating activities.

Cash flow from operating activities generate cash necessary to carry out the investment. In connection with the ongoing investment processes in 2016, intangible assets and tangible fixed assets amounted to PLN **165 636 thousand**. The negative cash flows shown in this area at such a high level are the result of the significant investment activities undertaken by PANSA in 2016, that were aimed at increasing the value of non-current assets.

## Net cash flows from financing activities in the analyzed period were positive and amounted to PLN **71 058 thousand**,

which is mainly due to the effects of the POIiŚ (Operational Programme Infrastructure and Environment) donations 2007-2013 (PLN 62 464 thousand).

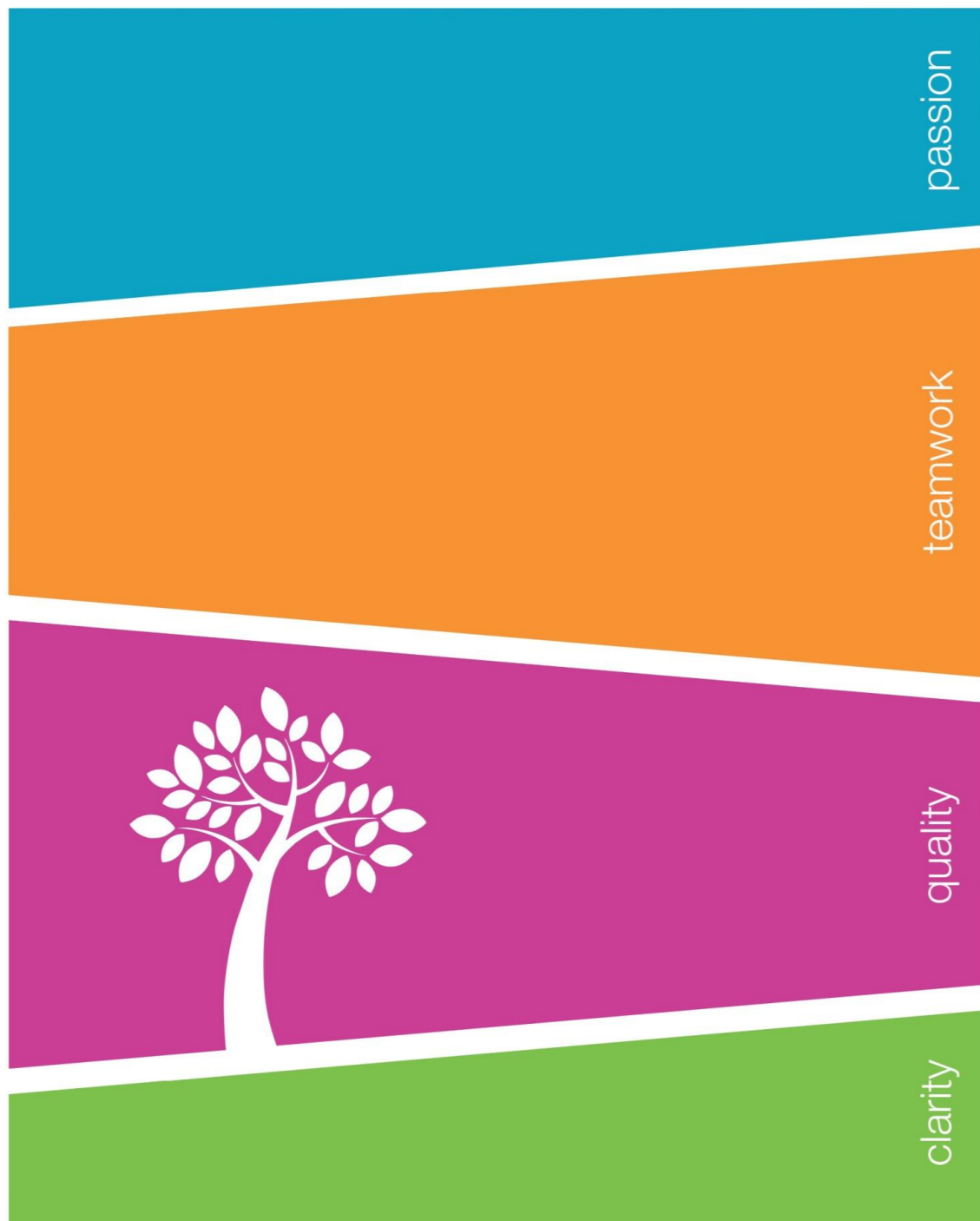
Net cash flows



STATEMENT OF CASH FLOWS	FOR THE YEAR ENDED 31/12/2016	FOR THE YEAR ENDED 31/12/2015
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>53 565</b>	<b>26 696</b>
<b>Total adjustments</b>	<b>42 341</b>	<b>23 651</b>
<b>Depreciation and amortisation</b>	67 637	60 514
Foreign exchange profit / (loss)	-1 037	1 807
Interest, net	-4 249	-5 339
Loss on investing activities	-1 023	323
Change in provisions	-3 306	4 381
Change in inventories	101	45
Change in receivables	-2 637	-13 378
Change in liabilities	8 571	11 533
Change in accruals	10 017	-15 489
Income tax (paid)	-10 053	-6 201
Other adjustments	-21 680	-14 546
<b>Net cash flows from operating activities</b>	<b>95 906</b>	<b>50 346</b>
Disposal of tangible and intangible assets	1 796	186
Acquisition of property, plant and equipment and intangible assets	-167 432	-178 740
<b>Net cash flows from investing activities</b>	<b>-165 636</b>	<b>-178 555</b>
<b>Cash flows from financing activities</b>		
Interest received	4 456	5 433
Interest paid	-207	-94
Other financial proceeds (donations)	66 810	63 799
<b>Net cash flows from financing activities</b>	<b>71 058</b>	<b>69 138</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1 328</b>	<b>-59 070</b>
Effect of exchange rates changes	1 037	-1 807
<b>Balance sheet change in cash and cash equivalents</b>	<b>2 365</b>	<b>-60 877</b>
<b>Cash and cash equivalents, at the beginning of the period</b>	<b>330 601</b>	<b>391 478</b>
<b>Cash and cash equivalents, at the end of the period, including:</b>	<b>332 966</b>	<b>330 601</b>
<i>restricted cash</i>	5 102	4 776



## Auditor's report



TRANSLATION



## Independent Auditor's report

on the financial statements of  
Polish Air Navigation Services Agency  
with the registered office in Warsaw  
for the period from 01.01.2016 to 31.12.2016

Reliable information transforms into investor's trust



TRANSLATION

Accountants &  
business advisers

*This document is a free translation of the report issued in Polish. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation to enhance understanding. The binding Polish original should be referred to in matters of interpretation.*

## INDEPENDENT AUDITORS' REPORT

*For the Minister of Infrastructure and Construction*

### Report on financial statements

We have audited the accompanying financial statements of Polish Air Navigation Services Agency, with its registered office in Warsaw, Wieżowa 8, which comprise the statement of comprehensive income, the statement of financial position as at 31 December 2016, the statement of cash flows and the statement of changes in equity, the related notes comprising of significant accounting policies and other explanatory information for the financial year ended 31 December 2016 r.

#### *Responsibility of the President of the Agency*

The President of the Agency is responsible for the preparation of financial statements that give true and fair view in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and other applicable laws and regulations, as well as keeping the accounting records in accordance with the Act dated 29 September 1994 on accounting (Journal of Laws from 2016, item 1047 with amendments), hereinafter referred to as the Accounting Act. The President of the Agency is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Under the Accounting Act the President of the Agency and members of the Supervisory Board are required to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as adopted by European Union and the Accounting Act.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with National Standards on Auditing, being International Standards on Auditing as adopted in Poland (resolution No 2783/52/2015 dated 10 February 2015 of the National Board of Certified Auditors with amendments), hereinafter referred to as National Standards on Auditing, and section 7 of the Accounting Act. Those standards and regulations require that we comply with ethical requirements and plan and perform the audit to obtain

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reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by President of the Agency, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Under the Accounting Act we are also required to state in our report, whether financial statements comply, as to the form and content, with applicable laws and regulations as well as the Agency's articles of associations and have been prepared based on the properly kept accounting records. We report on these matters based on the work undertaken in the course of the audit.

#### *Opinion*

In our opinion, the financial statements of Polish Air Navigation Services Agency:

- give true and fair view of the financial position of Polish Air Navigation Services Agency as of 31 December 2016, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and applied accounting policies,
- have been prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union and comply with the provisions of the Agency's articles of association that apply to the financial statements,
- have been prepared based on the properly, in all material respects, kept accounting records in accordance with the Accounting Act.

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**PKF**Accountants &  
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Report on activities comprise of financial and non-financial information. President of the Agency is responsible for preparation of the report on the activities. Our opinion on financial statements does not cover the report on activities and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

*Opinion on report on activities*

President of the Agency is responsible for preparation of the report on the activities. President of the Agency required to ensure that the report on activities comply with the Article 49 of the Accounting Act

As required by the Accounting Act and National Auditing Standards, we have read the report on the activities, and in doing so, we considered whether the report disclosed, in all material respects, information required by the Article 49 of the Accounting Act and whether the information is consistent with the audited financial statements.

*Opinion*

In our opinion, based on the work undertaken in the course of the audit, the accompanying report on the activities discloses, in all material respects, information required by the Article 49 of the Accounting Act and this information is consistent with information in the audited financial statements.

*Other statements on the report of activities required by the Accounting Act*

In the light of the knowledge and understanding of the Agency and its environment obtained during the course of the audit we have not identified material misstatements in the report on the activities.

*Signed on the Polish original*

Beata Biolik-Przybyłowska  
Statutory Auditor No. 11858

Key Statutory Auditor  
On behalf of PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.  
audit firm number 477

6/1B Orzycka,  
02-695 Warsaw

4 May 2017, Warsaw

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**PKF**Accountants &  
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on the financial statements of  
Polish Air Navigation Services Agency  
with the registered office in Warsaw  
for the period from 01.01.2016 to 31.12.2016



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## 1. General

### 1.1. General information about the entity

#### 1.1.1. Business name

Polish Air Navigation Services Agency

#### 1.1.2. Registered office

02-147 Warsaw, Wieżowa 8.

#### 1.1.3. Registration details

Polish Air Navigation Services Agency established under the Act of 8 December 2006 Polish Air Navigation Services Agency (Journal of Laws of 2015, item 1641). Polish Air Navigation Services Agency is not registered in the National Court Register.

REGON: 140886771  
 NIP: 5222838321

#### 1.1.4. The subject of the unit

The main subject of the Agency's research is to provide secure, continuous, smooth and efficient air navigation in the Polish airspace by performing the functions of air navigation service provider, air space management and air traffic flow management.

#### 1.1.5. Share capital structure and related parties

The Polish Air Navigation Services Agency is a state legal entity and subordinate to the minister responsible for transport.

As at 31 December and until the date of the opinion, the Founding Fund of the Agency was:

*Founding Fund 475 021 841,32 zloty.*

#### 1.1.6. Management of the Agency

As of January 1, 2016, Magdalena Jaworska was the President of the Polish Air Navigation Services Agency and also the Vice President of the Polish Air Navigation Services. On 22 December 2016, Mr. Janusz Niedziela was appointed to the position of President of the Polish Air Navigation Services Agency

At the request of the President, Robert Bogacki was appointed as Deputy President of the Polish Air Navigation Services Agency on April 25, 2016 for a period of no more than six months and was appointed on 25 October 2016 for a period of no more than six months.

As of December 31, 2016, Janusz Niedziela was the President of the Polish Air Navigation Services Agency and Robert Bogacki was acting as the Deputy President.

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At the request of the President of the Polish Air Navigation Service, Mr Paweł Młynarczyk was appointed as Deputy President of the Polish Air Navigation Service on 12 April 2017.

On the day of issuing the opinion, the Management Board was composed of: Mr. Janusz Niedziela acting as the President of the Agency and Mr. Paweł Młynarczyk acting as the Deputy Chairman.

## 1.2. Information related to the audit of financial statements

### 1.2.1. Legal requirements related to the audit

The financial statements have been audited in accordance with the audit engagement letter dated October 21, 2016, based on the resolution of Decision of the Civil Aviation Authority dated 22 November 2016 on the appointment of the auditor.

Key statutory auditor and PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Consolidated text, Journal of Laws of 2016, item 1000, as amended).

### 1.2.2. Information related to provision of requested information, explanations and representations

Scope of our audit has not been limited. We have received all requested information and explanations necessary to obtain appropriate and sufficient audit evidence.

President of the Agency submitted a representation letter, dated the same date as this report, as to the true and fair presentation of the financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way.

Our audit work is documented in the audit working papers and retained in the offices of PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.

## 1.3. Prior period financial statements

The financial statements as at and for the year ended 31 December 2015 were audited by KPMG Audyty Spółka z ograniczoną odpowiedzialnością Sp. k. and received an unqualified opinion.

The financial statements prepared as at 31 December 2015 and the Annual Report on the activities of PANSAs for 2015 were approved on 29 December 2016 by the Minister of Infrastructure and Construction. The net profit for 2015 in the amount of PLN 18 456 371, 77 was allocated in full to the Agency's spare fund.

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The PANSAs Annual Activity Report for 2015 was approved with the reservation:

"It is acknowledged by the President of PANSAs in May 2015, without the compliance required by Art. 10 sec. 2 of the abovementioned Act of approval by the minister responsible for transport, document Regulations governing the granting of additional benefits to employees who until 31 December 2015 reach the general retirement age and decide to terminate the contract of employment by agreement of the parties, valid until 31 December 2015. Request of the President of the Agency of 12 October 2016 The ex post approval of the Rules has not been positively considered by the Authority.

The financial statement was submitted to the Court and Economic Gazette on 19 January 2017.

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## 2. Detailed report

### 2.1. Financial position and performance

#### 2.1.1. Financial position

ASSETS	2016-12-31 zł '000	% balance sheet total	2015-12-31 zł '000	% balance sheet total	change %
<b>FIXED ASSETS</b>					
Intangible fixed assets	71 932,78	5,0%	61 251,77	4,6%	17,4%
Tangible fixed assets	812 935,55	56,7%	722 768,83	54,6%	12,5%
Long-term account receivable	61,99	0,0%	1 024,58	0,1%	-93,9%
Deferred tax assets	66 036,72	4,6%	68 043,44	5,1%	-2,9%
Other accurals	1 263,74	0,1%	1 232,88	0,1%	2,5%
	<b>952 230,78</b>	<b>66,4%</b>	<b>854 321,50</b>	<b>64,5%</b>	<b>11,5%</b>
<b>CURRENT ASSETS</b>					
Inventory	258,40	0,0%	359,68	0,0%	-28,2%
Assets available for sale	4 656,31	0,3%	0,00	0,0%	100,0%
Trade receivables and other	136 094,71	9,5%	132 494,67	10,0%	2,7%
Corporate income tax receivables	5 115,56	0,4%	3 997,96	0,3%	28,0%
Short-term acucurals	1 855,51	0,1%	2 403,40	0,2%	-22,8%
Cash and cash equivalents	332 965,72	23,2%	330 600,72	25,0%	0,7%
	<b>480 946,21</b>	<b>33,6%</b>	<b>469 856,44</b>	<b>35,5%</b>	<b>2,4%</b>
<b>TOTAL ASSETS</b>	<b>1 433 176,99</b>	<b>100,0%</b>	<b>1 324 177,93</b>	<b>100,0%</b>	<b>8,2%</b>
LIABILITIES	2016-12-31 zł '000	% balance sheet total	2015-12-31 zł '000	% balance sheet total	change %
<b>EQUITY</b>					
Founding Fund	475 021,84	33,1%	475 021,84	35,9%	0,0%
Spare fund	226 178,30	15,8%	207 721,92	15,7%	8,9%
Profit / (loss) for the financial year	41 505,11	2,9%	18 456,37	1,4%	124,9%
	<b>742 705,25</b>	<b>51,8%</b>	<b>701 200,14</b>	<b>53,0%</b>	<b>5,9%</b>
<b>LONG-TERM LIABILITIES</b>					
Long-term provisions	236 188,33	16,5%	241 663,17	18,3%	-2,3%
Accruals and provisions for future settlements with carriers	261 075,44	18,2%	212 773,89	16,1%	22,7%
Other long-term liabilities	1 455,40	0,1%	1 466,62	0,1%	-0,8%
	<b>498 719,17</b>	<b>34,8%</b>	<b>455 903,68</b>	<b>34,4%</b>	<b>9,4%</b>
<b>SHORT-TERM LIABILITIES</b>					
Short-term provisions	11 811,99	0,8%	9 643,47	0,7%	22,5%
Trade liabilities and other	82 116,45	5,7%	67 051,94	5,1%	22,5%
Accruals and provisions for future settlements with carriers	97 824,12	6,8%	90 378,70	6,8%	8,2%
	<b>191 752,57</b>	<b>13,4%</b>	<b>167 074,12</b>	<b>12,6%</b>	<b>14,8%</b>
<b>TOTAL LIABILITIES</b>	<b>1 433 176,99</b>	<b>100,0%</b>	<b>1 324 177,93</b>	<b>100,0%</b>	<b>8,2%</b>

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#### 2.1.1. Financial performance

	2016 zł '000	% Sales revenue	2015 zł '000	% Sales revenue	change %
<b>Sales revenue</b>					
Sales revenue	758 271,54	100,0%	711 489,96	100,0%	6,6%
	<b>758 271,54</b>	<b>100,0%</b>	<b>711 489,96</b>	<b>100,0%</b>	<b>6,6%</b>
<b>Cost of products, goods and materials sold</b>					
Operating expenses	730 295,47	96,3%	694 139,84	97,6%	5,2%
	<b>730 295,47</b>	<b>96,3%</b>	<b>694 139,84</b>	<b>97,6%</b>	<b>5,2%</b>
<b>Profit on sales</b>	<b>27 976,07</b>	<b>3,7%</b>	<b>17 350,12</b>	<b>2,4%</b>	<b>61,2%</b>
Other operating revenues including: grants from the EU and from the Ministry of Infrastructure and Construction	26 254,58	3,5%	26 019,44	3,7%	0,9%
Other operating expenses	20 562,57	2,7%	14 545,82	1,9%	41,4%
<b>Operating profit/(loss)</b>	<b>45 414,48</b>	<b>6,0%</b>	<b>23 594,19</b>	<b>3,3%</b>	<b>92,5%</b>
Financial revenues	8 357,83	1,1%	5 443,90	0,8%	53,5%
Financial expenses	207,50	0,0%	2 342,48	0,3%	-91,1%
<b>Gross profit (loss)</b>	<b>53 564,82</b>	<b>7,1%</b>	<b>26 695,62</b>	<b>3,8%</b>	<b>100,7%</b>
Income tax	12 059,71	1,6%	8 239,25	1,2%	46,4%
<b>Net profit (loss)</b>	<b>41 505,11</b>	<b>5,5%</b>	<b>18 456,37</b>	<b>2,6%</b>	<b>124,9%</b>
<b>Total income</b>	<b>41 505,11</b>	<b>5,5%</b>	<b>18 456,37</b>	<b>2,6%</b>	<b>124,9%</b>

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### 2.1.2. Selected financial ratios

Wyszczególnienie	unit	2016	2015
<b>1. Return on sales</b>	%	3,7	2,4
(result on sale / net revenues) x 100%			
<b>2. Return on equity</b>	%	5,8	5,3
(net result / average equity) x 100%			
<b>3. Debtors' days</b>	days	65	65
average trade receivables (net) x 365 days / net revenues			
<b>4. Debt ratio</b>	%	48,2	47,0
(liabilities and provisions for liabilities / total equity and liabilities) x 100%			
<b>5. Current ratio</b>		3,7	2,8
current assets / current liabilities			

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### 2.2. Proper operation of the accounting system

The Agency maintains current documentation describing the applied accounting principles adopted by the President of the Agency to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements or our opinion.

Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Agency performed verification of assets and liabilities in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act.

*Signed on the Polish original*

Beata Biolik-Przybyłowska  
Certified Auditor No. 11858

Key Certified Auditor  
On behalf of PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.  
registration number 477

6/1B Orzycka,  
02-695 Warsaw

4 May 2017, Warsaw

POLISH AIR NAVIGATION  
SERVICES AGENCY

Wieżowa 8  
02-147 Warszawa  
POLAND

info@pansa.pl  
**www.pansa.pl**