



POLSKA AGENCJA ŻEGLUGI POWIETRZNEJ
POLISH AIR NAVIGATION SERVICES AGENCY
www.pansa.pl

ANNUAL REPORT

Polish Air Navigation Services Agency 2014

8 Wieżowa Street, 02-147 Warsaw



Contents

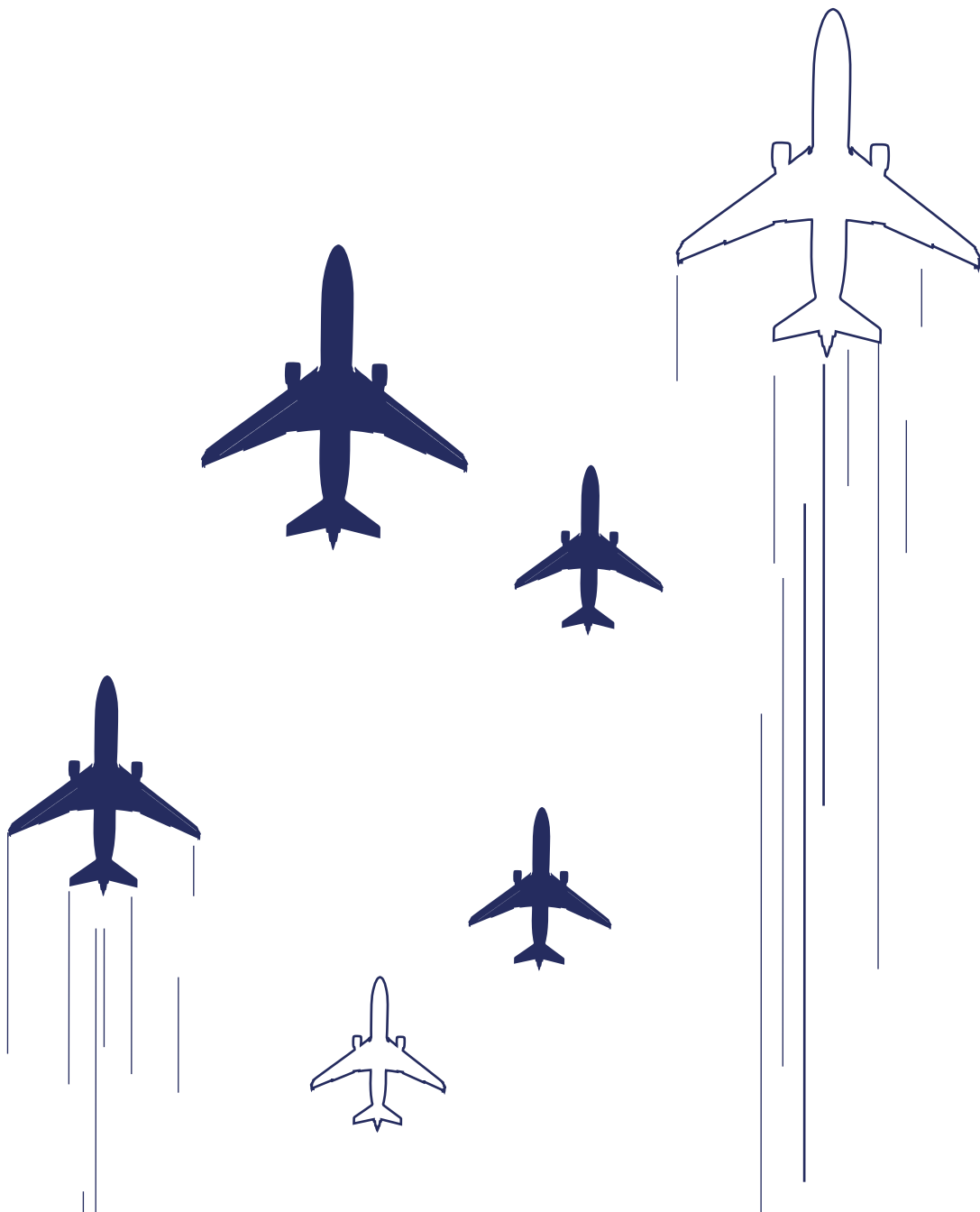
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Poland is a member of the following international ATM organizations:

- ICAO (International Civil Aviation Organization) – since 04.04.1947
- ECAC (European Civil Aviation Conference) – since 28.06.1990
- NATO (North Atlantic Treaty Organization) – since 12.03.1999
- UE (European Union) – since 01.05.2004
- EASA (European Aviation Safety Agency) – since 01.05.2004
- EUROCONTROL (European Organization for the Safety of Air Navigation) – since 01.09.2004

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Polish Air Navigation Services Agency



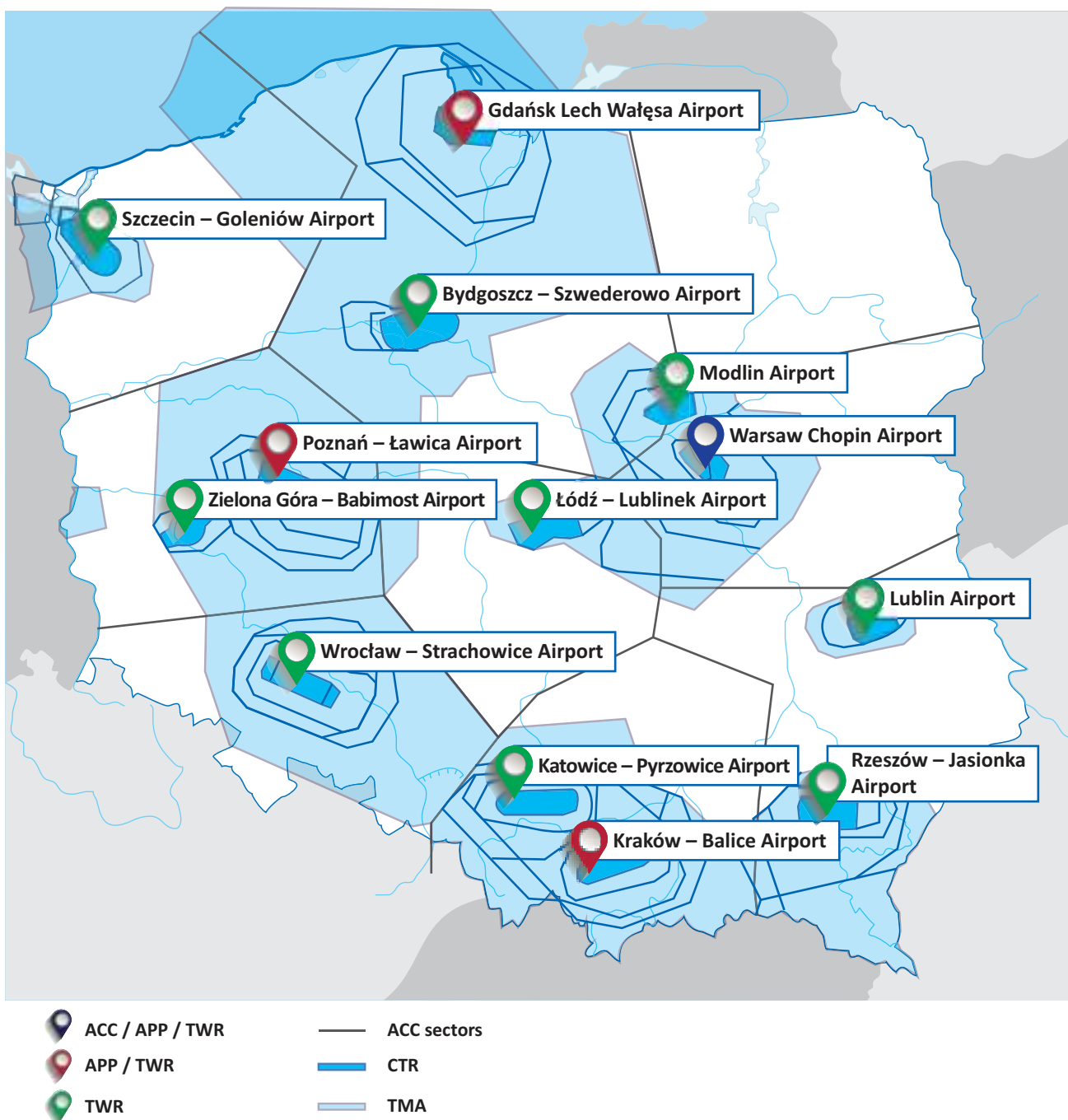
INTRODUCTION

Polish Air Navigation Services Agency is an institution that aims at effective airspace and air traffic flow management, as well as provision of air navigation services in the Flight Information Region FIR Warsaw.

Our controllers provide high quality air navigation service so that air traffic is smooth and, first and foremost, safe.

In 2014, PANSA handled 702 thousand “en-route” flight operations and 235 thousand terminal traffic operations. On average, PANSA handles more than 2.5 thousand flight operations per day.

The geographic area of FIR Warsaw is 334 000 km²



GENERAL INFORMATION

Polish Air Navigation Services Agency (PANSa) has been functioning as a national 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:

- area control – established to provide control of en-route air traffic;
- 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);
- airport control – established to provide control of air traffic in airports.

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).

An important element of PANSa's operation is activity on the international forum as a part of a number of initiatives, e.g. A6¹, B4, GATE ONE, SESAR Joint Undertaking, SESAR Deployment Manager, aimed at ensuring safety, increase of the capacity of European airspace and the development of the aviation industry.

Airport control



¹ A6 Alliance: DFS (Germany), DSNA (France), ENAIRE (Spain), ENAV (Italy), NATS (Great Britain) and COOPANS [alliance of the following ASNs: Austro Control (Austria), Croatia Control (Croatia), IAA (Ireland), LFV (Sweden) and Naviar (Denmark)].

MISSION

Ensuring safe and smooth air traffic through efficient airspace management and provision of high quality air navigation services.

VISION

In medium- and long-term perspective, Polish Air Navigation Services Agency shall focus its activity of strengthening its competitive position in Europe through provision of high level of safety and high quality of services.

PANSA'S STRATEGIC PURPOSES

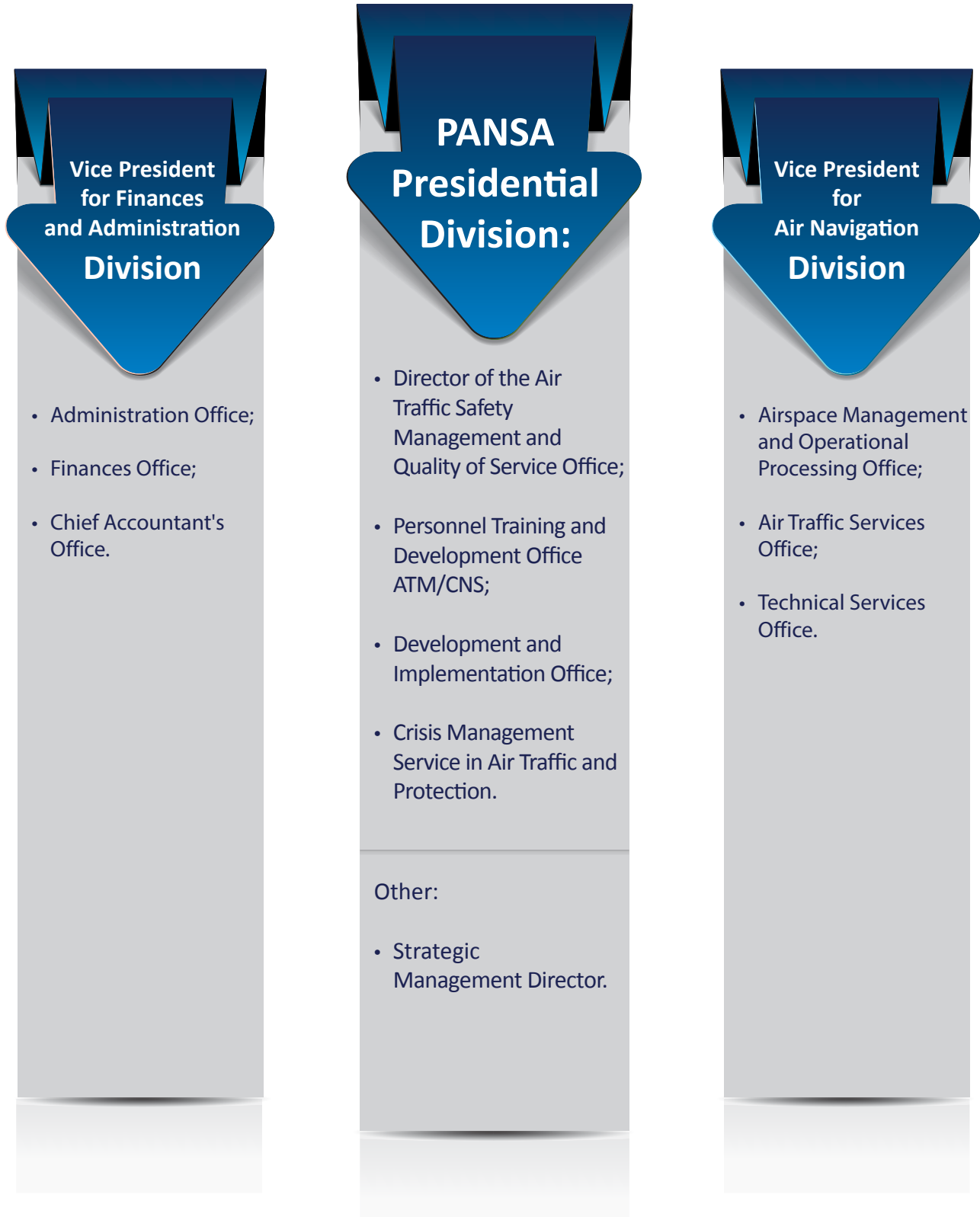
- maintenance of a high level of air traffic safety;
- ensuring the required air space capacity;
- minimizing the negative environmental impact of aviation;
- cost efficiency optimization.

Area control



ORGANIZATIONAL STRUCTURE

The organizational structure of Polish Air Navigation Services Agency as at December 31, 2014.



KEY OPERATIONAL AND FINANCIAL RESULTS

Item	2014	2013	Change 2014/2013
Number of en-route operations (000)	702	684	↑
Number of controlled IFR operation hours (000)	408	403	↑
Number of terminal operations (000)	235	207	↑
Overall ATFM delays on route (000 minutes)	547	344	↑
En-route ATFM delay (minutes/flight)	0.79	0.51	↑
Employment status (FTEs)	1 803	1 753	↑
Employment – ATCO in OPS	481	483	↓
Sales revenues in (000) PLN	726 884	735 930	↓
Revenues from en-route navigation services in (000) PLN	590 049	624 259	↓
Revenues from terminal navigation services in (000) PLN	116 132	99 796	↑
Operating expenses in (000) PLN	694 432	664 967	↑
Profit on sale in (000) PLN	32 452	70 963	↓
Operating profit / (loss) in (000) PLN	-36 359	65 328	↓
Profit / (loss) before tax in (000) PLN	-33 270	58 900	↓
Net profit / (loss) in (000) PLN	-28 614	40 514	↓

Source: PANSA

HUMAN RESOURCES

PANSA's employees are the most important element of its operation. That is why the personnel policy undertaken in 2014 was based mostly on the process of acquisition and development of personnel with the desired qualifications and skills, with a particular emphasis on ATM/CNS personnel.



RECRUITMENT

Recruitment in PANSA

Type of recruitment	Number of recruitments		Number of FTEs recruitments	
	training for air traffic controller candidates	other positions in PANSA	training for air traffic controller candidates	air traffic controller candidates
Internal recruitment	2	81	79*	110
External recruitment	2	44	79*	69

In 2014, two recruitments for the training for air traffic controller candidates were carried out in order to select candidates possessing the qualifications and skills required for the position of an air traffic controller. The recruitment process for the candidates for an air traffic controller training was carried out in accordance with European standards, with the use of the tools offered by EUROCONTROL.

HUMAN RESOURCES AND REMUNERATION POLICY

As at December 31, 2014 PANSA employed 1 822 people, which means a 2.9% increase in relation to December 31, 2013, with an average annual employment of 1 784.13 people.

* Overall number of FTEs in external and internal labor collections; Source: PANSA.

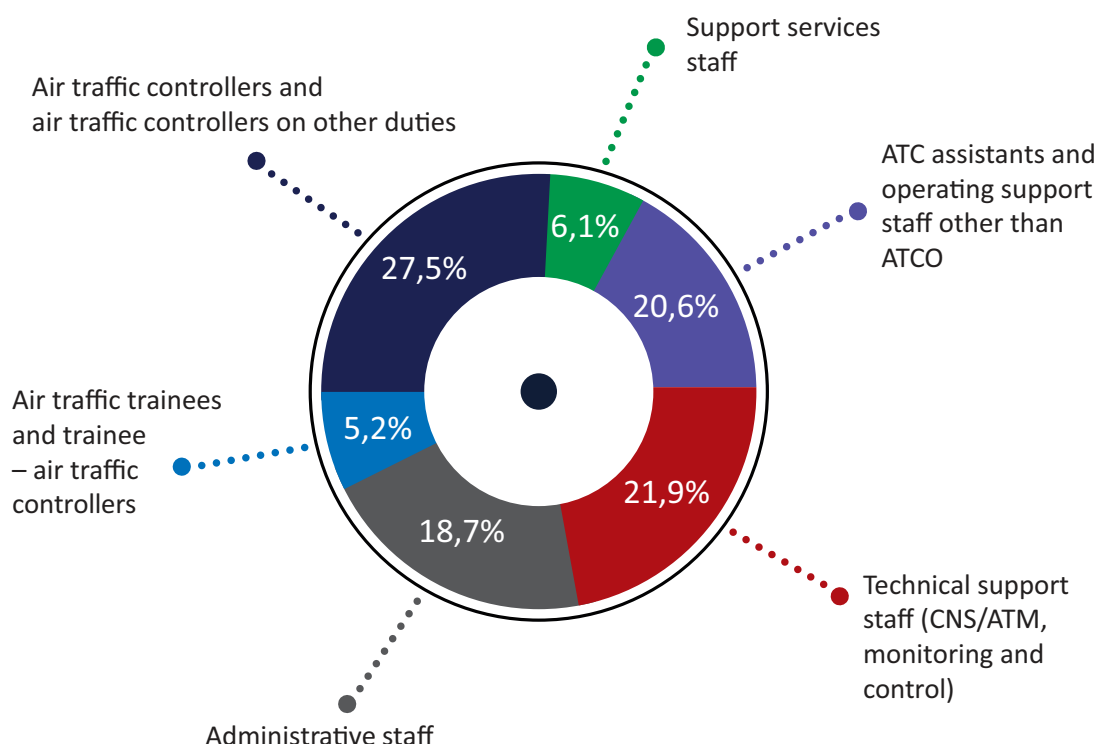
Employment in PANSA as at 31.12.2014 compared to 31.12.2013

PRU category	Employment in FTE as at 31-12-2013	Employment in FTE as at 31-12-2014	Difference	Employment in employees as at 31-12-2013	Employment in employees as at 31-12-2014	Difference
Air Traffic Controllers	483,86	481,92	-1,94	490	489	-1
Air Traffic Controllers on other duties	6,00	10,00	4,00	6	10	4
Air traffic trainees	43,00	47,90	4,90	43	48	5
On-the-job trainees	33,50	51,50	18,00	36	54	18
ATC assistants	72,00	75,25	3,25	73	76	3
OPS support	287,70	294,60	6,90	289	297	8
Technical support for operations CNS/ATM monitoring and control system staff	337,00	333,00	-4,00	338	334	-4
Technical support staff for development and implementation of CNS/ATM systems	60,20	57,20	-3,00	61	58	-3
Administration staff	321,53	343,98	22,45	325	347	22
Ancillary services staff	108,75	108,25	-0,50	110	109	-1
PANSA total	1 753,54	1 803,60	50,06	1 771	1 822	51

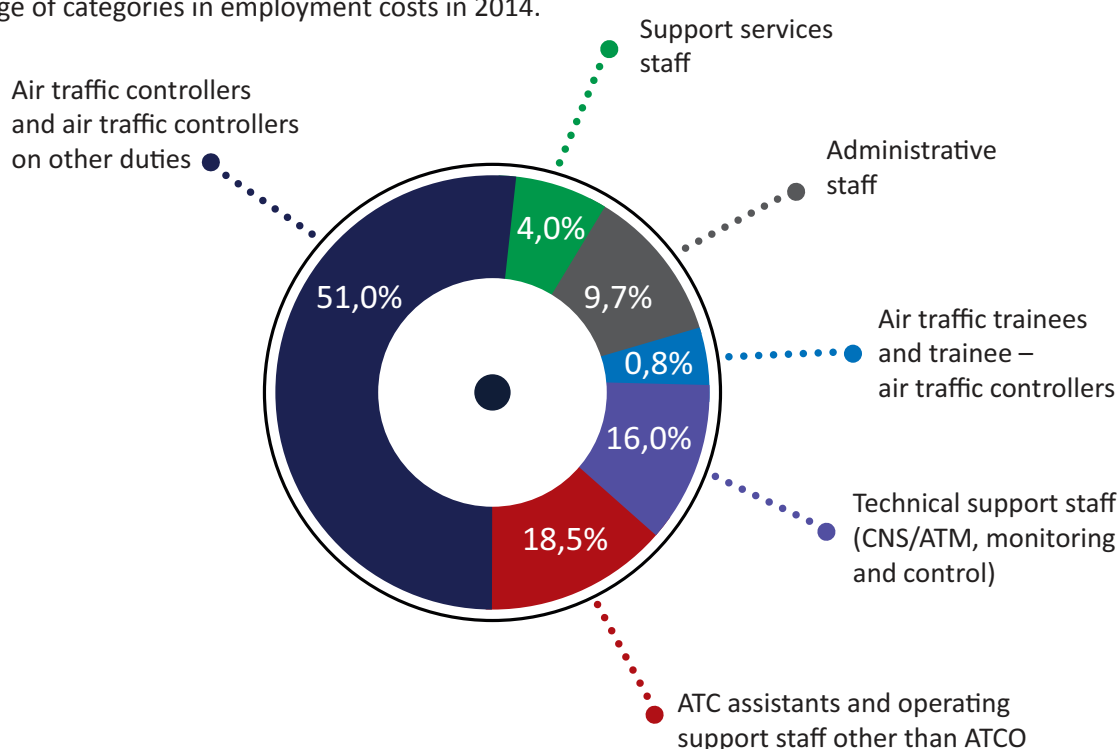
In 2014, PANSA carried out preventive measures to eliminate risks in the area of human resources management, in particular through:

- **monitoring and modification of employment plans**, considering the fluctuation of employment within the organization in PRU professional categories (relocation of employees), decreasing employment (employees resignations);
- **eliminating staff shortages in specific PRU professional categories** through employment of trained and experienced as well as suitably qualified personnel from external recruitment, or ensuring staffing in opened PANSA units, recruiting suitably authorized trainee air traffic controller staff.

Percentage of categories in total employment (in average FTE positions) in 2014.



Percentage of categories in employment costs in 2014.



PANSA's employment costs* consist of costs of air traffic controllers, including air traffic controllers delegated to other duties (51%). Other groups in terms of the share of the costs are ATC assistants and operational non-ATC ancillary staff (18.5%), technical support staff (16%), administration staff (9.7%), ancillary services staff (4%) and air traffic trainees and on-the-job trainee controllers (0.8%).

*employment costs – Personal Remuneration Fund and selected benefit costs for the employees including: social insurance contribution and Bridging Retirement (Early Retirement) contribution, Employee fund contribution, STU ERGO HESTIA insurance and Employee Retirement Programme. Source: PANSA.

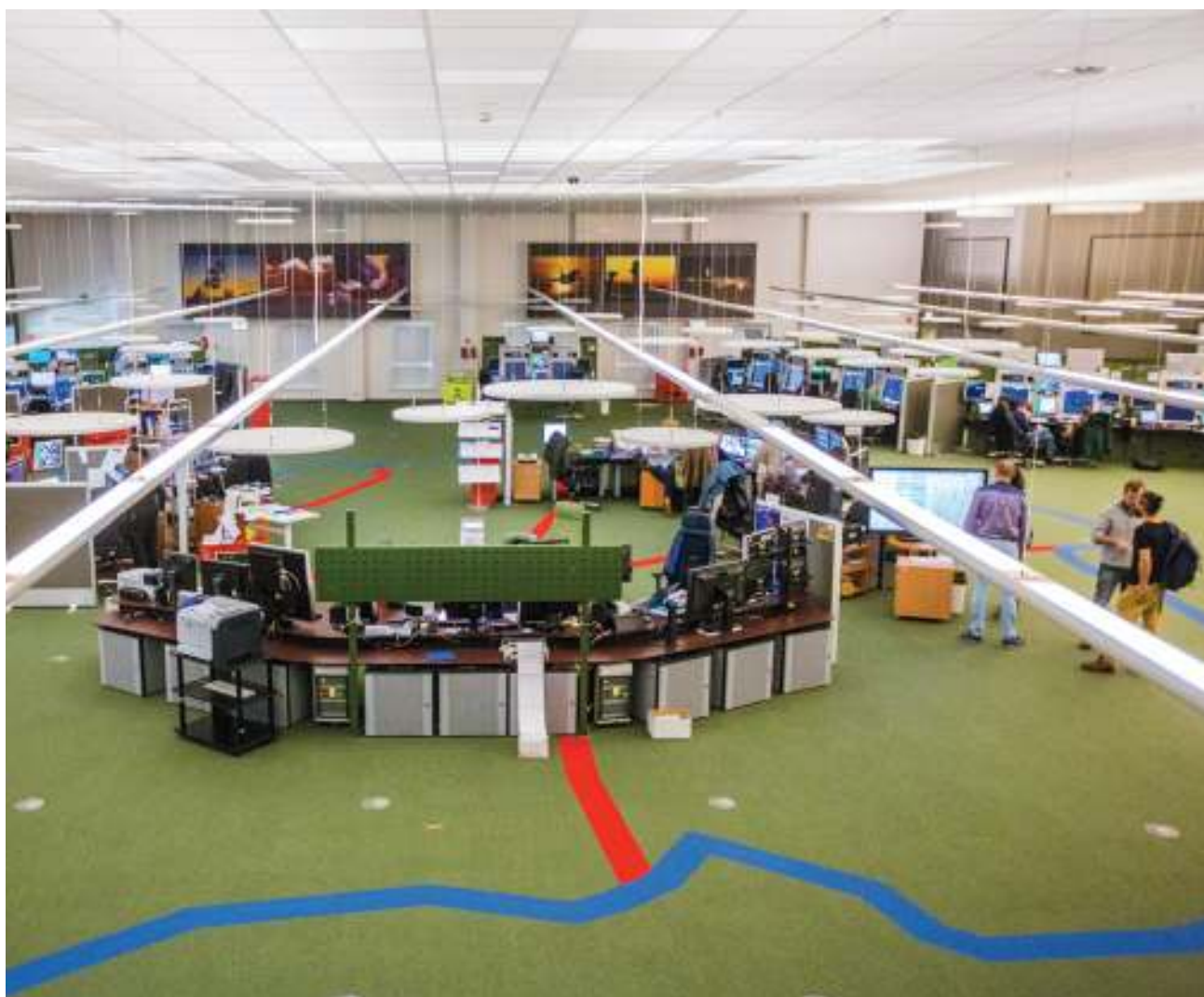
TRAININGS

The constant development of personnel based on position requirements in terms of qualifications and competences, is a key element of PANSA's human resources policy.

Within the framework of foreign trainings, trainings in terms of "Aviation English" were carried out, among others, dedicated to licensed personnel (KRL) following the Commission Regulation (EU) No 805/2011 dated August 10, 2011, laying down detailed rules for air traffic controller licensing and issuance of specific certificates, pursuant to Regulation of the European Parliament and the Council (EC) No 216/2008.

In 2014, many other training initiatives were carried out as well, which allowed to perfect the competences of both the operational staff and other professional groups in PANSA. The following projects were implemented, in particular:

- a series of project management trainings intended to improve the efficiency of implementation of investments, covering e.g. purchase and installation of specialized CNS devices;
- Local Safety Management trainings, conducted in Poland by EUROCONTROL Institute of Air Navigation Services, dedicated to air traffic controllers;
- trainer's development training, including developmental and refresher trainings within the scope of teaching techniques by OJT trainers and instructors.



Trainings in PANSa in respective fields

Training field	Number of training units
Language trainings: Aviation English for ATCOs, Specialized training for employees, English language training co-financed by PANSa	193
IT, CNS/ATM, project management trainings: maintenance of devices, systems, software, etc.	417
Teamwork trainings for licensed personnel, especially in difficult situations: TRM, CISM	31
Safety	60
OHS	433
Procurement (PZP) – update of regulations	234
Finances and accounting	35
Transport	59
Integrated Management System, control and audits	41
Aircraft handling	5
HR, Provisions, Trainer's, Medical	380
Meteorological	46
Trainings for extension of employee's endorsements (electric power, cooling, electrical devices)	105
MS Office	281
TOTAL	2 320



Source: PANSa

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PANSA on the international scene



BALTIC FAB



In 2014, PANSa's activity in the area of the Baltic Functional Airspace Block (FAB) was focused mostly on the performance of the works planned in the Baltic FAB Implementation Programme and on the development of co-operation between FAB and other non-FAB member countries. Within the framework of actions associated with the implementation of Baltic FAB, i.a. the following tasks were carried out:

- FAB Implementation Plan was developed, consisting of 10 projects in three main areas: air space, technical-operational and organizational area;
- The B4 consortium was created along with Oro Navigacija and partners from the Czech Republic and Slovakia, aimed at joint participation in SJU, and a joint offer was prepared within the framework of Centralised Services (CS4);
- Institutional co-operation between all FABs was continued. The first meeting of European FABs took place in November 2014 in Amsterdam, at the initiative of FABEC.

SESAR JOINT UNDERTAKING – ATM RESEARCH AND DEVELOPMENT



In 2014, the Agency engaged in operations in the research and innovation area, conducted within the framework of SESAR owing to SESAR Joint Undertaking (SJU), appointed for this purpose.

In July 2014, PANSa expressed interest in joining the SJU. It became possible when the so-called "Formal Invite to Express Interest in Membership in the SESARS Joint Undertaking" was issued.

For the purpose of implementation of the above intentions, PANSa turned to a FAB Baltic partner, i.e. Oro Navigacija, and three other ANSPs from East-Central Europe, i.e. ANS CR from the Czech Republic, Hungarocontrol from Hungary and LPS from Sweden, with a proposal of joint participation in the SJU.

In September 2014, a consortium named B4 was established, ultimately encompassing PANSa, ANS CR, LPS and Oro Navigacija. PANSa acts as a coordinator in this undertaking.

An application form concerning membership in the SESAR Joint Undertaking was filed by the B4 Consortium in SJU on September 30, 2014.

Each of the participants invited scientific institutions and representatives of the ATM industry to take part in the operations of the above consortium, which will constitute a significant added value in terms of implementation of R&D projects in the case of a positive SJU decision regarding applications of new members.

B4's joint application was positively assessed by SJU services in the beginning of November 2014, and thus the B4 consortium was invited for further talks with SJU within the framework of a multi-stage process of negotiation regarding membership in the SESAR Joint Undertaking.

SESAR DEPLOYMENT MANAGER



In 2014, as a result of PANSA'S engagement in the works of the ANSPs coordination within Interim Deployment Steering Group consortium, the Agency was invited by the A6 alliance, with which it is associated via a letter of intent, to prepare a joint offer concerning establishing a SESAR Deployment Manager (SDM). This offer constituted a response to the invitation of the European Commission from June 2014 for submission of offers – the so-called "Call for proposals for the establishment of the SESAR deployment framework partnership".

The offer concerning the SESAR Deployment Manager was prepared by three groups of entities:

- ANSPs (co-operation of A6 and PANSA);
- airports (SESAR-related Deployment Airport Group, SDAG, associating 25 airports, represented in Airport Council International Europe, and those that are within the geographic scope of joint projects in accordance with Commission Implementing Regulation (EU) No 716/2014 as at June 27, 2014);
- airlines (A4 group², associating the following carriers: Air France-KLM, easyJet, IAG and Lufthansa).

The offer of the above three groups of entities was submitted to the European Commission (EC) in mid-October, 2014. The proposal presenting a vision of the implementation process of joint projects was described in the so-called SESAR "Preliminary Deployment Programme". On December 5, 2014, the EC, upon analysis of the submitted materials, signed a Framework Partnership Agreement with the SDA, thus nominating the SDA to play the role of SESAR Deployment Manager.

PANSA's participation in the SESAR Deployment Manager (SDM) allows actual shaping of the SESAR Deployment Programme, which will constitute one of the first and most important products of the SDM's works.



² The group of airlines forming SESAR Deployment Alliance.

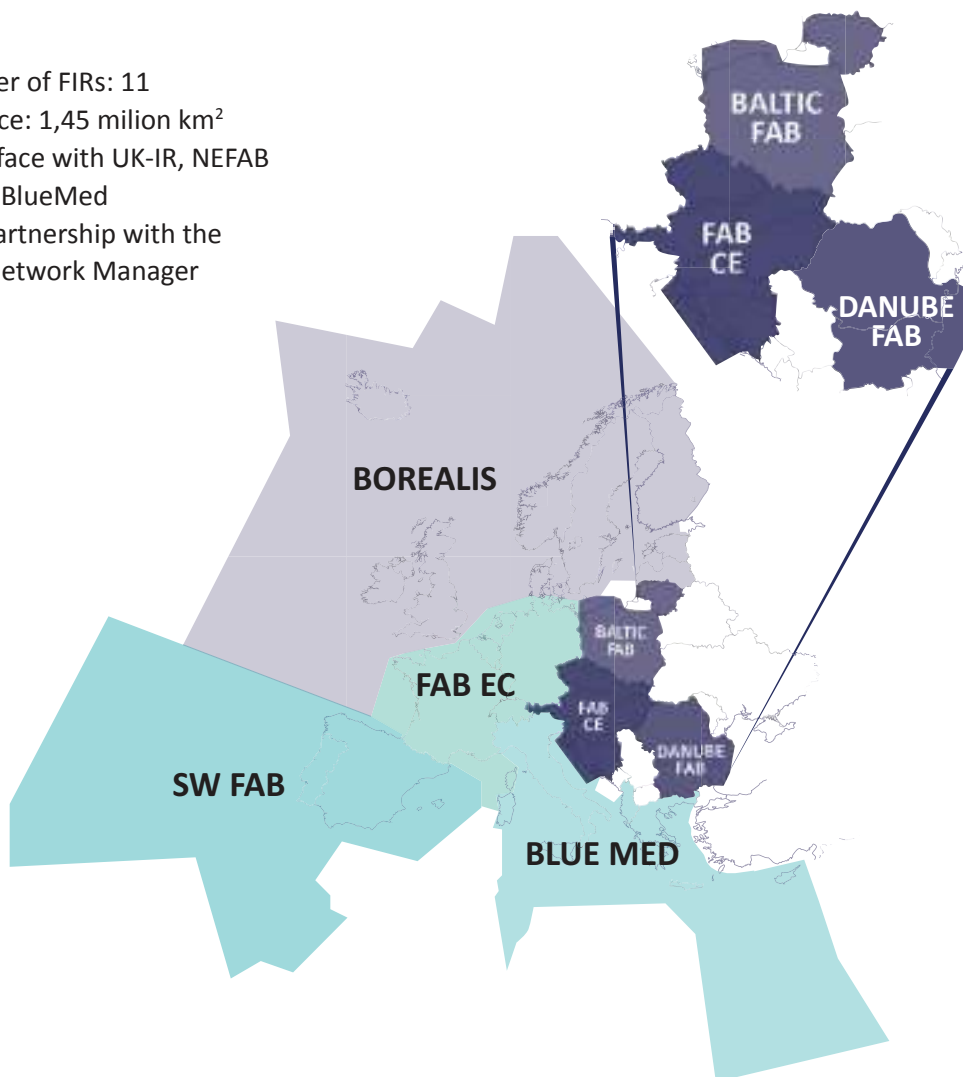
GATE ONE

Gate One is a strategic agreement concluded in November 2013, initially by 10 institutions providing air navigation services from East-Central Europe, representing three functional airspace blocks (Baltic FAB, FABCE and Danube FAB). In February 2014, ANSP from Bosnia and Herzegovina joined the Gate One.

The objective of this alliance, covering the area of three Functional Blocks, is among others the promotion of efficiency of European air traffic management through the intensification of cooperation between the participating institutions providing air traffic services. The objective is also ensuring a stronger and better coordinated participation of this region in European decision-making processes.

In 2014 two Gate One meetings took place at CEO level, during which the topics of the talks were first and foremost the matters associated with the SESAR Programme and with participation of this part of Europe in both SESAR Joint Undertaking and future SESAR Deployment Manager structures.

Total number of FIRs: 11
 Total airspace: 1,45 milion km²
 Direct interface with UK-IR, NEFAB
 FAB EC and BlueMed
 Inter-FAB partnership with the
 European Network Manager



CENTRALIZED SERVICES



In 2014, EUROCONTROL presented an initiative of establishing a group of centralized services, which could be utilized by all European Union member states, by announcing a public procurement for the implementation of the services concerned.

Responding to EUROCONTROL's initiative, in 2014 PANSA declared readiness for participation in the works on:

- AFUAS (Advanced Flexible Use of Airspace Support Service);
- SAT-NAV (Satellite-Navigation) within the consortiums that prepare offers in response to a CFT (Call for Tender).

PANSA was successful in the verification of stage I in terms of SAT-NAV. Among others, talks with the company GMV, as a potential leader of the consortium, and Skyguide as a provider of air navigation services from outside of the EU were taken up.



3

PANSA's activities



2014 was another year of PANSA's functioning within the framework of the efficiency requirements of SES II of the First Reference Period (RP1) for the years 2012-2014 - Reg. EU 691/2010.

PANSA's strategic objectives are a result of the European policy aimed at the establishment of a Single European Sky. Thus, the Agency's goals are adjusted to European directions of development and they reflect the connections with the Key Performance Areas specified in SES legislature and include the following areas:

- Maintenance of a high level of air traffic safety;
- Assurance of required air space capacity;
- PANSA's minimization of the negative impact of aviation on the environment;
- Cost efficiency optimization.

Key areas of operation of the Polish Air Navigation Services Agency



SAFETY

The goal of all the operations pursued in PANSa is care for safety.

In light of the above, PANSa undertook the following measures in 2014:

- The safety management system was developed and refined, so as to minimize PANSa's participation in aircraft accidents and incidents, as well as to limit the effects of events affecting safety. Any operational or technical events that have significant impact on air traffic safety are reported to the State Commission on Aircraft Accident Investigation (PKWBL), and at its request they are examined by PANSa.
- In 2014, a total of 1 456 ATM/CNS events were reported to the State Commission on Aircraft Accident Investigation, including 7 organizational events, 40 technical events and 1409 operational events. 567 explanatory proceedings and ATM/CNS event assessments were carried out in PANSa. 48 explanatory proceedings and assessments of events recorded in 2013 were also completed.
- A safety culture was developed through co-operation with controllers appointed to perform the function of Local Safety Manager (LSM) in respective ATS units.
- Monitoring actions and safety promoting measures were carried out through the publication of periodic reports on the state of safety in FIR Warsaw. They included listings of events affecting air traffic safety and they included areas where these events took place most often.
- Good safety practices were disseminated through trainings within the scope of the Safety Management System (SMS). They were aimed at operational and technical personnel, and administrative employees. 7 SMS trainings took place in 2014, in which 82 people participated, including 4 trainings intended for administrative personnel and 3 trainings intended for air traffic services personnel. Furthermore, 1 training for air traffic trainees was performed.
- Safety analyses were carried out with introduction of changes to the ATM/CNS functional systems.
- In 2014, analyses of functional hazards for each change in the air traffic management system were developed.
- Safety reviews were performed - periodic and designated.
- Development of emergency plans was performed through their update in association with changes in the functional ATM system, in particular pertaining to the implementation of the Pegasus 21 operating system, co-operation with NMOC and organization of work of individual ATS organs in case of failure.

Maintenance of a high air traffic safety level was implemented through:

- maintenance of CNS and auxiliary infrastructure;
- development of CNS and auxiliary infrastructure;
- implementation of state-of-the-art devices and technologies in management of aeronautical information.



CAPACITY

The implementation of the new ATM PEGASUS 21 system in November 2013 in FIR Warsaw had decisive impact on delays in air traffic in 2014. The value of route delays index implemented in 2014 was 0.79 min./flight.

The most important measures performed in 2014 within the framework of provision of the required airspace capacity included:

- Operational implementation of the new ATM PEGASUS 21 system:
 - airspace capacity parameters were improved in accordance with the Capacity Executive Plan, taking into account the processes of adaptation of ACC controllers, PEGASUS 21 software update, and refinement of operational collaboration;
 - the process of capacity reduction was finished and a 100% level, corresponding to the AMS2000+ system was re-established;
 - in cooperation with the Network Manager a package of ATFCM measures was developed, aimed at minimizing delays and ensuring air traffic service in situations of significant and unforeseen growth of traffic in July 2014 (a result of the situation in western Ukraine, strikes in Europe and the associated disruptions in the capacity of air traffic in Western Europe).
- Refinement of comprehensive airspace management:
 - The opening time of the maximum number of ACC sectors was optimized and made more flexible;
 - The use of dynamic management of sectoral capacities (operation with the use of RATE) and application of local delay reduction tools (STAM) were restored;
 - New configurations of ACC combined sectors were introduced to increase the performance of the system and to minimize route delays;
 - Traffic scenarios agreed with NMC EUROCONTROL were introduced, the task of which was to take some load off of ACC sectors exceeding traffic flow capacity in rush hours.
- Refinement of work technology of air traffic controllers:
 - Ongoing monitoring of the size of daily traffic, daily delays, distribution of the forecasted and performed traffic, hourly indicator of the number of operations was introduced;
 - Daily distribution of work of ACC controllers in terms of efficiency was optimized.



ENVIRONMENT

Polish Air Navigation Services Agency's objectives within the framework of limiting negative impact of air transport on the environment are aimed first and foremost at:

- Decreasing emissions (CO₂ AND NO_x) to air during combustion of fuel by aircraft through the introduction of new **DCTs** in 2014. In 2014, it was possible to reduce the distance by 8 316 NM, which in turn translated to fuel savings (588 tonnes), and thus reduction of CO₂ emission (1 850 tonnes). Landings using the **CDA/CDO** technique were disseminated and promoted at the biggest airports controlled in FIR Warsaw. The results of the measurements performed by PANSA indicate that in total, in 2014, in TMA Warsaw, 39 834 operations were carried out using the CDO technique. Taking into account the estimates developed by EUROCONTROL, speaking of fuel savings from 50 to 150 kg per arrival. PANSA's performance of 39 834 operations resulted in a reduction in fuel consumption from 1 992 to 5 975 tonnes and a lower CO₂ emission from 6 274 to 18 822 tonnes. The **A-CDM** (Airport Collaborative Decision Making) project was started up at the Warsaw Chopin Airport. This project is jointly implemented by the State Enterprise "Polish Airports" (PPL), PANSA, LOT and the handling companies: LS Airport Services and Welcome Airport Services. As a result of its implementation, expected are benefits in the form of: reduction of taxiing times, reduction of fuel use, reduction of CO₂ and NO_x emissions and increase of operational awareness.
- Limiting the level of noise generated by aircraft in air traffic. In 2014, in seven airports with the biggest concentration of traffic (Gdańsk, Kraków, Katowice, Modlin, Poznań, Warsaw, Wrocław) procedures of noise limitation agreed between PANSA and airport managers were in force. The procedures published in AIP Poland cover i.a.: performance of approaches using the above-mentioned CDA/CDO technique, performance of turns by the A/C - after reaching a specific height, limitations in the use of reversers by the A/C, limitations in the performance of night time operations, determination of preferences in the choice of direction of the runway in use, noise monitoring. Taking into account the estimates developed by EUROCONTROL, the utilization of the CDA/CDO technique allows to lower the noise level on the ground by 1-5 dB per flight operation.

The remaining tasks in the area of environmental protection carried out in 2014 were:

- Waste management;
- Providing opinion on technical programmes within the scope of environmental protection;
- Refinement of the Integrated Management System within the scope of the Environment;
- Maintenance of a permissible level of magnetic fields emission into the environment;
- Minimization of the use of electric power i.a. through the utilization of LED lighting.



COST EFFECTIVENESS

The following two areas of operational efficiency have the biggest impact on cost effectiveness:

- costs and
- airspace capacity.

The main cost items comprise: labour costs of a licensed ATC personnel and costs of the development, modernization and maintenance of technical infrastructure.

The airspace capacity is measured in minutes of delay per flight operation.

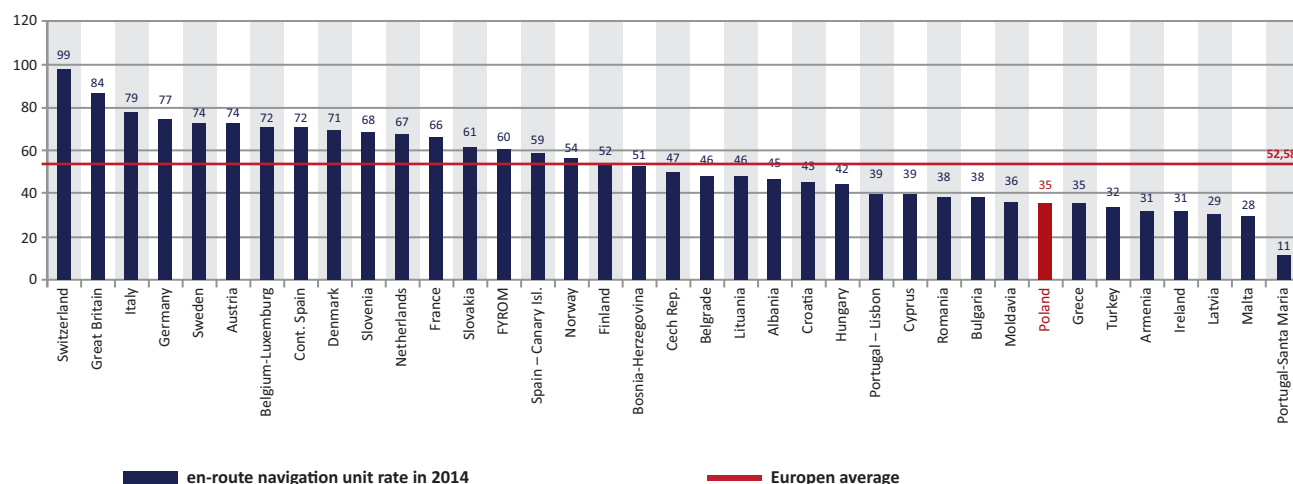
For airspace users, delays are a source of additional costs, which indicates a direct relationship between these two areas.

An average en-route unit rate in Europe in 2014 amounted to EUR 52.58.

Among EUROCONTROL member states, Poland has one of the lowest en-route unit rate.

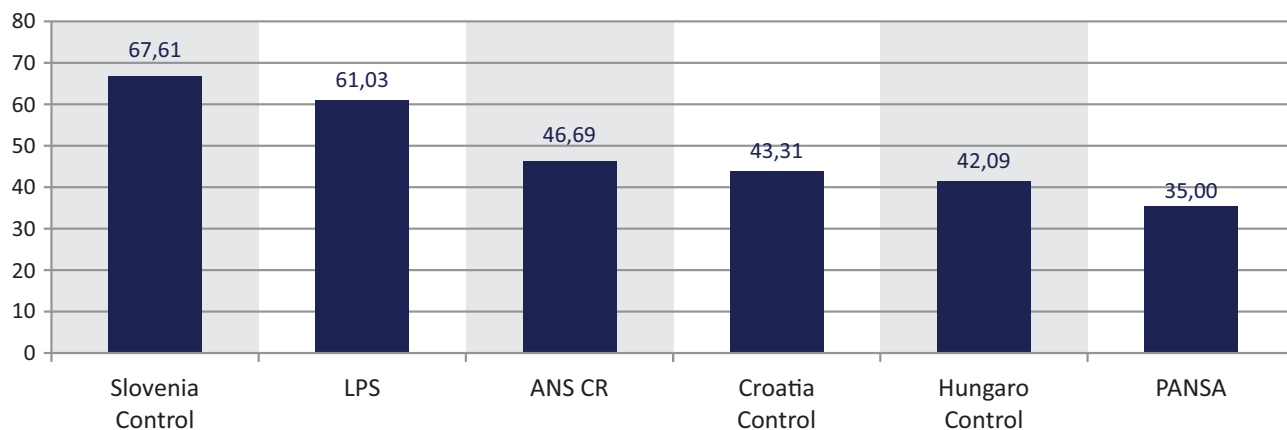


Eurocontrol member states en-route unit rate in 2014 (EUR)



For benchmarking purposes, PRB (EUROCONTROL Performance Review Body) made a division of European ANSPs. PANSA was assigned to the so-called "CENTRAL EUROPE" group of countries, which operate in similar economic conditions and similar operational environment. These are: Croatia, Czech Republic, Hungary, Slovakia, Slovenia and Poland.

En-route unit rate "Central Europe" group 2014 (EUR)



En-route unit rate in Poland in 2014 was the lowest in the "CENTRAL EUROPE" group.

The approved unit rate for terminal navigation (TNC rate) in 2014 amounted to PLN 699,80. This rate decreased by around 14% compared to the rate in 2013 (PLN 812,38).



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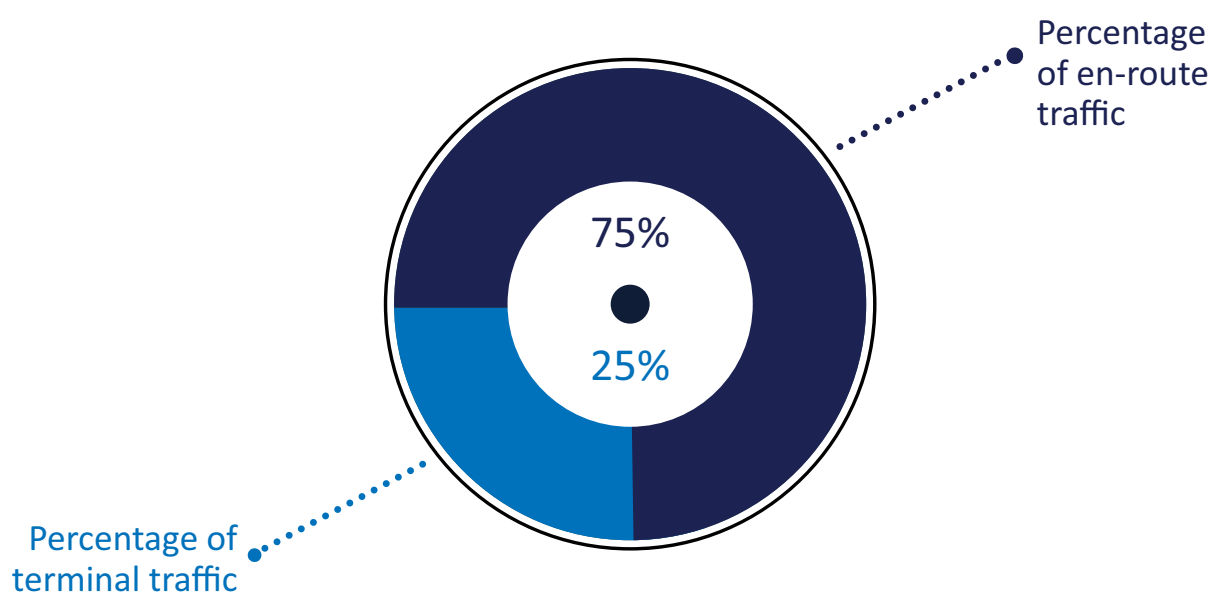
Air Traffic in Polish Airspace in 2014





The en-route traffic in 2014 in terms of overall number of operations (MVS) amounted to 702 thousand and was higher compared to the year 2013 (684 thousand) by 2.6 %. The terminal traffic in 2014 in terms of overall number of operations (MVS) amounted to 235 thousand and was higher compared to the year 2013 (207 thousand) by 13.3%.

Total movements by service in 2014

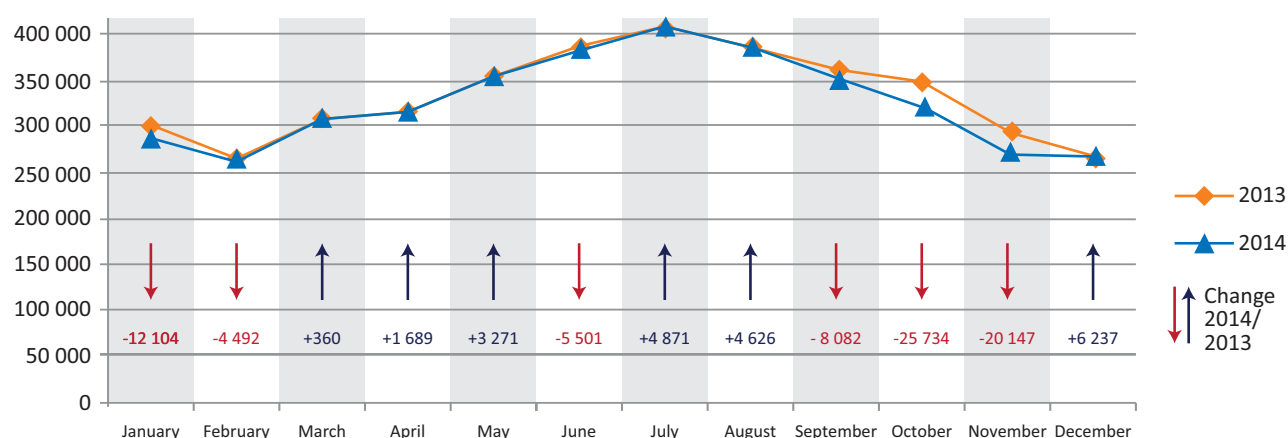


Information pertaining to the development of en-route traffic in the years 2013-2014 and comparison to the Plan for 2014 is presented in the table below.

En-route traffic in the years 2013-2014 (SU)

Specification	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
2013*	299 382	267 089	309 309	315 232	353 208	385 402	405 569	384 840	361 047	349 364	292 526	260 732	3 983 698
2014*	287 279	262 597	309 669	316 921	356 479	379 901	410 441	389 466	352 966	323 630	272 379	266 969	3 930 688
2014 P**	319 680	288 553	316 301	328 323	365 265	403 324	423 394	408 426	386 405	359 114	316 906	314 309	4 230 000
Change 2014/ 2013 (%)	-4,0%	-1,7%	0,1%	0,5%	0,9%	-1,4%	1,2%	1,2%	-2,2%	-7,4%	-6,9%	2,4%	-1,3%
Change 2014/ 2014 P (%)	-10,1%	-9,0%	-2,1%	-3,5%	-2,4%	-5,8%	-3,1%	-4,6%	-8,7%	-9,9%	-14,1%	-15,1%	-7,1%

En-route traffic by months in 2013 and 2014 of en-route service units (SU)



En-route traffic by months in 2014 compared to the Plan for 2014 of en-route service units (SU)

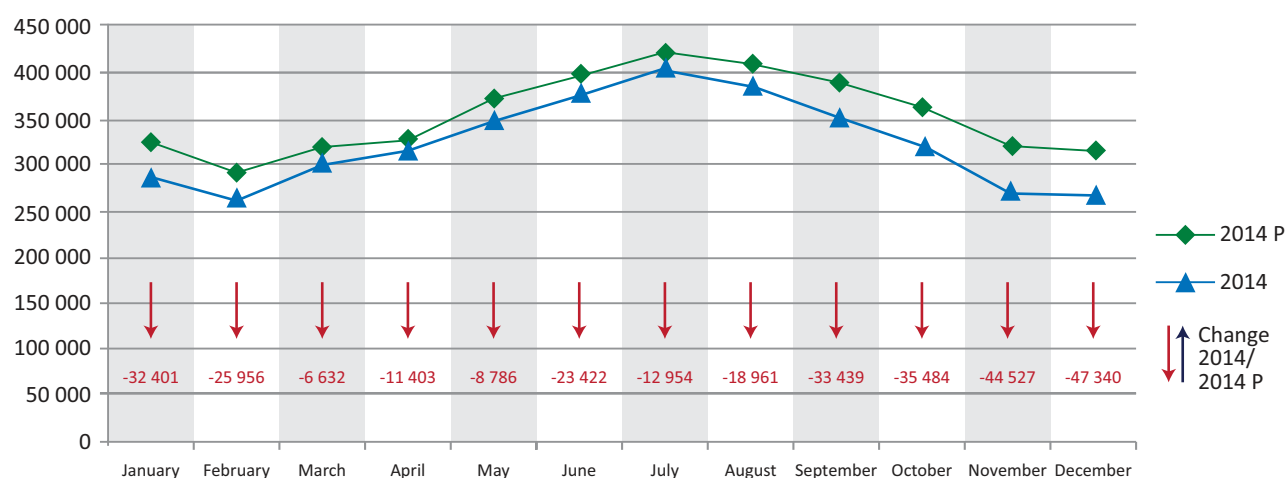
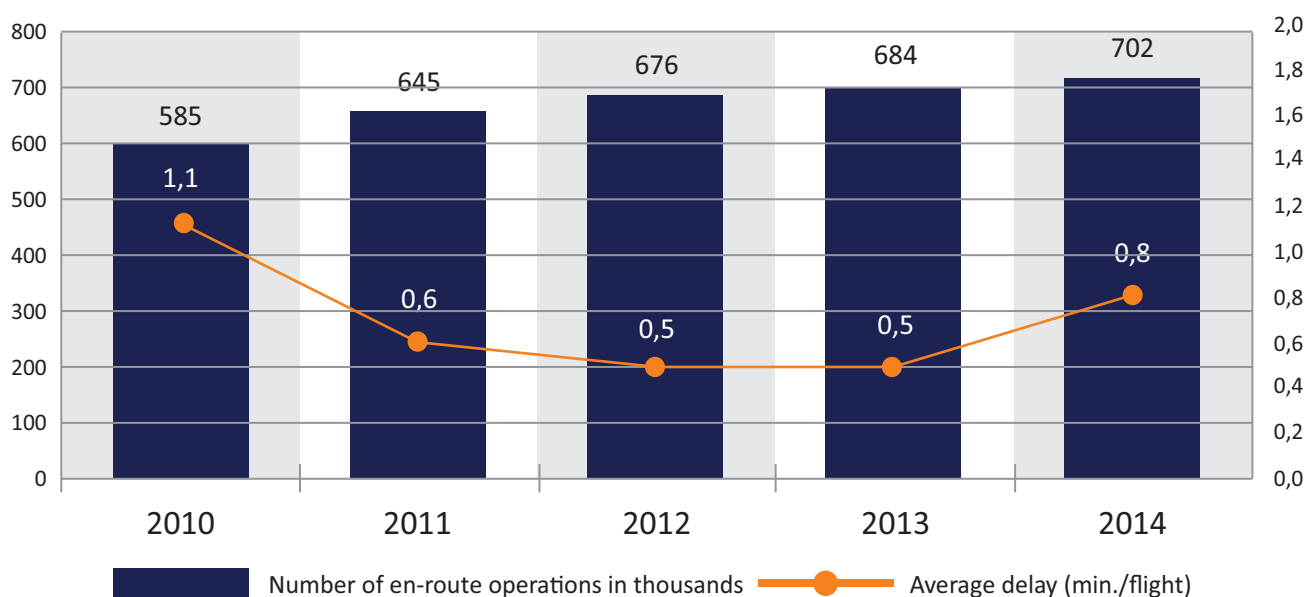


Table 1 * Data on the basis of monthly SERVICE UNITS PER BILLING ZONE reports prepared by Eurocontrol / CRCO. ** Annual PANSa plan for 2014.

Source: PANSa.

Scheme 1 i 2: Source: PANSa.

Air traffic volume (in thousands) and delays in 2010-2014



Information pertaining to the development of terminal traffic in the years 2013-2014 and comparison to the Plan for 2014 is presented in the table below.

Terminal traffic in the years 2013-2014 (MVS, SU-L)

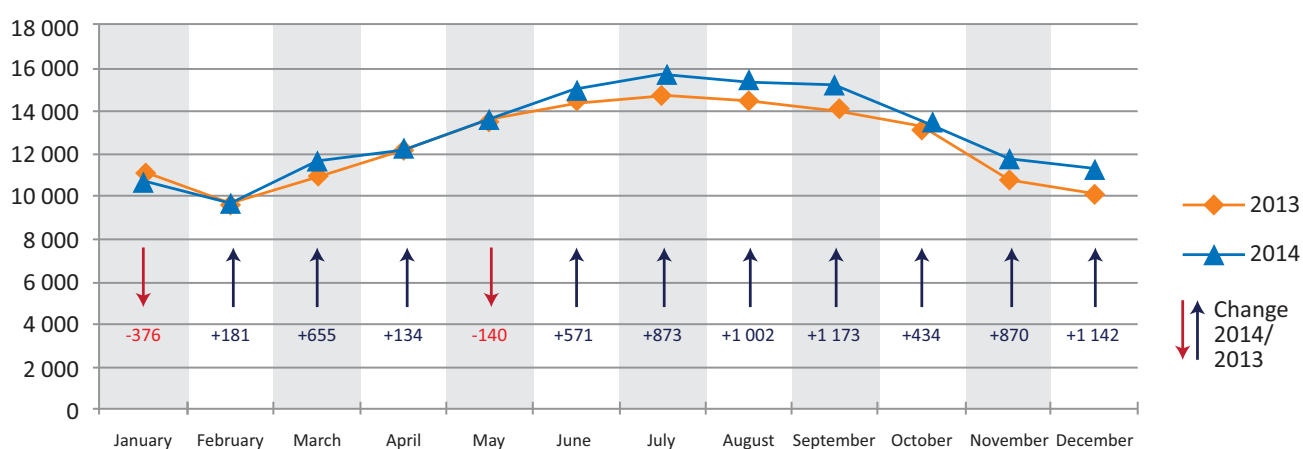
Specification	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
MVS													
2013*	12 813	12 039	13 995	17 692	19 131	19 941	22 668	21 336	20 259	19 294	14 353	13 762	207 283
2014*	13 150	14 252	17 146	19 909	20 489	23 473	25 258	24 448	23 299	21 866	16 565	14 960	234 815
2014 P**	13 627	13 023	15 980	18 866	21 665	23 574	24 197	21 687	20 708	18 841	14 903	12 949	220 020
Change 2014/ 2013 (%)	2,6%	18,4%	22,5%	12,5%	7,1%	17,7%	11,4%	14,6%	15,0%	13,3%	15,4%	8,7%	13,3%
Change 2014/2014 P (%)	-3,5%	9,4%	7,3%	5,5%	-5,4%	-0,4%	4,4%	12,7%	12,5%	16,1%	11,2%	15,5%	6,7%
SU-L													
2013*	11 010	9 693	10 991	12 105	13 670	14 411	14 833	14 525	14 160	13 196	10 852	10 202	149 648
2014*	10 634	9 874	11 646	12 239	13 530	14 982	15 706	15 527	15 333	13 630	11 722	11 344	156 167
2014 P**	11 201	10 465	11 915	13 485	15 740	18 056	17 125	15 014	14 594	13 274	10 757	10 619	162 244
Change (%)	-3,4%	1,9%	6,0%	1,1%	-1,0%	4,0%	5,9%	6,9%	8,3%	3,3%	8,0%	11,2%	4,4%
Change (%)	-5,1%	-5,6%	-2,3%	-9,2%	-14,0%	-17,0%	-8,3%	3,4%	5,1%	2,7%	9,0%	6,8%	-3,7%

Table 1 * Data on the basis of monthly SERVICE UNITS PER BILLING ZONE reports prepared by Eurocontrol / CRCO. ** Annual PANSA plan for 2014. Source: PANSA.
Scheme 1: Source: PANSA.

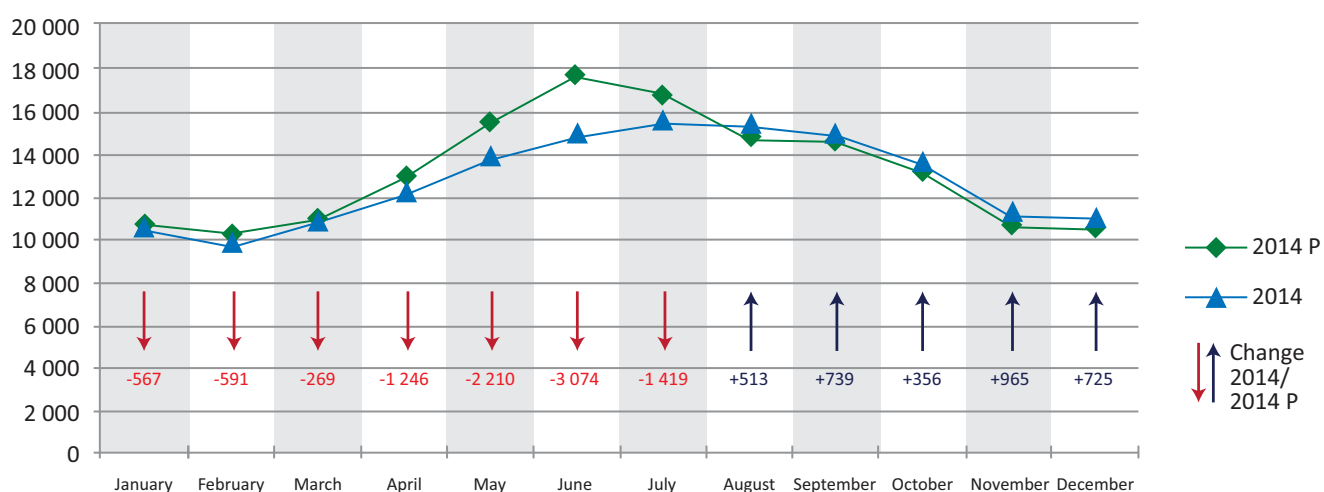
In 2014, terminal traffic included every landing attempt (with or without touch and go). The number of air operations paid by carriers from navigation charges, performed in 2014, amounted to 152 794 SU-L (released SU-L amounted to 3 374 in 2014).

Detailed information pertaining to the development of terminal traffic by months of the discussed period is presented in the graphs below.

Terminal traffic by months of 2013 and 2014 (SU-L)



Terminal traffic by months of 2014 compared to the Plan for 2014 in terms of terminal service units (SU-L)



Source: PANSA

The biggest number of terminal operations (MVS) in 2014 was noted at Warsaw Chopin Airport, and it amounted to 70 634 MVS. Detailed information concerning the traffic noted in all airports is presented in the table below.

Terminal traffic (MVS) in the years 2013-2014 by individual airports

Airport	2014	2013	Change 2014/2013
EPWA Warsaw Chopin Airport	70 634	72 319	-2,3%
EPLL Łódź – Lublinek Airport	31 692	19 971	58,7%
EPKK Kraków – Balice Airport	24 281	23 317	4,1%
EPGD Gdańsk Lech Wałęsa Airport	21 346	17 575	21,5%
EPRZ Rzeszów – Jasionka Airport	20 568	19 786	4,0%
EPKT Katowice – Pyrzowice Airport	14 752	14 994	-1,6%
EPWR Wrocław – Strachowice Airport	14 210	12 595	12,8%
EPPO Poznań – Ławica Airport	13 201	10 601	24,5%
EPMO Modlin Airport	9 430	1 608	486,4%
EPLB Lublin Airport	6 167	4 259	44,8%
EPSC Szczecin – Goleniów Airport	4 162	5 829	-28,6%
EPBY Bydgoszcz – Szwederowo Airport	3 872	3 868	0,1%
EPZG Zielona Góra – Babimost Airport	500	561	-10,9%
Total	234 815	207 283	13,3%



Source: PANSA

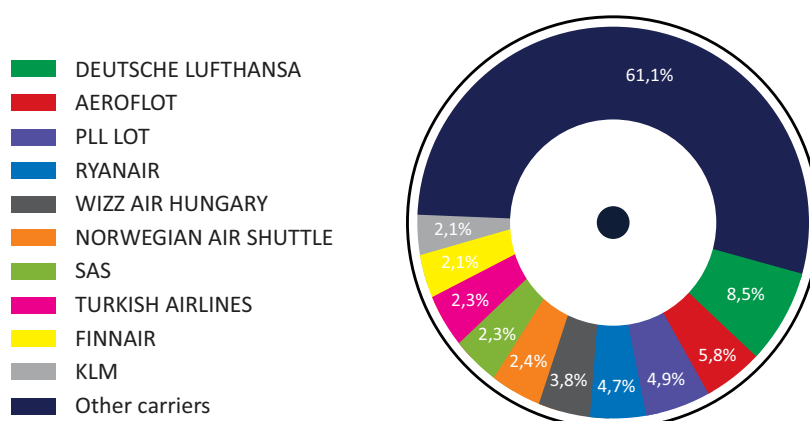
Aviation services market in Poland in 2014

Gradual recovery of Polish economy was noted in 2014. Domestic demand was the reason behind acceleration of the pace of economic growth. Growth of consumption and investments contributed to that. In comparison with other European countries, the condition of the Polish economy was rated favourably. According to EUROCONTROL estimates from February 2015, economic growth at the level of 1.4% was achieved in the ESRA08 (EUROCONTROL Statistical Reference Area) in 2014 (growth by 0.4% in 2013). 2014 saw an economic recovery in most European countries. In this period, Poland was among the fastest developing countries in the European Union.

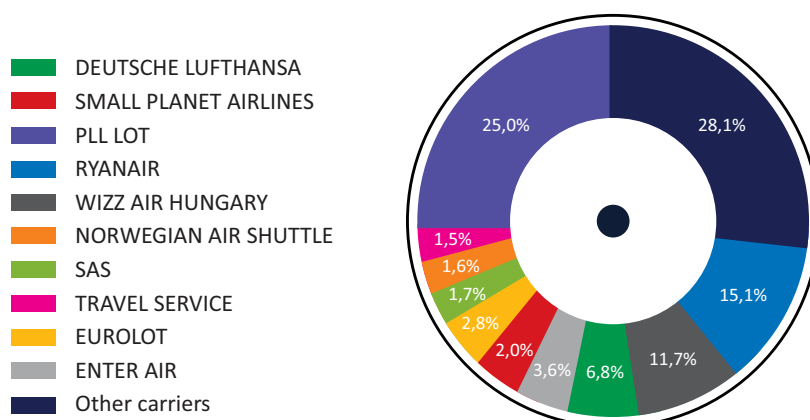
Economic growth stimulated demand for air transport services. In accordance with EUROCONTROL statistics from February 2015, the total number of en-route operations handled in 2014 in Polish FIR airspace increased by 1.4% in relation to the previous year (growth by 1.1% in 2013). A growth of air traffic was noted in the ESRA08 area in the discussed period at the level of 1.7% (decline by 1.1% in 2013). An improvement in results was achieved first and foremost thanks to an improving global economic situation in the world. A more dynamic than expected increase in air traffic was noted in the South-East Europe, whereas due to armed conflicts traffic decreased in Syria, Iraq, Libia and the Sinai Peninsula and Ukraine.

Below, the percentage of air carriers in the revenue obtained from providing en-route services and terminal services is presented.

Share of main airspace users in en-route revenues in 2014



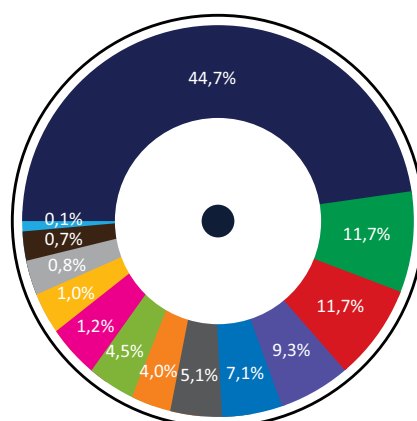
Share of main airspace users in terminal revenues in 2014



In 2014, Norwegian Air Shuttle, SAS and Finair appeared on the list of the biggest air carriers in Polish airspace. Deutsche Lufthansa maintained its leading position in this segment, offering flights from the majority of Polish airports, most often to hubs in Frankfurt and Munich. For many years it has been the main carrier not only in Poland, but also in entire Europe. In 2014, international flights in Poland developed more dynamically than national flights.

Low-cost carriers (i.a. Ryanair, Wizz Air Hungary, Norwegian Air Shuttle, EasyJet, Germanwings) had a significant share in the market. In 2014, according to EUROCONTROL's statistics from February 2015, the number of operations performed by the low-cost carriers in Polish airspace increased by 33%.

Terminal revenues by airports in 2014



Source: PANSA



In 2014, as a result of a 14% decrease in terminal charges, PANSA noted lower TNC revenues in national airports. Total number of paid terminal operations, for which the Agency noted TNC revenues in 2014 remained at a similar level. The biggest number of flights took place from the airport in Warsaw. The market share of the main airport in Poland amounted to ca. 45% (47% in 2013). The size of TNC revenue of that airport decreased by 15% compared to 2013, whereas regional airports in total generated a TNC revenue lower by 7%. The airports in Gdańsk and in Kraków occupied subsequent places.

Similarly as in the previous year, the following carriers were among those who used the main airports the most often: Wizz Air Hungary, PLL LOT, Ryanair, Deutsche Lufthansa. In 2014, just as in the preceding years, due to seasonality of air traffic, PANSA's revenues obtained from provision of navigation services in summer months increased.



5

Financial performance



In 2014, the Agency generated a net loss in the amount of PLN 28 614 thousand. This loss mainly results from the increase reserve for claims of the heirs of pre-war owners of the property currently held by PANSa and 'Polish Airports' State Enterprise.

The profit on sale in 2014 amounted to PLN 32 452 thousand.

The table below presents PANSa financial results. They are presented on four levels.

Statement of comprehensive income for 2014 and 2013 (PLN '000).

Description	Actual 2014	Actual 2013	Difference
Sales revenues	726 884	735 930	- 9 046
Operating expenses	694 432	664 967	29 465
Profit on sale	32 452	70 963	- 38 511
Other operating revenues	28 425	13 143	15 282
Other operating expenses	97 236	18 778	78 458
Operating profit / (loss)	- 36 359	65 328	- 101 687
Financial revenues	10 027	2 789	7 239
Financial expenses	6 938	9 217	- 2 279
Profit / (loss) before tax	- 33 270	58 900	- 92 169
Net profit / (loss)	- 28 614	40 514	- 69 129



Source: PANSa

REVENUES

Analysis of the structure of revenues from PANSA's activities shows that income from the sales of services, which amounted to PLN 726 884 thousand for the 12 months of the year 2014, had a dominant share in overall revenues.

Sales of aeronautical services generate most of PANSA's revenues and comprises:

- en-route navigation;
- terminal navigation.

SALES REVENUES

Decrease of the revenues from sales of navigation services in 2014 compared to 2013 was significantly affected by the change of i.a. rates for navigation services.

The en-route unit rate for 2014 results from costs of en-route services and the forecasted en-route traffic assumed in Performance Plan for Poland determined for the I reference period. In addition, the unit rate includes an adjustment in the amount of PLN 2.77 in association with the result of the settlements of cost bases for 2012 (incomplete settlements with carriers from 2012 and the inflation adjustment and adjustment due to lower than forecasted en-route air traffic and settlements of actual revenue from the Operating Program Environment and Infrastructure grants).

The terminal unit rate for 2014 decreased by PLN 112.58 in comparison to 2013 terminal unit rate. That was affected by lower planned operating costs and higher forecasted terminal traffic.

Furthermore, in order to meet the expectations of airspace users, PANSA decided to accelerate the settlements of balances from previous years, which in addition caused decrease of 2014 terminal unit rate.

The 2014 terminal unit rate includes the proportion of the balance from 2009 (PLN -5 617 thousand), the balance from 2011 (PLN 6 277 thousand), the balance from 2012 (PLN 3 408 thousand). The terminal unit rate valid since the beginning of 2014 was determined by the President of ULC and was in force for airports in Poland.

Detailed information on the rates in the years 2012 – 2014 can be found in the table below. The rates for en-route navigation services do not include the administration charge.

Unit Rates in the years 2012-2014 in PLN

Description	2014	2013	2012	Change 2014/2013
En-route navigation	147,43	150,20	155,40	- 2,77
Terminal navigation	699,80	812,38	781,06	- 112,58

Source: PANSA

The below airports were included in one terminal charging zone in FIR Warsaw in 2014



The value of the generated sale revenues broken down into individual groups of services is presented in the table below.

PANSA's sources of revenue from sale of services in 2014 (PLN '000)

Description	2014
Sales revenues including	726 884
Aeronautical services including:	716 468
en-route navigation	590 049
terminal navigation	116 132
grant for free of charge flights	10 287
Non-aeronautical services	10 350
Sales of materials	20
EU grants	47

Source: PANSA

REVENUES FROM SALE OF NAVIGATION SERVICES

The aeronautical services are understood as provision of air traffic control services and provision of infrastructure for aeronautical operations and air traffic services. Navigation services constitute PANSA's most important source of revenues.

Recognition of revenues from settlements with carriers for the year 2008 and previous years 2010-2014 had a significant impact on the level of revenues from sale of navigation services. Detailed information pertaining to settlements with carriers, included in revenues from navigation services is presented in the table below.

Settlements with carriers included in revenues from sale of navigation services in 2014 (PLN '000)

Description	ER	TNC
Aeronautical sales revenues	590 049	116 132
Invoiced revenues	578 584	106 907
deferred income 2008	5 285	
deferred income 2010	16 456	
deferred income 2011	11 477	6 277
deferred income 2012	198	3 408
deferred income 2014	-21 950	-460



Source: PANSA

REVENUES FROM SALE OF NON-NAVIGATION SERVICES

Non-navigation services are understood as Polish Air Navigation Services Agency's services other than provision of air traffic and aeronautical infrastructure for air traffic services - i.e. providing the radar and meteorological data for airport servicing, sale of aviation publications, leasing of land and buildings, control and measure flights, space rental, telecommunications and teletechnical operations, consulting and training services.

Those revenues reached a value of PLN 10 350 thousand in 2014. Revenues from sales of meteorological data had a dominant share in the value of revenues from sales of non-navigation services. They constituted 38.7% of the total value of revenues from sale of non-navigation services.

Costs associated with non-navigation operation were excluded from cost bases, used for calculation of navigation charges: en-route and terminal charge.

The value of non-navigation revenues in individual groups of services performed by PANSa in the period of twelve months of the year 2014 is presented in the table below.

Sales revenues from non-aeronautical services (PLN '000)

Description	2014
Revenues from non-aeronautical services including	10 350
space rental	976
lease of land and buildings	42
lease of machines and devices	1
provision of utilities	108
telecommunication and teletechnical services	493
control and measurement flights	1 092
meteorological measurements	4 010
aviation publications - AIP, maps	834
providing the radar data	2 413
consulting services	38
training services	15
providing the aviation data	308
other non-navigation services	19

Source: PANSa

COSTS

Total costs incurred by PANSa in the period of twelve months of the year 2014 amounted to PLN 798 607 thousand.

Total costs (PLN '000)

Description	2014
Total costs	798 607
Operating expenses	694 432
Other operating expenses	97 236
Financial expenses	6 938

OPERATING EXPENSES

Operating expenses are the most significant part of overall PANSa's expenses and amount to 87.0% of total costs.

Employee benefits costs had the biggest share in the operating expenses in 2014, in the amount of PLN 481 627 thousand, the main items of which were remuneration costs in the amount of PLN 369 172 thousand and costs of social security and other benefits in the amount of PLN 87 280 thousand.

The value of the operating expenses costs incurred by PANSa in individual cost items is presented in the table below.

Operating expenses (PLN '000)

Description	2014
Operating expenses	694 432
depreciation and amortisation	58 806
materials	6 189
energy	7 242
taxes and charges	15 757
external services	75 026
employee benefits costs	481 627
business trip	5 981
other operating expenses	43 804

Source: PANSa

EU PROJECTS

In 2014, PANSA carried out investment projects, for which EU grants were obtained, among others, within the framework of the Infrastructure and Environment Operational Programme 2007-2013 entitled "Development of Infrastructure of the National Air Traffic Management Body".

On June 13, 2014, the European Commission issued a decision confirming the financing of the above project by the Cohesion Fund.

In particular, the project included investments in new infrastructure, which aimed at improving safety, increase of airspace capacity and reduction of negative impact of aviation on the natural environment.

Furthermore, in 2014 PANSA took part in international projects also co-financed from EU funds:

- **HEDGE Next**

The HEDGE NEXT project was implemented by an international consortium within the framework of the VII Framework Programme from GSA (GNSS Supervisory Agency funds). In the Polish part of the project, landing procedures for helicopters of the PinS (Point in Space) type for the Babice airport were developed. The project ended in mid-2014, after validation flights were carried out and a safety analysis was developed. The project was a continuation of the HEDGE project, carried out on airfields in Mielec and Katowice.

- **SHERPA (Support ad-Hoc to Eastern Region Pre-operational Actions in GNSS)**

The project involved organization of a cycle of workshops and meetings dedicated to the broadly understood aviation environment of Central and Eastern Europe (from Poland, Estonia, Bulgaria, Greece and Turkey). Its goal was to investigate the possibility, and then harmonization of methods of implementation of LPV GNSS landing approach procedures. The project was financed from the VII Framework Programme from GSA funds.

- **ANSPs coordination within Interim Deployment Steering Group**

In 2014, PANSA carried out operations in the consortium of institutions providing air navigation services called ANSPs coordination within Interim Deployment Steering Group (IDSG), which in principle was intended to be an initial phase for the SESAR implementation process, i.e. SESAR Deployment Manager. Priority project packages defined within the framework of the works of the consortium created the so-called (SESAR) Interim Deployment Programme.

The works of the consortium were co-financed from TEN-T funds (currently INEA), within the time-span from April 2012 to September 2014.

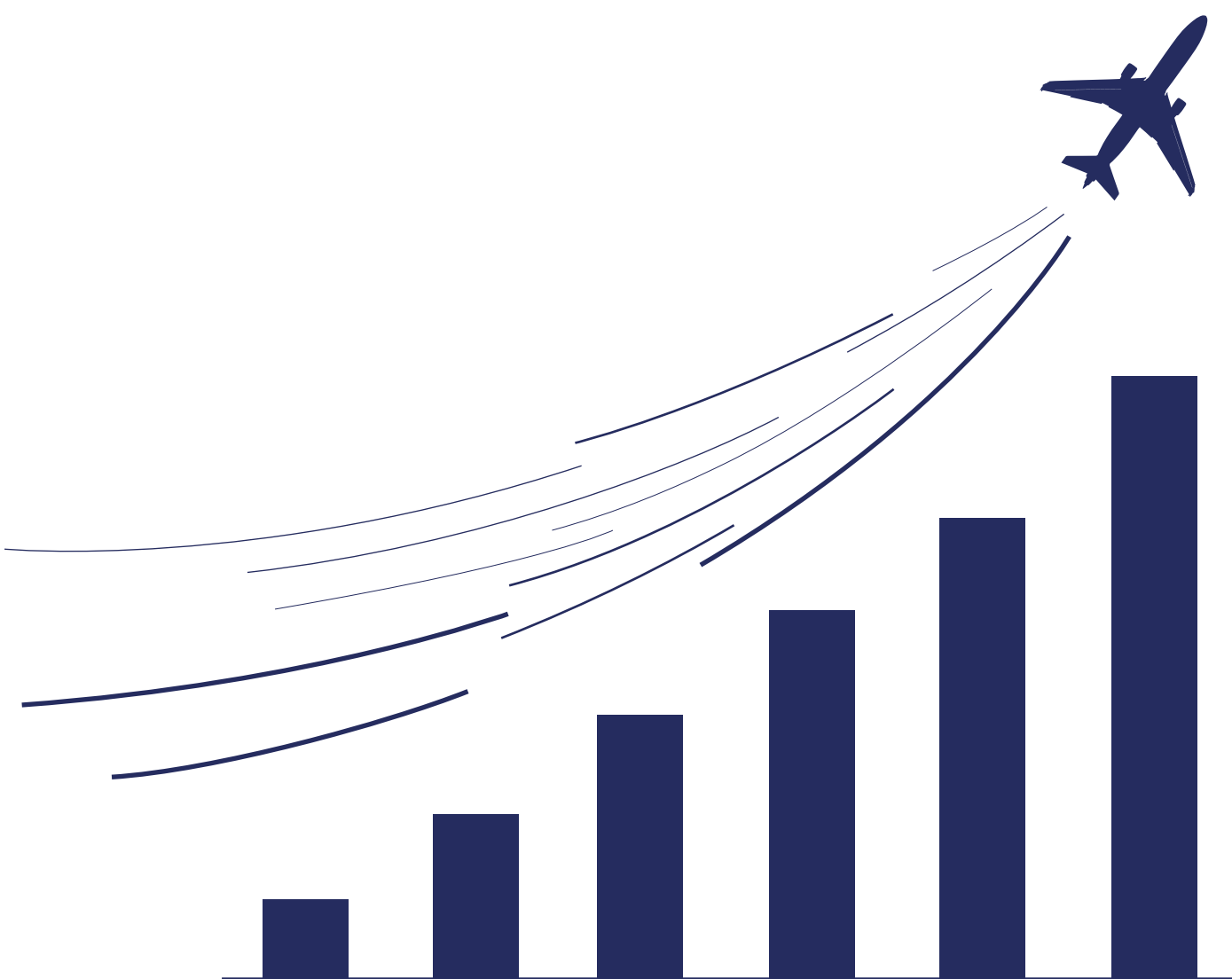
- **FLIPA**

The project was carried out upon request of the company GMV and was financed from European Space Agency funds within the PECS programme. PANSA is not a beneficiary of the project and participated in it as a subcontractor. The main goal of the measure was to organize an internet-based platform, available to multiple users, intended for analysis of flight procedures based on EGNOS.

PANSA provided support to GMV in terms of defining the requirements, provision of user feedback, as well as data from actual test flights for procedures, and a template from the report after flight validation. The project was completed in December 2014.

6

Report on the financial situation



PANSA's balance sheet total at 31.12.2014 amounted to 1 267 912 thousand of PLN

PANSA's financial position as at 31.12.2014 (PLN '000)

Description	As at 31.12.2014	Description	As at 31.12.2014
Total assets	1 267 912	Equity and liabilities	1 267 912
Non current assets	749 773	Equity	682 744
Current assets	518 139	Liabilities	585 168

ASSETS

Non-current assets at 31.12.2014 amounted to PLN 749 773 thousand, i.e. 59.1% of the balance sheet total. Whereas the remaining 40.9%, i.e. PLN 518 139 thousand constituted current assets.

PANSA's assets as at 31.12.2014 and 31.12.2013 (PLN '000)

Description	31.12.2014	31.12.2013	Difference
Total assets	1 267 912	1 185 752	82 160
Non-current assets	749 773	697 353	52 420
Current assets	518 139	488 398	29 740

The structural analysis of the property held in 2014 by Polish Air Navigation Services Agency shows that the Agency had fixed assets amounting to PLN 642 683 thousand, which mainly consisted of property plant and equipment in the form of: technical devices and machinery, buildings and constructions, lands (including perpetual usufruct of land), means of transport, other tangible fixed assets and tangible construction in progress.



Source: PANSA

PANSA's property, plant and equipment as at 31.12.2014 and 31.12.2013 (PLN '000)

Description	Net book value as at 31.12.2014	Net book value as at 31.12.2013	Change of value 2014 – 2013
Total	642 683	599 082	43 601
Property, plant and equipment including:	586 590	522 435	64 155
land (including right to perpetual usufruct of land)	121 582	121 583	-1
buildings, structures and constructions	157 596	154 789	2 807
machinery equipment	295 372	234 285	61 087
vehicles	5 844	5 415	429
other	6 196	6 363	-167
Construction in progress	56 093	76 647	-20 554

Current assets constituted around 40.9% of the value of the assets. A significant item among current assets in 2014 were cash funds. The balance of cash and cash equivalents as at 31.12.2014 amounted to PLN 391 478 thousand and it was higher compared to the balance from 31.12.2013 by PLN 26 375 thousand. The high cash balance results from i.a. the noted inflow of EU funding tranches (OPIE), associated with financing of the project "Development of Infrastructure of the National Air Traffic Management Body".

CONTINGENT ASSETS

In the financial report prepared for the year ended 31.12.2014, the Agency also presented contingent assets, which result from legal regulations pertaining to settlements with carriers - Commission Regulation (EU) no. 1191/2010 from December 16, 2010, amending Commission Regulation (EC) no. 1794/2006, establishing common charging scheme for air navigation services (Journal of Laws EU L 341 from 07.12.2006), EUROCON- TROL guidelines from October 2011 (document no. 11.60.01) and Regulation of the Minister of Transport, Construction and Marine Economy dated October 16, 2012 on the exclusion of terminal charges from the rigor of the above regulation.

Taking into account the time value of money, the amount of contingent assets that could be recognized by the Agency at the end of 2014:

- from unrealized revenues for 2009 would amount to PLN 10 012 thousand (where PLN 4 395 thousand would pertain to en-route charges, and PLN 5 617 thousand would pertain to terminal charges);
- from unrealized revenues for 2014 would amount to PLN 22 036 thousand (where PLN 16 319 thousand would pertain to en-route charges, and PLN 5 717 thousand would pertain to terminal charges);
- from change of the regulation and 2009 year correction relating to unrealized revenues from terminal charges would amount to PLN 100 thousand .

In association with the above, after taking into account the correction due to deferred tax in the amount of PLN 6 108 thousand, the Agency's equity would increase by PLN 26 040 thousand.

EQUITY AND LIABILITIES

The analysis of sources of financing of the assets shows that the Agency's equity, in the amount of PLN 682 744 thousand constitute 53.8% of equity and liabilities in total, whereas the remaining 46.2% are payables, provisions, accruals and other liabilities in the amount of PLN 585 168 thousand. In the "equity" item, the main values are formed by the statutory fund, reserve fund, retained earnings.

PANSA's equity and liabilities as at 31.12.2014 and 31.12.2013 (PLN '000)

Description	31.12.2014	31.12.2013	Change 2014 - 2013
Total equity and liabilities	1 267 912	1 185 752	82 160
Equity	682 744	711 358	-28 614
Liabilities	585 168	474 394	110 775

In Equity, the main values constitute: statutory fund, reserve fund, retained earnings and net loss.

PANSA's equity as at 31.12.2014 and 31.12.2013 (PLN '000)

Description	31.12.2014	31.12.2013	Change 2014-2013
Equity	682 744	711 358	-28 614
Statutory fund	475 022	475 022	0
Reserve fund	195 822	195 822	0
Retained earnings	40 514	0	40 514
Net profit / (loss)	-28 614	40 514	-69 129



Source: PANSA

The table below presents the values of PANSA's long-term and short-term liabilities.

PANSA's liabilities as at 31.12.2014 and 31.12.2013 (PLN '000)

Description	31.12.2014	31.12.2013	Change 2014 - 2013
Total liabilities	585 168	474 394	110 775
Long-term liabilities	422 157	323 682	98 475
Long-term provisions	234 971	116 295	118 676
Deferred tax liability	0	9 687	-9 687
Long terms accruals	186 001	196 529	-10 528
Other long-term liabilities	1 185	1 170	15
Short-term liabilities	163 012	150 712	12 300
Short-term provisions	11 955	23 922	-11 967
Trade and other liabilities	66 042	50 561	15 481
Accruals	85 015	76 229	8 786

In the accruals the "Settlements with carriers" is significant part of liabilities, where there is a part of the amount unsettled through revenues from sale of services, payable to carriers due to the correction mechanism that PANSA observes, in an amount of PLN 120 110 thousand, out of which the long-term part amounts to PLN 69 252 thousand and the short-term part amounts to PLN 50 858 thousand . The table below presents the value of the provision pertaining to individual years.

Value of the provision due to settlements with carriers as at 31.12.2014 (PLN '000)

Description	31.12.2014
Value of the correction mechanism due to settlements broken down by year:	120 110
2014	21 578
2013	23 261
2012	3 408
2011	39 569
2010	32 294

Source: PANSA

CASH FLOW

Net cash flow from PANSA's operating activities for 2014 amounted to PLN 88 009 thousand. Cash flow from operating activities are cash flows coming from PANSA's basic, statutory activity and are directly associated with the provided services.

These flows include cash inflows from sales, expenditures due to the incurred costs of purchase of materials and resources, payrolls, charges, etc.

The positive balance of cash flows in the operating activities area demonstrates the Agency's ability to generate cash on the basis of core operational activity.

Cash flows from operating activities provide the cash necessary for carrying out investments. In association with the investment processes carried out, in 2014 acquisition of property plant and equipment and intangible assets amounted to PLN 91 530 thousand.

The negative flows indicated in this area indicate significant investing activities of the Agency, aimed at increasing the value of property, plant and equipment.

Net cash flows from financing activities in the analyzed period were positive and amounted to PLN 25 420 thousand. These flows were related mainly to inflows due to OPIE grants.

The table below presents the level of cash flows carried out in 2014.

Cash flows in 2014 (PLN '000)

Description	31.12.2014
Net cash flow from operating activities	88 009
Net cash flow from investing activities	-91 530
Net cash flow from financing activities	25 420
Total net flows	21 899
Effect of exchange rates changes	4 477
Net increase in cash and cash equivalents	26 375
Cash and cash equivalents at the beginning of the period	365 102
Cash and cash equivalents at the end of the period	391 478

The high level of cash funds sustained throughout entire 2014 allowed PANSA for smooth carrying out operating activities and investing activities, without resorting to a bank loan.

Cash funds in foreign currency as at 31.12.2014 amounted to EUR 3 186 thousand and USD 37 thousand. Restricted cash as at 31.12.2014 amounted to PLN 3 310 thousand.



CONSULTATION WITH AIRSPACE USERS

The cost bases, 2014 en-route unit rate and 2014-2018 terminal unit rates were discussed before approval, during the meeting with airspace users, which was held in 2013.

The meeting took place on October 1, 2013 in the Civil Aviation Office and it was organized by the President of ULC in co-operation with selected institutions providing air navigation services, in association with the provisions of Commission Regulation (EC) no. 1794/2006, and the provisions of the Regulation of the Minister of Transport from May 15, 2007 on navigation charges.

Upon PANSA's request, the President of Civil Aviation Office (ULC), approved a single terminal charging zone and a single rate for the TNC in Polish airspace in the amount of PLN 699,80 in force in 2014.

During 2014, consultation with users of air navigation services in terms of navigation charges, charging zones for these charges in 2015 and in subsequent years, and pertaining to the Performance Plan in the Second Reference Period (RP2) took place. Consultations were held on May 14, 2014 at the Civil Aviation Office.

Moreover, the meeting was organized by the President of Civil Aviation Office (ULC) in co-operation with selected institutions providing air navigation services, in relation to the provisions of Commission Regulation (EC) no. 391/2013 dated May 3 2013, establishing common charging scheme. Pursuant to the provisions of this regulation, the meeting was addressed to airspace users and their representatives. During the consultation, the cost bases and unit rates of en-route and terminal charges for 2015, as well as actual costs for 2013 versus forecasted amounts, in accordance with the provisions of the regulation of the Minister of Transport dated May 15, 2007 on navigation charges, were discussed.



PRESENTATION OF OPERATING COSTS BROKEN DOWN INTO PRODUCTION COSTS OF EN-ROUTE AND TERMINAL SERVICES

The value of the operation costs incurred by the Agency for the implementation of all the statutory objectives in 2014 amounted to PLN 694 432 453,30. The allocation of operating costs is presented below, broken down into navigation services and other services.

Allocation of operating activity costs broken down into navigation services and other services (PLN '000)

Operating activity costs	Total	En-route navigation	Terminal navigation	Other services	Costs not included in PANSa cost base
Amortization and depreciation	58 806	50 077	7 605	1 125	0
Consumption of materials and energy	13 432	11 481	1 676	275	0
Employee benefits	481 627	406 805	69 225	5 597	0
Remuneration	369 172	312 796	52 379	3 997	0
Costs of social security and other benefits, with the exclusion of Employees Retirement Program and trainings	61 003	51 013	9 130	860	0
Trainings	3 385	2 800	522	63	0
Employees Retirement Program	22 892	19 144	3 426	323	0
Tetirement and jubilee benefits	24 910	20 831	3 728	351	0
Unused holiday accrual	2 937	2 456	440	41	0
Provision for unpaid bonus for deleterious work conditions and social liabilities (ZUS)	-2 561	-2 141	-383	-36	0
Provision for claims and litigations	-111	-94	-16	-1	0
External services, including:	75 026	33 446	6 188	638	34 754
Navigation services	3 727	3 727	0	0	0
Repair services	2 886	2 518	339	29	0
IT services	1 759	1 455	271	33	0
Security services	3 051	2 524	470	56	0
Technical services	3 326	2 752	513	62	0
Strategic, technical and financial advisory	899	744	139	17	0
Rents and lease payments	15 997	13 234	2 467	296	0
Legal services	242	200	37	4	0
Audit	125	103	19	2	0
Other	7 479	6 189	1 152	138	0
Meteorological information services	35 535	0	781	0	34 754
Taxes and charges, including:	15 757	3 828	670	70	11 189
Civil Aviation Office payment	11 189	0	0	0	11 189
Other charges	4 568	3 828	670	70	0
Other costs by kind, including:	49 785	10 579	2 110	93	37 002
Fees for EUROCONTROL charges	37 002	0	0	0	37 002
Membership fees and charges	187	157	30	0	0
Business trip	5 981	4 874	1 014	93	0
Property insurance - other	1 873	1 571	302	0	0
Other insurance	4 161	3 491	671	0	0
Other	580	487	94	0	0
Total	694 432	516 216	87 474	7 796	82 946

Source: PANSa

The operating costs in the amount of PLN 82 946 thousand presented in the column “Costs outside PANSa cost base” do not constitute the costs of production of en-route and terminal services of the Agency, but of other entities providing air navigation services, and are presented in cost bases of these entities (Civil Aviation Office (ULC), meteorological service provider) or included directly in a consolidated base for the entire zone (EURO-CONTROL costs). Due to the fact that it is the Agency that receives revenues from en-route and terminal services provided for FIR Warsaw, and then performs settlements with other entities, inclusion of the costs of provision of the above services in the Agency’s operational costs remains in accordance with accepted accounting principles.

Costs of production of en-route and terminal services defined as qualified costs of provision of air navigation services are subject to allocation in accordance with Commission Regulation (EU) no. 1191/2010, hereinafter referred to as the “Regulation”. The scheme of charges presented in the above Regulation reflects the costs incurred in a direct and indirect manner by all the institutions providing air navigation services. The qualified costs of provision of air navigation services are determined in accordance with accounting books, and their presentation takes place in accordance with Art. 6 of the above Regulation.

In relation to the above, not only operating costs, but also other operating and financial costs are qualified as a cost of production of en-route and terminal navigation services, which were directly or indirectly incurred by the Agency in order to provide air navigation services.

Allocation of other operating costs broken down into navigation services and other services (PLN ‘000)

Other operating costs	Total	En-route navigation	Terminal navigation	Other services	Costs not included in PANSa cost base
Compensations for non-contractual land usage (Branicki)	92 363	76 680	14 315	1 368	0
Bad debts write-offs	1 506	2 640	-1 035	-99	0
Other compensations	1 352	1 122	209	20	0
Liquidation of property, Plant and Equipment	1 099	936	142	21	0
Costs of abandoned construction in progress	468	399	61	9	0
Others	450	365	64	20	0
Total	97 236	82 141	13 756	1 340	0

Allocation of financial costs broken down into navigation services and other services (PLN ‘000)

Financial costs	Total	En-route navigation	Terminal navigation	Other services	Costs not included in PANSa cost base
Interest - deposits and securities	6	5	1	0,1	0
Other interest costs	110	91	17	2	0
Interests from VFR and IFR grants	384	0	0	0	384
Interest – paid remuneration	423	357	61	5	0
Discount regarding carriers settlements provision	6 014	0	0	0	6 014
Total	6 938	454	79	7	6 398

Source: PANSa

The costs of production of en-route and terminal services are presented in accordance with the Regulation, which requires to include the costs of provision of air navigation services broken down into: staff costs, other operating costs, depreciation, cost of capital and exceptional items.

It should be noted that cost of capital is not a balance sheet category and is not subject to further considerations. Staff costs with the exclusion of training costs are included in staff costs (in accordance with the Regulation). Other operating costs include the following categories of costs by type: materials and energy, external services, taxes and charges, other costs by kind and staff trainings. Depreciation fully corresponds to depreciation from operational costs. Other operating costs and Financial costs presented above, in accordance with the provisions of the Regulation, are included in the item Other operating costs.

The costs of provision of en-route and terminal services, calculated on the basis of reporting costs, are then subject to 2 adjustments:

- adjustment aimed at equalization of operating and other operating costs from other services with direct costs resulting in those revenues. A direct cost of achievement of operating and other operating revenue from other services should be understood as the sum of operating and other operating costs and the category of the off-balance sheet cost category that is the cost of capital (where: PLN 10 416 thousand are operating revenue from other services, PLN 42 thousand other operating revenues from other services, PLN 7 796 thousand operating costs allocated to other services, PLN 1 340 thousand other operating costs allocated to other services, and PLN 335 thousand cost of capital allocated to other services).

In the following part of this document, while referencing the discussed adjustment, the term “adjustment due to alignment of revenues from other services with costs” is used.

- adjustment involving reduction of the costs assigned respectively to en-route and terminal navigation services by other operational revenue and financial income generated from these navigation services, the allocation of which is presented below.

Adjustment involving reduction of the costs assigned respectively to navigation services and other services by other operational income (PLN '000)

Other operating revenues	Total	En-route navigation	Terminal navigation	Other services	Costs not included in PANSA cost base
Grants from EU and from the Ministry of Infrastructure and Development	11 769	0	0	13	11 756
Grants for free of charge flights for 2013	8 256	0	0	0	8 256
Release of provision for flights free of charge for 2012	4 261	0	0	0	4 261
Release of provision for flights free of charge for years 2007, 2008, 2010 and 2011	2 300	0	0	0	2 300
Others	1 839	1 538	271	28	1
Total	28 425	1 538	271	42	26 574

Source: PANSA

Adjustment involving reduction of the costs assigned respectively to navigation services and other services by financial income (PLN '000)

Financial revenues	Total	En-route navigation	Terminal navigation	Other services	Costs not included in PANSa cost base
Bank deposits	3 722	0	0	3 722	0
Other loans and receivables	760	631	118	11	0
Foreign exchange gains, net	5 545	61	0	5 485	0
Total	10 027	692	118	9 218	0

To summarize, presented below are the costs of provision of en-route and terminal navigation services by the Agency, included in compliance with the Regulation, broken down into all the components that determine the values of the given cost items.

Costs of provision of en-route and terminal navigation services by the Agency included in compliance with the Regulation (PLN '000)

Specification compliant with the "Regulation"	Constituent items	En-route navigation	Terminal navigation
Staff	Total:	403 494	68 616
	Operating expenses	404 005	68 703
	Adjustment due to revenues from other services	-511	-87
Other operating costs	Total:	142 272	24 571
	Operating expenses	62 134	11 166
	Other operating costs and financial costs	82 595	13 835
	Adjustment due to revenues from other services	-227	-41
	Other operational revenues and financial revenues	-2 230	-389
Depreciation	Total:	49 971	7 589
	Operating expenses	50 077	7 605
	Adjustment due to revenues from other services	-106	-16
Cost of capital		2 003	3 063
Exceptional items		0	0
Total costs		597 740	103 840



Source: PANSa

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Independent auditor's report



Statement of comprehensive income for the year ended 31 December 2014

	For the year ended 31/12/2014 PLN	For the year ended 31/12/2013 PLN
Sales revenues	726 884 457,09	735 930 257,97
Operating revenues	694 432 453,30	664 967 270,81
Profit from sales	32 452 003,79	70 962 987,16
Operating revenues	28 425 129,64	13 143 088,45
Operating expenses	97 236 124,81	18 778 080,30
Net profit / loss from operating activity	-36 358 991,38	65 327 995,31
Financial revenues	10 027 241,93	2 788 539,23
Financial expenses	6 937 928,54	9 216 876,10
Profit before tax	-33 269 677,99	58 899 658,44
Income tax expense	-4 655 316,96	18 385 313,05
Net profit (loss)	-28 614 361,03	40 514 345,39
Items of other comprehensive income	-	-
Total net comprehensive income	-28 614 361,03	40 514 345,39

Statement of financial position - Assets - as at 31 December 2014

	31/12/2014 PLN	31/12/2013 PLN
Non-current assets	749 773 375,81	697 353 391,19
Intangible assets	33 861 243,55	31 666 472,32
Property, plant and equipment	642 682 649,84	599 081 930,30
Prepayments for construction in progress	-	1 201 951,98
Long-term receivables	1 013 016,16	1 016 225,93
Deferred tax assets	70 004 438,27	61 028 726,31
Other long term prepayments	2 212 027,99	3 358 084,35
Current assets	518 138 611,34	488 398 283,35
Inventories	404 310,19	330 802,43
Trade and other receivables	119 128 643,21	114 161 875,77
Income tax receivables	4 075 511,00	5 441 200,00
Short-term prepayments	3 052 456,79	3 362 089,52
Cash and cash equivalents	391 477 690,15	365 102 315,63
Total assets	1 267 911 987,15	1 185 751 674,54

Statement of financial positions – Equity and Liabilities – as at 31 December 2014

	31/12/2014 PLN	31/12/2013 PLN
Equity, including	682 743 765,90	711 358 126,93
Statutory fund	475 021 841,32	475 021 841,32
Reserve fund	195 821 940,22	195 821 940,22
Retained earnings	40 514 345,39	-
Net profit (loss)	-28 614 361,03	40 514 345,39
Long-term liabilities	422 156 551,93	323 681 607,60
Long-term provisions	234 970 538,98	116 294 756,30
Deferred tax liability	-	9 687 365,00
Long term accruals	186 001 288,85	196 529 475,19
Other long terms liabilities	1 184 724,10	1 170 011,11
Short-term liabilities	163 011 669,32	150 711 940,01
Short-term provisions	11 954 792,97	23 921 981,03
Trade and other liabilities	66 042 062,46	50 560 845,72
Accruals and prepayments	85 014 813,89	76 229 113,26
Total Equity and liabilities	1 267 911 987,15	1 185 751 674,54



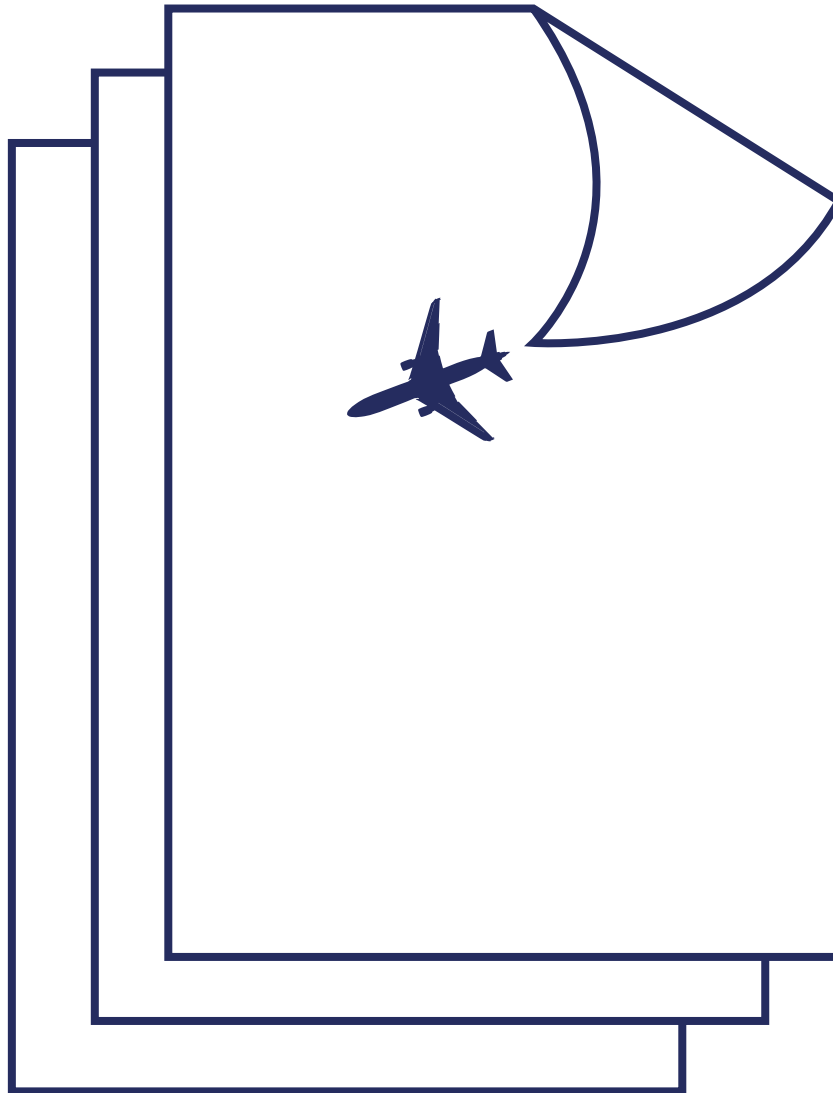
Statement of cash flow for the year ended 31 December 2014

	For the year ended 31/12/2014 PLN	For the year ended 31/12/2013 PLN
Cash flows from operating activities		
Profit before tax (Loss)	-33 269 677,99	58 899 658,44
Total adjustments	121 278 480,47	55 342 456,98
Depreciation and amortisation	58 806 490,67	56 902 548,46
Foreign exchange profit / (loss)	-4 476 547,79	736 868,29
Interest, net	-936 672,34	-2 748 671,33
Loss on investing activities	1 658 700,80	1 141 619,24
Change in provisions	106 708 594,62	20 551 265,78
Change in inventories	-73 507,76	123 138,23
Change in receivables	-4 963 557,67	18 297 692,13
Change in liabilities	1 967 605,04	-4 605 727,51
Change in accruals	-12 965 613,36	3 873 036,83
Income tax (paid)	-12 642 071,00	-28 762 793,00
Other adjustments	-11 804 940,74	-10 166 520,14
Net cash flows operating activities	88 008 802,48	114 242 115,42
Acquisition of property, plant and equipment and intangible assets	-91 530 405,57	-61 862 483,69
Net cash flows from investing activities	-91 530 405,57	-61 862 483,69
Cash flows from financing activities		
Interest received	4 473 071,88	2 765 114,06
Interest paid	-3 536 399,54	-16 442,73
Other financial proceeds (donations)	24 483 757,48	125 240 270,90
Net cash flows from financing activities	25 420 429,82	127 988 942,23

	For the year ended 31/12/2014 PLN	For the year ended 31/12/2013 PLN
Net increase in cash and cash equivalents	21 898 826,73	180 368 573,96
Effect of exchange rates changes	4 476 547,79	-736 868,29
Balance sheet change in cash and cash equivalents	26 375 374,52	179 631 705,67
Opening balance of cash and cash equivalents at the beginning of the period	365 102 315,63	185 470 609,96
Cash and cash equivalents at the end of the period, including:	391 477 690,15	365 102 315,63
Restricted cash	3 309 604,81	2 742 758,71

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Definitions and abbreviations



A4	A group of airlines forming SESAR Deployment Alliance
A6	A group of ANSPs co-operating within the SESAR Programme
A-CDM	Airport Collaborative Decision Making
ACC	Area Control Centre or Area Control
AFUA	Advanced Flexible Use of Airspace
Agency	PANSA – Polish Air Navigation Services Agency
AIP	Aeronautical Information Publication
AMS2000+	Air Traffic Management System utilized by PANSA until November 2013
ANS CR	Czech institution providing air navigation services
ANSP	Air Navigation Services Provider
ATC	Air Traffic Control
ATCO	Air Traffic Controller
ATFCM	Air Traffic Flow and Capacity Management
ATFM	Air Traffic Flow Management
ATM	Air Traffic Management
ATS	Air Traffic Services
Austro Control	Austrian institution providing air navigation services
Baltic FAB	Common Oro Navigacija – PANSA Program for the establishment of the Baltic Functional Airspace Block
B4	A consortium composed of ANSPs from Poland, Czech Republic, Lithuania and Slovakia, aimed at group participation in SESAR Joint Undertaking (SJU)
CDA/CDO	CDA/CDO
CEO	CEO
CFT	CFT
CISM	CISM
CNS	CNS
COOPANS	Cooperation of Air Navigation Service Providers – Industry partnership of ANSPs from Austria, Croatia, Denmark, Ireland and Sweden and the manufacturer of the ATM system (Thales)
Croatia Control	Croatian institution providing air navigation services
CRCO	Central Route Charging Office
CS	Centralised Service
Danube FAB	Cooperation of Air Navigation Service Providers – Industry partnership of ANSPs from Bulgaria and Rumunia
DCT	Direct flights
DFS	Deutsche Flugsicherung – German institution providing air navigation services
DSNA	Direction des services de la navigation aérienne – department of air navigation services – French institution providing air navigation services
EGNOS	European Geostationary Navigation Overlay Service
ENAI	Spanish institution providing air navigation services
ENAV	Italian institution providing air navigation services
ER	En – route
ESRA	EUROCONTROL Statistical Reference Area
EU	European Union
EUROCONTROL	European Organization for the Safety of Air Navigation
FAB	Functional Airspace Block
FAB CE	FAB Central Europe, ANSPs from Austria, Bosnia-Herzegovina, Croatia, the Czech Republic, Hungary, Slovakia and Slovenia
FABEC	Functional Airspace Block gathering ANSPs from Belgium, France, the Netherlands, Luxembourg, Germany, Switzerland and MUAC (Maastricht Upper Area Center)
FIR	Flight Information Region

FIS	Flight Information Services
GATE ONE	Collaboration platform for 11 ANSPs from Central and Eastern Europe
GNSS	Global Navigation Satellite System
GSA	European GNSS Agency
HungaroControl	Hungarian institution providing air navigation services
IAA	Irish institution providing air navigation services
IDSG	Interim Deployment Steering Group (SESAR)
IFR	Instrument Flight Rules
INEA	Innovation&Networks Executive Agency
KE (EC)	European Commission
KPSD	National Performance Scheme (Krajowy Plan Skuteczności Działania) covering the years 2012-2014 (RP1)
KRL	Air Traffic Controller
LFV	Luftfartsverket – Swedish institution providing air navigation services
LPS	Slovak institution providing air navigation services
LPV	Localiser Performance Approach with vertical guidance
LSM	Local Safety Manager
MUAC	Maastricht Upper Area Control Centre – institution providing air navigation services in the upper airspace of Belgium, the Netherlands, Luxembourg and north-western part of Germany
MVS	Movements
NATS	British institution providing air navigation services
Naviair	Danish institution providing air navigation services
NMOC	Network Manager Operations Centre
OJT	Practice on operating positions
OPS	Centre of the strategic planning
Oro Navigacija	Lithuanian institution providing air navigation services
PANSA	Polish Air Navigation Services Agency
PAŻP	Polish Air Navigation Services Agency)
PEGASUS_21	New Air Traffic Management System ATM
PKBWL	SCAAI – State Commission on Aircraft Accidents Investigation
PLL LOT	LOT Polish Airlines
POIŚ (OPIE)	Operational Programme Infrastructure and Environment (Program Operacyjny Infrastruktura i Środowisko)
PPL	"Polish Airports" State Enterprise
PRB	Performance Review Body at EUROCONTROL
PRU	Performance Review Unit at EUROCONTROL
RP	Reference Period
SAR	Search and Rescue
SDA	SESAR Deployment Alliance – A consortium of ANSPs, airports and airlines, aimed at co-operation in carrying out the SESAR Programme, which received from the European Commission a mandate to act as a Managerial Unit of the SESAR implementation process
SDAG	SESAR-related Deployment Airport Group – a group of airports aimed at implementation of SESAR and covered with the scope of EC regulation 716/2014 on joint projects
SDM	SESAR Deployment Manager
SES	Single European Sky
SESAR	Single European Sky ATM Research
SJU	SESAR Joint Undertaking
Skyguide	Swiss institution providing air navigation services
Slovenia Control	Slovenian institution providing air navigation services
SMS	Safety Management System

STAM	Short-term ATFCM Measures
SU	Service Unit – en-route service unit
SU-L	Landing Service Unit – terminal service unit
TEN-T	Trans-European Transport Network
TMA	Terminal Maneuvering Area
TNC	Terminal Navigation Charge
TRM	Team Resources Management
UE	European Union
ULC	Civil Aviation Office
VFR	Visual Flight Rules
WE	European Community
ZSZ	Integrated Management System

Airports:

EPBY	Bydgoszcz – Szwedkowo Airport
EPGD	Gdańsk Lech Wałęsa Airport
EPKK	Kraków – Balice Airport
EPKT	Katowice – Pyrzowice Airport
EPLB	Lublin Airport
EPLL	Łódź – Lublinek Airport
EPMO	Modlin Airport
EPPO	Poznań – Ławica Airport
EPRZ	Rzeszów – Jasionka Airport
EPSC	Szczecin – Goleniów Airport
EPWA	Warsaw Chopin Airport
EPWR	Wrocław – Strachowice Airport
EPZG	Zielona Góra – Babimost Airport



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