Albcontrol
AIR NAVIGATION SERVICES

ANNUAL REPORT
2014

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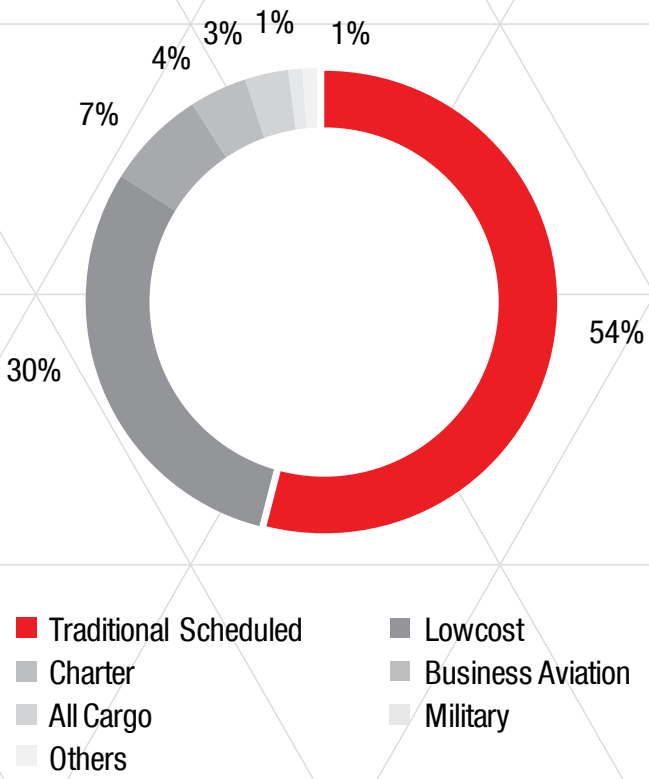
Figures

Total Number of Flights	197,502
Number of International Departures and Arrivals	17,878
Exempted Flights	1,744
Number of Overflights	177,880
Peak of the day	950

Traffic share by market segment



Foreword

2014 has marked a new era for ALBCONTROL. After scanning the physical condition of the company's capacities, including as well as its human resources, actions were immediately taken to increase the efficiency and safety in every vital process of ALBCONTROL's activity.

Authentic researches were conducted during first months of the year, using the expertise of the internal resources, but also the experience of other European ANSP-s, to open the way to future projects and plans, everything compiled on medium-term and long-term strategy that reflect and fulfill the regulatory requirements of the Single European Sky.

The new conception of operational facilities in favor of improving the working conditions for Air Traffic Controllers, automation and monitoring of operational processes and the efficiency increase of the human capacity are just some of the positive developments that occurred during 2014.

For the first time it was prepared and put in implementation the inter-divisional SLA with clearly defined KPI's, electronic records on the technical and operational human resources were set up, which facilitate specific work processes in ALBCONTROL.

The Contingency Plan was compiled, tested and successfully validated during 2014, fulfilling a vital requirement for Air Navigation Agencies.

This year has contributed to ALBCONTROL even in its relations with third parties, via increasing significantly the presence of the agency in the international space.

After the visit in Tirana of EUROCONTROL DG - Mr. Frank Brenner, in July of 2014, the support of EUROCONTROL, but also of the other actors of the European aviation field has been increased significantly for ALBCONTROL.

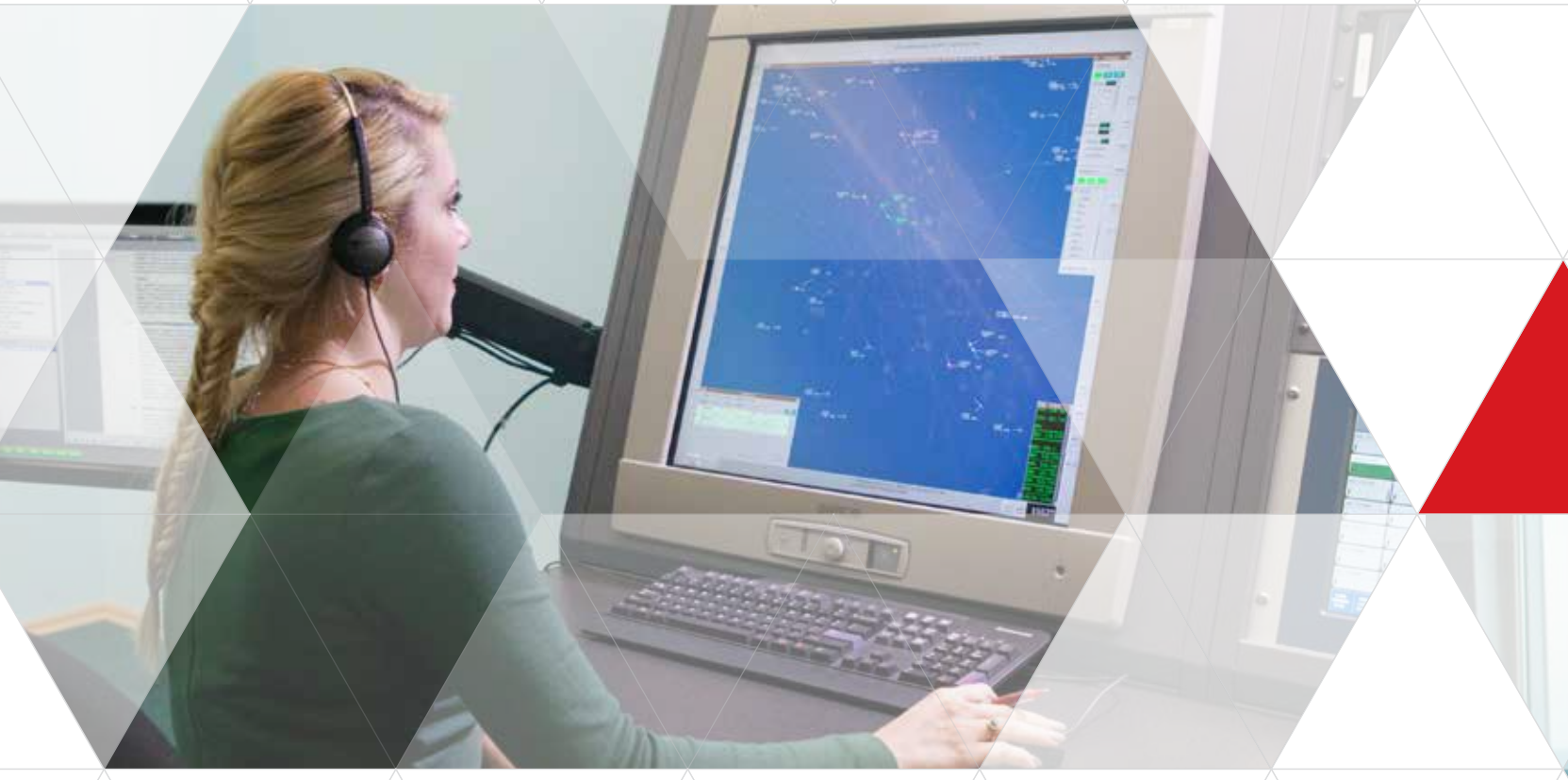
The CISNA project, a valuable cooperation with EUROCONTROL, suspended for a long time, has been activated in a new and more dynamic format, now named Infrastructure and Safety for ALBCONTROL (ISAL). Through this project two ALBCONTROL employees have been trained in the drafting of the Unit Safety Case, producing for the first time a very important document for the company.

LOA with the neighbors, Armed Forces and other local and international partners (TIA, Lockeed Martin etc.) have been revised and updated, by significantly improving the quality of the services that ALBCONTROL offers.

Year 2014 ended as a vigorous year, through fundamental changes in the technical and operational capacities, in the mentality of a such sensitive task, laying the foundations of a new era for ALBCONTROL and opening new development horizons which will guide us with confident steps towards fulfillment of our vision and mission.

Belinda Balluku
Director General
ALBCONTROL

Company Profile



HISTORY

ALBCONTROL was first established in 1992 as a state-owned enterprise. It was transformed in a joint stock company on February 3rd, 1999.
ALBCONTROL is a state company owned by the Ministry of Economic Development Trade Tourism and Entrepreneurship, supervised and over sighted by the Ministry of Transport and Infrastructure through the Civil Aviation Authority.

MISSION

The mission of ALBCONTROL is to provide air navigation services in the Albanian FIR, in compliance with international standards regarding safety, quality, and environmental care, and to be customer oriented.

ALBCONTROL uses its human resources, as well as operational, technical and financial assets to successfully execute its mission, to reduce delays in operation in order to increase air traffic capacity. Cooperation with neighbours and partners in the field of air navigation is a significant tool to successfully achieve our mission.

VISION

Our vision is to provide certified air navigation services, in compliance with the European safety and quality requirements, and to meet the rigorous standards of the Single European Sky.

Main Activities of Albcontrol

The activities of ALBCONTROL include:

- Air Traffic Management Services (ATM);
- Air Information Service (AIS);
- Communication, Navigation, Surveillance (CNS);
- Meteorological (MET);

Size of controlled airspace: 36,000 km2

Major Customers

Major customers of ALBCONTROL include: British Airways; Turkish Airlines; Aegean Airlines; Lufthansa; Austrian; Alitalia; EasyJet Airline; Egyptair; Adria Airways; etc.

Major Partners and Suppliers

The following companies are some of the major partners of ALBCONTROL: TIA International Airport; Lockheed Martin; Indra system; Selex, Frequentis, Park Air, Albtelecom; ABcom shpk; Keminet shpk; Radio Frequency; etc.

Consultation with users

The company holds regular consultation meetings with users. During 2014, ALBCONTROL participated in workshops and forums along with all EUROCONTROL member states and stakeholders. A Costumer Satisfaction Questionnaire was delivered to main users to evaluate ATS, AIS and MET services.

International Partnership

The ICAO (International Civil Aviation Organization), is a UN specialized agency, created in 1944 upon the signing of the Convention on International Civil Aviation (Chicago Convention). Albania is member since 1991.

ECAC (European Civil Aviation Occupation Conference), its mission is promotion of the continued development of a safe, efficient and sustainable European air transport system. Albania is member since 1998.

EUROCONTROL (European Organisation for the Safety of Air Navigation) based in Brussels, is an intergovernmental Organization with 41 Member States, committed to building, together with its partners, a Single European Sky. Albania is member since 2002.

ECAA European Common Aviation Area, is an agreement with partners from South-Eastern and Northern Europe: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Kosovo under UNSCR 1244, Norway and Iceland. It was signed in 2006.

The BLUE MED FAB, a cooperative of air navigation service providers (ANSPs) of Cyprus, Greece, Italy, and Malta. From 2008, Albania is part of BLUE MED FAB as Associated Partner.

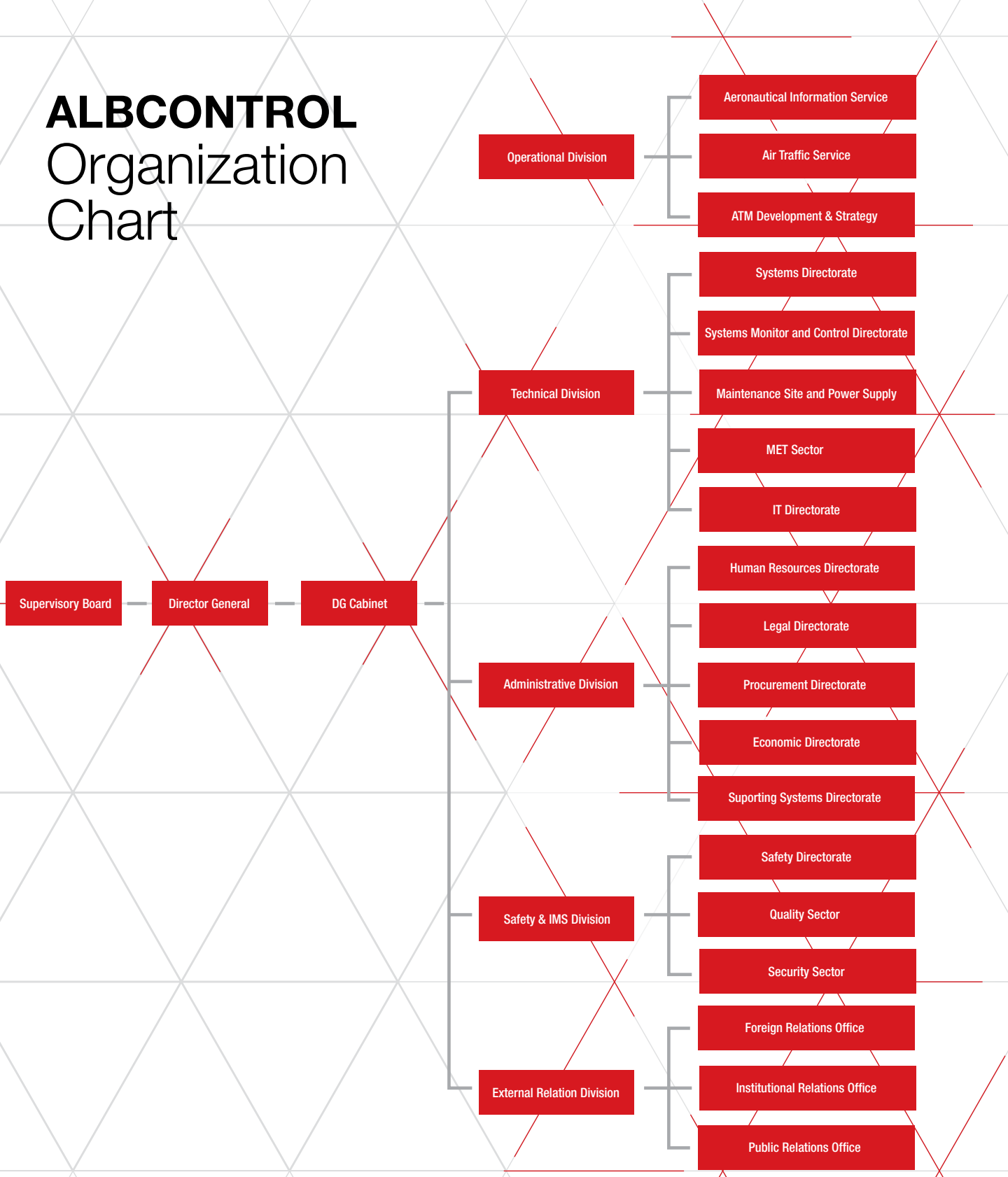
Member since 2009. The Mission of CANSO is to be the global voice of air traffic management (ATM) in the transformation of the aviation system; creating value for members and stakeholders.

Supervisory Board

Genci GJONÇAJ	**Chairman of the Supervisory Board**
Mirlinda KARCANAJ	**Member of the Supervisory Board**
Sulo HADERI	**Member of the Supervisory Board**
Robert PETRI	**Member of the Supervisory Board**
Sonia POPA	**Member of the Supervisory Board**
Ardit ÇOLLAKU	**Member of the Supervisory Board**

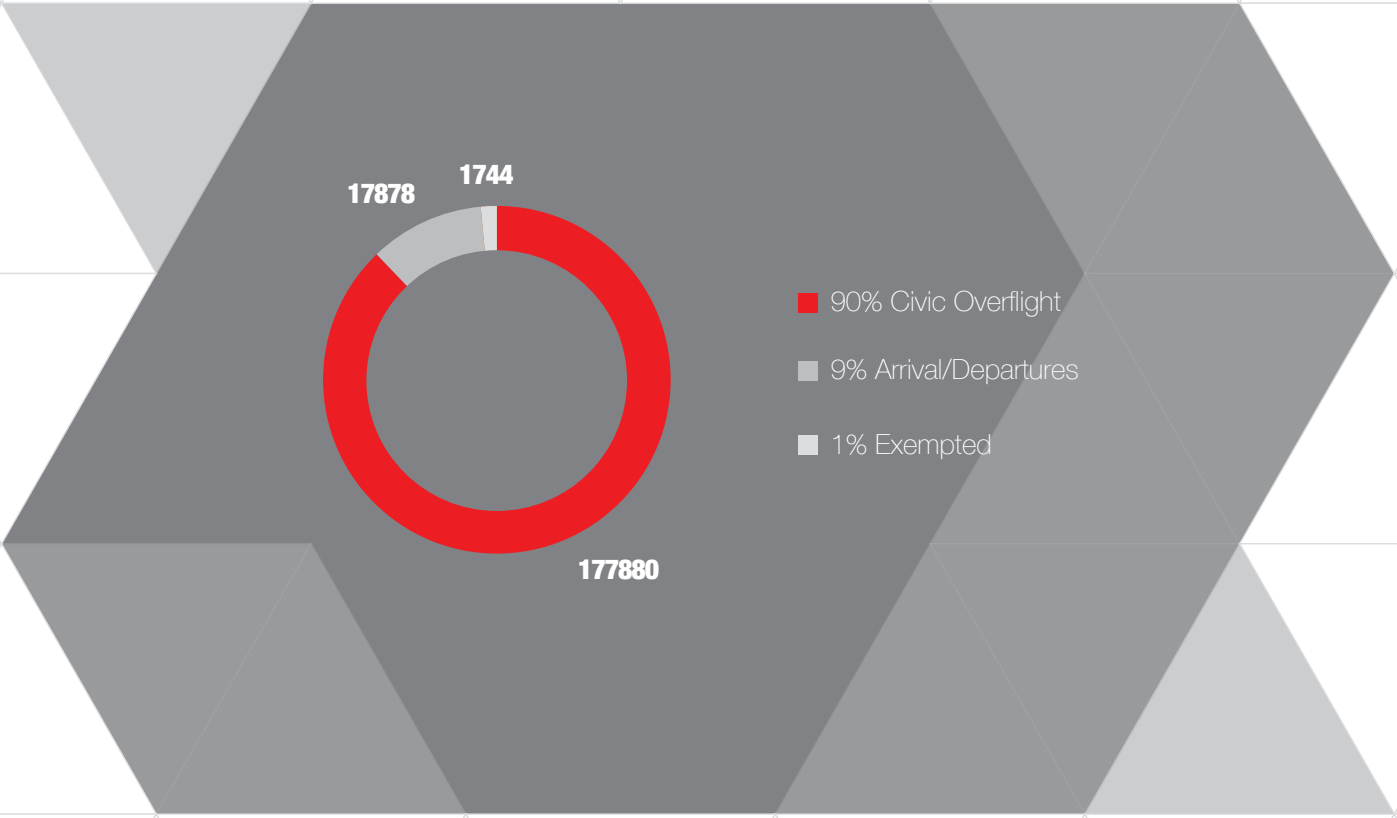
Director General is nominated by the Supervisory Board of ALBCONTROL.

ALBCONTROL Organization Chart



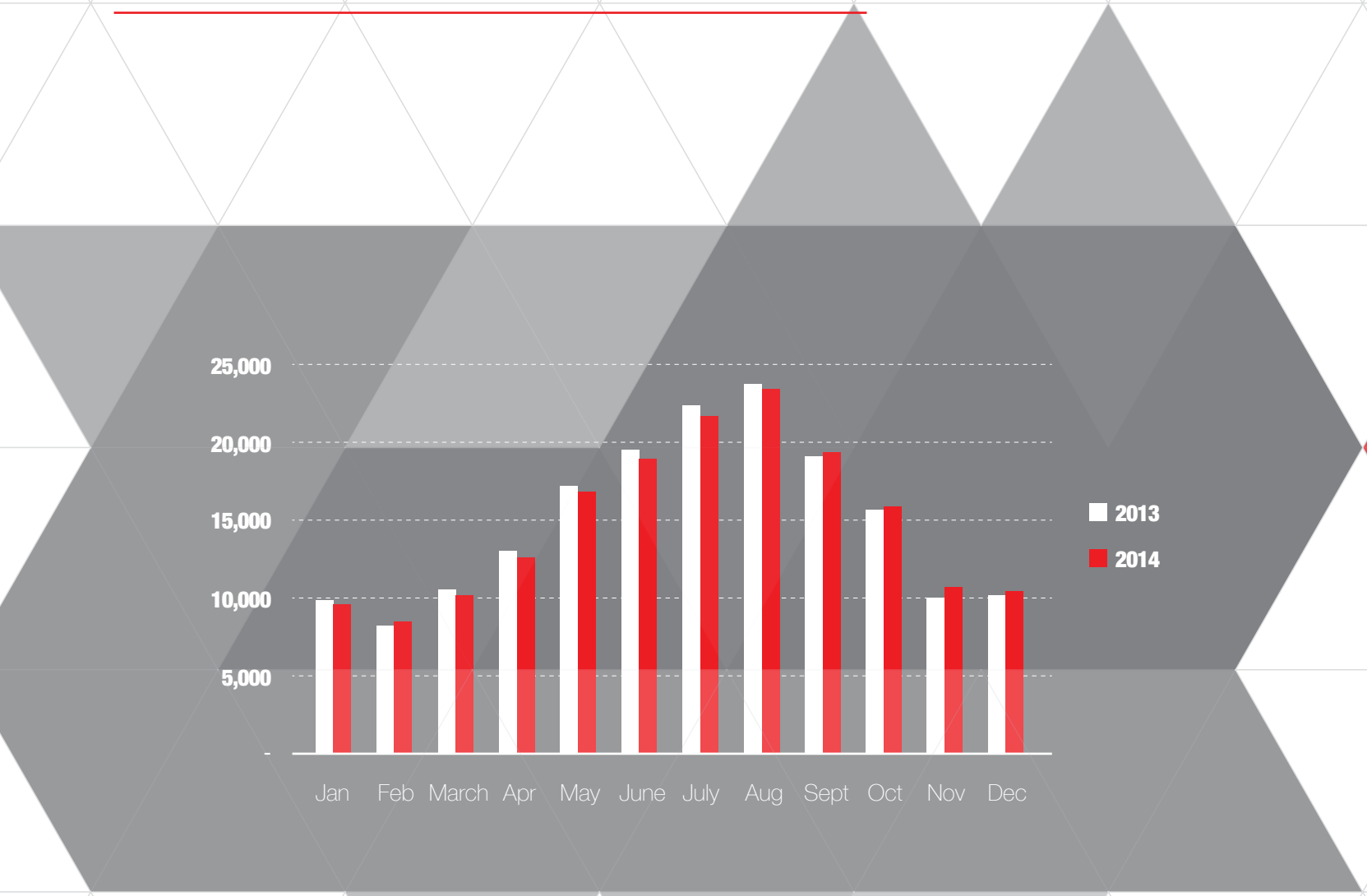
Performance Indicators

In 2014, the number of “en-route” flights, slightly decreased by 0,62 %, compared with 2013, also affected by the re-opening of Kosovo`s airspace.

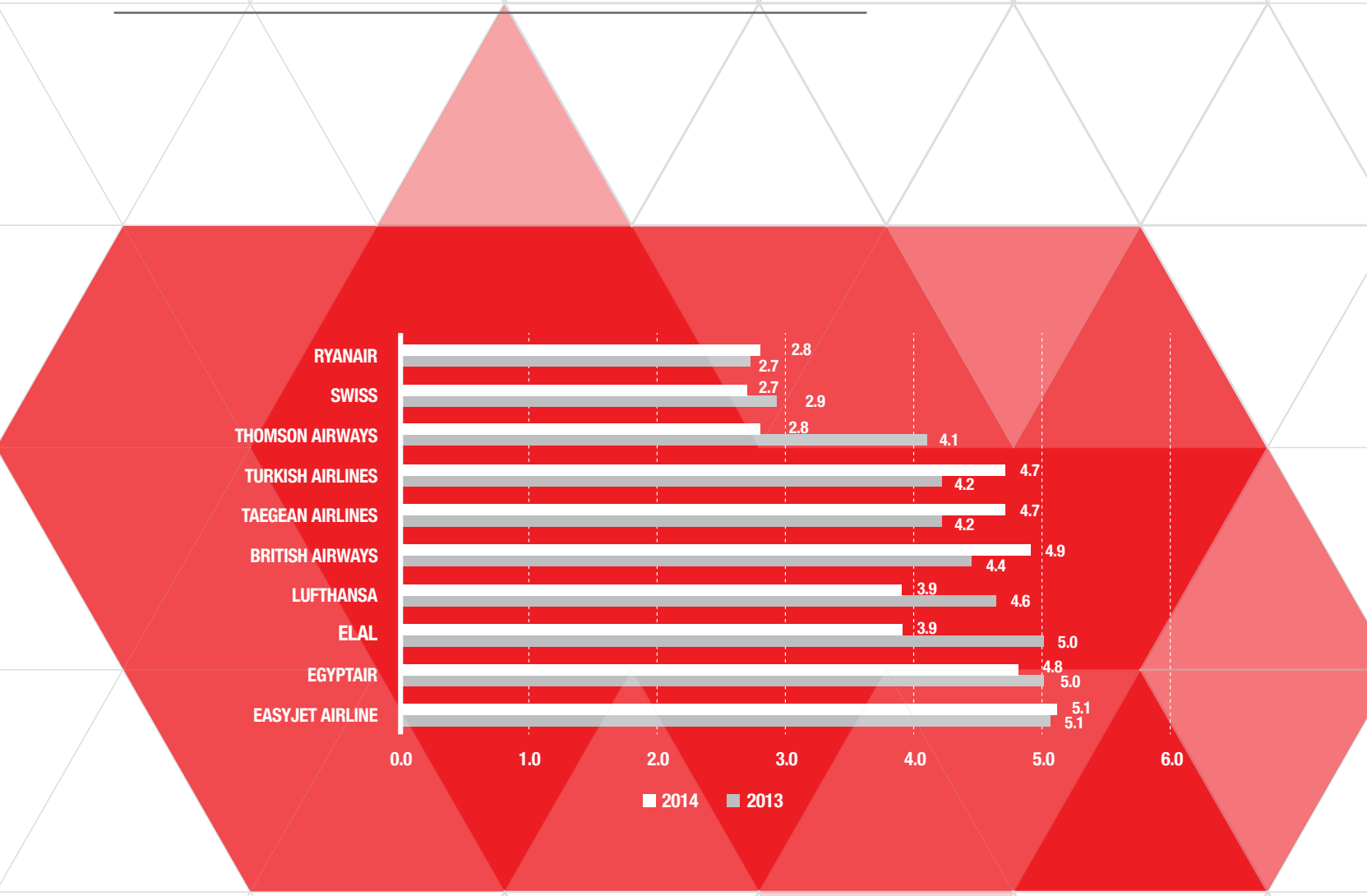


Traffic Values

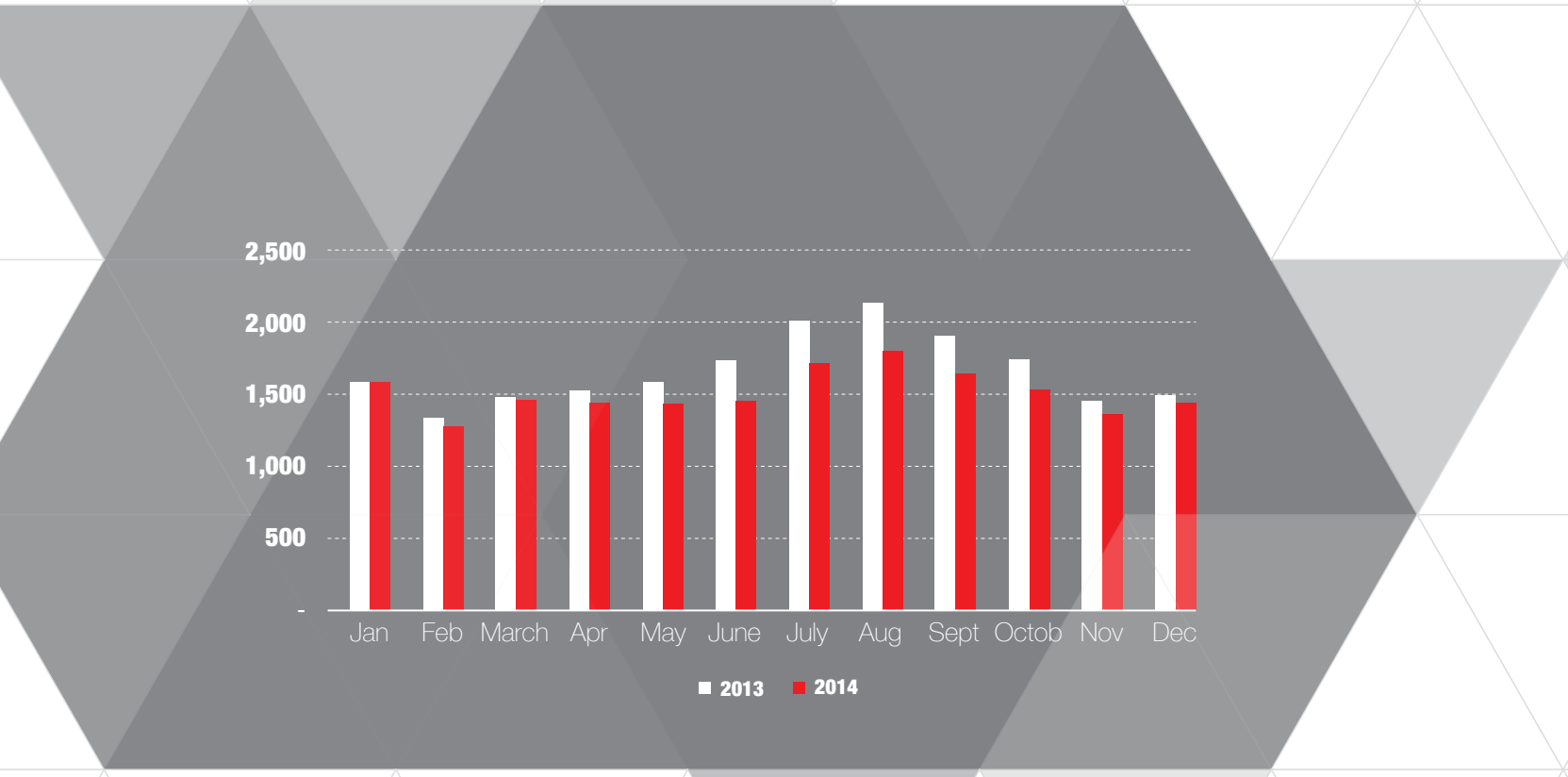
En-route flights 2013/2014



Top 10 Users “en route”



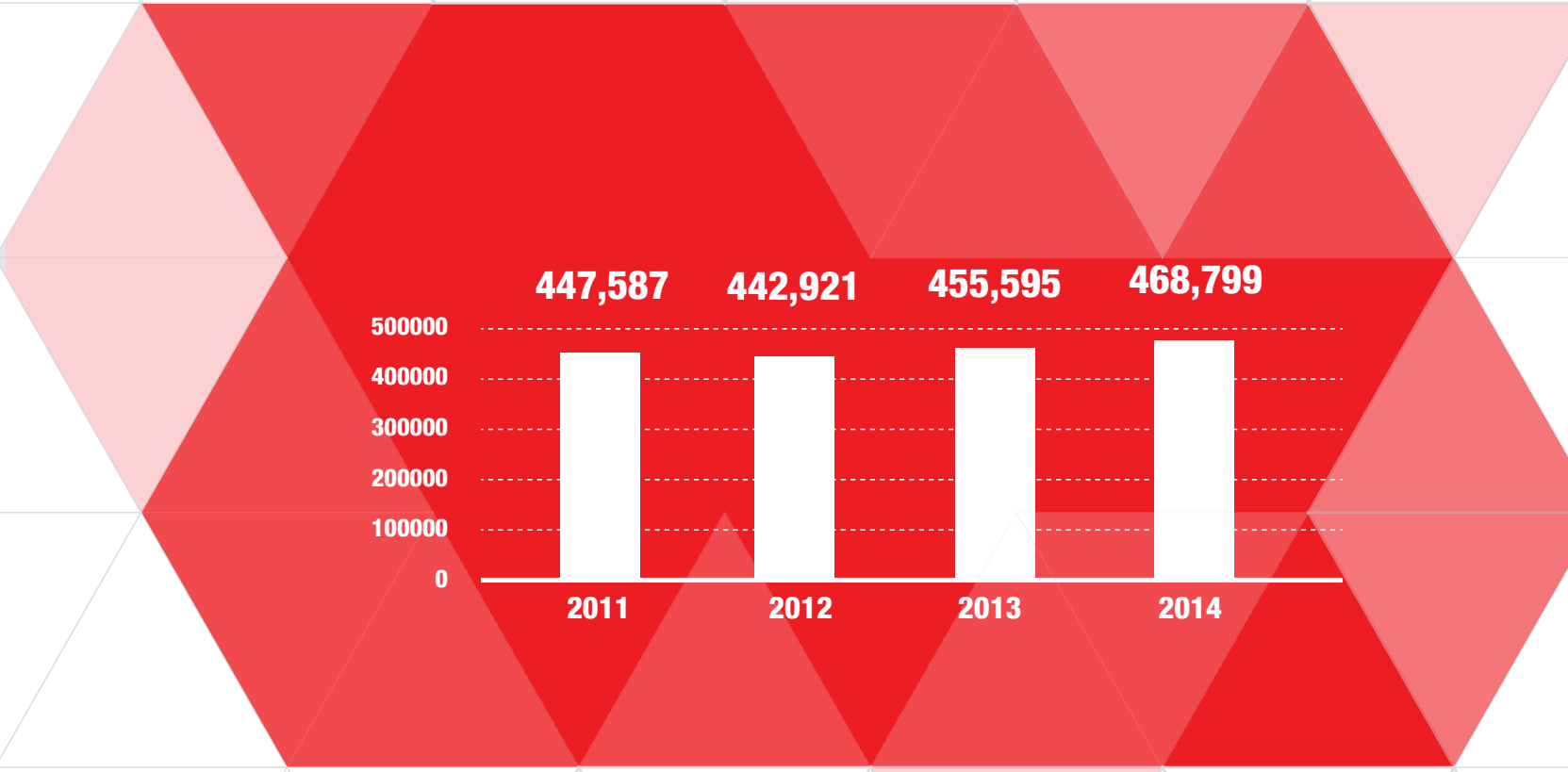
Terminal Flights 2013-2014



Top 10 Users “en route”

Service Unit

Figures of total Service Unit for 2013 and 2014 show a slightly different picture when compared to the number of movements. Despite the decrease of the total number of over-flights, during 2014 the number of Service Unit increased, generated mainly by weight and distance factors and airlines chose to fly with heavier aircrafts.



The Service Unit increased by 2.8% compared to 2013.
The value of the total Service Unit was 468,799, of which 465,836 were chargeable service units.

Total Service Unit 2013-2014

Terminal users at Mother Teresa Airport

By the end of 2013 the low-cost company BelleAir, which at that time was covering most of the traffic market at Mother Teresa Airport, went bankrupt. As a consequence, in 2014 the number of charters increased significantly. Other companies, such as Alitalia, Adria Airlines and Air One flew more, and two new companies entered the marked.

Charges for air navigation services provided by ALBCONTROL

In 2014, both charges for “en-route” as well as for terminal navigation services at “Mother Teresa” Airport were set in accordance with the rules of the International Civil Organization (ICAO) and EC regulations, namely Commission Regulation (EC) No. 1794/2006, which has been applied in Albania since 2008, amended in (EC) No.1191/2010.

Albania pursuant to Regulation of the European Commission No, 391/2013, during 2014 continued to apply the principle of the full cost recovery method.

Another regulation governing the “en-route” navigation charges in 2013 was the document: “The principles for establishing the cost-base for route facility charges and the calculation of the unit rates”, issued by EUROCONTROL.

ALBCONTROL has been consistently applying a customer oriented policy in setting charges for air navigation services. One of the basic commitments of the company was to optimize the budget in order to maintain the level of charges for terminal navigation services at the level of 2012 and 2013 to optimize the budget so that the impact of the development of the volume of air traffic is not transferred to service customers. Prior to their final approval, the charges are consulted on with users, i.e. organizations representing the interests of air navigation services users. Consultations on charges for “en-route” navigation service in 2014 took place during the process of establishing the charges at the EUROCONTROL level, including consultation with IATA. Consultations concerning charges for terminal navigation services were organized by EUROCONTROL.

Charges for “En-route” Navigation Service

Albania became member of EUROCONTROL in 2002 and acceded to the Multilateral Agreement Relating to Route Charges. Application for “en-route” service charges has been applied since 2003 and has continued to apply based on the rules established in the Multilateral Agreement Relating to Route Charges. Consequently, the billing, collection, and recovery of charges for “en-route” navigation services are managed by the Central Route Charges Office (CRCO).

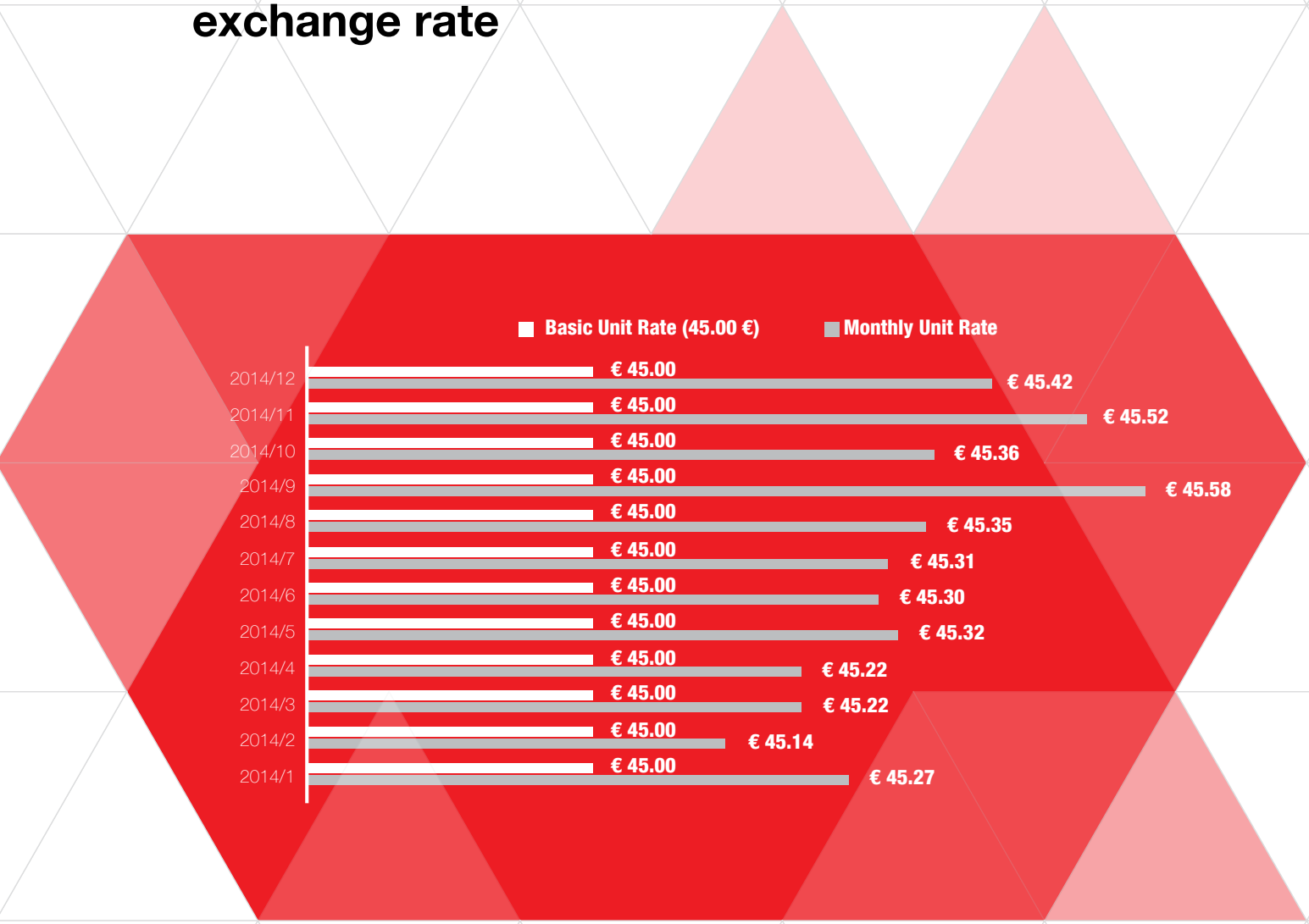
The basis for calculation of the “en-route” navigation charges is the rate for Service Unite. The Service Unite is defined as the number of kilometers flown in airspace for the Albania Republic divided by 100, multiplied by the square root of one fiftieth of the maximum take-off weights of the aircraft (MTOW) in tons.

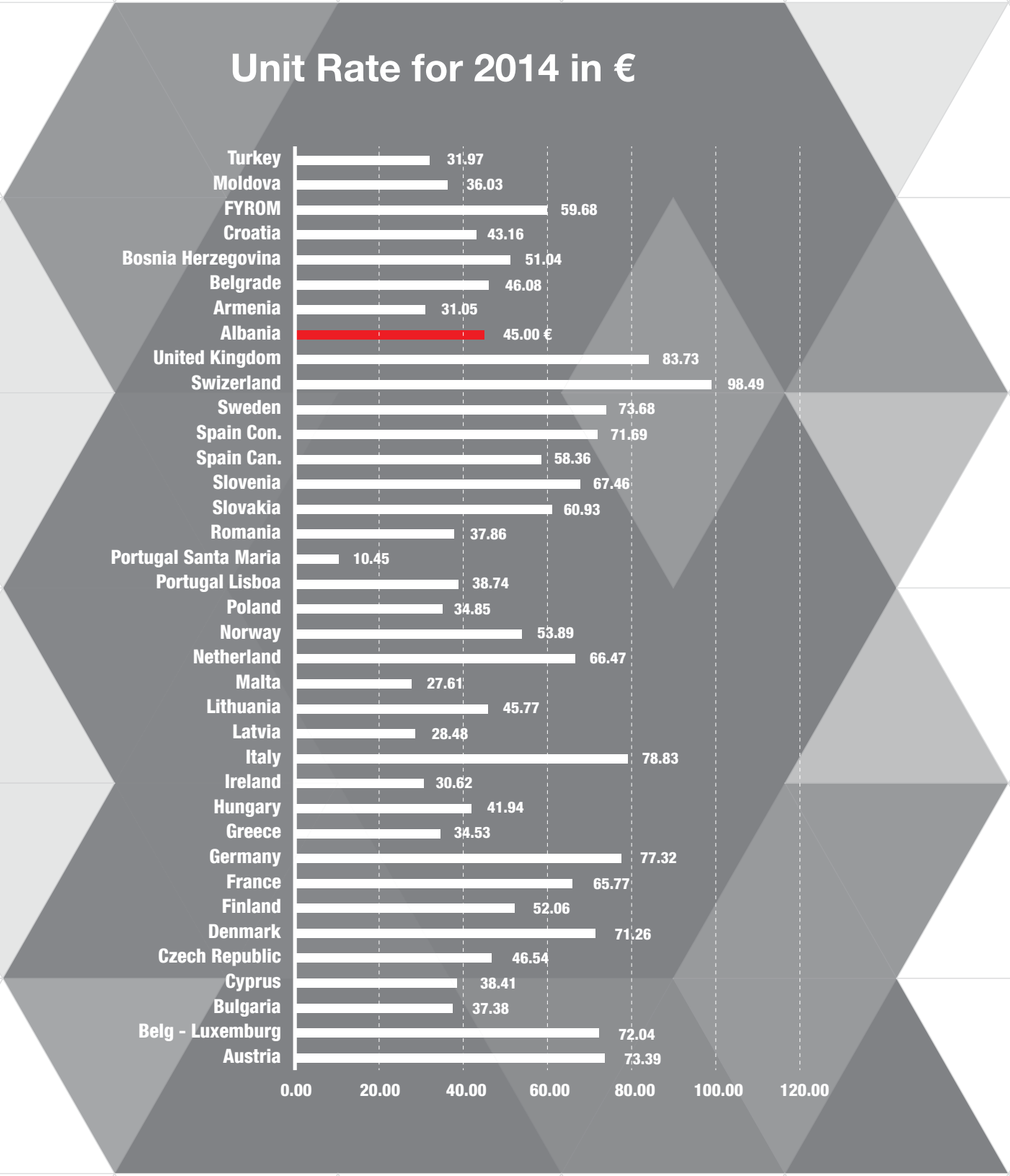
The basic unit rate for en-route navigation services in 2014 was set at 6,308 ALL = 45.00 € per Service Unit. The cost base was calculated in Albanian ALL. Compared to the 2013 basic unit rate, the 2014 rate represented a year-on-year increase of 0.3%.

However the basic rate converted to the Euro, which is valid for a period of one year, is used for reference only, as the actual rates paid by users of services for a single calendar month depend on Euro/ALL exchange rate fluctuations during the year. Just as in previous years, the rate was strongly influenced by ALL/Euro exchange rate developments in 2014 as well, because of this, customers were charged less than the 2014 basic unit rate. On the other hand, they were charged more for the remaining months of 2014. The chart below shows the envelopments of monthly charges for “en-route” navigation services against the basic reference rate announced for 2014, depending on the exchange rate movements.

A comparison of the 2014 basic unit rate applicable in the Albania airspace with basic rates for en-route navigation services charged by other EUROCONTROL members shows that the Albania basic unit rate falls into the middle of the unit rate range. The chart below provides an overview of basic unit rates for ‘en-route’ navigation services charges by EUROCONTROL member states:

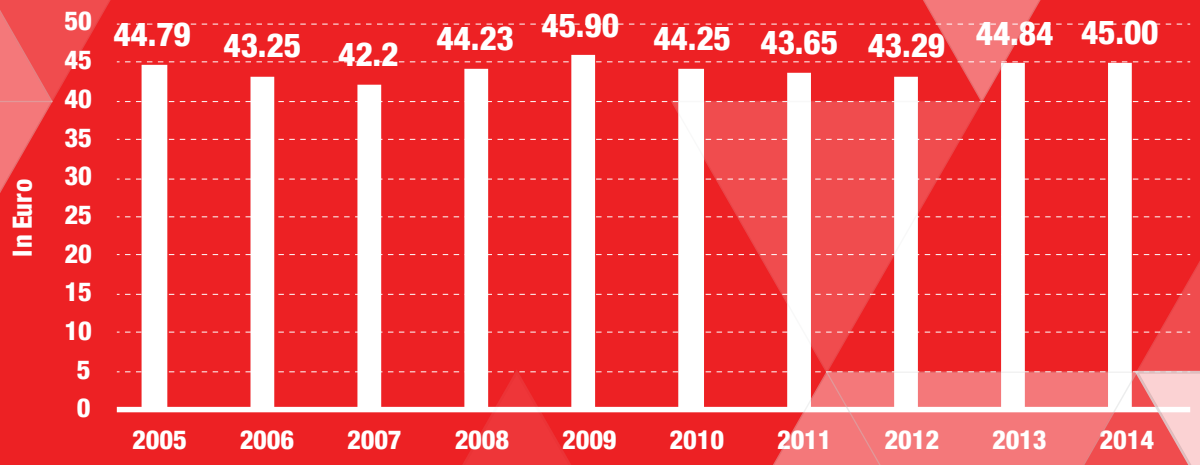
Development of Monthly Unit Rates for En-Route Charges Depending on Euro/All exchange rate




Unit Rate for 2014 in €
Turkey 31.97
Moldova 36.03
FYROM 59.68
Croatia 43.16
Bosnia Herzegovina 51.04
Belgrade 46.08
Armenia 31.05
Albania 45.00 €
United Kingdom 83.73
Swizerland 98.49
Sweden 73.68
Spain Con. 71.69
Spain Can. 58.36
Slovenia 67.46
Slovakia 60.93
Romania 37.86
Portugal Santa Maria 10.45
Portugal Lisboa 38.74
Poland 34.85
Norway 53.89
Netherland 66.47
Malta 27.61
Lithuania 45.77
Latvia 28.48
Italy 78.83
Ireland 30.62
Hungary 41.94
Greece 34.53
Germany 77.32
France 65.77
Finland 52.06
Denmark 71.26
Czech Republic 46.54
Cyprus 38.41
Bulgaria 37.38
Belg - Luxemburg 72.04
Austria 73.39
0.00
20.00
40.00
60.00
80.00
100.00
120.00

Unit Rate values during the last 10 years in Albania have been stable.

Unit Rate 2005 -2014



In 2014, the exempted from charges for 'en-route' navigation service flight categories are as following:

- Flights carried out exclusively under VFR rules;
- Flights of aircraft the MTOW of which up to 2 (two) tones;
- Flights of national importance (flights carrier out exclusively for the purpose or transporting; heads of state, heads of government and government ministers during official missions);
- Military flights;
- Flight carried out to check and test ground navigation equipment's;
- Flight carried out by customs and police bodies.

Charges for Terminal Navigation Services

In 2014, Albania closely cooperated with EUROCONTROL in order to finalize a Bilateral Agreement for the application of terminal air navigation charges.

Currently ALBCONTROL applies rates for terminal charging services based on the amended order of the Ministry of Transportation No.273 and Ministry of Finance No.533/1, dated 16.02.2004 "For Airport and Navigational Charges".

Established rates for the terminal services are fixed rates set based on the maximum take-off weight of the aircraft (MTOW). The billing for terminal services based on a formula that uses by CRCO: $R = t \times d \times \sqrt{P}/50$ (t = unit rate, p = the square root of the maximum weight divided by 50 and d = distance of road in km that will outline the plane divided by 100).

Distance approved for terminal charges is up to 20 km, which means the navigational services provided from kilometer 20 until landing airport and from departing airport until kilometer 20.

Fixed tariffs applied on the basis of the weight of the aircraft for the terminal services are:

For aircrafts from 2 to 10 tons	**50 Euro**
For aircrafts from 10 to 40 tons	**150 Euro**
For aircraft over 40 tons	**200 Euro**

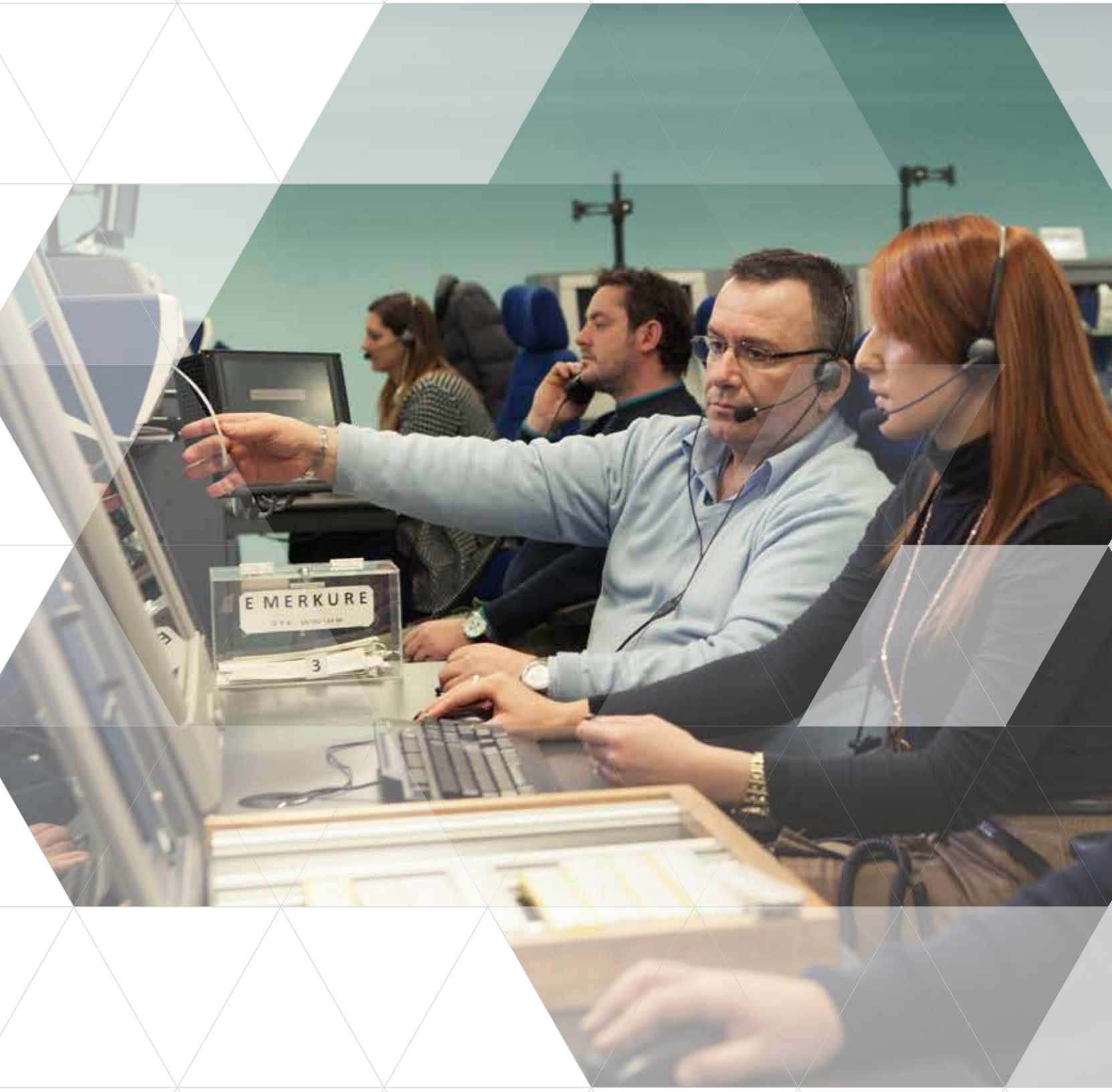
These charges are billed and collected by ALBCONTROL, based on the contracts that have with the airlines that operates at 'Mother Teresa' Airport.

The exempted flights from terminal charges payment are:

- Aircraft that carry humanitarian aid, state and charitable associations
- Aircraft that perform technical tasks for calibration of navigational equipment on behalf of Albanian Civil
  Aviation Authority and aircraft for search and rescue and hospital needs.
- Military aircraft that do not perform commercial activities.
- Military aircraft arriving in Albania for sending humanitarian aid for our country.
- Aircraft coming for official's senior state delegations or military senior delegations.
- Flights carried out exclusively under VFR rules
- Flights of aircraft the MTOW of which up to 2 (two) tones

Additional charges* are added for services at the Airport.

** 15 € for Briefing and MET services*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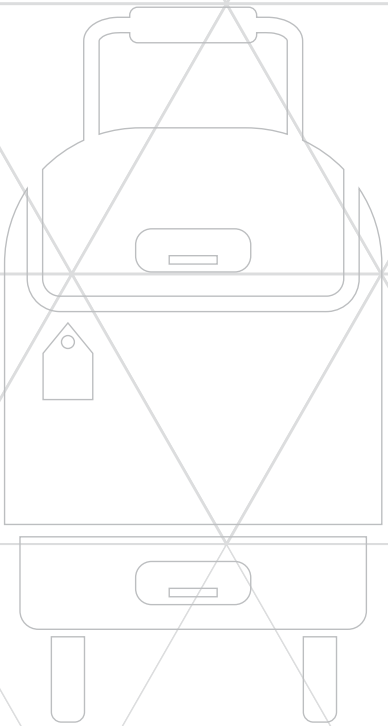
Safety & Ims in Albcontrol



ALBCONTROL developed and implemented the Safety Integrated Management System (SIMS) in order to operate with increased level of effectiveness, safety, consistency and customer satisfaction. Our SIM utilizes the process approach for the standards of safety, quality, environment, occupational health, safety information security and service management principles in accordance with SES Requirements, International Standards, ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007, ISO 27001:2005 and ISO 20000-1:2011.

Contingency Plan

ALBCONTROL Contingency Plan was prepared and implemented during 2014. It was the finalization of a hard work, validated and approved by Albanian Civil Aviation Authority on December 2014, fulfilling this way the requirements of the Regulator.

Effectivity of Safety Management

The last survey organized by CANSO/EUROCONTROL confirmed the level C or above on all the selected fields, in accordance with the EASA/EUROCONTROL methodology.

The severity rating based on the RAT (Risk Analysis Tool) methodology

Safety experts have been trained on the RAT methodology, for risk assessment and validation.

Implementation of Just Culture

Various workshops were organized in 2014, highlighting the importance of just culture policy in incident reporting and investigation processes.
During 2014, two Safety Bulletins have been published, one in February and the second in September.

Reporting during 2014 and 5 Top Risks

Safety & IMS reviewed and evaluated about 517 reports. 14 events were investigated and appropriate recommendations have been made for each event. The following tables and graphs represent safety critical events:

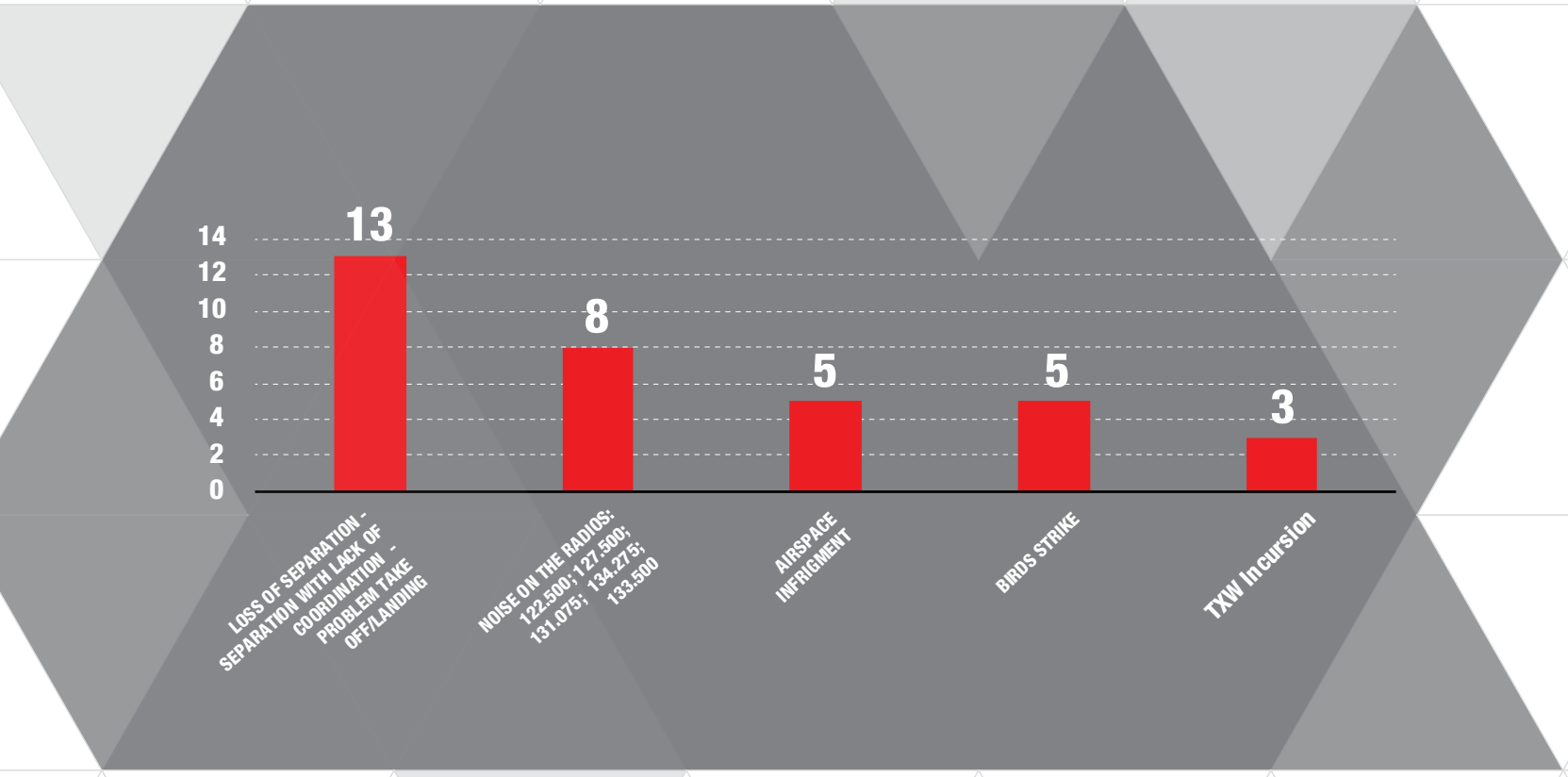
Technical - Operational Reports January-December 2014

Technical / Operational Reports Year 2014		
Operational Reports	Technical Reports	Total
158	359	517

Reports during 2011-2014:

Year	Operational Reports	Technical Reports	Total
2011	111	289	400
2012	109	169	278
2013	198	252	450
2014	158	359	517

Top 5 risks for 2014



ATM SECURITY

Activities carried out within the ATM Security Management System, are performed according to national/international regulations & metodology.

During 2014, the ATM Security was focused mainly on updating methodological documents following the request of the International Organizations of Civil Aviation and Civil Aviation Authority. Some of the updated documents are below:

- ATM Security Operational Manual (Oct. 2014, Edition 3)
- Security Training Programe (Dec. 2014, Edition 3)
- Security Awareness Regulations (Dec. 2014, Edition 3)
- ATM Security Emergency Action Plan (Dec. 2014, Edition 4)
- ATM Security Standard Operating Forms (Aug. 2014)
- The Program of Quality & Safety Internal Auditing (Dec. 2014, Edition 1)

Quality Management System

In collaboration with “Q Quality Austria”, IMS experts conducted periodical audits during May- October, verifying the compliance of the following ISO standards:

ISO9001,	(Quality Management System)
ISO14001,	(Environment Management System)
OHSAS18001,	(Occupational Health and Safety Management System)
ISO27001,	(Information Security Management)
ISO20000	(Information Technology Service Management System)
SES-CR	(Single European Sky Requirements)

In October 2014, ALBCONTROL successfully passed the external periodical audit of the Quality Management System, revalidating the above standards.

Operations

Significant efforts were made in 2014 in regard to the cross-border cooperation among the regional NSAs, and ANSP of Albania, Montenegro, FYROM, Kosovo, Hungaria under the Joint Service Provision Area Initiative.

Traffic Management

The average 'en-route' and terminal delay per flight remain at 0 minutes during 2014. This was at the same level as in the previous year. ALBCONTROL is below the European average of ATFM delays, for 2014 was 0.61 minutes/flight.

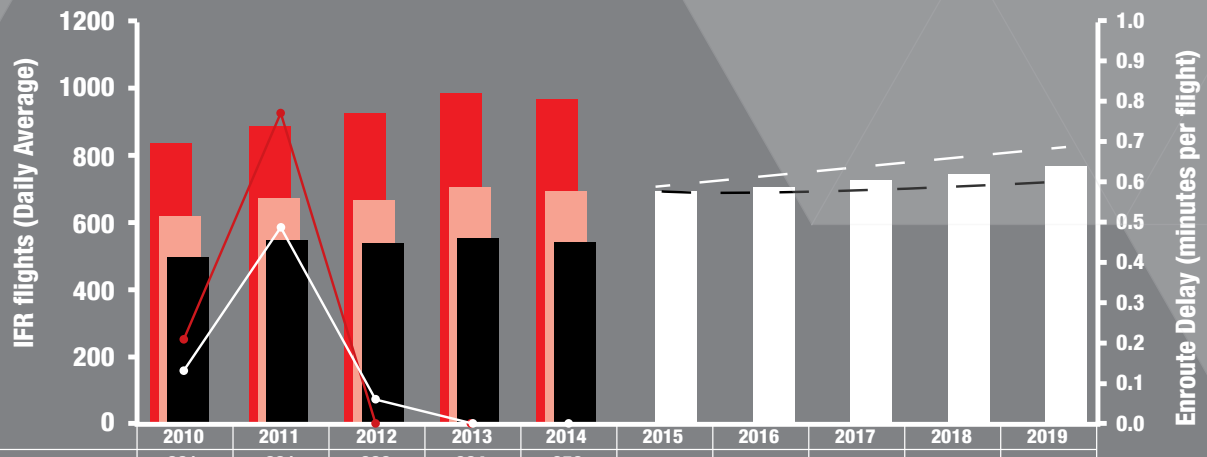
Technology upgrades:

- Short Term Conflict Alert (STCA)
  The new system STCA is on place since December 2014.

- Minimum Safe Altitude Warning (MSAW)
  The study phase is already finished, and experts are working to implement MSAW in the Skyline System.

- LED screens
  This year LED screens witch are configured with Skyline System, have been placed near each console,
  in order to publish various information for the sectors.

LAAAACC - Traffic and enroute ATFM delays



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Peak Day Traffic	831	881	926	984	959					
Summer Traffic	617	671	666	704	692					
Yearly Traffic	497	541	533	550	541					
Summer Traffic Forecast						699	710	728	747	770
High Traffic Forecast - Summer						707	734	762	787	816
Low Traffic Forecast - Summer						688	693	697	703	717
Summer enroute delay (all causes)	0.21	0.77	0.00	0.00	0.00					
Yearly enroute delay (all causes) *	0.13	0.49	0.06	0.00	0.00					

* From 01/01/2014 to 21/10/2014

Occupancy account

From 1 June, 2014, ALBCONTROL ACC has started monitoring the application of air traffic flow using one of the latest tools for this purpose - “Occupancy account”. This method is based on monitoring the traffic flow values for a period of 1-20 min, so the shift Supervisor in ACC has much more accurate information about the level of traffic. This information will allow for a better management of human resources, working time, the distribution of traffic in the right sectors and therefore increase processing capacity in air traffic services by ALBCONTROL.

New procedures and updates:

- Monitoring ACC Traffic Flu;
- Management of Stress & Fatigue Procedure;
- Management of Operational Facilities Regulation;
- Health Insurance Procedure;
- Inter-operational Agreement between APP/TWR – MET;
- Inter-operational Agreement between MET- TWR;
- Draft Procedure for Preserving and Testing Aviation English Capabilities of ATCO`s;
- ATCO`s Emergency Management Guideline;
- Albanian Airspace Evaluation Process.

Aeronautical Information Service (AIS)

Aeronautical information services provided by the Aeronautical Information Services Directorate (hereinafter referred to as AIS) ensure the prompt announcement and distribution of up-to-date aeronautical information and data by issuing the Aeronautical Information Publication (AIP) and NOTAM messages, information for pilots before take-off, the acceptance and filing of flight plans, the provision and management of AFTN messages and other flight safety-related services for airspace users.

Aeronautical Publications Unit

In 2014, the Aeronautical Publications Unit published two AIRAC AIP AMDT or a total of over 108 pages and three AIC. The majority of work and financial resources went into the ongoing project of implementing Commission Regulation (EU) No. 73/2010 of 26 January 2010 laying down requirements on the quality of aeronautical data and information under the Single European Sky, amended by

Commission Implementing Regulation (EU) No. 1029/2014 of 26 September 2014. AIS processes, procedures, work instructions, user manuals and other documents demonstrating compliance with the said Regulation were prepared. A safety analysis of all AIS processes and procedures was carried out, together with the use of the EAD application.

In November 2014, the EAD software was successfully upgraded to version 9.

International NOTAM Office (INO)

The number of NOTAM messages series A released in 2014 was 116. Compared to 2013, 15 NOTAM messages more were released in series A.

Audit reports on NOTAM message issues for 2014 were received from Group EAD. The reports revealed two errors, one of which was minor and one was medium error. Statistically, the trend in the errors discovered remained at approximately the same level. All the errors discovered were immediately rectified and discussed at refresher INO trainings (briefings).

Two INO briefings were organized. The October briefing also dealt with changes to the EAD software. In 2014, INO registered and processed 731 permits for charter flights in the airspace of the Republic of Albania. Compared to the last year, the number of permits in 2014 increased from 658 to 731, this represents an increase of 9 %.

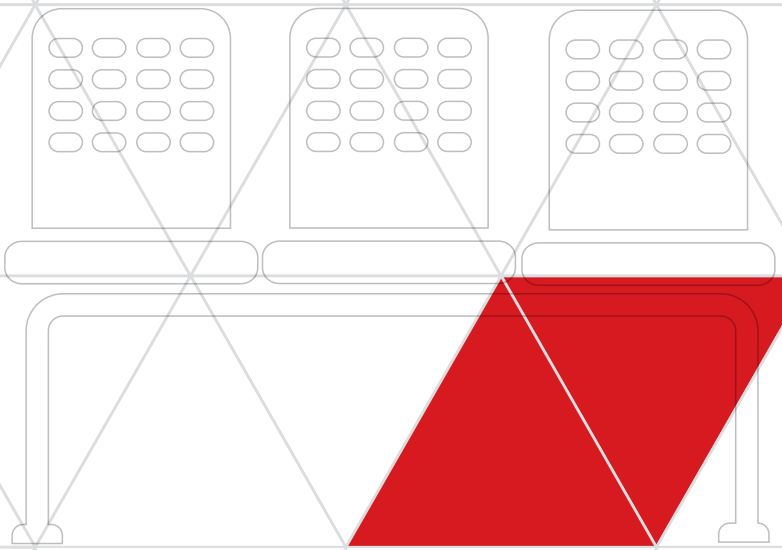
Since its installation, the new AFTN/AMHS system operated faultlessly. The connection with the Italian AFTN/AMHS Centre is operating normally and is not causing any problems.

ATS Reporting Office (ARO)

With regard to the number of processed flight plans in 2014, there are considerable seasonal fluctuations, the peak being sometime between May and September, while it gets less and less busy towards the beginning and the end of the year. What is interesting is the higher number in March, which can be attributed to worse weather in January and February.

The number of PIBs is stable throughout the year, with slight fluctuations in the winter season.
Several tools are used in ARO, the most important one being EAD DU; in addition to generating PIBs, its BF application also enables FPL processing and extended functions.

Development and Investment



Service Level Agreement with Lockheed Martin

During 2014, ALBCONTROL and Lockheed Martin signed a Service Level Agreement, to upgrade the Skyline Automated System. New conflict detection tool like MTCD will support ATCO on day to day operation. Automatic coordination between TWR and APP will improve the way of operation and reduced risks for human errors. Some other features available to ATCO and Watch supervisors will be implemented under this contract.

ALBCONTROL implements Online Data Interchange (OLDI) over IP (FMTP) in collaboration with SMATSA

Based on the European Commission Regulation No 633/2007, 1033/2006, 283/11, ALBCONTROL implemented OLDI over IP (FMTP) in collaboration with SMATSA. Systems have been connected on IPv6. Operational tests were ongoing during all the year.

Navigation Aids

ALBCONTROL procured new DME which will be put in operation in 2015. This new DME will replace the existing ones and will support landing and departing traffic.
In order to further improve ILS infrastructure Optic Fibers and Localizers were connected with the monitoring system. A generator was installed in Localizers in order to provide uninterrupted operation. Two flight checks were done during 2014, in accordance with Annex 10 requirements. Flight check results confirm Navigation aids are operating within required standard.

Wide Area Multilateration (WAM) Study has been launched

Considering the new developments regarding surveillance, based on the surveillance strategy developed in collaboration with EUROCONTROL, ALBCONTROL has started WAM study. This study aims to identify the best positions where the sensors MLAT should be located in order to improve surveillance coverage. WAM will come in operations by 2017 and will meet requirements for aircraft identification and will provide more reliable surveillance data to controller working position.

ALBCONTROL – Albtelecom project – A continuous improvement on the infrastructure of communication

In November 2014, a new project with Albtelecom has been launched to improve the existing infrastructure of communication and to support new communication technologies. The project will increase the reliability of the communication infrastructure used by ATM and will expand required operation network.

Voice Communication with HungaroControl

ALBCONTROL and HungaroControl have collaborated to establish Voice Communication between the two ANSP`s, during 2014. This cooperation is part of joint activities associated with the reopening of Kosovo Upper Airspace (April 2014).

Centralized Monitoring System

On November 2014 ALBCONTROL started the first phase of the implementation project Centralized Monitoring System. CMS will reduce the time to identify and isolate problems in the operational systems and equipment. The information gathered from all systems, including data from the sites, will be analyzed and displayed on a system of centralized screens. All records will be saved on a special database. The system will also report on any occurrence directly to the respective engineer or manager.

ISAL Project (Infrastructure & Safety ALBCONTROL)

On July 2014, ALBCONTROL and EUROCONTROL signed a Project Management Plan for the support and expertise on implementing an ATM modernization program.
Important issues:

- Support to the Operational Continuous Improvement
- Support to the Technical Continuous Improvement
- Support to Strategic Business Planning
- Support to MET services

ISAL project introduces a new concept of operation in accordance with SES requirements. This new concept and the architecture of future systems will be the basis of the gradual change that the operating systems in ALBCONTROL will undergo.

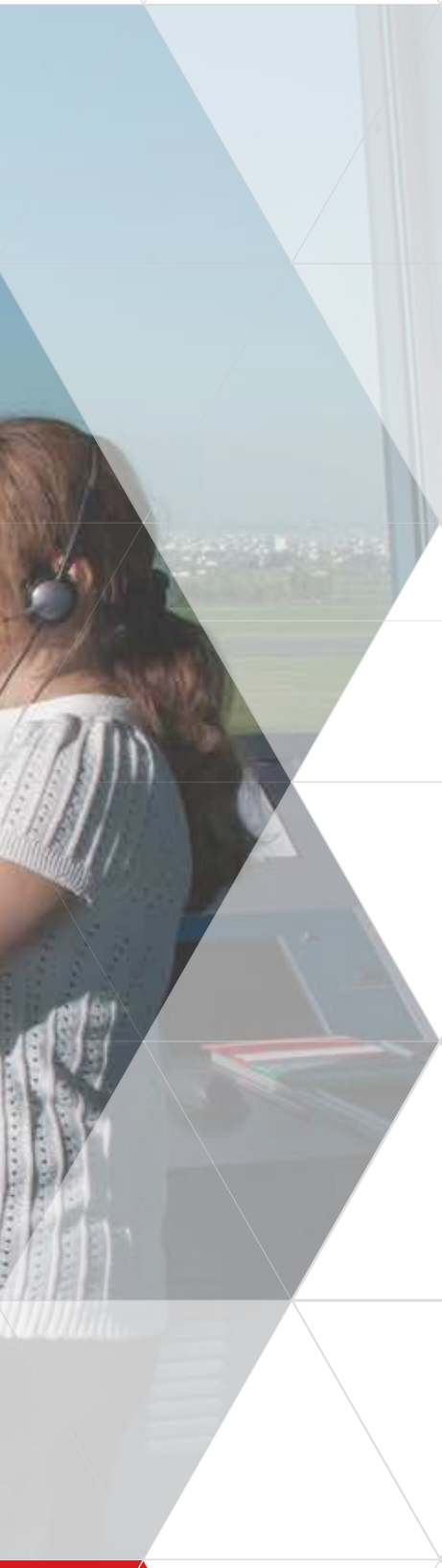
Aeronautical Meteorological Services (MET)

ALBCONTROL provides through advanced technological systems meteorological, services for all the traffic in Tirana FIR.

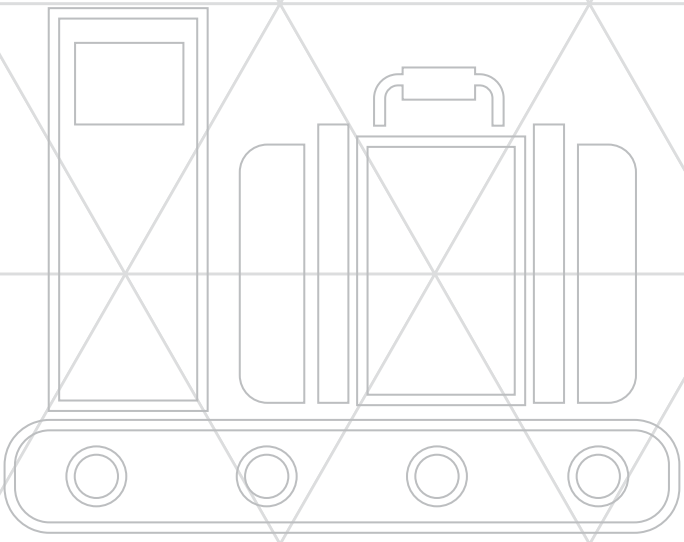
“Gap Analyses” on MET services was initiated within ISAL Project, to examine the standards of MET services. The study will address organization design possibilities to fulfill future demands for aviation MET services. The study will provide insight to:

- Potential reorganization strategies
- The scope of service that could be provided to other interested parties
- Revenue generation opportunities that may exist and may lead to a profitable MET organization
- Maintaining and where possible enhancing relationships between MET services and regulators

During 2014 a Safety Survey was conducted on MET Sector to evaluate these services and take measures for further improvements.



Human Resources



Employees are one of the most important assets of the company. ALBCONTROL paid constant attention to continuous development of human resources, in accordance with the objectives of 2014, in improving the performance of the employees.

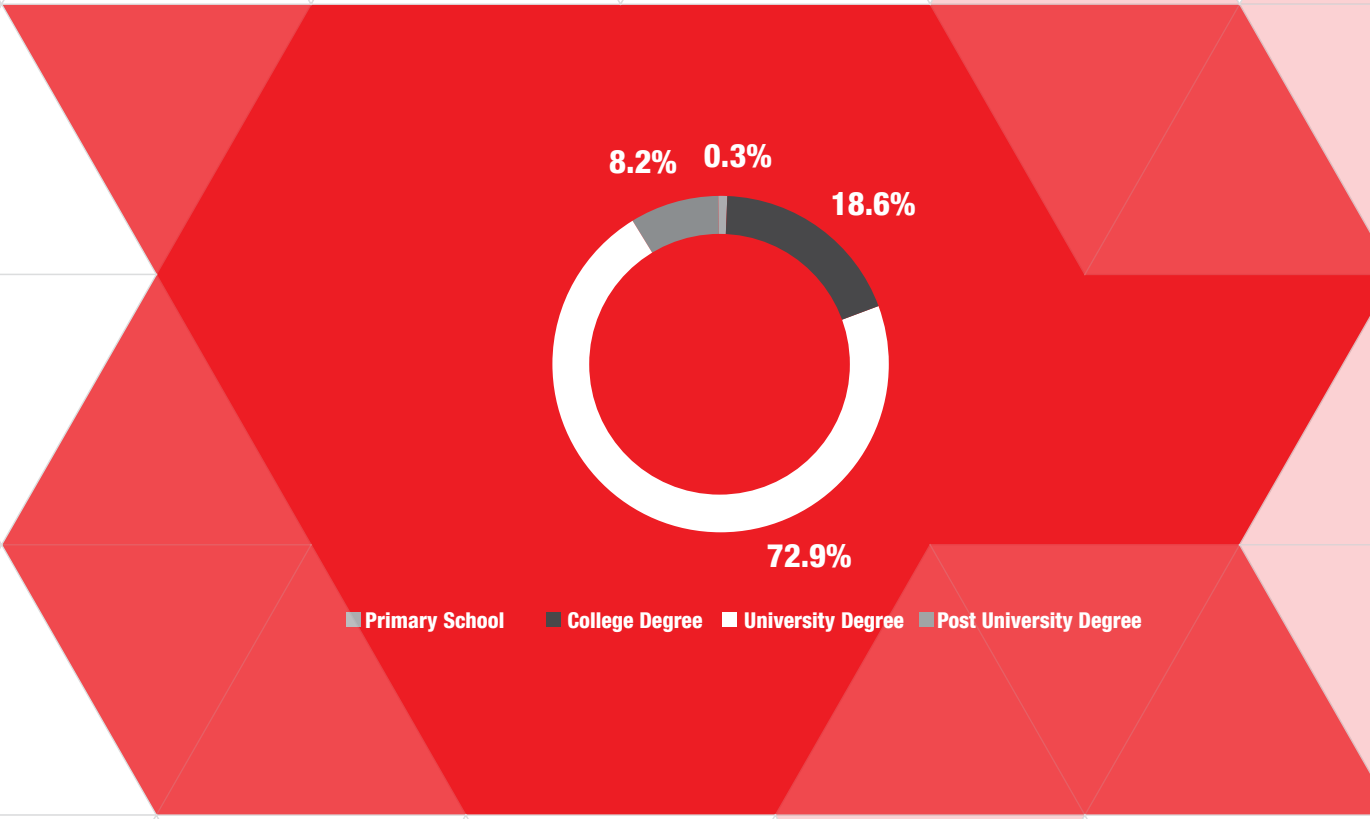
All personnel, both from operations and from other supporting directorates, attended in-house external trainings and education courses.

During 2014, ALBCONTROL staff followed various trainings:

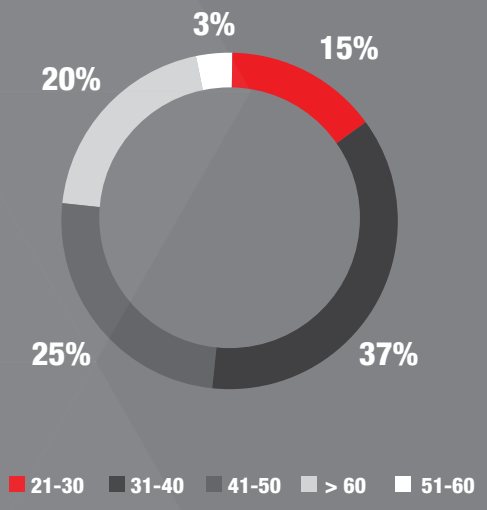
- "On job training" 18 Student/Air Traffic Controllers
- 78 ATCO refresher and emergency training
- 28 ATCO English language refresh training and testing
- SAF-SMS in-house course for 40 ATM, CNS & ADM personnel
- 83 training courses at IANS EUROCONTROL
- 1 AIS employee Linux and CISCO training
- 13 AIS and 4 ATSEP personnel AFTN/AMHS training
- Basic Training for 2 new AIS employees
- 7 ATSEP personnel in-house training delivered by Frequentis
- 3 ATSEP engineers Radar Maintenance training
- 21 ATSEP personnel English training and testing Level 3
- 22 ATSEP personnel System Monitoring Control training
- 9 employees Building Management System training

ALBCONTROL staff level of education, age and gender for 2014:

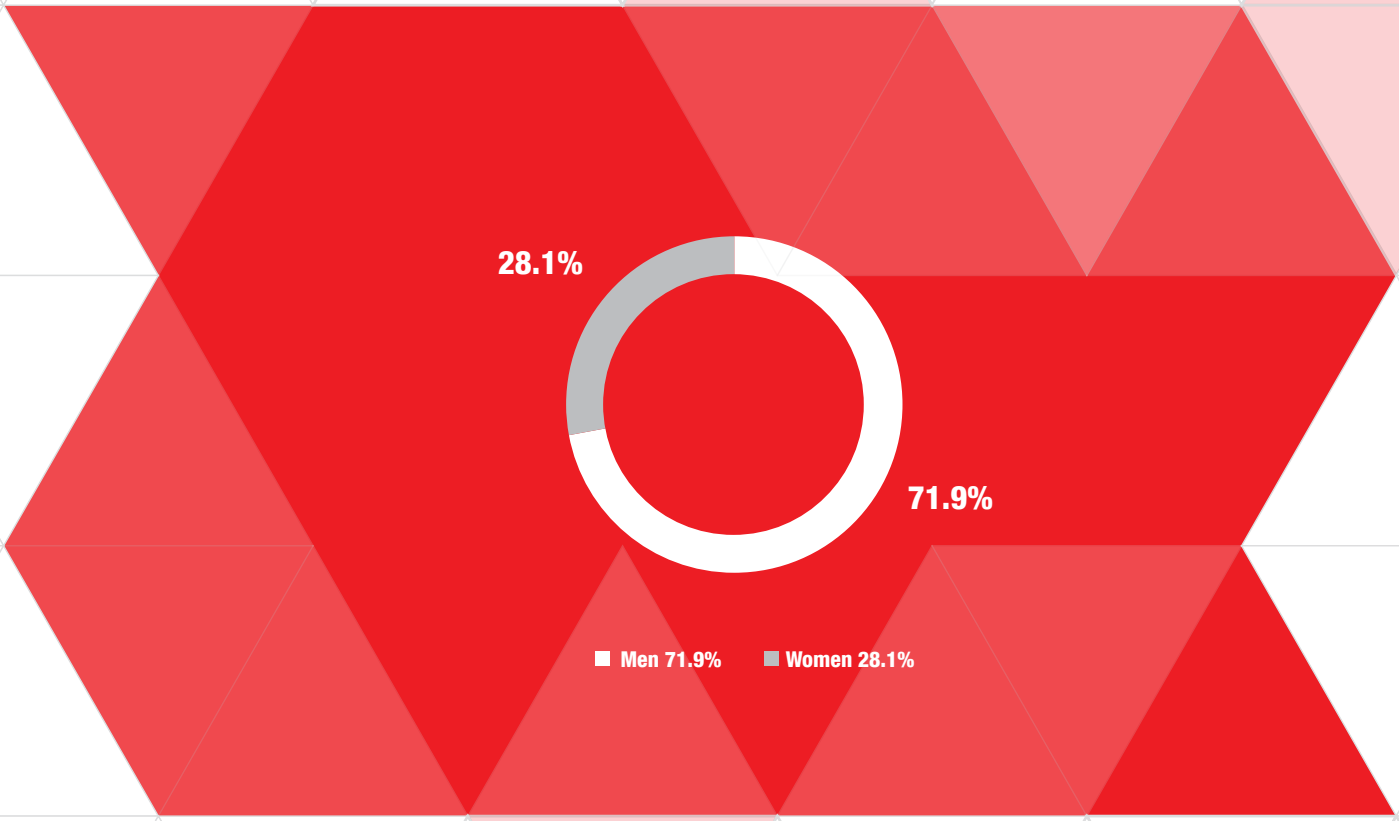
Employee Level of Education in 2014



Employee Structure by Age in 2014



Employee Structure by Gender in 2014



Significant Events and Social Commitment

22-23 July 14, General Director of EUROCONTROL, Mr. Frank Brenner Visits Albania

Mr. Frank Brenner, Director General of the European Organisation for the Safety of Air Navigation, held a two-day visit in Albania, within the presidency of our country at EUROCONTROL Management Committee.

“Albania has huge potentials to turn into a connecting hub for flights between the East and West.... If you look at the geographical dimension, Ireland is the most western country that is part of EUROCONTROL, and with the distance to Georgia, Albania is situated in the middle. I think that the flights in the Albanian airspace are good revenue for Albania and ALBCONTROL. Albania has plenty of tourist attraction. This is only about securing the right infrastructure to attract these tourists and travellers in Albania, with more commodities. Albania and ALBCONTROL have excellent data about safety, and also in economic terms. I think that Albania and ALBCONTROL can turn into a strong point in the region.

At the meeting with the Minister of Transport and Infrastructure, Edmond Haxhinasto, Mr. Brenner, also on behalf of EUROCONTROL member states, praised the contribution of Albania to the work progress in managing the Single European Sky.

The parties agreed in principle to approve the bilateral agreement with EUROCONTROL on Terminal Charges.
During the meeting with Mr. Ahmetaj, Minister of Economic Development, Mr. Brenner expressed his disposition to support the initiatives that Albania is developing in the field of air navigation services.

Mr. Brenner was also received by the Prime Minister of the country, Mr. Edi Rama who assured the Government’s full commitment and support to ALBCONTROL, as an integral part of the Single European Sky.

18 June 2014, ALBCONTROL joins the Albanian Cap Project (ACP)

ALBCONTROL joined the Albanian Cap Project (ACP) - "250 kg corks for a wheelchair", a project implemented in Albania by Youth Solidarity Organization. This project demonstrates how a simple element of daily life, a plastic lid, can change the life of a person with disabilities. ACP is a humanitarian-based project, but at the same time fully respects and supports environmental sustainability. The main purpose of Cap Project is to collect and recycle plastic corks as a source to provide wheelchairs for disabled people who cannot afford one.

27 June 2014, Blood donation for children with thalassemia

ALBCONTROL was focused on helping people in need, especially children. This year, ALBCONTROL responded positively to the request of the Albanian Red Cross to donate blood for children with thalassemia.

On June 27, in the premises of ALBCONTROL, about 100 employees were offered voluntarily to donate blood, proving once again humanism, solidarity and social responsibility. Those who were not able to donate blood due to health conditions, donated money.

20 October 2014, International Day of the Air Traffic Controller

On the 20th of October, the International Day of Air Traffic Controller, Mrs. Belinda Balluku, General Director of ALBCONTROL hosted the Minister of Education and Sports, Mrs. Lindita Nikolla, accompanied by students with excellent results from various high schools of Tirana, who visited the Area Control Center & Tower Building.

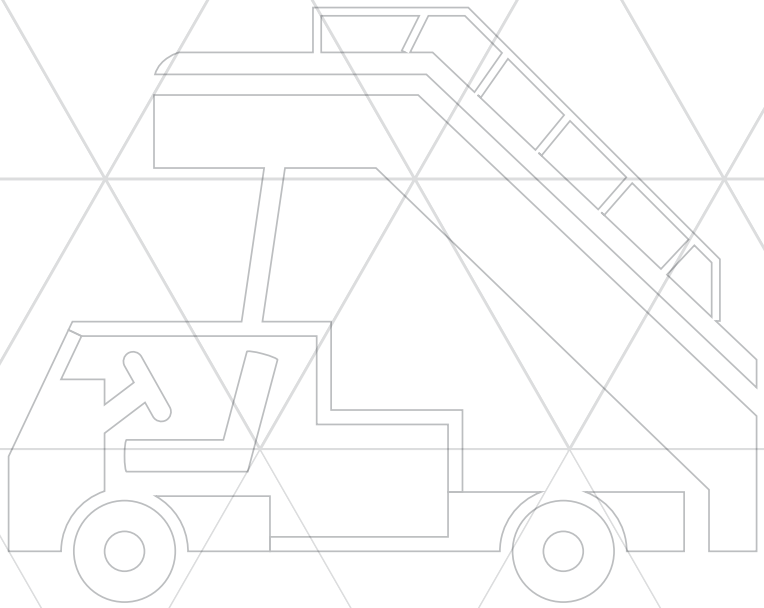
During her speech, Mrs. Lindita Nikolla said that she visited ALBCONTROL not only to thank air traffic controllers for their hard work, but also to show to the students an example to follow; an example of work discipline, a strong sense of responsibility, the ability to assimilate a vast amount of information, new methods and technologies in due time.

Glossary

ACC	Area Control Center
ACAA	Albanian Civil Aviation Authority
AFTN	Aeronautical Fixed Telecommunication- Broadcast
AMHS	Aeronautical Message Handling System
AIS	Aeronautical Information Services
ANS	Air Navigation Services
ANSP	Air Navigation Service Provider
ATC	Air Traffic Control
ATCO	Air Traffic Controller
ATM	Air Traffic Management
ATSEP	Air Traffic Safety Electronics Personnel
APP	Approach
CANSO	Civil Air Navigation Services Organization
CEO	Chief Executive Officer
CNS	Communication, Navigation and Surveillance
CRCO	Central Route Charges Office
DME	Distance Measuring Equipment
EASA	European Aviation Safety Agency
ECAC	European Civil Aviation Conference
EUROCONTROL	European Agency for the Safety of Air Navigation
FAB	Functional Airspace Block
FIR	Flight Information Region
HUM	Human Resources
ICAO	International Civil Aviation Organization

IFR	Instrumental Flight Rules
ILS	Instrumental Landing Systems
IMS	Integrated Management System
ISAL	Infrastructure & Safety ALBCONTROL
ISO	International Organization for Standardization
LSSIP	Local Single Sky Implementation Plan
MET	Meteorological
MEDTE	Ministry of Economic Development, Trade and Entrepreneurship
MSAW	Minimum Safe Altitude Warning
NAV	Navigation
OLDI	On-Line Data Interchange
OPS	Operational
SAR	Search & Rescue
SES	Single European Sky
SESAR	Single European Sky ATM Research
SMATSA	Serbia & Montenegro Air Traffic Service Agency
SMS	Safety Management System
STCA	Short Term Conflict Alert
RAT	Risk Analysis Tool
TWR	Tower
VCS	Voice Communication System
VRF	Visual Flight Rules
VHF	Very High Frequency
WAM	Wide Area Multilateration

Balance Sheet



PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

No.	Descriptions	Notes	Current year 2014	Current year 2013
1	Incomes		3,096,543,120	2,959,274,360.80
2	Other Incomes		32,499,637	32,404,446.90
3	Changes in inventories of finished products and production in process			
4	Work performed by the economic and capitalized entity			
5	Raw materials and used consumables		(47,723,105)	(65,144,987.03)
6	Associated costs with staff benefits		(1,227,858,885)	(1,262,516,237.31)
7	Depreciation costs		(808,202,712)	(791,978,081.21)
8	Impairment of property, machinery and equipment			
9	Other costs		(771,606,549)	(601,415,107.91)
10	Costs / financial income		(4,671,090)	(26,565,217.54)
11	The profit before tax		268,980,417	244,059,176.70
12	Income tax expense		(60,836,587)	(36,724,522.87)
	The period profit		**208,143,830**	**207,334,653.83**

BALANCE SHEET

As of 31 December 2014

	Items	Notes	31-Dec-14	31-Dec-13
A C T I V ES				
	I. Long term assets	1		
1	Land, constructions, machinery and equipment	1/a	4,980,065,323	5,300,561,316.61
2	Goodwill			
3	Other intangible assets			
4	Investments in participation			
5	Available for sale investments			
6	Other long term financial assets	1/b	6,666,445	9,208,845.00
	Total of the long-term assets		4,986,731,768	5,309,770,161.61
	II. Short term assets	2		
1	Inventories	2/a	18,518,708	14,135,264.06
2	Trade receivables	2/b	569,438,528	444,429,279.96
3	Other short term assets	2/c	335,760,520	1,309,746,840.88
4	Monetary	2/d	2,538,610,381	1,548,522,373.99
	Total of the long-term assets		3,462,328,137	3,316,833,758.89
	Total of the assets(I /II)		8,449,059,905	8,626,603,920.50
	EQUITY AND LIABILITIES			
	Equity	3		
1	Share capital	3/a	5,018,346,000	5,018,346,000.40
2	Reserves from evaluation	3/b	123,958,777	123,958,777.05
3	Other reserves	3/c	720,699,228	534,098,038.80
4	Profit / loss retained	3/d		
5	Profit / loss of the period	3/e	208,143,830	207,334,653.85
	Total Equity		6,071,147,835	5,883,737,470.10

	I. Long-term liabilities	4		
1	Long-term loans	4/a	2,064,755,704	2,439,345,647.51
2	Deferred tax	4/b	57,686,904	50,422,256.77
3	long-term provisions	4/c		
4	Other long-term liabilities	4/d	5,405,298	36,650,176.57
	Total of long-term liabilities		2,127,847,905	2,526,418,080.85
	II. Short-term liabilities	5		
1	Payable trade Accounts and other payables	5/a	98,857,542	90,014,915.02
2	Short term loans	5/b		
3	Short term loans repayment	5/c		
4	Current payable tax	5/d	50,663,904	30,421,044.70
5	Short-term provisions	5/e		
6	Other short term liabilities	5/f	100,542,718	96,012,409.83
	Total of short term liabilities		250,064,164	216,448,369.55
	Total of liabilities (I /II)		2,377,912,070	2,742,866,450.40
	Total of equity and liabilities		**8,449,059,905**	**8,626,603,920.50**

STATEMENT OF MATERIAL LONG - TERM ASSETS

For the year ended 31 December 2014

Material long- term assets with initial value in 2014					
Nr	**Denomination**	**Situation**	**Supplements**	**Reductioons**	**Situations**
		1/1/2014			12/31/2014
1	Property	234,938,300	0	0	234,938,300
2	Constructions	1,625,739,767	309,321,342	0	1,935,061,109
3	Machinery/equipment	6,317,440,833	114,393,774	0	6,431,834,607
4	Means of Transport	52,150,947	23,400,000	13,546,099	62,004,848
5	Office and computer equipment	311,561,137	111,554,664	0	423,115,801
6	AAM in process	321,656,411	250,209,861	310,070,242	261,796,030
	TOTAL	**8,863,487,395**	**808,879,641**	**323,616,341**	**9,348,750,695**

A.A MATERIAL DEPRECIATION 2014					
Nr	**Denomination**	**Situation**	**Supplements**	**Reductions**	**Situations**
		1/1/2014			12/31/2014
1	Property	0	0	0	0
2	Constructions	239,347,571	88,572,345	0	327,919,916
3	Machinery/equipment	3,157,377,295	669,945,928	0	3,827,323,223
4	Means of transport	10,500,557	5,902,760	2,443,417	13,959,900
5	Office and computer equipment	155,700,655	43,781,679	0	199,482,334
6	AAM in process				0
	TOTAL	**3,562,926,078**	**808,202,712**	**2,443,417**	**4,368,685,373**

ACCOUNTING VALUE OF A.A MATERIAL 2014					
Nr	**Denomination**	**Situation**	**Supplements**	**Reductions**	**Situations**
		1/1/2014			12/31/2014
1	Property	234,938,300	0	0	234,938,300
2	Constructions	1,386,392,195	309,321,343	88,572,345	1,607,141,193
3	Machinery/equipment	3,160,063,539	114,393,775	669,945,931	2,604,511,383
4	Means of transport	41,650,390	25,843,417	19,448,859	48,044,948
5	Office and computer equipment	155,860,482	216,182,317	148,409,330	223,633,469
6	AAM in process	321,656,411	250,209,861	310,070,242	261,796,030
	TOTAL	**5,300,561,317**	**915,950,713**	**1,236,446,707**	**4,980,065,323**

CASH FLOW STATEMENT

For the year ended 31 December 2014

	Indirect methods		Indirect methods
	December 31, 2014		December 31, 2013
Operating activities			
Profit / loss before tax	268,980,417		244,059,177
Adjustments for:			
depreciation	808,202,712		791,978,081
Loss on disposal of AAGJ	11,102,682		11,560,534
Provisions			
Losses / profits from exchange			
Interest expense			
Changes in working capital			
Reduced / Increased inventories	(1,453,056)		(2,160,263)
Reduced / Increased receivable accounts	(129,323,723)		(62,168,308)
Other Reduced / Increased receivable accounts	1,011,901,416		61,332,860
Increase / reduction of payable accounts	23,519,796		136,074,976
Increase / reduction of other payable accounts	(375,705,084)		(390,416,484)
Profit tax paid during the year	(60,836,587)		(36,724,523)
The cash flow generated by the activity of exploitation	1,556,388,573		753,536,050
Net cash flow by the activity of exploitation	**1,556,388,573**		**753,536,050**

Investment activities			
Purchasing A.A.GJ	(547,567,101)		(113,307,865)
Receipts from sales of A.A.GJ			
Receivables from interests			
Reduced / Increased long term financial investment			
Net cash flow used in financing activities	**(547,567,101)**		**(113,307,865)**

Financing activities			
Receipts from borrowings			
Receipts from capital designation			
Paid dividends	(20,733,465)		(1,731,307)
Paid Interest			
Net cash flow used in financing activities	**(20,733,465)**		**(1,731,307)**

Increase / Reduced net cash during the year	**988,088,007**		**638,496,878**
Cash and cash equivalents at beginning of year	**1,548,522,374**		**910,025,497**
Cash and cash equivalents at end of year	**2,536,610,381**		**1,548,522,374**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital	Other reserves	Revaluation reserve	Retained profit	Total
Situation on 31 December 2011	**5,018,346,000.40**	**121,980,183.00**	**123,958,777.00**	**440,595,658.00**	**5,704,880,619.00**
Profit/loss from revaluation of property, constructions and machinery/equipment					
Net income recognized directly in equity					
Profit for the period				17,313,070	17,313,070
Dividends		396,536,093.00		(440,595,658)	(44,059,565)
Issue of equity					
Situation on 31 December 2012	**5,018,346,000.40**	**518,516,276.00**	**123,958,777.05**	**17,313,070.00**	**5,678,134,124.00**
Profit/loss from revaluation of property, constructions and machinery/equipment					
Net income recognized directly in equity					
Profit for the period				207,334,654	207,334,654
Dividends		15,581,763		(17,313,070)	(1,731,307)
Issue of equity					
Situation on 31 December 2013	**5,018,346,000.40**	**534,098,039.00**	**123,958,777.05**	**207,334,653.85**	**5,883,737,470.00**
Profit/loss from revaluation of property, constructions and machinery/equipment					
Net income recognized directly in equity					
Profit for the period				208,143,830	208,143,830
Dividends		186,601,189		(207,334,654)	(20,733,465)
Issue of equity					
Situation on 31 December 2014	**5,018,346,000**	**720,699,228**	**123,958,777**	**208,143,830**	**6,071,147,835**