



MALTA AIR TRAFFIC SERVICES LIMITED

Annual Report
& Financial Statements

'17





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Mission Statement

The mission of MATS is to facilitate the safe movement of aircraft, efficiently and cost effectively, through the provision of air navigation services that are sustainable in the long term.

OUR VISION

MATS's vision is to be recognised as one of the Euro-Mediterranean region's most respected ANSPs:

- in the eyes of the flying public for our safety performance record;
- in the eyes of our customers for our cost effectiveness, customer service and efficiency in providing air traffic services; and
- in the eyes of our employees for establishing a motivating and satisfying workplace, as well as opportunities for a challenging career.

We strive to reach the next level of safety, efficiency, environmental responsibility and excellence. We are accountable to the Maltese public, users of our airspace and all our stakeholders.

OUR VALUES

- **Safety** is our priority. We strive to ensure that all users of our airspace travel safely through our airspace.
- **Excellence** is our promise. We endeavour to achieve results that demonstrate professionalism, transparency and accountability.
- **People** are our strength. Our success depends on the esteem, teamwork and commitment of our workforce.
- **Integrity** is our benchmark. We accomplish our duties honestly, with moral soundness, and with the highest level of moral principles.
- **Innovation** is our mark. We promote creativity and vision to ensure continuous improvement of our services.



Chairman's Statement

Major (ret'd) Anthony Abela

Half way through 2017, there was a change at Ministerial level as a result of the national general elections and, as one may expect, there were a few months where, inevitably, work in progress was affected due to the take-up of new personnel in ministerial positions. This transition is even more pronounced in such a specialised sector as is aviation.

Since Malta Air Traffic Services (MATS) is a Government-owned company, such effects cannot be avoided. One must nevertheless note that in the Air Navigation Service Provision (ANSP) business time does not slow down or pause to mirror administrative procedure.

In addition to this, we were in the process of carrying out an exercise to revise the Management Structure and Salary Scales, brought on as a consequence of other Collective Agreements concluded earlier in the year for some of the non-managerial grades.

The Board of Directors (BoD), very conscious of the negative impact such situations may have on the Company's safe and smooth operations, played its part to minimise as much as possible any adverse effects this may have.

Such situations have a positive side to them too. We, at Board level, together with upper Management, worked hand in hand to solve the issues in the shortest time possible and also maintain the support of our Management team to work for concrete solutions for the sustainable and consistent future of the Company.

Two challenges surfaced as a result of the last years' experience: the need for a succession plan; and the need for more efficient work practices within the Company. Both challenges can be addressed with good human resource management and well-directed investment. The BoD is adamant that it will address these issues to give the Company a sustainable future.

To succeed in this, there must be frank, open discussion with all stakeholders, as well as a genuine effort to 'prune' MATS from a few historically lingering, outdated practices that were carried over not only within its 17-year existence as a Government-owned private Limited Liability Company, but even before, when it still formed part of other organisations or departments.

We cannot accept the *status quo* any longer, bearing in mind that, as Directors, we have personal responsibilities to steer the Company in directions that now and in the future will not incur risk or harm to it and to the critical national service it manages.

We at Board level know very well that this will not be an easy task, but since we are convinced that without this MATS cannot maintain an internationally-required level of service, grow and diversify into ancillary aviation niches, we are resolute to tackle these tasks and any issues they may kindle.

It is worth noting that in the current financial year we are still registering a positive operational profit. 2018 is being forecast as the first year that MATS will not be sustaining this positive trend under the current



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Chairman's Statement CONTINUED

◀ directorship. Within the ANSP sector, it is common knowledge that this is the result of the way our core business of air navigation services within the European region operates, i.e. on the basis of non-profitability.

Therefore, we believe that MATS must diversify and grow into other aviation-related business areas, which in turn will mean that we have to prepare our human resources for these new ventures and associated challenges, both in number and in specialisation.

At present, we feel that the time is ripe to wisely and soberly consider every opportunity that comes our

way as a result of the present exercise the Ministry of Tourism (MoT) is undertaking to update the national Aviation Policy for the next decade together with the Airport Zone Structure Plan, which is being jointly developed by the MoT, Malta Industrial Parks (MIP), and all other stakeholders.

We as the BoD strongly believe that this philosophy can be sustained as long as we find the co-operation of all MATS employees at every level, and the trust and support of higher authorities.

Together we can reach our goals and implement them to a high level of quality, firmly grounded in a professional service offering.



CEO's Statement

Dr Ing. Kenneth Chircop

2017 was yet another eventful year, which featured great achievement and success for Malta Air Traffic Services and all its employees.

MATS's core business is that of air traffic services provision in the Malta Flight Information Region (FIR) and the metric to measure its performance is the traffic that it has serviced. Over recent years, we have seen a growth in en-route traffic, primarily due to the shifting of east-west traffic from Libyan to Maltese airspace. Terminal traffic, i.e., departures and arrivals at Malta International Airport, has also been growing, breaking records year on year.

While 2017 was no different, it was very interesting and eye opening to see that traffic in the Malta FIR is highly susceptible to the geopolitical situation even thousands of miles away. A testament to this was the drop in traffic from Qatari-registered aircraft as a direct result of the Gulf crisis. All in all, however, it has been a positive year with a marginal drop of 0.5% in enroute traffic and an increase of 15% in terminal traffic, when compared to the previous year.

In the current reporting period, MATS has been involved in several projects that directly affect the provision of air navigation services. Among others, the highest profile projects were the commissioning of a new Air Traffic Management (ATM) system, the INTRAC project, which will introduce Performance-Based Navigation (PBN) procedures on all four runways, an upgrade to the Searidge airfield video surveillance system, the upgrade of the Dingli Radar Site, including the acquisition of a new Primary Surveillance Radar (PSR), and the design of a new Air Traffic Control Centre.

Without a doubt, the most important project in 2017, whose benefits will be felt for many years to

come, was the long-awaited commissioning of a new ATM system. This project was kicked off towards the end of November 2016 with extensive training provided to all our Air Traffic Control Officers (ATCOs), which lasted months.

In March 2017, shadow operations started, whereby for a few hours a day ATCOs were controlling live traffic with the new ATM system, while another complement of ATCOs were carefully feeding the old system with traffic information to ensure that, should anything erratic happen on the new ATM system, operations could seamlessly switch to the old ATM system in a matter of seconds.

The duration of shadow operations per day were increased progressively until, in June 2017, the new ATM system was operating on a 24-hour basis. While this was a very important milestone, the transition of the new ATM system to the refurbished OPS room was yet to be completed, and this process took a further few weeks. Throughout this period, and for a further three months, the old ATM system was still being fed with live traffic data to ensure that an appropriate back-up, together with the other mandatory safety nets, was available while confidence was built in the new ATM system.

By the end of summer, this phase was also completed, and the old ATM system was decommissioned. The project, which was the largest and most delicate by far, has been a huge success thanks to the collective effort of the entire workforce.

Another major project is INTRAC, which involves a redesign of the Terminal Movement Area (TMA), updated Standard Instrument Departures and the design of Standard Terminal Arrival Routes for the four runways, to support Performance-Based Navigation. ➡➡

CEO's Statement CONTINUED

◀ The main objective of this project is the implementation of APV instrument approach procedures for RWY 13/31, the aeronautical assessment leading to the implementation of RNP approaches on RWY 23/05 and new RNAV-1 SIDs and STARs on all runways designed for Continuous Climb Operations (CCO) and Continuous Descent Operations (CDO) within a restructured TMA.

The project is divided into two phases. Phase 1 will see the implementation of RNAV approaches on all four runways and will reduce the possibility of diversions in the case of inclement weather. This phase reached a very advanced stage in 2017, with all procedures designed, flight trialled, safety assessed and with an expected implementation date of May 2018. Phase 2, whereby the new TMA, SIDs and STARs will be implemented, is expected to be completed in 2020.

While controllers look out of the glass windows of the Visual Control Room (VCR) to watch movements on the aerodrome, they are assisted with the Searidge video surveillance system, which includes an array of cameras strategically located around the airfield. This system has long been installed and, in 2017, MATS signed a contract with the Canadian company Searidge Technologies for an overhaul of the system.

The upgrade will include better cameras, a higher bandwidth data network and application software of the system, as well as the addition of new camera masts to cover areas that were not covered by the original system. A case in point is Taxiway Bravo, which is gaining more importance with the increase of activity at Safi Aviation Park.

Other than the main site at Luqa, MATS is responsible for several external sites, the most important of which is the Dingli Radar Site.

Throughout the past two years, this site underwent a complete refurbishment in preparation for the commissioning of the newly acquired Primary Surveillance Radar, which is expected to be commissioned towards the end of 2018.

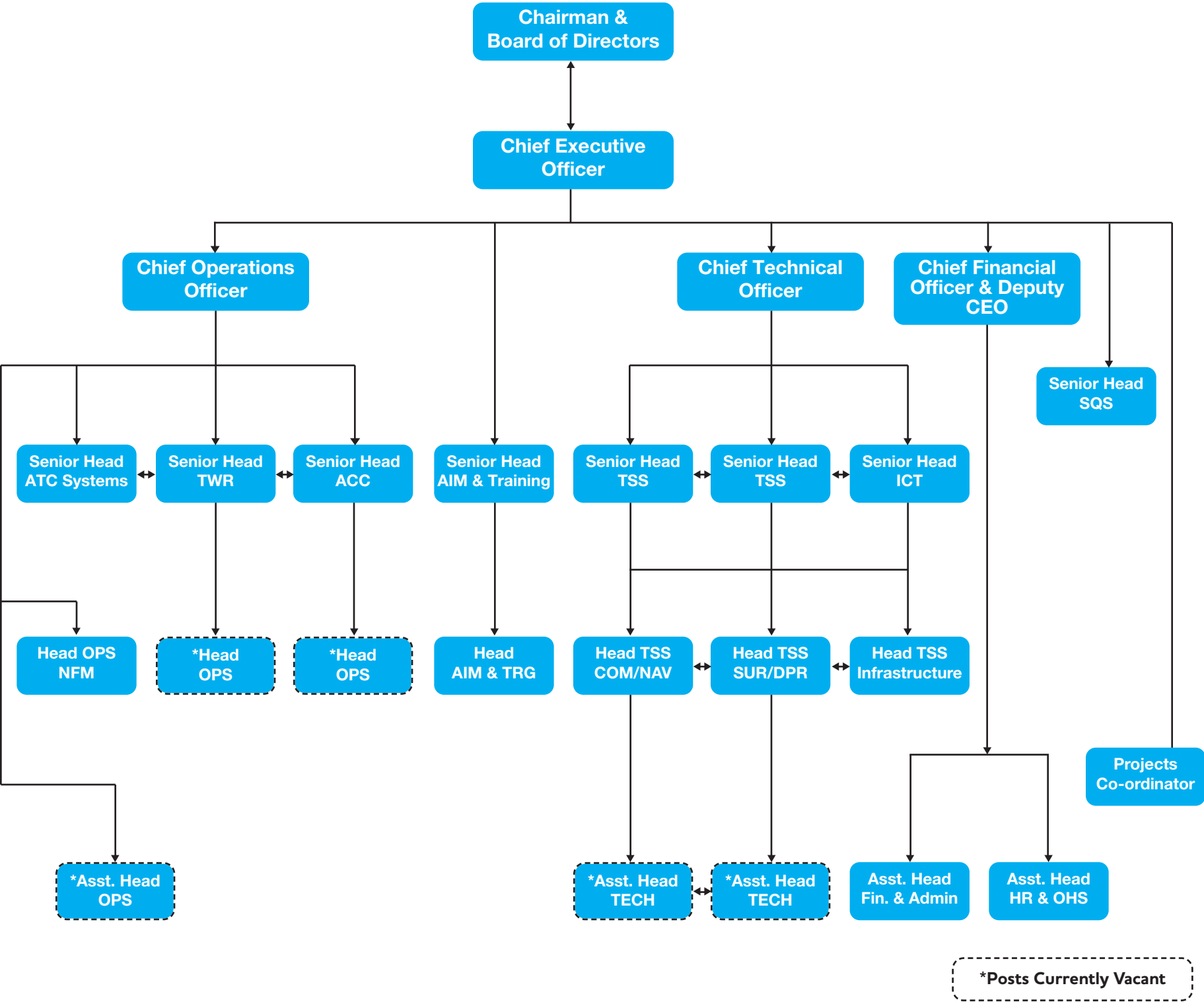
In 2017, the company's surveillance strategy was revisited to also include a new secondary surveillance radar. In this respect, MATS signed a contract for a new MSSR to replace the current SSR at Dingli. This upgrade is expected to be implemented in 2019, by which time the Dingli Radar Site project would be completed.

Work on the new Air Traffic Control Centre project continued at a steady pace in 2017. Following the award of the tender for the design and supervision of the construction works to QP Ltd in late 2016, MATS published and awarded the excavation tender. Works are expected to start in 2019. The design also continued at a steady pace with the support of all the management team.

I cannot end without stressing that the success achieved in all these projects would not have been possible were it not for the outstanding team effort from all sections of the company and all its employees. Further testament to this is the excellent results achieved in the Effectiveness of Safety Management (EoSM) survey and the renewed ISO 9001:2015 certification.

On another important note: 2017 saw the signing of the collective agreement with the GWU covering the Administration section, bringing better conditions for the employees concerned. The negotiation of this collective agreement was concluded with the support of the Public Administration's IRU, the Board of Directors and the Ministry for Tourism.

Management Organisational Chart



Finance and Administration

During the financial year ending on 31 December 2017, MATS registered a profit before tax of €3.975 million (€2.578 million after tax) and this resulted in a 6% increase in the company’s net asset value. In fact, as at the end of 2017, the value of the company increased from €33.590 million to €35.668 million.

FINANCIAL REVIEW

When compared to the previous year, the profit before tax decreased by €7,457,495 from €11,432,692 for 2016 to €3,975,197 for 2017. The reason for this 65% reduction in profit is because the 2017 unit rate for both en-route and terminal navigational charges was reduced significantly so as to refund airport operators the additional revenue

generated during 2015 since actual traffic was more than 10% above that forecast (traffic risk sharing mechanism).

Revenue

During 2017 MATS registered a total revenue of €25,356,075 (2016: €30,841,318). Of the total revenue generated, 67% is from charges for en-route traffic and 21% is from terminal navigational charges. The rest is generated from maintenance services and revenue from Government to reimburse MATS for the loss of revenue from the exemption of military aircraft.

Revenue from en-route traffic decreased by some €5.147 million (or 23%) when compared to 2016. This is mainly attributable to the decrease in the unit rate for en-route traffic from €25.79 for 2016 to



SECTION REPORTS

Finance and Administration CONTINUED

◀ €18.79 in 2017. The en-route unit rates for both 2016 and 2017 were reduced due to the traffic risk sharing mechanism since the actual en-route traffic during 2014 and 2015 both exceeded the budgeted traffic by more than 10% and so airlines were refunded the extra revenue through a reduction in the unit rate, as per prescribed regulations. Otherwise, there was an increase of 1.2% in total service units in 2017 since these increased by some 10,448 units (from 905,497 in 2016 to 915,945).

Income from terminal navigational charges (TNC) decreased by €200,161 (or some 3.6%), i.e. from €5.506 million in 2016 to €5.306 million during the year under review. Again, this is attributable to the reduction in unit rates since traffic to Malta in 2017 increased significantly. Income from maintenance and technical fees decreased by €137,993 and totalled €1.083 million in 2017. Otherwise, proceeds from the Maltese Government to compensate MATS for loss of revenue resulting from the exemption of military traffic remained at the same level of the previous year. For the fourth consecutive year, in 2017 MATS did not receive any Government subvention but paid a €500,000 dividend to the Government.

Expenditure

Total expenditure for 2017 amounted to €21.092 million (an increase of €1.525 or 7.8% from the

€19.567 million in 2016). The cost of wages and salaries is the largest component and, at €10.266 million, accounts for about 49% of the company's total expenditure. Compared to the wage costs of €8.792 million for 2016, the wage bill for 2017 increased by some €1.473 million or by about 17%.

Other operating expenditure for 2017 increased by €381,656 (5%) and amounted to €8.083 million (2016: €7.701 million). On the other hand, the depreciation charge decreased by about €329,775 or about 11%, from €3.010 million in 2016 to €2.680 million for 2017.

Statement of Financial Position

MATS registered another consecutive improvement in its financial position in 2017. The value of the company as at the end of 2017 increased by about 6%, from €33.590 million as at 31 December 2016 to €35.668 million at end of 2017. Total assets increased by about €2.5 million (or some 6.2 % from €39.878 million to €42.351 million at the end of 2017). Total liabilities also increased by €0.39 million from €6.288 million in 2016 to €6,683 million at the end of 2017. Included in the total liabilities is the amount due to Government in the form of shareholder's loans amounting to €3.123 million.

During 2017, MATS invested over €2.3 million in fixed assets and the total cost of fixed assets as at 31 December 2017 amounted to €39.442 million. ▶▶

UNIT RATE	2009 (€)	2010 (€)	2011 (€)	2012 (€)	2013 (€)	2014 (€)	2015 (€)	2016 (€)	2017 (€)
Malta	25.65	25.73	20.75	27.72	31.50	27.61	22.33	25.79	18.79
Average Eurocontrol members	54.81	57.15	57.60	57.60	57.40	57.20	58.60	55.80	52.80

Table 1: Comparison of the en-route unit rates for Malta and the average of Eurocontrol's member states

SECTION REPORTS

Finance and Administration CONTINUED

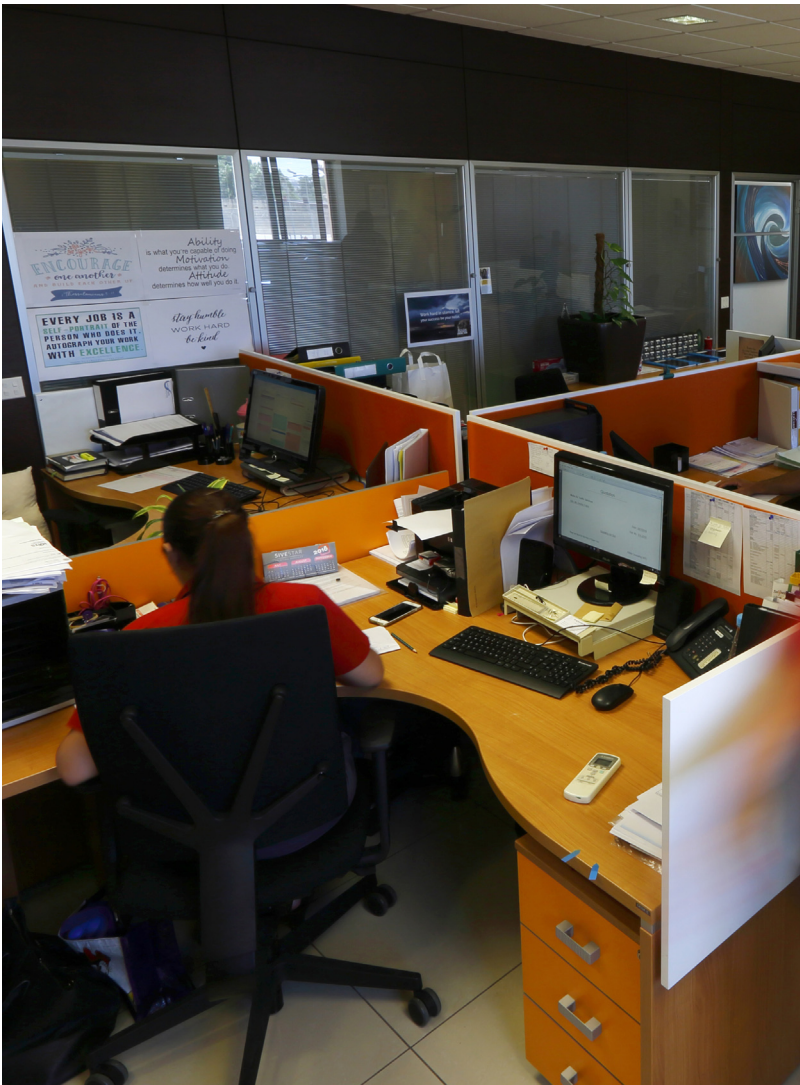
Up to 31 December 2017, €29.361 million was charged in depreciation on this expenditure, leaving a net book value of €10.081 million.

Unit Rate

The en-route unit rate is derived by dividing the ‘total charges’ by the ‘total service units’. The unit rate for Malta was reduced from €25.79 in 2016 to €18.79 for 2017. The en-route unit rate for Malta remained one of the cheapest in Europe. As can be seen from Table 1 below, at €18.79 Malta’s unit rate was 36%, of the average unit rate for all Eurocontrol member states. This makes MATS one of the most efficient ANSPs in Europe since it renders a very efficient service to airspace users with negligible delays at one of the cheapest unit rates. In fact, MATS is being considered as a role model of an efficient ANSP in Europe.

En-Route Traffic Overview

Traffic is expressed in terms of total service units (TSU). In 2017 TSUs in the European zone increased by 7% compared to 2016 and this indicates further traffic recovery after the 4.2% increase registered in 2015. In 2016, Malta registered an increase of almost 1.2% in TSUs (from 905,497 in 2016 to 915,945 in 2017). This growth is significantly lower than the average growth registered in Europe since traffic in the Maltese region is greatly affected by the geopolitical situation and restrictions to traffic in neighbouring regions. About 96% of the TSUs were



chargeable service units. The rest were mostly attributable to military flights that are exempt from paying for air traffic control services. Table 2 below shows the annual percentage growth in TSUs for Malta and the average of Eurocontrol member states.

ANNUAL GROWTH	2009	2010	2011	2012	2013	2014	2015	2016	2017
Malta	-1.4%	17.0%	4.1%	26.8%	14.6%	1.1%	13.2%	10%	1.2%
Europe	-5.1%	3.5%	5.0%	-1.3%	-0.8%	5.8%	4.2%	4.2%	7%

Table 2: Annual percentage growth in total service units for Malta and the average for Eurocontrol member states

SECTION REPORTS

Finance and Administration CONTINUED

Human Resources

During 2017 the Company concluded the collective bargaining with the Administration section for the clerical and administrative support staff. The collective agreement, covering four years up to the end of 2020, was finalised and signed.

A member from Top Management has resigned from his position as Senior Head ATC Tower and was replaced by Mr Daniel Chircop. An ATC Supervisor has also reached retirement age and was replaced by Mr Claudio Pace. Another internal call for applications was issued for the position of Head of Network Functions Management, which has been awarded to Ms Naomi Galea.

New projects and increasing workloads in nearly every front of the Company demanded an expansion of our workforce, where we have recruited from external sources;

- 3 Air Traffic Safety Electronics Officer Trainees;
- 2 Air Traffic Administrative Support Officers (p.k.a. Senior Clerks) in the Operations Section; and
- 1 Senior Administrative Officer.

As per Table 3 below, the number of employees at the end of 2017 amounted to 150.

Occupational Health and Safety

In order to safeguard all employees' health and safety at work and all other persons at MATS

premises, Occupational health and safety legislation and regulations were rigorously observed. All fire detection systems, intruder systems, lifts and fire extinguishing equipment were regularly inspected and certified in all the Company's sites. All employees were provided with the personal protective equipment needed to make sure that they are safeguarded at the work place at all times.

In accordance with OHS legislation, namely Legal Notice 43 of 2002, Minimum H & S Requirements for Work with Display Screen Equipment Regulations, eye tests for all the Company's regular display screen equipment users were carried out and financed by the Company.

All the outdoor fire system cabling of the ATC Complex was replaced and upgraded with metal tubing, accordingly.

The Company continued to support the Richmond Foundation, an NGO that specialises in promoting mental health and wellbeing within the community, and continued to implement the Staff and Organisation Support Programme (SOSP) for all MATS employees. The objective of this programme is to help MATS augment the wellbeing of its employees as well as to assist it in controlling the risk posed by the hazard of stress. A number of employees (on strict anonymity) have benefited from this new service at no cost since the Company pays for the service.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Employees	149	149	137	137	145	144	150	147	151	150

Table 3: Number of employees (including directors, definite contracts and students)

SECTION REPORTS

Operations

Malta ACC experienced a slight dip in overflight traffic in 2017, while gaining over 600 flights in arrivals and departures. Comparing the statistics to the movements of 2016, flights to/from Malta International Airport registered a gain of 15%, while for overflights a reduction of 0.5% was registered.

This minor loss in overflight traffic was the combined effect of the introduction of Free Route Airspace in Italy and the Balkan areas, which has shifted more traffic towards the east as was forecast at the end of the year. The implementation of Free Route Airspace in Malta was essentially neutral in terms of gain in overflights as the ATS route network was already very efficient in the east-west direction.

The sanctions imposed by KSA/Bahrain/UAE/Oman on Qatari-registered aircraft led to a shift of QTR flights towards Turkey and Italy, and away from the

Malta FIR. Qatar Airways used to be a major user in the Malta FIR for flights not only from/to North Africa but also from/to Italy, France and the US eastern seaboard. The Qatari sanctions also had a secondary impact on overflight Chargeable Service Units (CSU) as other non-Qatari registered operators landing/departing Qatar are opting to route the long way round via Turkey.

The summer of 2017 also produced the appearance of a significant new traffic flow from Russia to Tunisia. This flow is heavily affected by the Russia/Ukraine conflict since the operators of both countries are not allowed to overfly each other's territory. This results in a major re-routing away from the Malta FIR for a significant portion of the flights.

The closure of Libyan airspace, due to EASA safety bulletins related to limitations in the provision of air traffic services in Libyan airspace is still a massive



SECTION REPORTS

Operations CONTINUED



◀ loss in revenue for MATS since these traffic flows are diverted either west over Algiers/Tunis FIR or east via Athens FIR.

ATC SPINS MANUAL

Two AMDTs were released in 2017, with the major changes being the transition of the new ATM System and the implementation of the Free Route Airspace Concept from 34,000 feet and above. Both projects required an integration of new procedures, which required training/briefings to controllers and associated documentation.

ATC SYSTEM UPGRADE

After months of delays and postponements, the transition of service of the new ATM system from the temporary Ops room to the main Ops room occurred on 19 June 2017. The changeover was carried out during the shift change on Monday morning at 05:30 LT, with an overlap, which was concluded by 06:30 LT. Extra ATCOs were called in

on duty to provide ATC service during the overlap to facilitate the changeover.

Shadow operations from the old ATM system continued until October as a precautionary measure in case any issues cropped up during the initial stages during usage of the new ATM system. Co-ordination between Ops and the Technical Section regarding matters relating to the new system are still ongoing to the present.

SEARIDGE PROJECT

In October 2017, together with a Searidge technical representative, a system design review was conducted and work is ongoing for a complete overhaul of the current system.

AIRSPACE CELL ACTIVITIES

MATS Airspace Cell is the Ops team responsible for co-ordinating activities at Malta and over the high seas. In 2017, the MATS Airspace Cell co-ordinated



SECTION REPORTS

Operations CONTINUED

◀ a number of military activities over the high seas and processed 107 airspace reservations. At a local level, MATS Airspace Cell also processes training flight requests that are received on a daily basis.

Training requests are handled differently to normal aerodrome traffic since these flights have specific requirements on the usage of the runways. A co-ordination process is in place to meet the training flight requests without increasing the workload on the Tower controllers.

MATS Airspace Cell has handled a consistent amount of Maintenance Check Flight requests from MRO operations. Maintenance Check Flights require an airspace block whereby the test pilot would conduct a series of aircraft manoeuvres to check and certify the equipment on board an aircraft.

In 2017, a total of 206 Training and/or Maintenance Check Flights were co-ordinated. The monthly breakdown is in the table on the right.

AIRSPACE DESIGN AND OBSTACLE ASSESSMENT TOOL

Ops were highly involved in the designs of RNAV approaches at LMML through the BlueGNSS project. Following significant testing and evaluation, it was decided to implement the RNAV approaches on all four runways in 2018. This will be in line with the delivery dates of the BlueGNSS project.

CAPITAL PROJECTS

A new project, the construction of a new vehicular road along the airport perimeter that bypasses the threshold of Runway 23, was completed in 2017, increasing safety and promoting a better flow of

TRAINING SLOTS AND MAINTENANCE CHECK FLIGHTS 2016

January	20
February	14
March	18
April	16
May	34
June	19
July	16
August	12
September	12
October	11
November	12
December	22
TOTAL	206

vehicular traffic. Traffic lights were also put in place to hold vehicles when Runway 23 is used by Code C aircraft. This has had a beneficial effect on the efficiency, safety and flow of vehicular traffic on the airfield.

A major refurbishment of the main Ops room was conducted in 2017 to coincide with the change-over to the new ATM system. The ATCO positions are now in a U-shaped layout with the supervisor position at the bottom end. The consoles facilitate a more comfortable layout for each position, making it easier to work in.

All hardware related to the new system has been placed in the nearby Equipment Room.

SECTION REPORTS

Technical Support

The Technical Support Section gives all the necessary logistic support to Air Traffic Operations relating to Communication, Navigation and Surveillance. ICT, general projects and civil works projects also fall under its remit.

MANAGEMENT

Holistic learning

Four new ATSEP trainees have joined the team and have passed their examinations to obtain Common Core Certification. These four new ATSEP graduates are now undergoing their specialised courses, which will be followed by systems training.

COMMUNICATION, NAVIGATION AND SURVEILLANCE

Conversion to IP

The significant project to eliminate all analogue lines and convert to IP is ongoing. While the new digital lines, using primarily Layer 2 IP technology, between MATS and ENAV (Italy's ANSP) in Ciampino, Rome, were installed and put into operation in 2016, the two lines communicating with Greece are still in the process of being installed.

Two separate routes between Malta and Greece have been selected. The shortest route passes through Sicily and then straight to Greece while the second route passes through the European core countries before rerouting down towards Greece.

The new lines with Greece are expected to be activated by the end of 2018.

Voice Communication System

During the year the final upgrades to the Voice Communication System in Operations were



completed. These updates were mainly aimed at improving the maintenance and management of the Voice Communication System.

AMHS

Work on the drawing up of the specification for the new Aeronautical Message Handling System (AMHS) was completed and, with the help of expertise from Eurocontrol, a supplier was selected. The biggest research related to this IP-based system dealt with data security.

The new AMHS, based on IP technology, that will replace the Aeronautical Fixed Telecommunication Network (AFTN), which is based on the obsolete Sub-E1 technology, will be implemented in 2018. ➡

SECTION REPORTS

Technical Support CONTINUED

◀ NavAids

Having installed the two new Instrument Landing Systems on the airfield in 2016, the long antennae arrays of the localiser have presented some challenges. The localiser antennae needed to be more firmly secured and the cables better protected. However, all other outstanding issues have been addressed.

BlueMed-wide data link

MATS signed a contract with LEONARDO for the installation of the Air Ground Data Link (AGDL). This system, together with an upgrade of the Controller Pilot Data Link Communication (CPDLC) application on the Air Traffic management (ATM) system will enable the Air Traffic Controller to send SMS-style messages to and from the aircraft. This ATM function is aimed for En-Route traffic.

The implementing dates of the respective AGDL system in adjacent ANSPs is not yet well known, making the effectiveness of this new system limited to the west sector of our FIR.

SURVEILLANCE AND DATA PROCESSING

Dingli Radar

The factory acceptance test (FAT) of the new radar for the Dingli station was undertaken in Rome. This equipment is expected to be installed in the course of 2018.

New ATM system

In early 2017, prior to the commencement of the ATM shadow operations, MATS embarked on an important project related to the distribution chain of the ATM data, including radar, AFTN and OLDI. An upgrade of the distribution architecture was necessary in view of the introduction of the SBS and FLB systems.

When designing the new architecture, we had to ensure that the information is distributed to all the systems; the new ones based on LAN technology and the old systems using legacy technology. We also needed to ensure that the local area networks of the new OPS, SBS and FLB systems are physically and ▶▶



SECTION REPORTS

Technical Support CONTINUED

◀ logically separated. While designing the new architecture, we also opted for a solution that is economically viable.

The process to migrate the ATM system was gradual and consisted of various complex stages. The first stage was the shadow operations process that involved various phases to permit a gradual and graceful introduction of the new ATM system. This approach was intended to ensure that the system is sufficiently resilient for continuous live operations while helping ATCOs build confidence in the system.

The process was scrutinised by regular safety meetings to ensure proper co-ordination with all stakeholders. Additional meetings and briefing sessions were organised at technical level to explain every phase of the transition process in detail.

Procedures were issued and explained to control adequately the change-over process during the shadow operations.

The refurbishment of the OPS room was another challenging and demanding project. It required substantial planning, co-ordination, preparatory work and testing. Despite the rigorous and detailed planning, there were many uncertainties related to the installation of the new consoles and the fitting of all the equipment in the consoles.

M-NET

The network that carries any ground-to-ground communication from various sites and even with neighbouring ANSPs Italy and Greece, M-NET, continues to be developed. Last year, work was focused on the data between the Dingli station and the main Tower. ▶



Technical Support CONTINUED



◀ INFRASTRUCTURE

GenSet set-up configuration

Distribution of the mains power supply to the Tower has been improved following the completion of the GenSet set-up configuration. This involves the installation of two brand new generators, each large enough to supply all the power needs at the ATCC, creating an N-2 supply back-up.

Dingli radar station refurbishment

All the refurbishment planned for the Dingli radar station in preparation for the new antenna was completed by the end of the year. The entire site was rewired with all equipment now being powered through the new UPS system, providing UPS supply through dedicated distribution boards installed in every equipment room.



SECTION REPORTS

Projects Co-ordination Office

The Projects Co-ordination Office (PCO) aims to identify opportunities through which the Company may foster its potential, as in diversification opportunities, as well as identify gaps between current practices and European policy, in particular those at EU level.

Joint EU-funded projects, often through the Single European Sky ATM Research initiative (SESAR) under the Connecting European Facility (CEF) or Horizon 2020, are realising and developing the future pan-European policy, involving new business opportunities in the context of the provision of ANSP services, that face an ever more competitive and less protected environment. Hence the need for participation by MATS.

The Projects Co-ordinator liaises internally with all the sections at MATS and, thanks to the co-

operation of all involved, achieves results from which the whole company gains.

The project to introduce Airport and En-Route & Approach ATC information exchanges with the aircraft via Data-link (AGDL), which is split up into four streams, has taken different paths. The first, AF5, related to the ground preparation for AGDL, is ahead of schedule, thanks to the hard work and professionalism of the Technical teams. All work in this stream is due to be completed by 2020.

Work on AF6 path one is running behind schedule, but more time and resources will be devoted to this path, with the contract being signed in 2017 and the work expected to be completed in 2019. Work on AF6 path two is on schedule and will be completed by 2020.

All preparatory work for the implementation of RNAV through the BlueGNSS project was concluded on time and successfully reached its scope in June 2018. The Projects Co-ordination Office secured funding of over €125,000, which was all consumed, with the Operations Section playing the larger role. On a similar vein, but for general aviation aircraft, MATS is participating in a two-year project that was approved in 2017 for delivery in 2019.

It is part of a consortium of seven countries that was awarded the GRADE project that is to apply performance-based navigation, or RNP, to general aviation aircraft. The consortium is made up of Italians – CIRA (Leaders), NAIS, and Università di Napoli, Germans – DLR and Braunschweig University, Malta – MATS, and Bulgaria – BULATSA.

In October 2017 MATS hosted the BlueMed Interfab Workshop in Malta. The two-day event brought together the nine Functional Airspace Blocks – ➡



SECTION REPORTS

Projects Co-ordination Office CONTINUED



Site of the new ATC Centre

◀ the points of contact from all over Europe – with some 25 delegates attending, resulting in interesting points of discussions including:

- The need to develop further the InterFAB communication strategy, at par with the other sectors of the industry;
- The establishment of a common position towards RP 3 and SES; and
- The need for military matters to be discussed further in a wider context.

COLLABORATIVE PROJECTS

Work on TACO – Take Control, with Deep Blue and the University in France – ENAC, another European Union project, continued throughout 2017 and is being concluded while we are writing this report.

TACO deals with automated taxiing, providing a dovetailed process that would facilitate the controller's forward thinking.

MATS continues to work on the Clean Flight II project, led by the University of Malta, which aims to bring in new, improved procedures for descents and climbs to our airport, facilitating fuel saving for airspace users and better efficiency. It is also working with the University of Malta on SATMET, a project on autonomous aircraft movements aiming to save fuel, lower noise levels and promote greater efficiency through the use of infra-red technology.

NEW ATC CENTRE

Tenders for the excavation of the new Air Traffic Control Centre site adjacent to the ▶

SECTION REPORTS

Projects Co-ordination Office CONTINUED

current site were adjudicated during 2017. The tender was awarded early in 2018 and works are expected to commence during the final quarter of 2018.

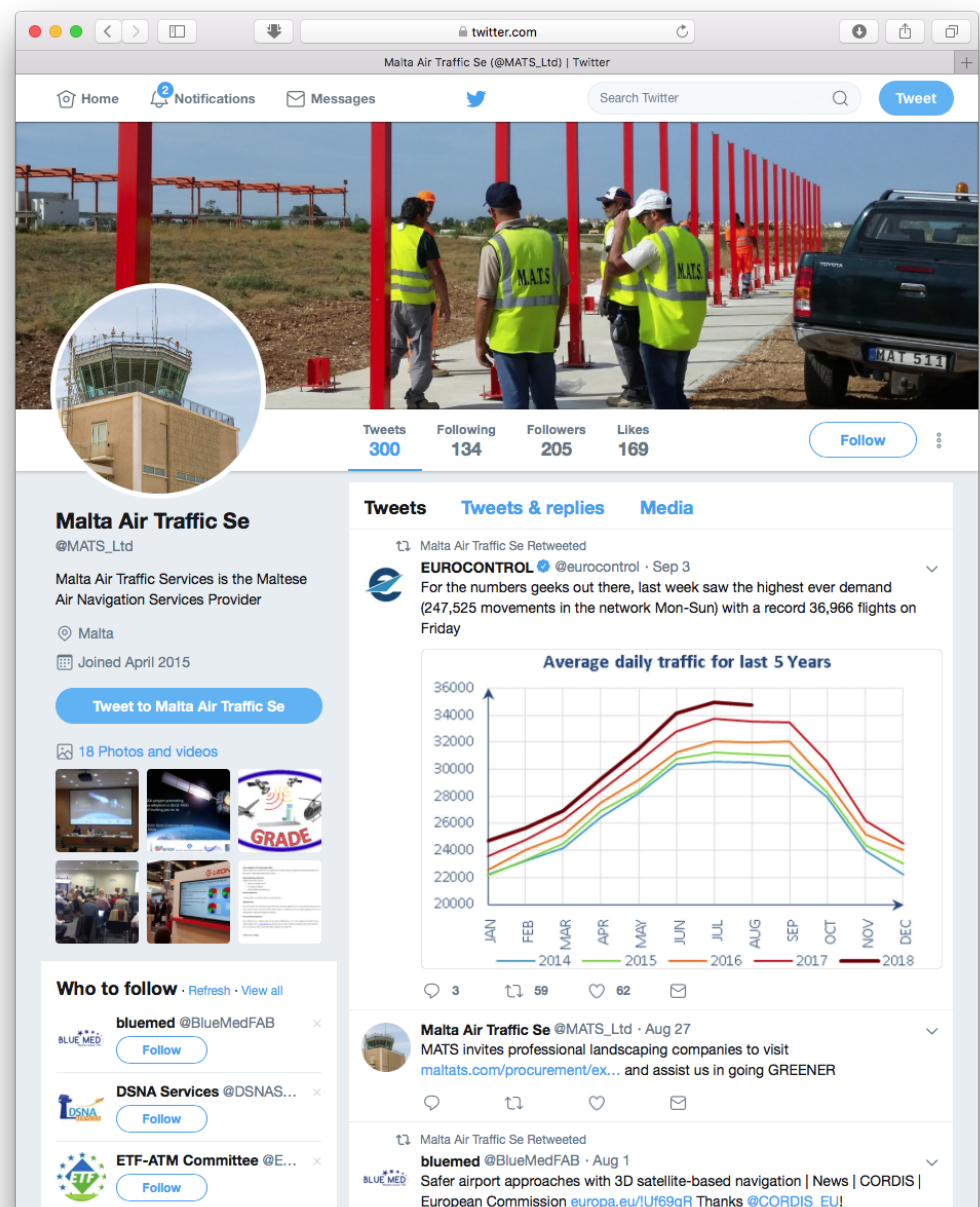
The external stakeholders have been consulted and the aviation stakeholders have been kept fully up to date with all developments. First consultations with the staff were held in mid-2018.

INTERNET AND SOCIAL MEDIA PRESENCE

All the work to prepare for the launch of the company website in 2018, including the design of a new logo, the selection of all illustrations, compilation of content and design, was done in 2017. Jack Ritchie, a student of MCAST, won an open call for designs for the new company logo. Social media presence continued on LinkedIn and Twitter. The newly launched company website experienced 2,000 hits in the first five days after its launch.

OFF-SITE REFURBISHMENT

Works continued to upgrade the facilities at the former COMCEN building near Gate 1 and to clean up the area. Infrastructural work was carried out, as well as the required maintenance.



SECTION REPORTS

AIM and Training



All the training required to ensure those involved in the new Air Traffic Management system could operate it was completed in 2017 in time for the system going live. Each Radar Air Traffic Controller received a minimum of 24 hours of training, irrespective of the position he/she works in.

Controllers were trained as an executive in area, as a planner in area, and as an approach controller. All Controllers also underwent a form of modified training on the system itself in the run-up to the system being used first in shadow mode and going live.

Once the system went live, planning started to acquire another system, similar to the simulator, which is to be used as a test bed. This went online in 2018.

SKYGUIDE TRAINING

After six years, MATS decided to issue a call for tenders in relation to Training. Hence, the contract with SkyGuide, which was given the statutory six-month notice in the middle of 2017, was not renewed. Still, an Area Course had been booked and, in October, three Controllers went to Switzerland, with the training ending in the first quarter of 2018.

Meanwhile, MATS issued a new tender for training providers and, towards the end of 2017, identified the Czech Air Navigation Institute (CANI) of the Czech Republic as a potential partner, with which it signed a contract in 2018. CANI, a member of the



SECTION REPORTS

AIM and Training CONTINUED

◀ Aviation Academy Group, is a modern, fully equipped Air Navigation Services Centre with 30 years of industry and Air Traffic Control training experience.

The centre is based in Jeneč, with a centre on the periphery of Prague airport.

OTHER TRAINING

A course in Common Core basic training was organised for the four new ATSEPs and was followed up with further specialised qualification training. ATSEPs also attended training with the factory suppliers of various new equipment, with a major focus in 2017 being on radar training, both hardware and software.

COURSE	Persons Attending	Duration (days)	Total Man Days
AMHS	22	4	88
COM DLK	2	5	10
GNSS	2	5	10
INTERNAL AUDITING	1	2	2
NAV PBN	2	5	10
OPS OJTI REFRESHER	12	2	24
QUAL SUR SSR	1	5	5
RASS-M	5	2	10
RAT TOOLS	2	2	4
RFA 641	5	1	5
RUNWAY, TAXIWAY, APRON PLANNING AND DESIGN	1	4	4
SAF-INV	2	5	10
SAF-SMS	1	5	5
SOLID SURV PLANNING BASED ON COVERAGE ANALYSIS	1	2	2
SQS AWARENESS TRAINING	8	1	8
ATSEP QUALIFICATION TRAINING SHARED	4	5	25
Alcatel-Lucent OmniPCX	20	1	20
ATSEP BASIC 2015	4	15	60
COM DATA	1	5	5
COM VOICE	2	5	10
UNUSUAL SIMULATIONS	53	5	265
TOTALS	134	80	582

SECTION REPORTS

Safety, Quality, Security Management and Compliance

All matters related to the management of the sensitive areas of Safety, Quality and Security Management at Malta Air Traffic Services have been handled by the SQS section for the past 12 years. To this end, in 2017, the area of Compliance was added to ensure that all matters that may affect the SES licences of MATS fall under the management systems section. This will help the SQS section to maintain visibility and control, especially of MATS's interfacing with all stakeholders.

The key focus for the SQS Section in 2017 was the work leading up to the introduction of the new Air Traffic Management (ATM) system. Every step of the process involving the Technical, Operations and AIM-TRG sections, including contractors' work, had to be safety assessed and assured using the *system-based approach* before being green-flagged to go into ATC operations.

The system-based approach followed by the SQS Section covered people, equipment, procedures and environment on the ATM system safety case process. The latest crunch elements of the new ATM System road map dates to 2016 with safety assessments on Shadow Operations, Training and Change-over plans in July-August of 2017.

There were more safety assessments in January 2017 on the Shadow Operations, and in February on the required manning, including planning involving staff representatives. The data distribution upgrade in March was followed by ATM manning for the Shadow Operations and also rostering. During May the transition phase was followed by ongoing safety reviews.

A series of checklists were prepared which were listed as safety requirements. This work increased pressure on the available resources on all sections,

where the SQS was always involved in the safety assessments that reviewed technical checklists, operational checklists and change-over checklists prepared by the involved sections.

Dedicated teams ensured that each aspect was covered, and everything went smoothly until the final change-over occurred in June 2017. Although a busy month, the set-up was resilient, well dovetailed and the decision was taken not to delay further than June because then it would not have been done before October and by that time the ATCOs ➡



SECTION REPORTS

Safety, Quality, Security Management and Compliance CONTINUED

◀ would have needed further simulator training on the new ATM system.

Afterwards a way forward planning and post mortem meeting was held in June, including a full safety review, to assess what went right, what went wrong, what was excellent and what should have been done better. Also assessed for safety was the System Back-up Support (SBS) equipment set-up to ensure that a proper back-up is in place in the extremely rare case of the main ATM system failure to assure continuation of ATC services under contingency conditions. This process will be concluded during 2018.

DINGLI STATION SAFETY ASSESSMENT

The complete overhaul and upgrade of the Dingli radar station necessitated a comprehensive list of safety

assessments covering the infrastructure of the site, ground communications set-up, a new primary Radar, complete overhaul to the PSR Cosec2 radar antenna, the Ground to Air communications set-up and its infrastructure, power supply upgrade and other supporting infrastructural works, which are still ongoing.

There are more projects planned for this important external site. As can easily be noted, these changes at the named site required a continuous stream of safety assessments, which is still ongoing. The SQS section, in collaboration with the involved sections, organised and performed all the safety assessments, supported by auditing and surveying activities to ensure that the process meets all regulatory requirements as a baseline and delivers excellence in CNS services to operations to ensure safe, secure and expeditious ATC services. ▶▶



SECTION REPORTS

Safety, Quality, Security Management and Compliance CONTINUED



◀ With the installation of the new primary radar antenna at the end of 2017, a period of testing began that also needed to be further safety assessed.

BLUEGNSS R-NAV APPROACHES INTRAC PROJECT (PART 1)

This was another major safety assessment covering the R-NAV approaches to the four runways at LMML RWY 31/13 and RWY 23/05. Although all the runways will benefit from the introduction of R-NAV approaches thanks to the BlueGNSS project that technically provide instrument approaches without the use of ground equipment, the most important achievement of this project is that RWY 23/05, which was a non-instrument runway, now also qualifies as an instrument runway based on R-NAV approach. ▶▶



SECTION REPORTS

Safety, Quality, Security Management and Compliance CONTINUED



◀ On the other hand, RWY 13/31 is equipped with ground-based instruments with an ILS on both ends, thus offering R-NAV and ground-based instrument approaches.

This new project required a lot of safety activities from the safety case at concept level conducted by the BlueMed states participating in the BlueGNSS project and then the Local safety case for Malta, which was a big safety case divided into several assessments covering the concept at local level, i.e. the four runways at LMML, the validation trials conducted by ENAV, the validation of the R-NAV procedures, including the runs by the calibrator aircraft, the implementation safety case covering the training of ATCOs and ATSEPs, simulation sessions

for all ATCOs and the assessments of all involved procedures.

The safety case was scrutinised by GSA, who were contracted to monitor and validate processes, which green flagged our safety case and the safety process applied.

EFFECTIVENESS OF SAFETY MANAGEMENT

The safety management set-up at MATS is from 2017 being assessed by two different standards. One is the EoSM by EASA and the other relatively new and much more complex, the SoE coming from CANSO/Eurocontrol. These two standards of ▶

SECTION REPORTS

Safety, Quality, Security Management and Compliance CONTINUED

◀ excellence for safety management use a completely different system of matrixes, with the EASA one based more on legal issues and the CANSO/Eurocontrol one more on safety performance. The results cannot be compared because the weighting and rationale applied are completely different.

MATS achieved 85% on the level of maturity in EASA's Effectiveness of Safety Management (EOSM) in 2017. The figure for the Standard of Excellence (SoE) of Eurocontrol/CANSO for 2017 has yet to be issued because the questionnaire is highly detailed, and it is expected to be submitted in the final quarter of 2018.

ORIPS DOCUMENT UPDATED

Extensive work was carried out to update the ORIPS document to reflect the new developments brought about by Regulation 376/2014 on occurrence reporting and investigation, and also on the new supporting regulation, EC1018/2015. This additional regulation includes a list of reportable occurrences that need to be reported under mandatory and voluntarily provisions.

The documentation was thoroughly checked, clause by clause, over a three- to four-month period and further updated following consultation with staff associations to make the process transparent and in full consultation with those affected by the regulatory process involved. The updated ORIPS document was distributed to all staff at MATS.

BLUEMED SAFETY WORKING GROUP

A just culture declaration, finalised late in 2017, will be released during 2018. The safety performance of all four BlueMed states was also published, along with



the high-level safety case of the BlueGNSS project (see above). The process started with the Safety Managers conducting the safety case on the concept to be applied in the four states: Italy, Greece, Cyprus and Malta. Then each country undertook its own local safety assessment, as explained above.

Work on the safety performance of the FAB states was concluded and the performance was documented and approved by the ANSP and the NSA committee, as required. An important milestone achieved in 2017 was the signing of an LoA covering the exchange of safety data between MATS and ENAV.

Work on the same type of agreement with Cyprus and Greece is still ongoing. ▶▶

SECTION REPORTS

Safety, Quality, Security Management and Compliance CONTINUED

CYBER SECURITY

The section started looking into cyber security in more detail, with the appointment of three ATSEPs from the Technical section as part-time risk assessors. They will be specialising in cyber security risk assessments and other IT matters.

The safety team has now gone up to 30 part-timers. This will put the section in a better position to plan for the next five years and beyond. Cyber security in safety assessments is now a leading player and we have to prepare ourselves to handle the changing landscape, which is presenting much more challenges on the cyber security aspects of the SQS management.

NEW COMMON REQUIREMENTS REGULATION

The new common requirements regulation EC 2017/373, planned to replace several SES regulations, was released in 2017. It will be fully effective from 1 January 2020. The 160-page regulation has 13 Annexes, and over 600-odd pages of AMC and GM material, which is being updated on an ongoing basis.

Work on this new set of requirements has commenced and that on Annex XIII, covering the competence of ATSEPs, known as Part Pers, is almost concluded. It will be reviewed to see if there are any remaining caveats and the activity closed. All ATSEPs have been trained in the Common Core



content and some of them have even undertaken qualification training. The process of qualification training is ongoing.

FATIGUE RISK MANAGEMENT

A new requirement in the ANSP field is fatigue risk management, which needs to be part and parcel of the management system. This activity also stems from EC regulation 2017/373 and amendment 50 of ICAO ANNEX 11. The first initiative taken by MATS under the remit

of the SQS section was to organise training for all managers in fatigue risk management, thanks to an agreement with the University of Malta. This was conducted and concluded during 2017.

The next step is to train safety critical staff using the same training set-up and the same support from the University of Malta.

On the other hand, training in mental health first aid is being delivered to those involved with staff through the Richmond Foundation. This is an ongoing process, which will take some more time to conclude.

ACHIEVEMENT WITHIN THE SQS SECTION TEAM

A member of the safety team also obtained an M.Sc. in Managing Risk and System Change by distance learning from Trinity College, Dublin, Ireland. ➡

SECTION REPORTS

Safety, Quality, Security Management and Compliance CONTINUED

← MATS supported the employee financially, academically and by providing study leave.

Apart from the mentioned academic achievement, the SQS team is trained on a round robin system on all aspects of the SQS function to ensure that competence is assured. In this respect, the competence of the MATS safety team is kept abreast with its European counterparts.

ISO 9001-2015 CERTIFIED

Following the adoption of ISO 9001-2015 in 2016, Bureau Veritas (BV) sent over its auditor, Simon Clark, in November 2017 for a two-day visit to MATS. Once again, the ISO certification was issued without a single non-conformity.

This was the second year since the new ISO 9001-2015 standard started being applied and this was a clear indication that the momentum was maintained. There were some observations which were tackled immediately. These were intended as improvements gathered from lessons learnt applying the new standard.

NEW ATCC

In preparation for the project of the construction of the new Air Traffic Control Centre at MATS, four members of the senior management team, including

Safety, visited two ATC centres that are similar in size to that in Malta, one in Slovenia and another in Slovakia, to hold discussions with those who have just finished the project of a new ATCC. This was very important for us to learn from those who crossed the river before us.

With the draft plans having been drawn up, these were also shared with the Critical Infrastructure Office at the Office of the Prime Minister to ensure that we keep all on board about the new crucial infrastructure of national importance being planned by MATS. Once the plans are finalised, a copy will also be submitted to the National Infrastructure Office.

SAFETY ASSESSMENTS

Another important safety assessment conducted in 2017 was on the transfer of ground to ground communications to Voice over IP. This was initiated with the Greek ANSP, HCAA, and the project is still ongoing. A similar activity was conducted with ENAV, the main ANSP of Italy.

Through VOIP many communications-related problems are being addressed on a gradual basis until the change-over of the whole network is concluded. This is an ongoing project which requires a continuous stream of safety assessments covering each new milestone tackled. →



SECTION REPORTS

Safety, Quality, Security Management and Compliance CONTINUED

There were 11 safety assessments conducted in all, as well as a further 18 Rapid Risk Assessments (RRAs). A number of surveys were conducted, including:

March 2017	SQS/ QUA 11-17 Snapshot report conducted on upkeep of COMCEN building
June 2017	SQS/ SAF/ SUR 23-17 ATM system snapshot in preparation for final change-over
August 2017	Survey to review the CNS Preventive Maintenance
September 2017	SQS_SAF_SUR 47-17 SQS ATSEPs ATCOs Supporting Safety Culture Questionnaire

TECHNICAL OCCURRENCES

Type of occurrence	Number of occurrences
Communications	23
Data Processing	21
Navigation	10
Surveillance	8
Infrastructure	4
Power	0
SEC	0
MET	0
ARS	0
ICT	0

OCCURRENCES

In December 2017 a new vehicular road was introduced to address the issue of runway incursions at the threshold of Runway 23. Within six months of its introduction, runway incursions were down by 80%, a scenario the MATS SQS section has been predicting for years. The building of this new road was preceded by the required safety assessment, conducted in collaboration with MIA.

OPERATIONAL OCCURRENCES

Type of occurrence	Number of occurrences
Laser	12
Non-adherence to ATC instructions	12
Runway Incursions	11
Bird Strike	7
Accidents	6
Drones	5
Taxiway/ Taxilane Incursions	4
Flares and Fireworks	4
Non-adherence to LoA	2
Separation Minima Infringement	2
Radio Communication Failure	1



SECTION REPORTS

Safety, Quality, Security Management and Compliance CONTINUED



OCCURRENCE REPORTS THAT QUALIFY FOR A RAT EXERCISE

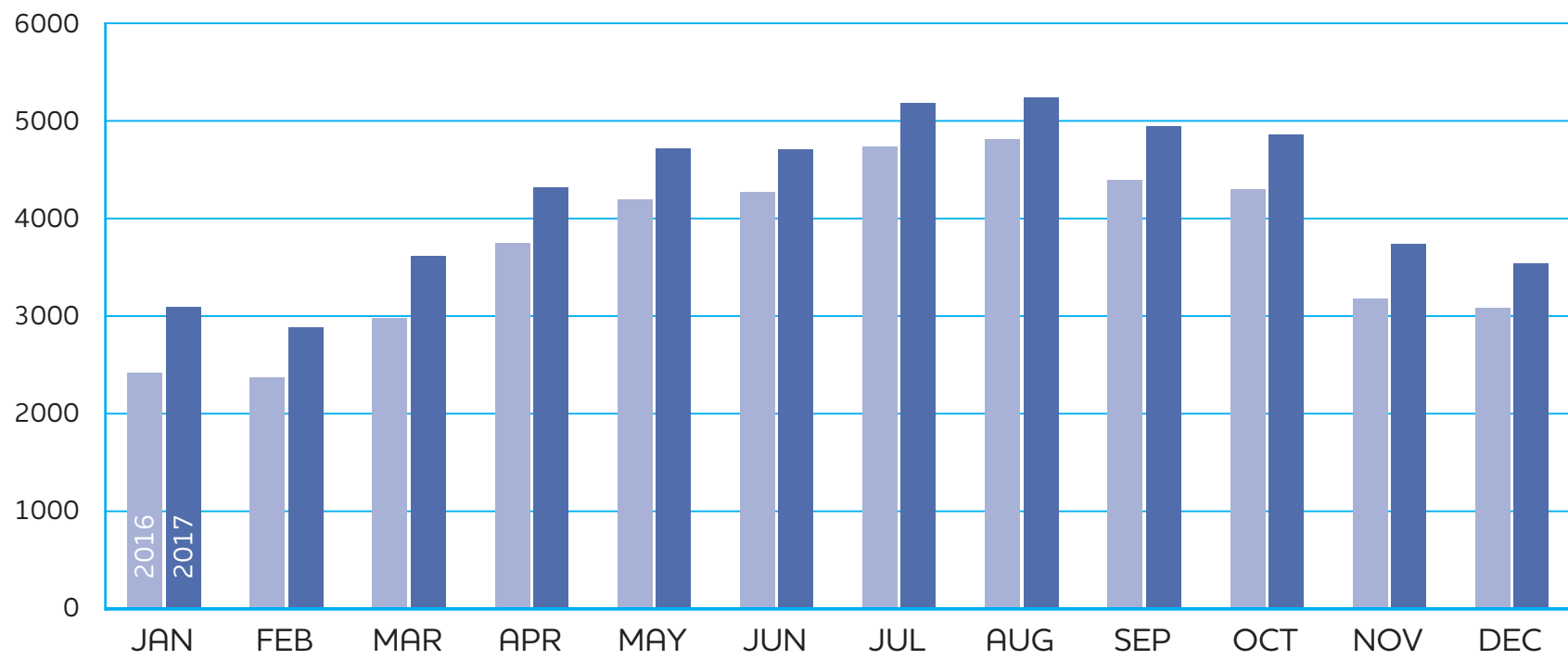
Type of occurrence	Occurrences that qualify for a RAT	RAT severity C or above	Amount of RAT conducted with Severity C or above
ATM Specific	14	10	100%
Runway Incursion	11	2	100%
Separation Minima Infringement	2	1	100%

Class of occurrence	Number of occurrence
Accident*	6
Serious Incident	14
Incident	59
Occurrences without Safety Concern	66
Occurrences of a Technical Nature	17
Total Number of Occurrences	162

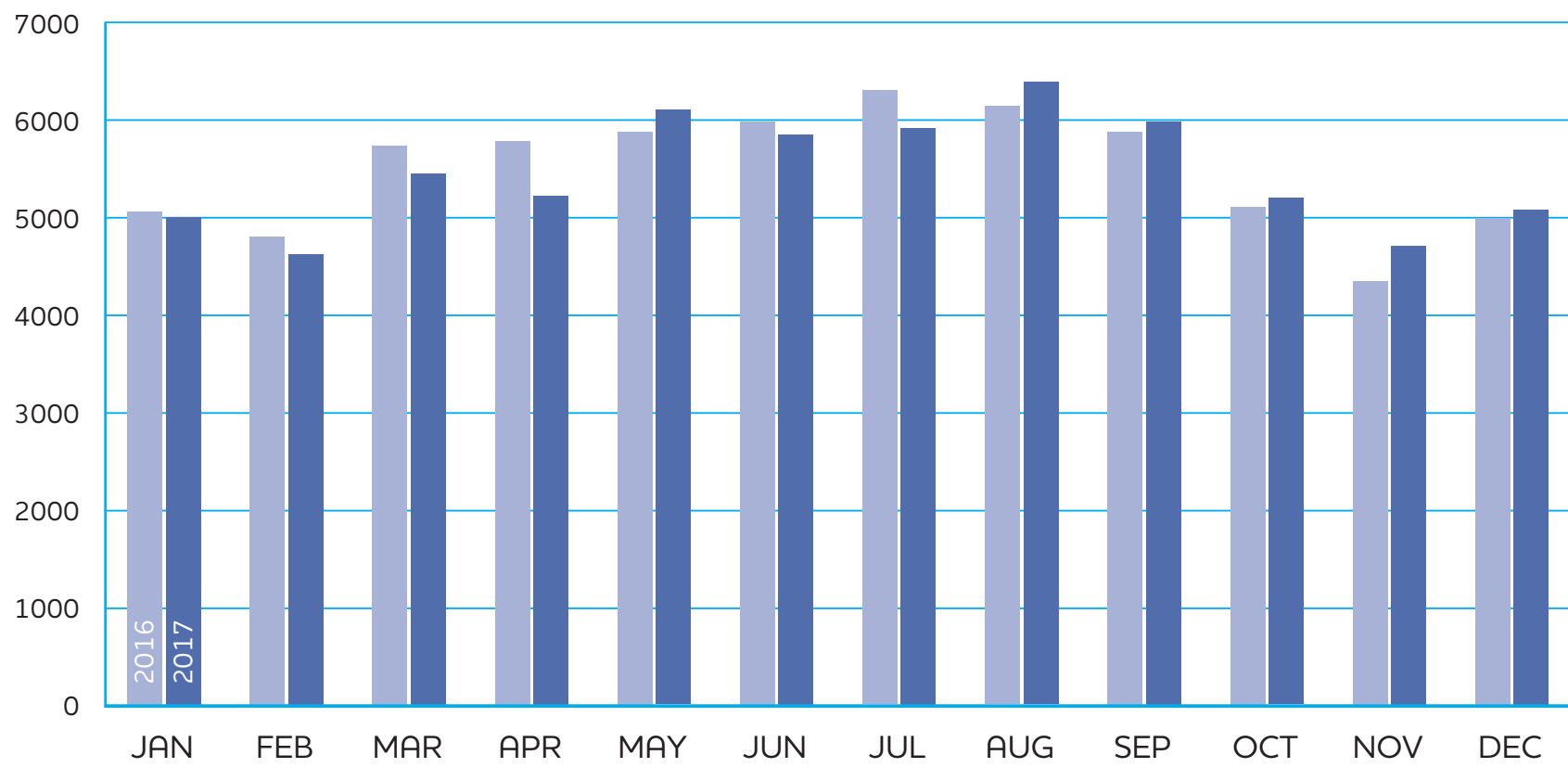
* Accidents fall under the BAAl's jurisdiction, so they are not investigated by the MATS SQS section.

Statistics

INTERNATIONAL TRAFFIC IN MALTA



EN-ROUTE TRAFFIC IN MALTA



Meet your colleagues

In this ongoing series, we put a little more than a face to a name. In these quick interviews we ask your colleagues to answer the same six questions. This year it was the turn of: CLAUDIO PACE, an Air Traffic Controller (ATCO) from the Operations Section; VINCENT PRECA, an ATSEP; and NORBERT CAMILLERI, acting Simulator Co-ordinator within the AIM & Training Section.

These are the questions we asked:

1. **How long have you been working at MATS?**
2. **What is your current role?**
3. **Describe a typical day at work.**
4. **What are your hobbies?**
5. **What is your favourite food?**
6. **What is the most satisfying aspect of your job?**

Claudio Pace: I have been working at MATS since the company's inception and as an Air Traffic Controller (ATCO) for 26 years. In 1992, I joined the

ATC Corps, as the Air Traffic Control (ATC) was known back then, provided by a specialised section within the Armed Forces of Malta. On 1 May 1998, all ATC personnel were transferred to the newly created Air Traffic Services (ATS) Division of Malta International Airport (MIA), until MATS was formed as a wholly owned Government company on 1 January 2002.

I form part of the Operations Section and I am an ATC shift supervisor. I am also a fully rated Air Traffic Controller (ATCO), meaning that I am licensed to work in all three ATC positions locally: Tower, Approach and Area. I also act as an On-the-Job Training Instructor (OJT) when required.

My day varies depending on the particular role that I am required to undertake, but the most frequent role is probably that of ATC supervisor. A typical day as a supervisor would start by assuming the responsibility of the Ops Room from the outgoing supervisor ➡



CLAUDIO PACE

Meet your colleagues CONTINUED

◀ with a 'hand-over' detailing any technical, operational and manning issues, while simultaneously ensuring that all positions have been manned, as was planned the previous day.

Then, some time at the desk, and a coffee, is required to update myself on the current temporary operational instructions, NOTAMs (NOTice to AirMen), the latest weather forecast and any relevant e-mails.

Next would be to brief each individual controller on the incoming shift with any instruction and information that is relevant to his/her tour of duty. The central part of the day is spent monitoring operations and entails co-ordinating with different entities the very different requests and intentions they may have. To name just a couple, there could be the need to service our equipment or other equipment on the airfield, or requests from the AFM to fly specific and sometimes information-sensitive missions.

The supervisor is also responsible for handling any unusual situation. There is normally enough to keep you going during this part of the day but, when I get a quiet one, I usually 'plug in', as we say, to any one of the positions to hone my controlling skills.

After a short break, I plan my team's next day by allocating a working position to each controller, depending on his licence rating/s and distribute the plan. The last part of the day is dedicated to ensuring adequate manning for the incoming shift and preparing a brief hand-over for the next supervisor.

As far back as I can remember, I have been fond of playing and working with tools as a hobby, woodworking in particular. I remember spending my very first pay cheque entirely on tools. I am lucky enough to have a well-equipped, comfortable workshop, where I have spent enough peaceful hours to make my better half admit being jealous.

Another old passion of mine is boating. Whatever the weather and whatever happens on the particular day, I enjoy every moment that I spend anywhere near the sea. My boat is a 22-foot cabin cruiser with a single inboard Diesel engine. Finding the time is a struggle and it is quite expensive to keep but enjoying Summer around our beautiful coast makes it all worthwhile.

Regarding my favourite food, it might be related to my love of the sea. My favourite is seafood: show me grilled fish or even a *risotto alla marinara* and I am a happy man.

The most satisfying aspect of my job is to form part of an elite team of professionals who are in the hot seat of the worldwide Air Traffic Management system and to be surrounded, supported and respected by other professionals.

Vincent Preca: I am what you could call an old-timer now because I have been working at MATS for the past 37 years.

My principal role is that of an Air Traffic Safety Electronics Supervisor and Co-ordinator (ATSES). I am also an On-the-Job Training Instructor (OJTI), a competence assessor (CA) and classroom instructor (CI). Over and above these roles, I also support the company in the Safety, Quality and Security section as an Internal Auditor and Surveyor.

In terms of the social aspect of my work environment, I support my colleagues as a Critical Incident Management peer (CISM), plus as a Mental Health First Aider and as an organiser of social activities.

The first task of the day would be to take over from the previous shift and communicate the hand-over to all the ATSEPs on duty. The next step would be ▶

Meet your colleagues CONTINUED

◀ to assign the various urgent tasks and plan the scheduled maintenance for the day on the various ATM systems under our responsibility.

To name just the major ATM systems we have and maintain: four radar systems, two ILSes (instrument landing systems) for Runway 13 and 31, the voice communication system (VCS) used between Controllers and Pilots, and the AFTN messaging system used between Malta and the neighbouring ANSPs.

Our main objective is to provide an efficient and safe environment for Air Traffic Controllers by supplying them with all the necessary tools so that they can provide a safe and reliable service to all the aircraft in our FIR.

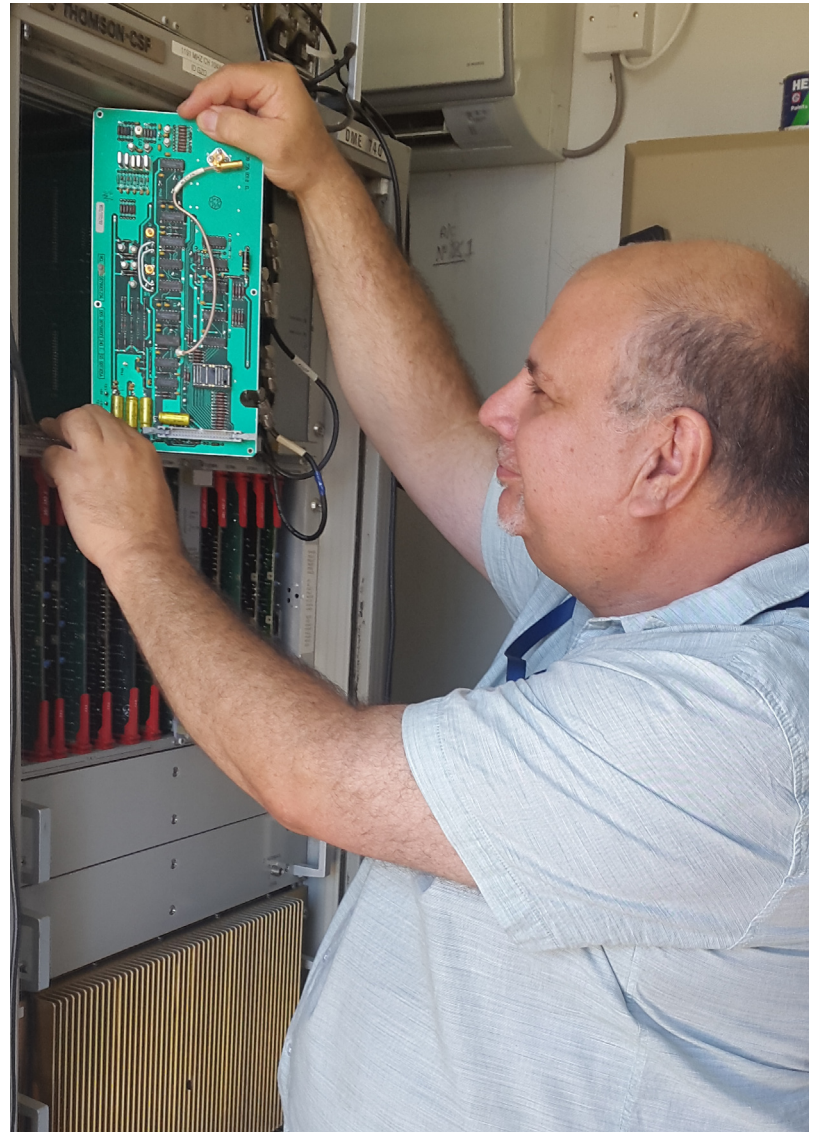
I have various hobbies; however, my main outdoor hobby is camping in the countryside with family and friends.

I also like to keep fish and have been an aquarist since I was a teenager. My main reason for choosing this hobby was because I like the relaxing sound of the flowing water and the graceful swimming movements of the fish.

Recently, I am also getting into gardening and hydroponics. My botany specimens are progressing nicely and are rewarding me for giving them my daily attention.

If I have any left-over spare time, I jump over to a restoration project – that of a 1986 Suzuki Intruder VS750 V-twin vintage motorcycle.

I love to eat, and it is hard for me to mention just one favourite food. So, I am going to name a few, including rabbit Maltese style, cooked fried or in a stew, baked macaroni and a good juicy medium grilled beef fillet.



VINCENT PRECA

As you might expect, the responsibility of my position at MATS is enormous, it is a very demanding occupation and at times also stressful. You must be quick, efficient and professional in performing your duties.

These qualities can only be attained with years of experience and training.

The most satisfying aspect of this job comes when, at the end of the day, you know that you have delivered an efficient and safe service to the controllers and pilots. ▶

Meet your colleagues CONTINUED



NORBERT CAMILLERI

◀ **NORBERT CAMILLERI:** I have been working with MATS since 1990. In my current role, together with my colleague Victor Vella, I input the necessary data into a dedicated ATC simulator to create exercises to provide training to our air traffic controllers and trainees.

I also act as a Pseudo Pilot, listening and reacting to commands given by the controllers so that, on the other end of the controllers' headsets, they are given an accurate training experience. These commands, in turn, control the movement of a number of aircraft on the trainees' screen. Therefore, a pseudo pilot is required to have a good standard of aviation phraseology.

When I first joined the organisation, the service fell within the remit of the Armed Forces of Malta and I was given the rank of Sergeant. We did not need to wear a military uniform, although many of us still had

it shelved somewhere at home. Back then, I was employed as an Assistant Air Traffic Controller.

All the three controller positions, that is Tower, Approach and Area, used flight information strips. We as assistants used to fill in all the necessary information for each flight that lands and departs Malta, and overflies the Malta Flight Information Region (FIR).

We used to communicate by means of telephony with adjacent FIRs, that is Rome, Greece, Libya and Tunisia, and co-ordinate the flight levels and estimated times of all those flights entering and exiting our FIR. By time, flight information strips were incorporated in the Controller Radar interface and with the introduction of OLDI – Online Data Interchange – the need to co-ordinate by means of telephony with adjacent FIRs was eliminated. This all meant that the assistant controller was a dying breed.

In 2007, after doing a local course, I started working as an Apron Controller. I also studied aviation at SkyGuide College in Switzerland. Until 2008 the Apron Control was situated at the MIA building, overlooking Apron 9. The Apron Controller gave clearance and information to aircraft in Apron 9 and was responsible for any movement within the Park.

However, this position was short lived since, with the use of multiple cameras situated around Apron 9, the tower controller is able to control the area. This system uses advanced video processing which combines multiple camera scenes into a simulated single view.

I am also a FEAST (First European Air Traffic Controller Selection Test) administrator. FEAST enables Air Navigation Service Providers (ANSPs) to find the most suitable candidates for the job of an air traffic controller. As a test administrator, I give guidance to those sitting for the test and explain everything they need to know before the test, which is all run on-line, starts. ▶▶

Meet your colleagues CONTINUED

◀ A typical day at work would usually start with a cup of tea or a strong coffee, depending on the necessity. The next step would be, opening both the simulator and the pilot room. When we have simulator sessions, we would prepare the sheets corresponding to the exercises being performed on the day and then boot up the system, so as to clear any unnecessary data that might have been stored in the system and consequently disrupt the sessions.



A chat or two, ranging from music (our favourite subject) and family issues to sports with my colleague Victor would follow until it's time to start the sessions.

If I say that music is one of my hobbies, that would be a huge understatement, because music is my passion. I started to attend piano and music theory lessons at the age of ten. Today I am a part-time music teacher, a music director of our local parish choir, Chorus San Andrea of Luqa, and an assistant director of one of our village bands, the Union Band. Apart from the piano, I also play the clarinet and the guitar.

That brings me to my favourite hobby, which is photography and, more specifically, that would be nature photography. I love to take photos of landscapes and close-ups (macro shots) of insects and flowers. I never travel anywhere without taking a full kit of cameras and lenses with me.

Someone once said to me that food or eating was his best hobby. Well, I cannot say that for myself – for obvious health reasons – but I love eating and my

favourite dish is rabbit, cooked in wine and garlic. It goes without saying that such a dish would not be complete without having spaghetti with rabbit sauce as a starter.

As I mentioned earlier, my job relates to the inputting of data into an ATC simulator. Like any other job, it's never plain sailing. At times we input the data and the simulator works seamlessly; at others, after inputting the necessary information, the simulator simply refuses to work. That would mean that we would have to go through all the inserted data right from the start and try to decipher what we did wrong or what could have been the cause. When we do find the solution, we act like small children, celebrating our victory!

I think that the most satisfying aspect of my job, however, is delivering the training itself. As a music teacher, I love to see my students achieving their goals and this also relates to our student controllers who, after having been thoroughly trained by our ATC instructors, achieve the required licence to work in their respective positions.

Artists in our midst

Among the highly talented people who work at MATS are three artists, who have exhibited their work and are at various stages in their artistic development. They are: two ATSEPs, LOUIS McKEON and STEPHEN SPITERI; and ATCO RAMON VELLA BAMBER.

ART WITH A MISSION

Louis McKeon is self-taught. From an early age, when he was at school, he had an artistic flair that was appreciated and encouraged. He has never had any official training. His journey through art is full of experiments in different media.

“I believe real artists don’t learn anything; art is something that you feel inside yourself,” Louis explained to me as we sat on the balcony of his brand-new apartment overlooking Mellieha Bay.

His favourite medium is acrylics “because they dry quickly (and) are easy to use” but he uses different media in his paintings. “I like textures, so sometimes I use stones, wood, cardboard, sand – everything.

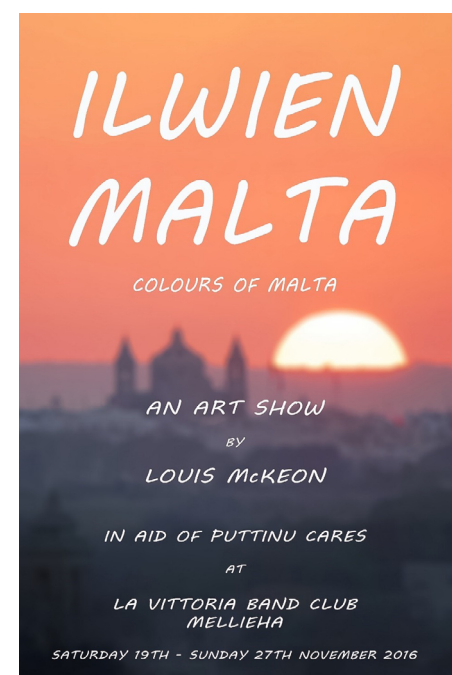
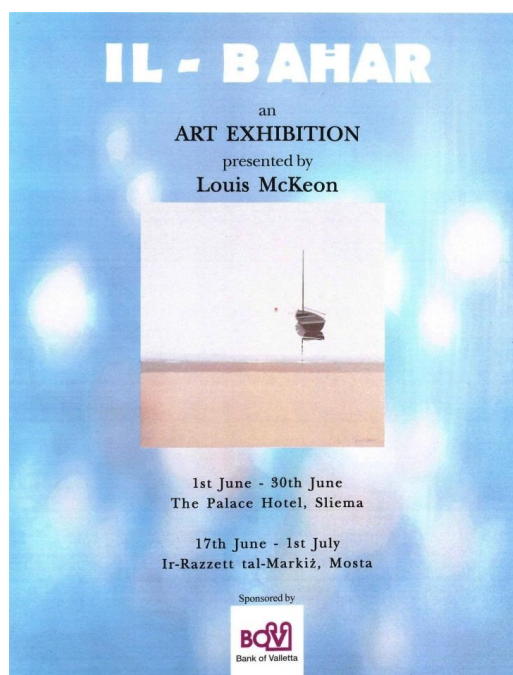
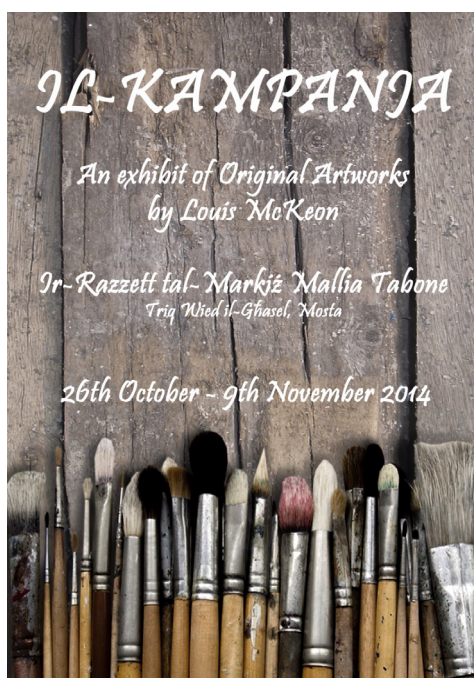
“Simple things give texture in art; even pumpkin seeds can be made to look like the leaves of the prickly pear tree.”

Louis’s favourite subjects are coastal areas and the countryside, with an emphasis on items from Malta’s traditions, giving his subjects a modern twist. He stays clear of landscapes and still lifes and doesn’t paint *en plein air*.

His art is a means of relaxation but also a way to communicate a message: we need to take care of our coastal areas and the countryside. “There are lots of farmhouses, with their surrounding rubble walls, that need to be restored and renovated,” he said.

“I want people to be aware that we are losing a lot of this countryside and the coastal areas to development.”

Louis, 56, has been working at MATS as an ATSEP in the Technical Section for the past 36 years. He was born in St Venera, lived for a year in Cospicua and then moved to Santa Lucija when he was 2. He attended Paola Secondary School and then the Technical Institute in Paola, where he studied to be a technician, joining the airport when he was 20. ➡



Artists in our midst CONTINUED

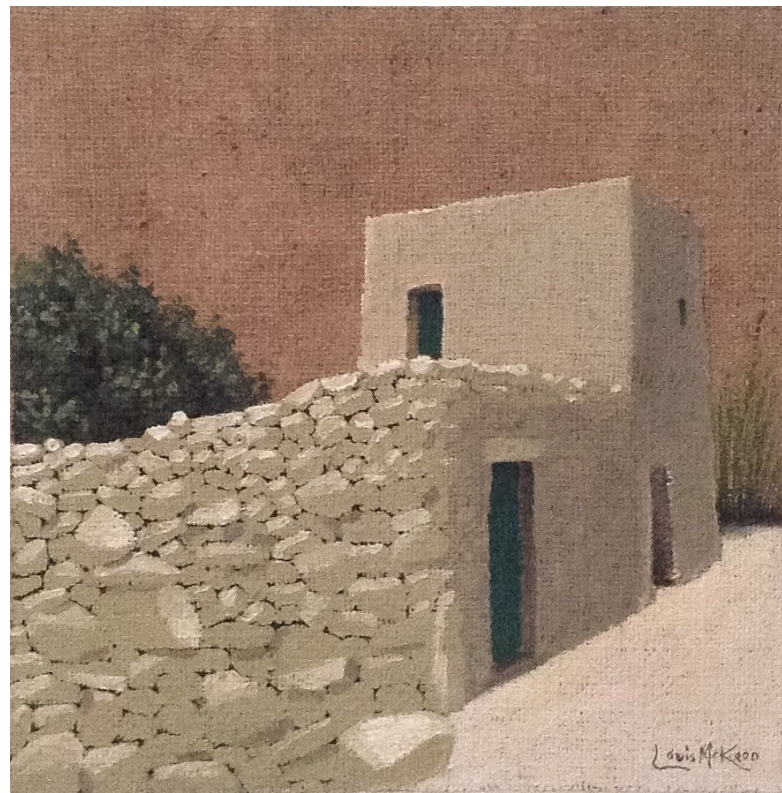


◀ Art for Louis is clearly a hobby with no parallels with his work. “It is a totally different world,” he observed, but one that helps him to occupy his free time away from the technical challenges of work.

He began his journey into art executing commissions for friends and held his first solo exhibition in 2012 at the Razzett tal-Markiz Mallia Tabone. That was followed up with two other solo exhibitions at two-yearly intervals in 2014 at the same venue and in 2016 at La Vittoria Band Club in Mellieha.

The first exhibition had as its theme *Il-Baħar* (The Sea), the second *Il-Kampanja* (The Countryside) and the third *Il-wien Malta* (Colours of Malta). He designed the posters for these three exhibitions himself and is highly satisfied with the outcome, having sold around half of the paintings each time.

He has also taken part in a number of collective exhibitions. This year alone, he took part in an exhibition along with 14 other artists from Mellieha



in aid of the Puttinu Cares Foundation at La Vittoria Band Club.

Apart from painting, Louis has excelled in interior design, at one time doing it also professionally but now only for friends and family, using computer 3D software. Together with his wife Grace, he also is an outstanding cake designer. Grace bakes the cakes and then executes his designs – sometimes taking a whole day and more.

They vary from the badges of football teams – Juventus for his father-in-law and Manchester United for a nephew – to cars, robots, make-up cases and Disney princesses. “I like anything artistic,” he said.

In the next five years, Louis is looking forward to retirement and dedicating more time to his art. He has not been able to paint for the past two years because the project to design his new apartment and finish it has taken up all his free time. ▶▶

Artists in our midst CONTINUED

← Having spent the first 16 years of his married life in Mosta, he moved to Mellieha in 2008. He sold his house to finance the cost of the new apartment in 2016, living at his sister-in-law's in Gharghur for two years until the apartment in Mellieha was finished.

From this year he intends to try palette knife painting. He will be using his front balcony as a studio or his spacious lounge in winter. With such a lovely view and so many different artistic talents, one can only look forward to Louis's next solo exhibition to view the results of his latest peregrinations in art.

ART AND WORK INTERTWINED

For **Stephen Spiteri**, there is a hidden path that he has followed since he was a child that has enabled him to express his artistic talent in a multitude of ways. He does not know where that path is taking him for, if he did, he would get bored.

"I just go with my flow," he told me. "When I step out of it, I feel... it. So, I track back." One aspect is that he refuses to be pigeonholed. "If I am doing only one thing, I get bored and then my enjoyment stops, and I can't concentrate any more."

Stephen's involvement in art dates back to when, as an eight-year-old, he was asked by his teacher of Religious Doctrine at the MUSEUM (Society of Christian Doctrine) to draw a poster on the Passion of Christ.

"My uncle, Alfred Briffa, today an established artist, was still unmarried and living at home. I would often go to my grandmother's house, two blocks away from where I lived in Birkirkara, and would watch him painting."

When his uncle saw him trying to copy some holy pictures to produce the poster, he grabbed some crayons from Stephen's pencil box, tore off the wrapping, broke them in half and very quickly put together an image of the crucified Christ with the two thieves, one on either side. He told him not to take too much notice of the detail and showed him how to fill in the space with the subject.

Then he picked up the paper and tore it up. "Now, do it yourself," he told the boy. Stephen got another roll of poster paper and did something more or less the same. "Obviously, it was not as good, but I got the gist of what needed to be done. It was a starting point."

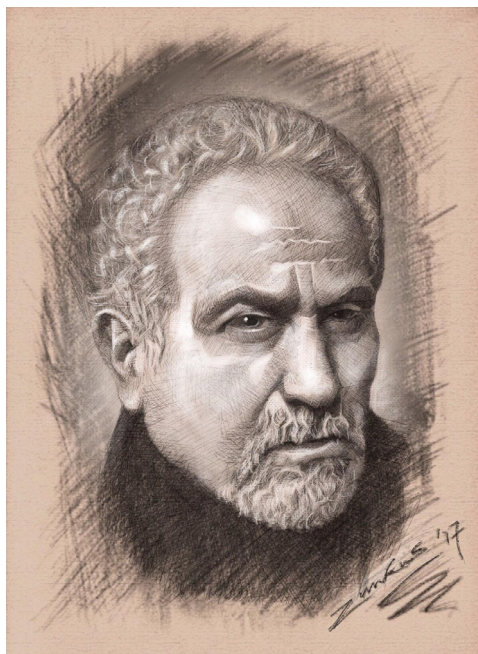
The work was good enough to impress the Superior of his local MUSEUM. He showed it to everyone and took Stephen around with him into the class rooms to give him credit. It was to be a reputation that he carried with him throughout his time in education and beyond.

He was asked to do designs for diagrams and to prepare the posters for school activities. Stephen's primary and early secondary years were in his home town; after Form 2 he went to Naxxar Secondary and then to the Technical Institute in Paola. He first started a Radio and Television Technician course, but his group was soon advised to change to Telecommunications, where there were more job openings.

He then scored well in an IQ test and was able to choose an apprenticeship position. He chose to work at the airport and, aged 18, started a three-year apprenticeship, which led to a full-time position, where he has worked for the past 30 years.

Even at the Technical Institute, he designed posters, using anything he could find in the garage where his father did his own furniture for the home: ➡

Artists in our midst CONTINUED



household paint and three-ply wood. It was always a challenge to come up with something innovative.

In all aspects of his development, Stephen wanted the work to be recognisable, so he has shied away from the abstract because he likes to keep connected with his audience.

There was a major stumbling block to this artistic endeavour: his father, who was not amused and wanted him to focus on his studies. “If you don’t study and pass your exams, you will end up working as a refuse collector,” he would tell the boy. He said the same to his uncle, Alfred, who at the time was working as a craftsman in a glass blowing business.

These words of Stephen’s father had such an impact on his uncle, his mother’s brother, that when he used his life savings to go to Florence to study art seriously, Stephen remembers his uncle telling him: “I suffered hunger to learn.” This experience acted as a stumbling block when, later in life, Stephen approached him to share his knowledge of baroque art – which his uncle just could not get himself to do because of the way Stephen’s father used to taunt him.

Over time, his father mellowed, having seen that Stephen was taking his studies seriously. “Once I painted an elephant and I left it running about at home. My father found it and he was impressed with it. Some friends came over and he showed it to them.”

While at the Technical Institute, he acquired his first computer, an Amstrad 464. Immediately, he and his friends started coding their computers to play games. Stephen invariably did the graphics, partnering with a friend, today a manager at STMicroelectronics, to write these games and even sell them. Later the first graphics tablets emerged and then the Amiga came along with better resolution.

Stephen first married when he was 21. He was still a student worker earning a mere Lm15 (€35) a week, so he had to earn some extra money. He started working with his father doing woodwork but the two had different ideas of doing this. Still, he designed a little label to put on the back of the furniture so that people could call them.

He took it to the nearest printer to where he was living in St Venera, Dormax Press, and one of the

Artists in our midst CONTINUED

◀ owners told him: “Ask the designer what colour he wants.”

Stephen told him he was the designer: he did it on his computer at home. He was immediately offered a job. The only stumbling block was that he had to use an Apple Macintosh. Stephen had never used one, but he offered to go in for a month to try to grasp the software without charge and, if they liked his work, they would keep him.

Two of the men who worked there showed him the ropes. Stephen had worked on similar software on the Amiga and, after a month, he was also given some illustrative work, which he did using just the mouse. They were so impressed that they asked the representative from the agents of what was then Freehand, later bought by Adobe, and Photoshop to look at his work.

The response was that Stephen could teach the agents, he immersed himself so deeply in the software. Thus started Stephen’s designer career. He learned how to use other equipment, like scanners and developers, using his technical knowledge to get the best of the equipment and then seeing the printing part of the business and getting to know what obstacles the printers faced in terms of resolution, dots and different paper types.

At a time when scanners were just producing black and white images, he scanned colour photographs three times for their primary colours, put them in layers in Photoshop and produced a colour print – at a time when only one company was producing colour scans locally. This was also reported to the scanner manufacturers by the local agent.

Stephen became so immersed in the new software, including Photoshop, Illustrator, Freehand, PageMaker and Quark Express, that leading local



design houses started to ask him to train their designers to use the software. He even formed part of a group that used to meet regularly in Sliema or Valletta to talk about problems related to the software – fonts or design issues.

While Stephen was at Dormax, they employed a Bulgarian artist, Ignat Kostantinov, to do some of their illustrations for such items as menus and other designs. The two became friends and while Stephen would refine some of the designs and make amendments digitally on computer, Ignat started to teach Stephen how to paint.

Ignat, who was sending money home to his wife and family, was producing paintings in huge quantities at his home. Stephen recalls he had a long table made of plywood with paintings side by side and it was like an old master’s workshop with the paintings coming off a conveyor belt. Stephen lent a hand and, what looked like an organised chaos came together, with Ignat giving Stephen hints on how to produce a painting. ▶▶

Artists in our midst CONTINUED

◀ At one time, the two wanted to replicate a baroque painting. After his uncle refused, Stephen befriended an American, who had studied in Florence, on the Internet and he taught him how to use layering to reproduce the painting, in particular *chiaroscuro*, starting with the dark colours. He went on to do many on-line courses to perfect his craft.

At around this time, Stephen started signing his artworks, and later on his photography, with 'zunkus'. This is a combination of the family nicknames of his mother, *taż-Żunżana*, and father, *tan-Nekus*. "It also sounded Greek and philosophical. I think it fits me," he said.

Stephen recalls how he went on to make a bozzetto of Mattia Preti's *God the Father* for his mother, who had an old print from a calendar that she had kept because the painting reminded her of her father. When his Uncle Alfred saw it hanging in her living room, he asked her who had made it and she told him it was Stephen.

"Ah, he got there anyway," was his response.

His next step as a designer took him to MPS, where he not only worked under the late Albert Pearson (also known as a goalkeeper with Rabat and Malta), complementing his output and venturing further into logo design, but also worked with Vince Briffa at an MPS subsidiary, Picture Box, in the design of graphics and storyboards for TV and with various photographers, learning about the use of light and their limitations.

He realised that everything is intertwined. In the technical area, at the airport, he was chosen to specialise on work on radars, adapting the filtering and tracking technique to enhance some objects and cause others to merge into the background.



When Vince Briffa set up a school in Valletta, Stephen started teaching illustration and Photoshop. Coincidentally, Ray Pitre was teaching painting and Stephen made it a point to go in earlier to attend his classes. "Ray taught me a lot about how to think" and then, he adds, he went on to work alongside him.

Stephen was separated from his first wife in 2011. He has three children from that relationship: Stephanie, 30; Sean, 26; and Samuel, 24. Four years ago, when Stephen became the father of twins, Amy and Thomas, from his relationship with Heidi Buttigieg, his life changed.

There were complications during the pregnancy and Thomas was diagnosed with a medical condition, NF1, when he was 18 months old. Stephen had to dedicate more time to the family and he started to focus more on photography since painting requires so much more time. He bought a good camera and, with his background in Photoshop, could lift even poor photos.

He gave up his design work and immersed himself in photography not just of the family but also of motorbikes in motion. He drew a parallel with the tracking of a plane on a radar and the panning shots he creates that are in such demand by those on two wheels. ▶▶

Artists in our midst CONTINUED

Three elements attracted him to motorcycles: the mechanic aspect, understanding the engine, how it works and the suspension; its dynamics; and the way you ride it, becoming part of the machine.

Stephen's art is moving towards the conceptual, but he is also attracted to portraits, complimenting the portrait photography of his children, to reveal the subject's true character over time by focusing on features and the emotions they reveal. He still does not know what he will be doing in five years' time, although his work at MATS remains a constant.

ON THE JOURNEY TO ARTISTIC EXPRESSION

There are numerous dimensions to **Ramon Vella Bamber**'s art – not just painting but also photography. He loves streetscapes, landscapes and nudes. All these subjects, combined with his photography, enable him to express himself, yet he feels there is still some way to go before he can express himself more fully.

Although he studied art at school, both at 'O' Level and at 'A' Level, he has taken art more seriously since

he turned 40. He counts among his teachers at De La Salle College the late Michael Stroud; then at Junior College there were the late Alfred Chircop and Paul Vella Critien.

His journey through art was suspended for about a decade when he embarked on his career as an air traffic controller, got married and raised a family. Yet art is in his blood. His father also paints and does sculpture, although he is not keen to promote his art, and Karl, one of his two sons of 19 and 14, also paints.

Then he resumed in 2013, attending a Landscapes and Seascapes Course at MCAST, special classes with Alfred Briffa, Figurative and Free Art at the Malta School of Art since 2014 as well as live classes in the Human Figure at the Malta Society of Art since 2016. Last year he returned to the Malta School of Art to attend a History of Art course.

Ramon likes to paint in acrylics and oils, using the impasto and palette knife style. He has painted *en plein air*, which he loves, but, apart from having to dedicate time, finds local weather conditions – cold and windy in winter and hot in summer (not good for the colours) – far from ideal. ▶▶



Artists in our midst CONTINUED

◀ His method produces a rough, textured finish and he is happy to work on any surface, be it canvas, board, a wooden pallet and even a rug, though he has never tried.

There are some restrictions on him practising his art because of the shift work he does, and he is limited in the time off he can take either to attend classes or to go out and paint. But he finds a way, taking leave when necessary.

He is inspired by the work of Monet and Van Gogh, but also the French Impressionists generally, modernist styles and cubism. He is working towards the summary abstract basis of cubism, which he finds a challenge, evoking a feeling through his choice of colours rather than the precise rendering of the subject.

Art for Ramon is a total break from work. “It is totally the opposite to what I do. I leave work; I don’t think about work; and it is not work related. Ours is a very meticulous job, where everything is procedural. You have to work by the rules. You have to think, not be

creative – Plan A, Plan B, Plan C always in the making because things can go wrong.

“I ensure planes travel safely within the Malta Flight Information Region and, in today’s world, you have to be expeditious. You can’t leave a plane for five minutes on the tarmac, for no reason, because that’s money.”

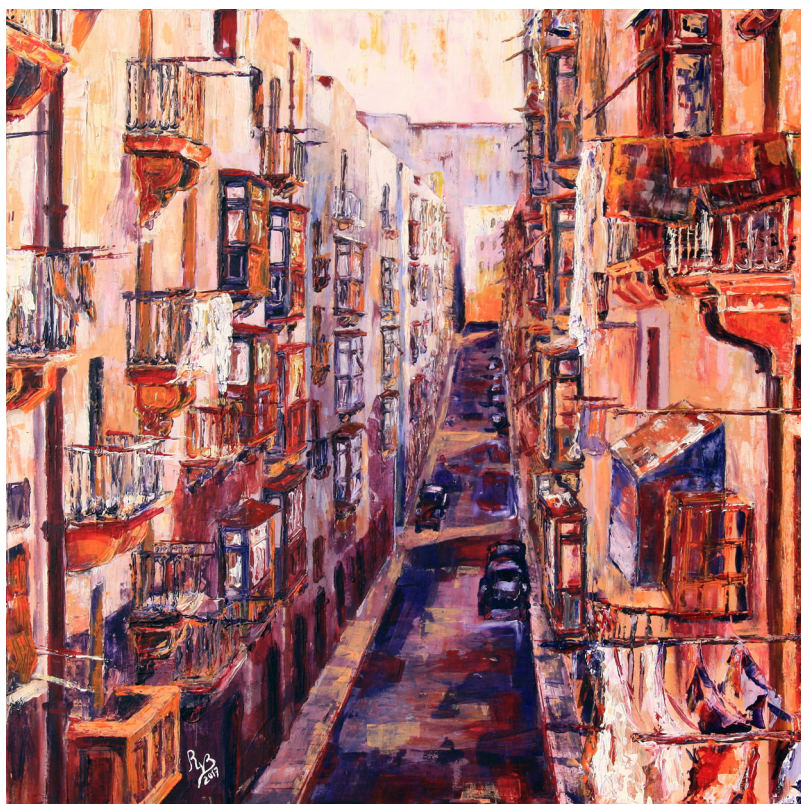
Ramon is rated for all four positions at MATS: Tower, which is split between Tower and Ground Control, Approach, which is controlling the arriving and departing traffic; and Area, the overflights,

“In art, you can evolve. There are no limits; there are no laws or rules. A lot of artists and teachers (talk about) the rules. Many advise us that ‘when you leave the class, break the rules’.”

When Ramon leaves the office, he will go home and paint in the extended part of his washroom on the roof of his house in Mosta. He needs to be in the mood. It is not a matter of setting a time and expecting the inspiration to ‘switch on’. The opposite could happen: he could have had an argument or disagreement at home, or got caught in the 5 p.m. rush hour traffic going into Valletta for an art class and the result “doesn’t have to be aggressive, (but) something simple and nice”.

Aged 46, Ramon initially started a Foundation course at University in anticipation of obtaining a better Pure Mathematics ‘A’ Level grade so that he could study Engineering but, in the meantime, decided to enrol in the Army to become an air traffic controller. He joined in April 1992 – 26 years ago – and did his first rating for Tower the following year.

He continued studying to obtain all four ratings and feels very settled in his job. Although he has been doing the same thing for 26 years, he sees his job constantly evolving with new equipment, procedures and training opportunities. ▶



Artists in our midst CONTINUED

“Last year, when I was preparing for my first solo exhibition, we spent all summer working on two systems, the new Air Traffic Management system, introduced in June, and the back-up. There was one situation when the new system went offline, so it was a good thing we were double manned. Practically all 53 air traffic controllers were always working.”

In terms of exhibitions, Ramon has taken part in a number of collective exhibitions, apart from having his first solo exhibition over two weeks last September, *Fuq tila li tkangi* (How the colours fused together on a canvas board), at the Razzett tal-Markiz Mallia Tabone in Mosta.

He exhibited around 40 paintings in all, spread over two rooms, with the theme of the first room being landscapes and that of the second, still lifes, paintings executed at the School of Art and nudes, enabling him to showcase his technique. Despite not seeking to make commercial gain as an artist, he is satisfied that he sold four paintings last year.

He feels very attached to his art, so selling a painting is like “selling a piece of your heart”. There is one particular work that hangs in his living room for which he has had several offers but refuses to let go. “It is a part of me.”

Among the collective exhibitions he has taken part in are two editions of FestArti (2015 and 2016) at the Razzett tal-Markiz, Notte Bianca 2016 at the Malta Society of Arts, Collettiva d’Arte 2016 in Syracuse, Sicily, Hagar Heart of Gozo Museum as part of the Victoria International Arts Festival 2017, the 1a Collettiva D’Arte in Cefala Diana 2017 in Palermo, Sicily, two at Hilltop Gardens in Naxxar, and at Casino Notabile in Rabat.

In 2018 he has just taken part in the exhibition at Montecristo during the Festa l-Kbira, one at the Gozo



Ministry and in August he exhibited his work in the open air as part of the Mellieha Summer Nights festival.

Ramon is keen to see his art evolving in the next five years, working towards his own, unique style, which he will show at his next solo exhibition. He wants people to have more opportunities to get to know his art and to try to link his photography with art on canvas.

His love for photography started at a young age and he was a keen aviation photographer with his Russian-made Zenith E 35 mm SLR. He has since moved on to Canon cameras, although he is happy to use the camera of his high-end mobile phone to take photos.

“There is no limit to where my art can take me, and I will probably be trying something else too,” he said.



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Directors, officers and other information

REGISTRATION

Malta Air Traffic Services Limited is registered in Malta as a limited liability company under the Companies Act (Cap. 386). The Company’s registration number is C27965.



Directors	Major Anthony Abela (Chairman) Mr Raymond Lanzon Prof. Ernest Cachia Dr John Vassallo Ms Xanthe Spiteri
Company Secretary	Dr Marouska Debono
Registered Office	Malta Air Traffic Services Malta International Airport Luqa
Bankers	Bank of Valletta Sky Parks Business Centre Luqa LQA 4000, Malta
Auditors	RSM Malta Mdina Road, Zebbug ZBG 9015, Malta

The Malta Air Traffic Services Limited Board of Directors with the CEO, Dr Ing. Kenneth Chircop (on right): Chairman Major Anthony Abela (second from right) and (from left) Mr Raymond Lanzon, Dr John Vassallo, Ms Xanthe Spiteri and Prof. Ernest Cachia.
Inset: Company Secretary Dr Marouska Debono.

Directors' Report

The directors submit their annual report and audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity, which remains unchanged since last year, is to provide air navigation services within the Malta Flight Information Region.

RESULTS AND DIVIDENDS

The results for the year are set out in the statement of comprehensive income on page 54. During the year, the directors proposed and paid an ordinary dividend of €500,000 (2016: €500,000).

REVIEW OF THE BUSINESS

The Company made a profit before tax of €3,975,197 for the year ended 31 December 2017 (2016: €11,432,692). The directors do not expect the present level of activity to be sustained at the same level as experienced in 2017.

EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred after the balance sheet date which require mention in this report.

FUTURE DEVELOPMENTS

The Company is not envisaging any changes in operating activities for the forthcoming year.

DIRECTORS

During the year ended 31 December 2017, the directors were as listed on page 51.

In accordance with the Company's Memorandum and Articles of Association, the present directors remain in office.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act (Cap. 386) enacted in Malta requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company as at the end of the financial year and of the profit or loss for that year.

In preparing the financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- select suitable accounting policies and apply them consistently; ➡

Directors' Report CONTINUED

- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on an accrual basis;
- value separately components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the financial statements in accordance with generally accepted accounting principles as defined in the Companies Act (Cap. 386) and in accordance with the provision of the same Act.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing, and

maintaining such internal controls as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

RSM Malta, Certified Public Accountants, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

The directors' report was approved by the Board of Directors and was signed on its behalf by:



MAJOR ANTHONY ABELA
Chairman

31 May 2017



MR. RAYMOND LANZA
Director

Statement Of Comprehensive Income

	Note	2017 €	2016 €
Turnover	4	25,356,075	30,841,318
Staff costs	9	(10,265,614)	(8,792,291)
Other operating expenses		(8,082,893)	(7,701,237)
Depreciation expense	11	(2,680,275)	(3,010,050)
Operating profit	7	4,327,293	11,337,740
Other income	5	315,629	158,043
Finance costs	6	(62,822)	(63,091)
Other losses		(604,903)	-
Profit before tax	7	3,975,197	11,432,692
Taxation	10	(1,397,581)	(4,030,035)
Profit for the financial year		2,577,616	7,402,657
Total comprehensive income for the year		2,577,616	7,402,657

Statement of Financial Position

AS AT 31 DECEMBER, 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Property, plant and equipment	11	10,081,262	10,449,827
Term deposits	23	6,500,000	9,500,000
Total non-current assets		16,581,262	19,949,827
Current assets			
Financial assets at fair value through profit or loss	12	1,594,839	1,559,791
Trade and other receivables	13	3,099,228	3,981,992
Cash and cash equivalents	22	2,882,022	1,108,335
Term deposits	23	17,500,000	13,278,518
Current tax receivable		693,161	-
Total current assets		25,769,250	19,928,636
TOTAL ASSETS		42,350,512	39,878,463
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	10,000,000	10,000,000
Retained earnings		25,667,845	23,590,229
TOTAL EQUITY		35,667,845	33,590,229
Non-current liabilities			
Provision for retirement benefits	17	765,233	718,384
Other financial liabilities	16	3,123,021	2,662,524
Deferred tax	19	433,150	601,791
Total non-current liabilities		4,321,404	3,982,699
Current liabilities			
Trade and other payables	14	2,288,312	635,436
Other financial liabilities	16	67,966	67,966
Bank overdraft	15	4,985	5,444
Taxation		-	1,596,689
Total current liabilities		2,361,263	2,305,535
TOTAL LIABILITIES		6,682,667	6,288,234
TOTAL EQUITY AND LIABILITIES		42,350,512	39,878,463

The financial statements set out on pages 54 to 75 have been authorised for issuance by the Board of Directors on 31 July 2018 and were signed on its behalf by:



MAJOR ANTHONY ABELA
Chairman



MR. RAYMOND LANZON
Director

Statement of Changes in Equity

	Note	Share capital €	Retained earnings €	Total equity €
Financial year ended 31 December, 2016				
Balance at 01 January, 2016		10,000,000	16,687,572	26,687,572
Total comprehensive income for the year:				
<i>Profit for the financial year</i>		-	7,402,657	7,402,657
Dividends declared and paid during the year	21	-	(500,000)	(500,000)
Balance at 31 December, 2016		10,000,000	23,590,229	33,590,229
Financial year ended 31 December, 2017				
Balance at 01 January, 2017		10,000,000	23,590,229	33,590,229
Total comprehensive income for the year:				
<i>Profit for the financial year</i>		-	2,577,616	2,577,616
Dividends declared and paid during the year	21	-	(500,000)	(500,000)
Balance at 31 December, 2017		10,000,000	25,667,845	35,667,845

Statement of Cash Flows

	Note	2017 €	2016 €
Cash flows from operating activities:			
Profit before tax		3,975,197	11,432,692
Adjustments for:			
Depreciation	11	2,680,275	3,010,050
Provision for bad debts		190,683	337,084
Interest expense	6	62,822	63,091
Retirement benefit expense	9	46,849	-
Gain on disposal of investment	5	(14,944)	(21,612)
Decrease/(increase) in fair value of financial assets at fair value through profit or loss	5	(20,104)	5,614
Interest income	5	(280,581)	(142,045)
Profit from operations		6,640,197	14,684,874
Decrease in trade and other receivables		692,081	10,260
Increase/(decrease) in trade and other payables		1,652,876	(1,111,529)
Cash from operating activities		8,985,154	13,583,605
Interest paid		(233)	(241)
Payments of income taxes		(3,856,072)	(3,283,466)
Net cash generated from operating activities		5,128,849	10,299,898
Cash flows from investing activities:			
Acquisition of property, plant and equipment	11	(2,311,710)	(786,973)
Proceeds from disposal		-	4,581
Movement in term deposits		(1,221,482)	(10,778,518)
Interest received	5	280,581	142,045
Net cash used in investing activities		(3,252,611)	(11,418,865)
Cash flows from financing activities:			
Dividends paid	21	(500,000)	(500,000)
Proceeds from cash advances from related parties - net		397,908	397,908
Net cash used in financing activities		(102,092)	(102,092)
Net increase/(decrease) in cash and cash equivalents		1,774,146	(1,221,059)
Cash and cash equivalents at beginning of year		1,102,891	2,323,950
Cash and cash equivalents at end of year	22	2,877,037	1,102,891

Notes to the Financial Statements

1. NEW AND REVISED STANDARDS

During the year under review, Malta Air Traffic Services Limited ("the Company") has adopted a number of new standards and interpretations, or amendments thereto, issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the European Union. The directors are of the opinion that the adoption of these standards and interpretations, or amendments thereto, did not have a material impact on these financial statements.

At the date of the statement of financial position, certain new standards and interpretations, or amendments thereto, were issued and endorsed by the European Union, but not yet effective for the current financial year. There have been no instances of early adoption of standards and interpretations, or amendments thereto, ahead of their effective date. The directors anticipate that the adoption of the new standards and interpretations, or amendments thereto, will not have a material impact on the financial statements upon initial application.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Accounting convention and basis of preparation


These financial statements are prepared in accordance with the provisions of the Companies Act (Cap. 386) enacted in Malta which require adherence to International Financial Reporting Standards (IFRS) as adopted by the European Union. These financial statements are prepared under the historical cost convention.

These financial statements are presented in Euro (€) which is the Company's functional currency.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The directors have considered the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgments are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Company's directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their disclosure in terms of the requirements of IAS 1.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised 

Notes to the Financial Statements CONTINUED

◀ to the extent that it is probable that future economic benefits will flow to the Company and that these can be measured reliably.

Provision of services

Revenue arising from provision of services is recognised in the period in which the services are rendered.

Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding amount and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

Government grants

Government grants are recognised when there is reasonable assurance that all the conditions attaching to them are complied with and the grants will be received. Government grants related to income are recognised in profit or loss over the period necessary to match them with the related costs to which they are intended to compensate, on a systematic basis. Such grants are presented as a credit in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are initially measured at cost, which comprises their purchase prices, as well as other expenditures directly attributable to bringing the assets to the location and condition for their intended use. Subsequently, expenditures relating to the assets are added to the carrying values of the assets when it is probable that future economic benefits associated with the assets, in excess of the originally assessed standards of performance, will flow back to the Company. All other subsequent expenditures are recognised in profit or loss.

Depreciation is calculated on the straight-line method to write-off the cost of each asset to its residual value over its estimated useful life as follows:

	%
Plant and machinery	20
Furniture, fixtures & other equipment	10-33.33
Motor vehicles	20
Technical equipment	12.5
Land & buildings	1.5
Radar equipment	12.5 ▶▶

Notes to the Financial Statements CONTINUED

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are measured at amortised cost using the effective interest method. This method uses a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, and through the amortisation process.


Trade receivables

Trade receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets classified as held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the short term. Derivative financial instruments are included as held for trading, except for derivatives designated as effective hedge instruments. Financial assets at fair value through profit or loss are carried at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method. Bank loans are carried at face value due to their market rate of interest. Subsequent to initial recognition, interest-bearing overdrawn bank balances are carried at face value in view of their short-term maturities. 

Notes to the Financial Statements CONTINUED

Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest rate method, unless the effect of discounting is immaterial.

Trade payables

Trade payables are classified as current liabilities stated at their nominal value.

Provisions

A provision is recognised when, as a result of a past event, the Company has a present obligation that can be estimated reliably and it is probable that the Company will be required to transfer economic benefits in settlement. Provisions are recognised as a liability in the balance sheet and as an expense in profit or loss or, when the provision relates to an item of property, plant and equipment, as part of the cost of the underlying assets.

Impairment

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.


The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Borrowing costs

Borrowing costs, including those costs that are directly attributable to the acquisition, construction or production of qualifying assets, are recognised as an expense in profit or loss in the period in which they are incurred.

All borrowings are initially recognised at cost, being the fair value of the consideration received and including acquisition charges associated with the borrowings.

Borrowing costs are recognised as an expense in the period in which they are incurred. 

Notes to the Financial Statements CONTINUED

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

At the commencement of the lease term, assets held under finance leases, and the corresponding liabilities, are recognised on the statement of financial position at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent to initial recognition, capitalised leased assets are tested for impairment in accordance with the Company's accounting policy on impairment and are fully depreciated in accordance with the Company's accounting policy on plant and equipment over the shorter of the lease term and their useful life, unless there is reasonable certainty that the Company will obtain ownership by the end of the lease term, in which case the assets are depreciated over the period of their useful life.


The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between the finance charge and the reduction of the outstanding lease obligations. Finance charges are recognised in profit or loss.

Rent payable under operating leases, less the aggregate benefit of incentives received from the lessor, are recognised as an expense in profit and loss on a straight-line basis over the lease terms unless another systematic basis is more representative of the pattern of the user's benefit.

Tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss, except to the extent when the tax arises from an event recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates which have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to the investment in a subsidiary to the extent that the Company is able to control the timing of the reversal of temporary differences and it is probable that those temporary differences will not reverse in the foreseeable future. Deferred tax assets for the carry forward of unused tax losses are recognised to the 

Notes to the Financial Statements CONTINUED

◀ extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Employee benefits

The Company contributes towards the state pension in accordance with local legislation. The only obligation of the Company is to make the required contributions. Costs are expensed in the period in which they are incurred.

Retirement benefit costs

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with estimations being carried out at the end of each reporting period. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation.

Termination benefits

Termination benefits are recognised as a liability and an expense when the entity is demonstrably committed to either terminate the employment of an employee (or group of employees) before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Where termination benefits fall due more than twelve months after the end of the reporting period, they are discounted unless the effect of discounting is considered to be immaterial.

Foreign currencies

The underlying transactions in these financial statements items are measured in the Company's functional currency, which is the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies have been converted to Euro at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated to Euro at the rates of exchange ruling at the date of the statement of financial position. All resulting differences are taken to profit or loss.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts.

Notes to the Financial Statements CONTINUED

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, including other key sources of estimation uncertainty, at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Funds from shareholder

The annual funds obtained from the main shareholder amounting to €2,329,373 are allocated between income from government as a compensation for loss of revenue from the exemption of military traffic, and loan from shareholder. The annual percentage allocation of 80:20 ratio being applied on the funds is based on management's best estimate and judgment.

4. TURNOVER

	2017 €	2016 €
Provision of air traffic control services		
En-route traffic	17,103,641	22,250,730
Terminal traffic	5,305,517	5,505,678
Exempt traffic	1,863,499	1,863,499
Maintenance and technical fees	1,083,418	1,221,411
	25,356,075	30,841,318

5. OTHER INCOME

	2017 €	2016 €
Interest income on bank deposits	280,581	142,045
Gain on disposal of financial assets at fair value through profit or loss	14,944	21,612
Net gain/(loss) from changes in fair value of financial assets at fair value through profit or loss (Note 12)	20,104	(5,614)
	315,629	158,043

Notes to the Financial Statements CONTINUED

6. FINANCE COSTS

	2017	2016
	€	€
Interest on bank overdraft	233	241
Interest on finance leases	62,589	62,850
	<u>62,822</u>	<u>63,091</u>

7. PROFIT BEFORE TAX

The profit before tax is stated after charging:

	2017	2016
	€	€
Staff costs (Note 9)	10,265,614	8,792,291
Auditors' remuneration	3,000	3,000
Depreciation (Note 11)	2,680,275	3,010,050

8. KEY MANAGEMENT PERSONNEL COMPENSATION

	2017	2016
	€	€
Directors' remuneration	25,157	26,089

9. STAFF COSTS AND EMPLOYEE INFORMATION

Staff costs incurred during the year were as follows:

	2017	2016
	€	€
Wages & salaries	9,902,554	8,491,010
Social security costs	316,211	301,281
Retirement benefit expense (Note 17)	46,849	-
	<u>10,265,614</u>	<u>8,792,291</u>

The average number of persons employed by the Company during the year were as follows:

	2017	2016
Operations	52	54
Technical	46	42
Administration	51	49
	<u>149</u>	<u>145</u>

Notes to the Financial Statements CONTINUED

10. TAXATION

The tax charged to profit or loss comprised of the following:

	2017 €	2016 €
Current tax expense	1,566,222	4,062,543
Deferred tax credit (Note 19)	(168,641)	(32,508)
	<u>1,397,581</u>	<u>4,030,035</u>

The tax on the Company's profit differs from the theoretical tax expense that would arise using the applicable tax rate in Malta of 35% as follows:

	2017 €	2016 €
Profit before tax	<u>3,975,196</u>	<u>11,432,692</u>
Theoretical tax expense at 35%	1,391,319	4,001,442
Tax effect of:		
Expenses not deductible for tax purposes	2,036	140,642
Excess of carrying amount of tangible fixed assets over tax base	68,417	4,460
Income taxed at 15%	(56,116)	(28,409)
Non taxable income	(8,075)	(88,100)
	<u>1,397,581</u>	<u>4,030,035</u>

Notes to the Financial Statements CONTINUED

11. PROPERTY, PLANT AND EQUIPMENT

	Assets under construction €	Plant and machinery €	Furniture, fixtures & other equipment €	Motor vehicles €	Technical equipment €	Land & buildings €	Radar equipment €	Total €
Cost								
Opening balance	248,723	92,560	1,254,851	382,916	12,868,417	4,528,062	17,754,875	37,130,404
Additions	-	-	175,383	-	523,059	195,476	1,417,792	2,311,710
Balance at 31 December, 2017	248,723	92,560	1,430,234	382,916	13,391,476	4,723,538	19,172,667	39,442,114
Accumulated depreciation								
Opening balance	-	(92,560)	(826,844)	(302,131)	(7,864,838)	(2,951,299)	(14,642,905)	(26,680,577)
Depreciation	-	-	(190,193)	(14,906)	(1,335,301)	(204,132)	(935,743)	(2,680,275)
Balance at 31 December, 2017	-	(92,560)	(1,017,037)	(317,037)	(9,200,139)	(3,155,431)	(15,578,648)	(29,360,852)
Carrying amount								
At 31 December 2016	248,723	-	428,007	80,785	5,003,579	1,576,763	3,111,970	10,449,827
At 31 December, 2017	248,723	-	413,197	65,879	4,191,337	1,568,107	3,594,019	10,081,262

The carrying amount of the Company's buildings include €999,175 (2016: €1,019,452) in respect of assets held under finance leases.

Notes to the Financial Statements CONTINUED

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 €	2016 €
<i>Fair value</i>		
At beginning of the year	1,559,791	1,543,793
Net (loss)/gain from changes in fair value during the year	20,104	(5,614)
Portfolio movements	14,944	21,612
At end of the year	1,594,839	1,559,791

13. TRADE AND OTHER RECEIVABLES

	2017 €	2016 €
Trade receivables	2,361,310	2,568,496
Accrued Income	549,915	1,258,787
Prepayments	105,325	71,535
VAT receivables	82,678	83,174
	3,099,228	3,981,992

Accrued income is stated net of provision for bad debts amounting to €2,570,399 (2016: €2,379,716).

14. TRADE AND OTHER PAYABLES

	2017 €	2016 €
Trade payables	695,543	566,339
Accruals and deferred income	1,592,769	69,097
	2,288,312	635,436

15. BANK OVERDRAFT AND LOAN

	2017 €	2016 €
Bank overdrafts	4,985	5,444

As at 31 December 2017, the Company has bank overdraft facilities of €698,801 (2016: €698,801). The outstanding bank overdraft as at 31 December 2017 is secured by general hypothec over the Company's assets. The average rate of interest during the year was 5.15% (2016: 5.15%).

Notes to the Financial Statements CONTINUED

16. OTHER FINANCIAL LIABILITIES

	2017 €	2016 €
Amounts owed to government	1,969,086	1,503,211
Obligations under finance lease (Note 18)	1,221,901	1,227,279
	3,190,987	2,730,490

Other financial liabilities are repayable as follows:

	2017 €	2016 €
On demand or within one year	67,966	67,966
In the second year	67,966	67,966
In the third year	67,966	67,966
In the fourth year	67,966	67,966
In the fifth year	67,966	67,966
After five years	2,851,157	2,390,660
	3,190,987	2,730,490
Less: Amounts due for settlement within 12 months	(67,966)	(67,966)
Amount due for settlement after 12 months	3,123,021	2,662,524

Amounts owed to government are unsecured and interest-free. There is no fixed date for repayment and the Company has an unconditional right to defer settlement of the amount due for twelve months after the reporting period.

17. PROVISION FOR RETIREMENT AND TERMINATION BENEFITS

The provision for retirement benefits is unfunded and represents the year-end provision for possible future liabilities relating to pensions of employees who joined the public service before 15 January 1979 and were transferred to the Company. The provision has been computed in accordance with the accounting policy stated in Note 2 and represents the Company's obligation discounted to the net present value at the rate of 7% after considering the average life expectancy of such employees and expected increases in salaries, where applicable.

The movement in the provision for retirement benefits may be analysed as follows:

	2016 €	2015 €
At beginning of the year	718,384	701,373
Retirement benefit expense	46,849	-
At end of the year	765,233	718,384

Notes to the Financial Statements CONTINUED

18. OBLIGATIONS UNDER FINANCE LEASE

	2017	Minimum lease payments	2017	Present value of minimum lease payments
	€	2016 €	€	2016 €
Amounts payable under finance leases:				
Within one year	67,966	67,966	62,589	62,589
Between two to five years	271,866	271,866	246,226	247,471
After five years	3,058,492	3,126,457	913,086	917,219
	3,398,324	3,466,289	1,221,901	1,227,279
Less: future finance charges	(2,176,422)	(2,239,011)	-	-
Present value of lease obligations (Note 16)	1,221,901	1,227,279	1,121,901	1,227,279
Less: amounts included in current liabilities	(67,966)	(67,966)		
Amounts included in non-current liabilities	1,153,935	1,159,313		

It is the Company's policy to lease its buildings under finance leases. The original lease term was 63 years with a fixed effective borrowing rate of 5.10%. The lease is on a fixed repayment basis denominated in Euro and no arrangements have been entered into for contingent rental payments. The fair value of the finance lease obligation approximates their carrying amount. The finance lease obligation is secured with the assets to which they relate (Note 11).

Notes to the Financial Statements CONTINUED

19. DEFERRED TAX

The movement in deferred tax during the year is analysed as follows:

	2017 €	2016 €
At the beginning of year	(601,791)	(634,299)
Deferred tax expense (Note 10)	168,641	32,508
At end of the year	<u>(433,150)</u>	<u>(601,791)</u>

Deferred income taxes are calculated on all temporary differences under the liability method using a principal rate of 35%. The balances represents the following:

	2017 €	2016 €
Tax effect of temporary differences arising from:		
– the net book value of property, plant and equipment and their tax base	(1,600,621)	(1,686,126)
– provisions	1,167,471	1,084,335
	<u>(433,150)</u>	<u>(601,791)</u>

20. SHARE CAPITAL

	2017 €	2016 €
Authorised		
10,000,000 ordinary shares of €2 each	<u>20,000,000</u>	<u>20,000,000</u>
Issued and fully paid up		
5,000,000 ordinary shares of €2 each	<u>10,000,000</u>	<u>10,000,000</u>

21. DIVIDENDS

	2017 €	2016 €
Gross of income tax		
Ordinary shares dividend	<u>769,231</u>	<u>769,231</u>
Net of income tax		
Ordinary shares dividend from Malta Tax Account	<u>500,000</u>	<u>500,000</u>

Notes to the Financial Statements CONTINUED

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the cash flow statement are as follows:

	2017 €	2016 €
Bank balances	2,882,022	1,108,335
Bank overdraft (Note 15)	(4,985)	(5,444)
	<u>2,877,037</u>	<u>1,102,891</u>

23. TERM DEPOSITS

	2017 €	2016 €
Maturing within one year		
1-year fixed deposits	17,500,000	13,278,518
Maturing after one year		
2-year fixed deposits	6,500,000	6,500,000
3-year fixed deposit	-	3,000,000
	<u>6,500,000</u>	<u>9,500,000</u>
	<u>24,000,000</u>	<u>22,778,518</u>

24. OPERATING LEASE

	2017 €	2016 €
Minimum lease payments under operating leases recognised as an expense for the year	<u>2,261,406</u>	<u>2,261,406</u>

At the end of the reporting period, the company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2017 €	2016 €
Within one year	2,261,406	2,261,406
Between one and five years	9,045,624	9,045,624
Over five years	101,763,318	104,024,724
	<u>113,070,348</u>	<u>115,331,754</u>

Operating lease payments represent ground rent payable by the company for a number of sites originally acquired for a 63-year period. The Government of Malta leased these sites to the company to enable the operations of the company with respect to navigational transmitting operations.

Notes to the Financial Statements CONTINUED

25. RELATED PARTY DISCLOSURES

	2017 Related party activity €	Total activity €		2016 Related party activity €	Total activity €	
Transactions with ultimate controlling party:						
Revenue	1,863,499	25,356,075	7.3%	1,863,499	30,841,318	6.0%
Administrative expenses	2,261,406	8,082,893	28.0%	2,261,406	7,701,237	29.3%

26. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 31 December 2017 and 2016 the carrying amounts of financial assets and financial liabilities classified as current assets and current liabilities, respectively, approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of non-current financial liabilities are not materially different from their carrying amounts.

27. FINANCIAL RISK MANAGEMENT

The exposures to risk and the way risks arise, including the Company's objectives, policies and processes for managing and measuring those risks, are disclosed in detail below.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of receivables and cash at banks.

Receivables are presented net of allowance for doubtful debts. Allowance for doubtful debts is recognised when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit risk with respect to receivables is limited due to the nature of the Company's operations where the receipt of receivables is administered and overseen by a central European agency.

Cash at banks are placed with reliable financial institutions.

The carrying amounts of financial assets recorded in the financial statements, which are net of impairment losses, represents the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained. ➡

Notes to the Financial Statements CONTINUED

◀ The Company assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors. Management considers the credit quality of these financial assets as being acceptable.

Currency risk

Foreign currency transactions arise when the Company buys or sells goods or services denominated in foreign currency, borrows funds when the amounts payable or receivable are denominated in foreign currency or acquires or disposes of assets, or incurs or settles liabilities, denominated in foreign currency. Foreign currency transactions are mainly denominated in GBP.

Liquidity risk

The Company monitors and manages its risk of a shortage in funds by maintaining sufficient cash. Management does not consider that the Company is significantly exposed to liquidity risk.

Interest rate risk

The Company has taken out government facilities to finance its operations as disclosed in Note 16. The interest rates thereon and the terms of such borrowings are disclosed accordingly. The effective borrowing rate of finance lease obligations is disclosed in Note 18.

The Company is exposed to cash flow interest rate risk and fair value interest rate risk on borrowings carrying a floating interest rate.

Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its financing arrangements.

Price risk

The Company is exposed to price risks arising from its holding of certain investments classified on its statement of financial position at fair value through profit or loss.

The carrying amounts of financial instruments at the reporting date which could potentially subject the Company to price risk are disclosed in the notes to the financial statements.

Sensitivity analysis

The Company has used sensitivity analysis techniques that measure the change in the fair value and cash flows of the Company's financial instruments at the reporting date for hypothetical changes in the relevant market risk variables. The sensitivity of profit or loss and equity due to changes in the relevant risk variables are set out below. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets. The sensitivity analysis is for illustrative purposes only, since in practice market rates rarely change in isolation and are likely to be interdependent. ▶▶

Notes to the Financial Statements CONTINUED

◀ The estimated change in fair values for changes in financial instrument prices is based on an instantaneous increase or decrease of 2% at the reporting date, with all other variables remaining constant.

	2017 €	2016 €
Profit or loss		
Financial instrument prices	<u>+/- 31,897</u>	<u>+/- 31,196</u>

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in Notes 15 and 16, cash and cash equivalents disclosed in Note 22 and items presented within equity in the statement of financial position.

The Company's directors manage the Company's capital structure in the light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on the directors' recommendations, the Company balances its overall capital structure through the payment of dividends, issuance of new shares, as well as the issuance of new debt, or the redemption of existing debt.

The Company's overall strategy remains unchanged from the prior year.

28. STATUTORY INFORMATION

The Company is a limited liability company incorporated in Malta.

The Company is a subsidiary of Malta Government Investments Ltd, an entity registered in Malta, with its registered address at Clock Tower, Level 1, Tigne Point, Sliema, Malta.

The ultimate controlling party of the Company is the Government of Malta.

Independent Auditors' Report

To the members of Malta Air Traffic Services Limited

Report on the Audit of the Financial Statements

OPINION

We have audited the accompanying financial statements of Malta Air Traffic Services Limited ("the Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 54-75.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance, and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and have been properly prepared in accordance with the Companies Act (Cap. 386).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of

the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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


OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the general information and the directors' report. Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Companies Act (Cap. 386).

In light of knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have 

Independent Auditors' Report CONTINUED

◀ identified material misstatements in the other information, including the directors' report. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, ▶

Independent Auditors' Report CONTINUED

- ◀ we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This copy of the audit report has been signed by:



JOSEPH ELLUL FALZON (Partner)

for and on behalf of

RSM Malta
Certified Public Accountants

31 July 2018



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Detailed Statement of Comprehensive Income

SCHEDULE I

	2017	2017	2017	2016
	€	En-route €	Terminal €	€
Revenue	25,356,075	17,103,641	8,252,434	30,841,318
Staff costs	(10,265,614)	(8,212,491)	(2,053,123)	(8,792,291)
Other operating expenses	(8,082,893)	(7,450,921)	(631,972)	(7,701,237)
Depreciation expense	(2,680,275)	(2,144,220)	(536,055)	(3,010,050)
Other income	315,629	-	315,629	158,043
Finance costs	(62,822)	(50,258)	(12,564)	(63,091)
Other losses	(604,903)	-	(604,903)	-
	<u>3,975,197</u>	<u>(754,249)</u>	<u>4,729,446</u>	<u>11,432,692</u>

Revenue

SCHEDULE II

	2017	2017	2017	2016
	€	En-route €	Terminal €	€
<i>Provision of air traffic control services:</i>				
En-route traffic	17,103,641	17,103,641	-	22,250,730
Terminal traffic	5,305,517	-	5,305,517	5,505,678
Exempt traffic	1,863,499	-	1,863,499	1,863,499
Maintenance Fees	1,083,418	-	1,083,418	1,221,411
	25,356,075	17,103,641	8,252,434	30,841,318

Other operating expenses

SCHEDULE III

	2017	2017	2017	2016
	€	En-route €	Terminal €	€
Rent	2,261,406	2,103,073	158,333	2,261,406
Eurocontrol contribution	1,147,914	1,147,914	-	813,033
Regulatory and supervisory costs	1,043,988	1,043,988	-	1,139,831
Meteorological services	745,839	648,880	96,959	745,456
Repairs and maintenance	643,250	559,628	83,622	331,013
Training	508,272	442,197	66,075	587,721
Insurance	433,941	377,529	56,412	403,685
Communication expenses	303,843	264,343	39,500	302,845
Water and electricity	211,620	184,110	27,510	207,457
Provision for doubtful debts	190,683	165,894	24,789	337,084
Legal and professional fees	96,434	83,897	12,537	122,990
Travelling	83,665	72,788	10,877	108,001
Cleaning	82,520	71,792	10,728	73,406
Motor vehicle expenses	67,991	59,152	8,839	48,765
Subscriptions	61,101	53,158	7,943	50,935
Printing and stationery	53,777	46,786	6,991	44,803
General expenses	35,486	31,808	4,678	12,102
Bad debts	35,425	30,820	4,605	31,726
Directors' fees	25,157	21,887	3,270	26,089
Medical fees	11,329	9,856	1,473	10,567
Hire of equipment	6,617	5,757	860	10,436
Carriage	6,264	5,450	814	5,082
Donations	5,500	4,785	715	3,852
Advertising	4,570	2,285	2,285	41
Entertainment	4,330	3,767	563	5,134
Staff welfare	3,712	3,230	482	3,671
Audit fee	3,000	2,610	390	3,000
Bank charges	1,746	1,397	349	2,396
Registration fees	1,450	1,262	188	1,400
Sponsorship	665	532	133	10,152
Penalties & fines	320	278	42	58
Safety wear	78	68	10	1,110
Security services	-	-	-	-4,010
	8,082,893	7,450,921	631,972	7,701,237



MALTA AIR TRAFFIC
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