



ANNUAL REPORT *2021.*

& FINANCIAL STATEMENTS

M A L T A A I R T R A F F I C S E R V I C E S



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Chairman's Message

GEORGE BORG MARKS

Sometimes "life comes full circle", as they say!
In my case, it has almost done so.

I started my career in aviation back in 1978 as a trainee Air Traffic Controller and, after many years in aviation, I have come back to Malta Air Traffic Services, moving away from the being their Regulator to being the Chairman of the Board of Directors. It is with great pleasure that I am writing these few words as my introductory message to the Company's Annual Report for 2021.

Continuing on from 2020, the year 2021 has not been very different. The effects of COVID-19 persisted and, with travel restrictions and the understandable fear of travellers, the end results on the Company have been very serious. The loss of traffic, either transiting through the Malta Flight Information Region or arriving at and departing from Malta, meant that the Company made a serious loss in revenue. In order to ensure that the Company would be able to withstand the onslaught of COVID-19 effects, all major projects were put on hold or even cancelled altogether. Only technical projects that were essential for ensuring continuity of service were allowed to go ahead as planned. This drastic but necessary action meant that even mandatory implementation of certain projects that are required by European Regulation had to be put on hold or had to move at a slower pace, sometimes due to factors that were beyond the Company's control.

COVID-19 also had its effects on the staff, with some having had to stay at home under quarantine leaving the burden of the tasks that had to be performed to their colleagues who took up the challenge without thinking twice – such is the dedication to duty of our loyal staff in Finance and Administration, Human Resources, Technical Support, Operations, Aeronautical Information Management and Training, Safety, Quality, Security and Compliance Management and other support staff.

"The effects of COVID-19 persisted and, with travel restrictions and the understandable fear of travellers, the end results on the Company have been very serious."



“One hopes that things will continue in a positive manner for the benefit not only of the Company, its employees and their families but also for the economy of the country.”

« Things started to take a turn for the better during the last quarter of the year when confidence of the travelling public started to re-emerge slowly and air traffic started a gradual upward trend, giving the Company a much needed breath of fresh air. One hopes that things will continue in a positive manner for the benefit not only of the Company, its employees and their families but also for the economy of the country.

I pause here to salute my two predecessors, Maj. Anthony Abela (retd), who resigned from the post in May 2021, and Maj. Joe Sultana (retd), who took over from him and who handed over to me in November 2021. I have known them both since the time that I entered the Air Traffic Services scene back in 1978. Both have rendered sterling service to the Maltese Air Traffic Services, the former as Head of Technical Services, and the latter as an Air Traffic Controller and later on as Senior Air Traffic Controller in charge of the operational side of ATC. Their loyalty to Air Traffic Services, together with their dedication to duty and their good qualities of leadership, earned respect by everyone.

In my capacity as Chairman and on behalf of the members of the Board of Directors, I wish to thank you All. You make us proud by the efficiency that you provide such an essential service, not only to the travelling public and aircraft operators but to the country in general. Especially during this period of recovery, I urge you to continue providing safe and efficient air traffic management to all airspace users and on our International Airport. I must not forget to thank the respective Unions for their support, cooperation and understanding of this unusual situation.

Thank you and keep up the good work.

»



Chief Executive Officer's Message

DR ING. KENNETH CHIRCOP

2021 started at the middle of a global pandemic that not only changed the world as we knew it, but hit the airline industry the hardest since the second world war.

Nevertheless, the year started with great optimism. Widely available vaccines were around the corner, and hopes were that this was the start of the end of COVID-19 and the return to life without restrictions especially those related to travel.

Traffic levels at European and national level followed closely the pandemic situation. In 2020, Eurocontrol based the forecast of 2021 - 2024 on three scenarios which consider the availability of the COVID vaccine and the confidence of passengers in air travel. Scenario 1 considers that the vaccine is widely made available for travellers by Summer 2021 and an optimistic traffic growth of 54.6% is foreseen over 2020. Scenario 2 considers that vaccine is widely available for travellers by Summer 2022 and in this scenario, Malta ACC is expecting a marginal increase of 10.9% is forecasted. Scenario 3 features an environment with a lingering infection and low passenger confidence which would register a slight rise of 8.9% increase in traffic over the previous year.

“In 2021 Malta ACC handled a total of 15,923 arrivals, 15,972 departures and 39,960 overflights.”

Nevertheless, in 2021 Malta ACC handled a total of 15,923 arrivals, 15,972 departures and 39,960 overflights. Translated into time, Malta ACC provided 44,890.85 hours of service. [Source: NM STATFOR]

STATFOR statistics show that the inbound traffic to LMML increased by 33.3% over the previous year while outbound movements measured a percentage growth of 26.4%. For enroute traffic, a growth of 21.1% has been measured.

“We look forward to the time when COVID-19 is no longer a concern, when air traffic starts hitting records again.”

In 2021, traffic had started to gain traction however the COVID omicron variant came as a surprise and aviation suffered yet another blow.

Despite the difficult circumstances, MATS continued to deliver an impeccable service irrespective of the traffic levels in the Flight Information Region.

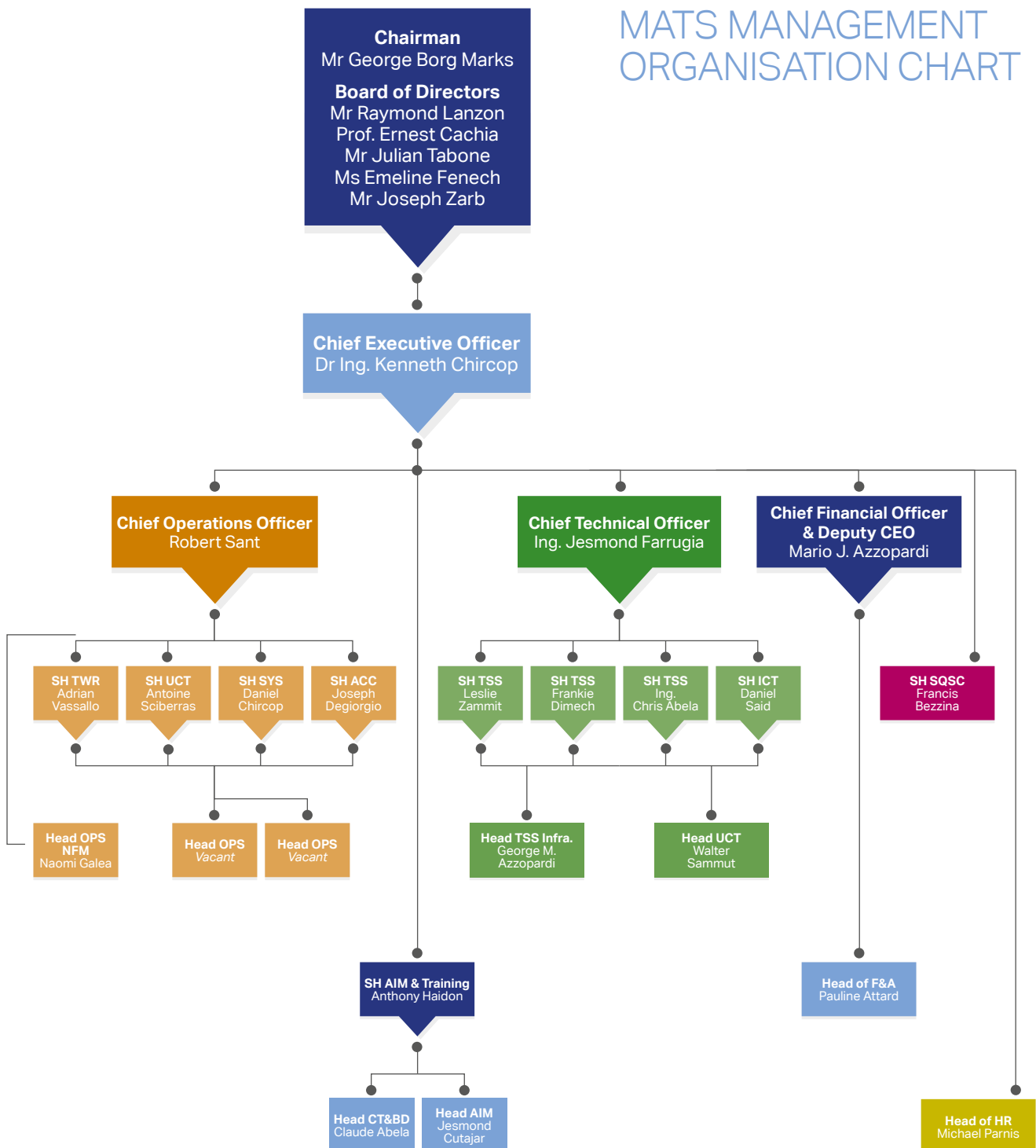
MATS continued working on several projects of strategic importance to ensure that it provides the best service to its users. In 2021, huge efforts were afforded towards the Datalink project. This project, once operational, will provide digital Controller-Pilot Data Link Communications (CPDLC), enabling a more efficient communication channel over VHF, and thereby supporting the Single European Sky's efforts in increasing capacity in European Airspace. The project is based on three pillars: the air-ground transmitting/receiving station, the communication network – both internal and with neighbouring ENAV, and the upgrade of the Air Traffic Management system used by Air Traffic Controllers. The three pillars were addressed throughout the year, reaching important milestones that will support the deployment of the system in 2022. Other projects that were addressed, amongst others, included

the transition to Mode-S surveillance, the development of a Security Operations Centre to further improve the cybersecurity infrastructure, the upgrade of the Searidge video recording system and the redefinition of the New ATCC project which was heavily impacted by the financial repercussions being faced by the Company due to the pandemic.

On the regulatory and compliance side, 2021 was a very busy year which included the preparation of a large number of complicated safety cases and safety assessments, internal and external audits and collaboration with peers at EUROCONTROL and CANSO levels.

Last year's closing statement, is still applicable this time round for the second time in a row. All this would not have been possible without the professionalism and flexibility of MATS management and staff, as together we navigated some very stormy waters. We look forward to the time when COVID-19 is no longer a concern, when air traffic starts hitting records again, when the challenges we were accustomed to, return. It will take a while, but I am confident that we will get there with patience and perseverance!

MATS MANAGEMENT ORGANISATION CHART





Finance & Administration

MARIO J. AZZOPARDI

DEPUTY CEO AND CHIEF FINANCIAL OFFICER

2021 was another exceptional year for MATS since the negative effects of the Covid-19 pandemic continued to be felt during this year albeit the air traffic industry started to recover at a slow pace.

Consequently, during the financial year ending on 31 December, 2021, MATS registered a loss before tax of €4.278 million (loss of €4.324 million after tax) and this resulted in a 16.5% decrease in the company's net asset value. In fact, as at the end of 2021, the value of the company decreased from €26.200 million to €21.875 million.

Financial review

When compared to the previous year, from a loss before tax of €7.149 million in 2020 MATS registered a loss before tax of €4.279 million during the year under review. The reason for this significant loss is obviously attributable to the reduction in revenue brought about by the loss traffic brought about by the Covid-19 pandemic. Although that MATS' management did its best to control its expenditure, similar to the cost structure of other ANSPs, more than 50% of its total cost base consists of wages and a good percentage of the wage cost is of a fixed nature (basic wages). The vast majority of the other operating costs are also of a fixed nature.

REVENUE

During 2021 MATS registered a total revenue of €17,866,714 (2020 : €15,932,922). Of the total revenue generated, 69% (€12.409 million) is from charges for en-route traffic and 14% (€2.548 million) is generated from terminal navigational charges.

“When compared to the previous year, from a loss before tax of €7.149 million in 2020 MATS registered a loss before tax of €4.279 million during the year under review.”

The remaining 17% (almost €2.8 million) is generated from maintenance services and revenue from Government to reimburse MATS for the loss of revenue from the exemption of military aircraft.

Although that the determined unit rate for en-route traffic decreased from €27.29 in 2020 to €27.21 for 2021, due to the increase in traffic registered during 2021, revenue from en-route traffic increased by some €1.392 million (or 9%) when compared to 2020.

Revenue from terminal navigational charges (TNC) increased by €0.6 million (or some 28%), i.e., from €1.986 in 2020 to €2.548 during the year under review.

Income from maintenance and technical fees together with 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.

During 2021 our controllers provided services to a total of 73,203 instrument flight rules (IFR) flights that passed through Maltese airspace. This means an increase of 29% when compared to 2020 (56,621 flights). 56% of the flights controlled were overflights while the remaining 44% were arrivals and departures at MIA.

EXPENDITURE

Total expenditure for 2021 amounted to €22.932 million (a decrease of €0.1 million or 0.4% from the €23.035 million in 2020). The cost of wages and salaries is the largest component and, at €11.780 million, accounts for about 51% of the company's total expenditure. Compared to the wage costs of €10.910 million for 2020, the wage bill for 2021 increased by some €0.8 million, or by almost 8% since by mid of 2021 staff remained to pre-Covid working hours. Other operating expenditure for 2021 amounted to €6.906 million (2020 : €6.884 million). The largest cost component accounting to

30% of the total expenditure is regulatory and supervisory costs amounting to €2.102 million. On the other hand, depreciation charge decreased by about €1 million or about 32%, from €3.102 million in 2020 to €2.103 million during the year under review.

STATEMENT OF FINANCIAL POSITION

The value of the company as at the end of 2021 decreased by €4.324 million (about 16.5%), from €26.200 million as at 31 December, 2020, to €21.875 million at the end of 2021. Total assets decreased by about €5.057 million (or some 6% from €82.339 million at the end of 2020 to €77.282 million as at end of 2021). Included in the amount of assets is €31.821 million in leased assets from the Government of Malta (2020 : €32.521 million).

On the other hand, total liabilities decreased by €0.732 million (1.3%) from €56.139 million at the end of 2020 to €55.407 million in 2021. Included in the total liabilities is the amount due to Government in the form of shareholder's loans, amounting to €3.832 million (2020 : €3.367 million) and the lease liability €38.725 million on the property taken over from the Government of Malta (2020 : €38.951 million).



During 2021 MATS invested €873,956 in additions to fixed assets and the total cost of fixed assets as at 31 December, 2021, amounted to €47.373 million. Up to 31 December, 2021, €37.472 million was charged in depreciation on capital expenditure, leaving a net book value of €9.901 million.

En-route Unit Rate and Traffic Review

UNIT RATE

The en-route unit rate is derived by dividing the 'total charges' by the 'total service units'. The unit rate for Malta decreased marginally from €27.29 in 2020 to €27.21 in 2021. The en-route unit rate for Malta remained one of the cheapest in Europe. As can be seen from Table 1 below, at €27.21 Malta's unit rate was almost 42% below the €46.70 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

Due to the effect of the Covid-19 pandemic in 2021 Malta registered an decrease of almost 61% in TSUs (from 1,020K in 2019 to 396K in 2020). This reduction in traffic is slightly higher than the average reduction of 56.4 % registered in Europe. Table 2 below, shows the annual percentage growth in TSUs for Malta and the average of Eurocontrol member states.

UNIT RATE	2013 (€)	2014 (€)	2015 (€)	2016 (€)	2017 (€)	2018 (€)	2019 (€)	2020 (€)	2021 (€)
Malta	31.50	27.61	22.33	25.79	18.79	15.89	22.37	27.29	27.21
Average Eurocontrol Members	57.40	57.20	58.60	55.80	52.80	54.60	46.78	45.70	46.70

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

ANNUAL GROWTH	2013	2014	2015	2016	2017	2018	2019	2020	2021
Malta	14.6%	1.1%	13.2%	10%	1.2%	2.0%	9.1%	-61%	27%
Europe	-0.8%	5.8%	4.2%	4%	7%	6.1%	2.8%	-56.4%	27%

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



Operations

ROBERT SANT
CHIEF OPERATING OFFICER

Traffic Analysis for 2021

In 2021 [between January and December] Malta ACC handled a total of 15,923 arrivals, 15,972 departures and 39,960 overflights. Translated into time, Malta ACC provided 44,890.85 hours of service. [Source: NM STATFOR]

STATFOR statistics show that the inbound traffic to LMML increased by 33.3% over the previous year while outbound movements measured a percentage growth of 26.4%. For enroute traffic, a growth of 21.1% has been measured.

In 2021, traffic had started to gain traction however the COVID omicron variant came as a surprise and aviation suffered yet another blow.

Staff Training

In May, three new air traffic controllers received their Tower rating from the Air Navigation Institute in the Czech Republic (CANI) and on-the-job training continued locally.

An ex-MATS air traffic controller (ATCO), who had spent a number of years working as a Tower ATCO abroad, has re-joined MATS following an competence assessment and a period of local training.

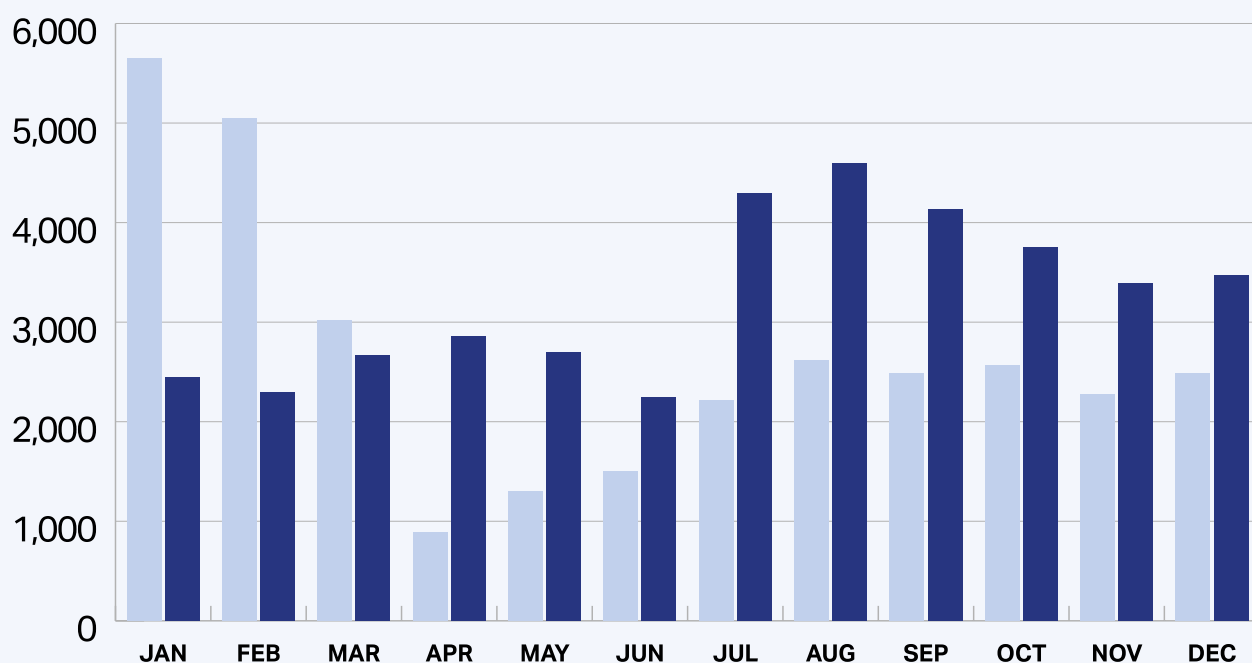
During the third quarter of the year, all approach and area-rated controllers carried out abnormal situations training on the local simulator. This was done to help them refresh their skills especially as traffic levels were low due to the pandemic.

In October, a group of controllers commenced the Area Radar Surveillance (ACS) course at CANI. After a period of local training and on-the-job training, they will achieve their ACS rating.

“In 2021, traffic had started to gain traction however the COVID omicron variant came as a surprise and aviation suffered yet another blow.”

INTERNATIONAL TRAFFIC IN MALTA 2020 VS 2021

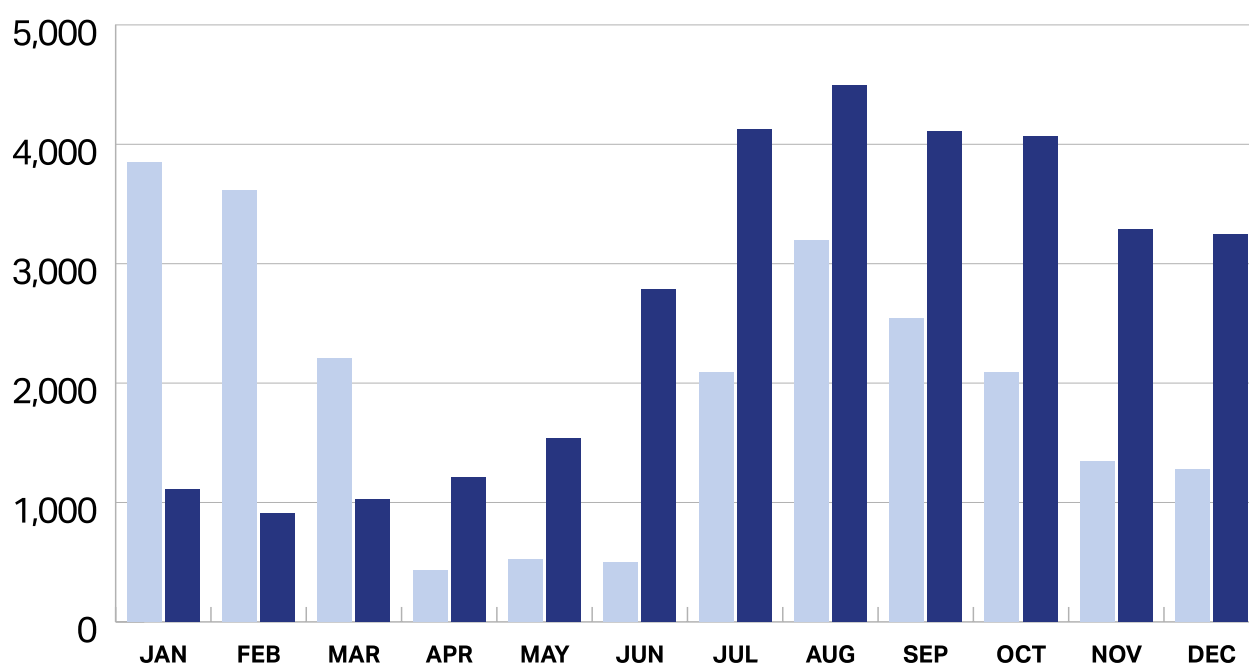
2020 2021



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2020	5,649	5,045	3,016	893	1,296	1,505	2,211	2,614	2,491	2,565	2,278	2,486
2021	2,450	2,293	2,671	2,855	2,700	3,349	4,298	4,596	4,134	3,756	3,387	4,471

Source: EUROCONTROL

EN-ROUTE TRAFFIC IN MALTA 2020 VS 2021

 2020  2021


	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2020	3,848	3,618	2,203	435	520	495	2,091	3,193	2,546	2,093	1,342	1,276
2021	1,113	908	1,023	1,208	1,534	2,786	4,128	4,490	4,105	4,067	3,287	3,249

Source: EUROCONTROL

2021 Projects

MALTA INTERNATIONAL AIRSHOW

The Malta International Airshow made a comeback after a 3-year break. The event was held at St Paul's Bay during the weekend of the 25th and 26th September and included the Swiss Air Force and Red Arrows as the display teams together with displays by the Armed Force of Malta, French Air Force, Turkish Air Force and Silver Chicken.

The preparations for an event of this size start weeks in advance. Once the first participants are known, a dedicated working group composed of OPS management and air traffic controllers is established.

Preparations include the definition of display areas based on display requirements, coordination of airspace closure with the Network Manager, drafting of dedicated air traffic management procedures, safety assessments and briefings. As prepared as one can be, we always make allowances for last minute changes.

FREE ROUTE AIRSPACE

A project which was launched way back in 2018, MATS reached its final stage of the FRA MALTA Free Route Project in December of 2021, with the implementation of a Free Route Airspace available in the Malta UIR from 19,000ft and above.

DESC	ETA/ETD (UTC)	TYPE	CALLSIGN	APRON
DEP	TBA	1 x Turkish Air Force Airbus A400M	TBA	APN 9
ARR	08:00	1 x Swiss Air Force PC-24	SUI***	APN 3
ARR	09:00	2 x French Air Force Rafales	FAF7410	ACM
ARR	09:15	1 x Silver Chicken	I-SIVM	APN 3
REH	09:40 – 09:45	Swiss Air Force Flyby Rehearsal 1	TURBO UNO	APN 3
REH	09:45 – 09:57	Swiss Air Force F-18 Rehearsal 1	HORNET	APN 3
REH	09:58 – 10:21	Swiss Air Force PC-7 Team Rehearsal 1	TURBO UNO	APN 3
ARR	10:30	4 x Italian Air Force Tornados	IAM0601	SRT
ARR	10:30	1 x Italian Air Force AMX	IAM5101	SRT
ARR	10:40	1 x Danish Air Force CL-600	DAF9697	SRT
REH	10:40 – 10:55	Silver Chicken Rehearsal	SILVER CHICKEN	APN 3
REH	11:05 – 11:20	Belgian Air Force F-16 Rehearsal	BULL06	APN 3
ARR	12:00	1 x Italian Guardia Di Finanza AW-169	INDIA 1964	SRT
ARR	12:00	1 x Italian Guardia Di Finanza AW-139	INDIA 1964	SRT
REH	13:55 – 14:00	Swiss Air Force Flyby Rehearsal 2	TURBO UNO	APN 3
REH	14:00 – 14:12	Swiss Air Force F-18 Rehearsal 2	HORNET	APN 3
REH	14:13 – 14:36	Swiss Air Force PC-7 Team Rehearsal 2	TURBO UNO	APN 3
REH	14:45 – 14:55	French Air Force Rafale Rehearsal	RAFALE	ACM
DEP	14:30	1 x Swiss Air Force Pilatus PC-24	SUI***	APN 3
ARR	15:00	1 x German Air Force C-160 Transall	GAF***	SRT
ARR	16:00	Polish Navy Bryza	PNY501	SRT
ARR	TBA	Italian Air Force AW-139	TBA	SRT
ARR	TBA	Italian Guardia Di Finanza ATR-72	TBA	SRT
ARR	TBA	Italian Police AW-139	TBA	SRT
ARR	TBA	Italian Navy NH-90	TBA	SRT

A Free Route Airspace does not mean that flying through the airspace is free of charge but rather an airspace that is clear of an ATS route network structure. By providing this airspace improvement, aircraft operators can deliver their passengers to their destination in the shortest time possible while saving on fuel emissions. As an ANSP, Malta Air Traffic Services is obliged to improve the Environment KPI Targets imposed by EU Regulations.

GLOBAL REPORTING FORMAT

« In August, MATS introduced ICAO's concept of the Global Reporting Format (GRF). This methodology has been developed by ICAO to introduce a globally recognised method to report and describe the runway surface conditions with the sole aim of reducing the risk of accident and incidents on the runway due to runway excursions. In line with EU regulations, MATS is now reporting the runway surface conditions for each runway third in terms of a globally recognised code and the contaminant type, enabling pilots to be more wary of the condition of the runway, especially near the touch down zones.

OPS APPLICATIONS

In 2021, following an internal request, a software application to store and visualise more efficiently the records for the number of hours worked by all ATCOs in each of their respective unit endorsement ratings was developed. As the application was being developed, a number of new initiatives that stem from this APP have also been considered.

One of these ideas is to provide ATCO supervisors access to this application to keep track and plan ahead in case there are ATCOs that need to work a certain number of hours due to impending deadlines. Furthermore, a mobile application linked to this new tool has also been developed to enable ATCOs to keep better track of their personal hours to ensure that they meet the required working hours in accordance with national and EU regulations.

» In addition to this application, normal maintenance and upgrading activities were carried out to the various APPs that have been integrated within the OPS department during 2020.





PERSONNEL – ATCO RECRUITS

The selection process commenced in mid-November and consisted of reviewing the applicants' qualifications, FEAST Test 1, FEAST Test 2, FEAST 3 (personality questionnaire) medical test, English and Maltese language proficiency test and the face-to-face interview. A total of 9 sessions of FEAST 1 and 4 sessions of FEAST 2 and FEAST 3 were conducted. The FEAST tests were completed before the end of the year however the process was required to continue as from the first week of January 2022 with face-to-face interviews.

Current ATCO complement is 52. However, an official letter of resignation from one ATCO, was received in June 2022 which brings down the number of ATCOs to 51. Furthermore, another ATCO has requested and subsequently been given unpaid leave until December 2023. As far as we have been informed, the latter ATCO has expressed his intention to resign soon after the unpaid leave period expires. If this is resignation materializes, the total number of ATCOs will be reduced to 50. The current agreement with the Controllers Association is that the company shall not employ more than 58 controllers. Five new trainees are currently (March – August 2022) pursuing the ADI rating course at CANI.

If all the trainees make the grade, then the projected intake of new ATCO trainees for the foreseeable future should be 3. The fact that another ATCO will reach the retirement age in December 2023 will allow MATS to increase the next intake by 1. Should these targets be reached, by the end of 2023 we will have 55 validated ATCOs and 4 trainees by the first quarter of 2023.

INTRAC PHASE 2

Preparation for this project continued in January from where we left in 2020. Following several unsuccessful attempts to perform simulations on the old simulator, the Training section installed a newly purchased UFA simulator on which we required to perform the simulation evaluation.

This entailed that apart from setting up the system, the sim specialist and pseudo pilots required time to train on how to use this simulator and perform its functions. This resulted in delaying the evaluation of simulated procedures by 3 months. Simulations to evaluate the INTRAC procedures recommenced on 6th April and were finalised by mid-May.

These simulations served their purpose well to adjust and fine tune the procedures, the result of which was eventually forwarded to the airspace design consultant for final adjustments. The finalised product was forwarded by our technical section to Leonardo in order to perform the required updates on the Leonardo simulator and on the ATM systems.

A training plan has been drafted targeting all radar rated ATCOs. A total of 6 months is required for all ATCOs to train on the new INTRAC STARS and SIDS of all 4 runways. This does not include the generic briefing which is required to be performed beforehand. This means that if we are planning to implement INTRAC procedures by June 2023, simulation training requires to commence in November 2022 at the latest.

Still a considerable amount of work is required to be done before arriving to this phase which includes evaluating the software update after being installed on the Leonardo simulator and evaluating the procedures on this simulator by the project team.

SEARIDGE PROJECT

The physical upgrade of the system, which had to be divided into phases, finally started in July. The first phase consisted of upgrading the core network by replacing the core network switches. The core network consists of 2 sub-core network switches located at the C-Centre and COMCEN building, and the main core switches located inside the Tower building.

The second phase of the project started in September which required the replacement of



Camera Sites Overview



all network switches located at each camera site. By mid-January all the switches were replaced.

The workstations which interface the controller's working position to the system, three in total plus a test system were also upgraded. This activity which forms part of Phase 3 was concluded in December. The project is ongoing.

SYSTEM MANUALS

In 2021, the operations department has embarked on a process of developing system manuals designed specifically for ATCOs to facilitate their understanding of the multitude of systems that they operate on a daily basis. The first two manuals that started to be developed in 2021 were the manuals concerning the ATM system manual and the Aerodrome Weather Observation System (AWOS). A manual for the new Searidge system is also planned to be developed in 2022.

ATM SYSTEM UPDATES

To maintain the upkeep of the ATM system



by resolving software issues and introducing system enhancements several software updates were installed which namely included:

- Modification to the XFL logic for Westbound flights destination LMML;
- Modification to the Medium-Term Conflict Detection (MTCD) logic for non-RVSM airspace;
- Modification to the re-correlation logic of lost radar tracks.

Addition of a new feature, the Distance to Go Tool, which automatically provides ATCO with the remaining distance from touchdown.

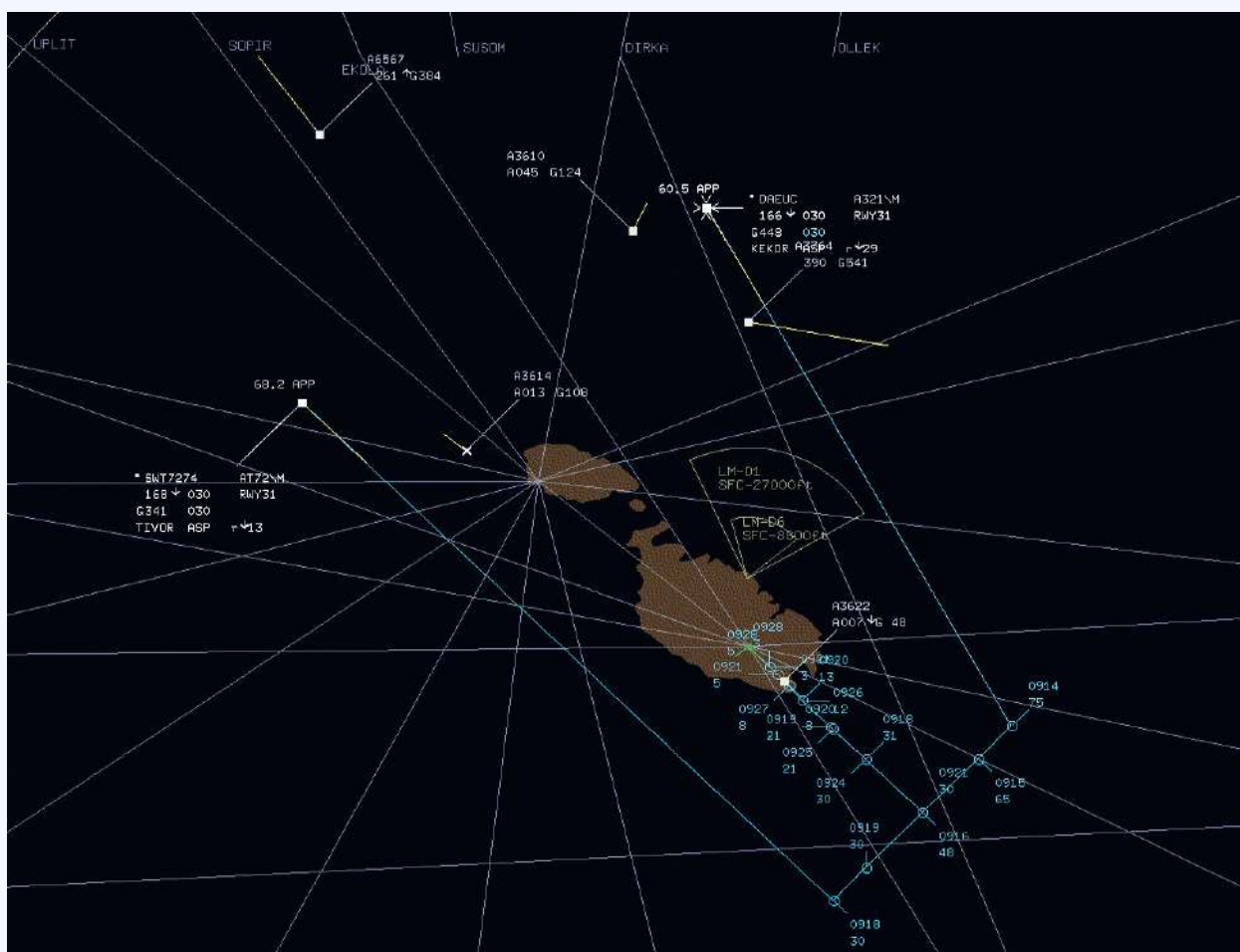
CPDLC PROJECT

In October, a team made up of Ops and Technical management personnel performed the CPDLC Factory Acceptance Test (FAT) at Leonardo's Testing base in Rome. During the FAT session the ATM System's CPDLC functionality had to be tested on a system which simulated the new CPDLC functions in the Maltese airspace environment. All tests were carried out in accordance with Leonardo's AGDL Factory Acceptance Test Procedure.

DRONE OPERATIONS

At the start of the year, MATS introduced a Drone Cell to support the requirements of the IDRONECT portal established by TM-CAD – This online portal comprises the application and approval of drone operations for flights which fall within the flight paths and the areas in the vicinity of the aerodrome.

The responsibility of the MATS Drone Cell is to review and approve requests which are received through the portal and each approval means that an impact assessment would need to be carried out and coordinated with MIA when such requests infringe the Obstacle Limitation Surfaces and require RWY closure.



ATM System Updates



Technical Support

ING. JESMOND FARRUGIA
CHIEF TECHNICAL OFFICER

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.

COMMUNICATION, NAVIGATION AND SURVEILLANCE

AMHS

INTEROPERABILITY TESTS USING NEWPENS CONNECTIONS

In preparation for entry in operation, the AIDA system was made available and connected in the FDSU office with duplicated operational traffic. This enabled the preparation of the required procedures and routing, to support the operators in the process of monitoring/operating the two systems in parallel. The operators were encouraged to test and operate safely the new system with live traffic. The latter enabled the users to achieve important hands-on experience in a semi-operational environment and gain confidence before the actual migration.

“The Frequentis-Comsoft AIDA system entered in operational service on the 28th July 2021.”

The Frequentis-Comsoft AIDA system entered in operational service on the 28th July 2021. The change was smooth, and no major issues were encountered.

Contingency system

R&D IN ANTENNA PRODUCTION

The various antennae bought for R&D enabling comparison and adaptations have permitted the resourceful team to study and come up

“The goal for the site (Fawwara) is to host all the contingency VHF receivers and function as a Rx site only.”

with antenna design and manufacture tailored to our needs. The results are promising and already in use in the new 4RF UHF link freshly in operation in replacement of the Telettra.

The production promises significant savings both financially and operationally in terms of time of availability and support.

SITES

FAWWARA

The goal for the site is to host all the contingency VHF receivers and function as a Rx site only.

The site is earmarked to be extended by an encroached area permitting the installation of a 29m meter wooden mast relocated from Benghajsa.

The final approvals for the new MAST from MEPA were forthcoming in May. This led the way to selection of contractor and works initialization and coordination in late November. The earmarked mast was scheduled for dismantling from Benghajsa. The mast was dismantled in mid-October and is currently under maintenance and refurbishment in situ ahead of its installation at Fawwara.

At present there are two yagi antenna systems installed. There is the 4 stacked Yagi for the 122.775 (East Frequency) and the two stacked



Fawwara radar station

yagi for the 130.975 (West Freq). Both are connected to a VOIP enabled receiver and the traffic is recorded in audio format. At present the data is sent in VOIP format and translated at Tower to audio for recording and monitoring purpose.

HAL FAR

The site is planned to hold part of the Contingency Transmitters and mainly the East main frequency. This requires appropriate installation points without negative effects on the installed radar.

MTARFA

The site is planned to host the remaining part of the contingency Tx frequencies and mainly, West, Approach and Emergency Frequencies.

The contract with Lands Authority was finally signed on 27th May 2021 and the effective handover by Enforcement Office on 21st July. The fencing erected by the previous tenant was dismantled and a temporary fence between the neighbour and the antenna erected.

VOICE COMMUNICATION SYSTEM FOR CONTINGENCY VOICE

Cadmos VCS

MATS and Cadmos have agreed to jointly develop a voice communication system for the contingency project. The agreement includes the joint installation and evolution into operational status of the system.

The requirement enables MATS to:

- 1) maintain the current headsets which were specifically modified to interface with Sitti VCSS and CWP connection requirements.
- 2) seamless transfer between operational VCS and contingency VCS in case of need
- 3) considerable cost savings.

SeaRidge Project

A plan laid out at the end of last year was thoroughly discussed with Searidge.

The phases:

- 1) 1st phase planned the replacement of the aggregate switches on the two sites (C Centre and Comcen) together with the Tower main core.
- 2) 2nd phase planned the replacement of the network switches at each location.
- 3) 3rd phase planned the replacement of the CWPs and replacement of the KVM switches
- 4) 4th phase planned the replacement of the cameras and the introduction in operation of a new location 18, near Indis park.

Air Ground Data Link

Bengħajsa site had been identified for the VHF Ground Station, our Company was compelled to refurbish the site in preparation of the DLS (Data Link Services) racks installation. Moreover, the masts are also to be documented and refurbished, while the electrical, water and drain service are to be re-installed.

The AGDL is a very complex project and involves interfacing our systems with other systems belonging to neighbouring ANSPs and also communications service providers supporting AOC datalink messaging. The network design and connectivity with all the stakeholders is very complex and needs to ensure that the ATN / AOC messages are exchanged with minimal latency, maximum availability and high security.

The protocols used in AGDL are quite unique and therefore the transport of these protocols over the existent Ethernet Layer 2 communication links is not trivial. One must ensure that the AGDL traffic does not affect the services that are currently being transported on these links. This is an additional challenge.

SURVEILLANCE AND DATA PROCESSING

Contingency OPS Room operational in 2021

The lack of a Contingency OPS Room was one of the 5 top high risks of MATS and this occurrence proved that the introduction of the Contingency OPS room was a strategic decision by MATS management to ensure business continuity. The activities performed in 2021 to achieve this important milestone included:

- Compiling of the technical procedures and the delivery of briefings to ATSEP
- Introduction of the weekly verification checks of the Contingency OPS Room to ensure that:
 - The technical people are familiar with the transfer of operations to/from Contingency OPS room
 - The systems in the Contingency OPS room are always working according to the operational requirements

ATM Testbed System

The ATM TestBed system permits the testing of new software and the reproduction of software problems and their analysis without disrupting the operational services. In addition, it also facilitates the training and assessment activities in the DPR domain.

New equipment was added to test and validate new technical requirements related to the following projects:

- Migration of OLDI to FMTP.
- Introduction of the Air Ground Datalink services.
- Migration of ARTAS from V8B4-U2 to V9.0.1
- Introduction of SDDS
- Introduction of AMHS

ATM Simulators

During 2021, we continued to improve the Leonardo and UFA Simulator systems and the following objectives were achieved:

- Installation of a new software development in the Leonardo Hi-Fi Simulator that enables better management of the Simulator scenarios
- Correction of the presentation of the ADS-B tracks in the Leonardo Simulator with the inclusion of the Mode-C information to ensure that the behaviour is similar to the one in the operational system
- Re-installation of the Linux OS and application programs on the Pilot and CWP positions in the Leonardo Simulator. This exercise was performed to guarantee stability of the SIM CWPs. This process was performed entirely by the MATS ATM team.
- Introduction of a new PILOT position in the UFA Simulator. Now the UFA Simulator has three operational positions and three Pilot positions.
- This work was done by the MATS ATM team.



The Leonardo simulator

Surveillance Data Distribution System (SDDS)

SDDS (Surveillance Data Distribution System), is a state-of-the-art technical solution developed by Eurocontrol which is gradually replacing the obsolete RMCDE equipment. The SDDS application incorporates the ADS-B server functionality that is specifically designed to process and remove duplicate ADS-B target reports for the same aircraft and provides one single ADS-B flow to ARTAS. Apart from benefiting from the ADS-B server functionality, the introduction of SDDS in the MATS Surveillance distribution infrastructure will provide an additional redundancy barrier in case the legacy RFE system fails.

The long-term objective is to integrate all the surveillance sources in SDDS in order to have an independent and complete redundant RFE platform providing target reports to ARTAS.

ATM Research and Development

In the last couple of years, we moved to an interesting new level and started to design and develop tools and applications to satisfy new requirements and to automate processes. A case in point is the software application developed for the switching of the Fallback

system. A similar software development is required for the SBS switching upgrade. The graphical application that enables the switching of the SBS either in the OPS room or the Contingency OPS room will be developed by one of the ATM ATSEP team. Besides reducing the costs related to the development of the software, we are ensuring full control of our systems.

UNIT COMPETENCE AND TRAINING

« An additional position within the Technical Management team was filled in 2021. This person is responsible to setup and manage the new 'Unit Competence and Training' of the Technical Section. This unit, along with its processes are to ensure compliance within the regulatory framework that MATS is obliged to operate, particularly EU Regulation EU2017/373 (Common requirements for ATM/ANS providers): Annex XIII Part-PERS, which addresses the ATSEP training and competence assessment requirements.

The new EASA decision (ED Decision 2020/020/R), affecting AMC and GM of Annex XIII-Part PERS, effective as of 1st July 2021, triggered the process to update the documentation related to UCT. The previous document TECH/STAFF 45-20 was revoked, and the new document TECH/UCT 01-20 was released.

New recruits

This is an ongoing process for all levels within the Technical section. As regards the ATSEP community, four additional ATSEP Trainees were employed to replace a group of ATSEPs who will be retiring in the near future.

Recruitment will continue in 2022 as we intend to increase the complement during the day-to-day work on projects and perform system analysis, which goes beyond the standard maintenance procedures.

The compliment of the Technical Management was augmented with the addition of a new Head UCT and a new Engineer within the Infrastructure division.

CONCLUSION

A new mindset has been adopted, even in the Technical section Workshop, to adopt an engineering mentality rather than one that does firefighting when things go wrong. The team spends time analysing data and the results are apparent.

There is still room for improvement, but the change is yielding the desired results and will continue to do so over time as new challenges continue to be overcome.

»

AIM & Training

COMPILED BY THE HEAD OF TRAINING,
THE HEAD OF AIM AND THE SPECIALIST TRAINING

ONLINE AND VIRTUAL TRAINING

In 2021, the Training section was responsible for introducing online learning and virtual classroom training for all employees. Primarily this commenced with a course conducted by SEDQA on substance abuse awareness which we delivered to all our employees. Later on, this training methodology was further integrated into our Technical, Operational and AIM section training. The training section continued to provide training to all MATS employees regardless of the pandemic. The virtual training we offered was fundamental in retaining our staff's competence and further development. Clear examples of this include the AMHS training for both the Technical and AIM Sections, the OJTI and UCA refresher training for our ATCO, SNOWTAM training for our AIM personnel, Qualification training and Classroom Instructor Training for our ATSEP, and much more.

ATCO COMPETENCY

As it has always been done in the past, the Training section also managed all ATCO ratings, medicals and endorsements in coordination with the Company's Operational section. This is necessary to retain our operational workforce's competence and satisfy the legal requirements as per Commission Regulation EU340/2015.

“The training section continued to provide training to all MATS employees regardless of the pandemic.”

DEVELOPMENT OF TRAINING SECTION

In 2021 the training section has carried out refresher training for all pseudo pilots and Sim coordinators to ensure that the simulator training is of an excellent standard. Further development to the section includes expanding its pool of ATCO Theoretical Training Instructors. As a result, an additional three ATCO have been recruited on a part-time basis by the Training Organisation. The new instructors were also trained as Theoretical Training Instructors. The latter, together

“Following the installation of the new Part Task Radar simulator (UFA), a new maintenance and Service contract was signed with UFA Inc. to ensure full technical support till 2026.”

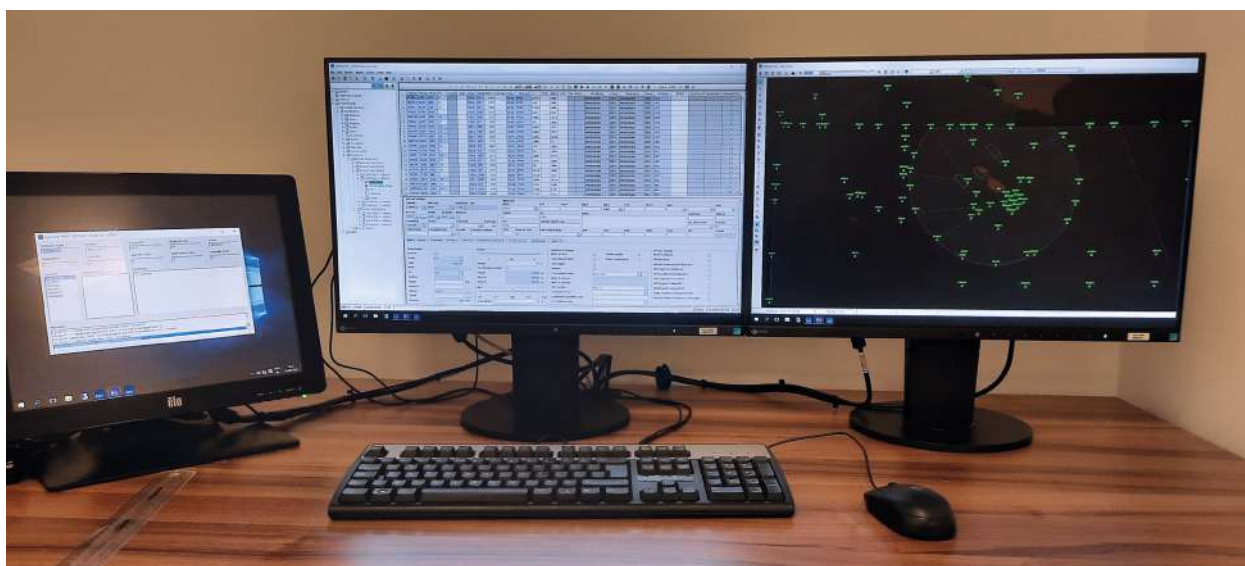

with our previously employed four Instructors, will continue to serve as the backbone for the course design and delivery to our operational workforce, such as Pre-OJT training, SPOT training, simulator training, pseudo pilot training, phraseology training and more.

SIMULATOR TRAINING

Following the installation of the new Part Task Radar simulator (UFA), a new maintenance and Service contract was signed with UFA Inc. to ensure full technical support till 2026. Training on the UFA simulator was delivered from UFA personnel to the Training Facilities Specialist and Sim Coordinators. In parallel, the

UFA simulator was updated and reconfigured as per the latest application version provided by the supplier. In addition, the Maltese FIR and airspace geography were designed and implemented on the UFA system, and initial testing of the new simulator was performed. Following this testing phase, the new INTRAC PH2 environment was also implemented on the UFA simulator, and the INTRAC PH2 Evaluation training was successfully performed by April 2021.

The UFA Radar simulator set-up was also aligned with the HI-FI Leonardo simulator by adding a new Pseudo Pilot position. In parallel, a contingency plan was set up with the technical



The UFA Simulator



The Pilot Room Set-Up

section to allow hardware/software back-ups in case of failures.



In 2021, the Hi-Fi Leonardo simulator was used to deliver the Approach Upscaling training and Unusual/Emergency refresher training for all the ATCO community. The training organization, together with the Training Instructors, was responsible for designing, implementing, and evaluating all the scenarios used during the training. Furthermore, the TO developed and published the transcript for all scenarios, including objectives, exercise details and pilot/planner scripts with respective details.

An ACS PRE-OJT practical course, including 20 different scenarios with various levels of difficulty, was also designed and evaluated on the Leonardo simulator in preparation for two groups of ATCOs that will be training for their ACS rating in 2022. In parallel, the part task UFA simulator was used for the preliminary design of the SPOT refresher training course planned for 2022.

FIRST EUROPEAN ATCO SELECTION TEST (FEAST)

The training section is also responsible for managing the "First European ATCO selection

test (FEAST), which is used for recruiting ATCO trainees. In 2021 the training section was responsible for conducting over seventy FEAST tests, which resulted in seventeen successful candidates. This selection process successfully satisfied the ATCO Human Resources requirements up till the end of 2025.

AFTN / AMHS PROJECT

In 2021 the AIM section was involved in an important project delivered by MATS after so many years in need for this system. The AFTN / AMHS project is the backbone of all transmitted and received messages in our ATM system.

Planning was very important to ensure that this system will be introduced in different phases. Every interface is managed by people. To ensure that this system will be in place without any logistic problems, training was provided to all AIM staff who were divided in two groups. This ensured continuation with normal operations at the AIM office during the course, these two groups swapped accordingly for training. After the course which was held online using virtual copy machine of AFTN/AMHS system, a period of shadowing was initiated. The shadowing period was very important to ensure that all messages received by the old AFTN system







were received in the new AFTN / AMHS system. On the 28th July 2021, we had several coordinatization with our main partners ENAV (Italy), Greece and Spain. Fortunately, the first phase of this new system was implemented without any problems. The AFTN part was implemented, and at the same time the old AFTN system was kept in shadow mode in case we needed to revert to it if problems arose.

AIP PRODUCTION

In 2021, we produced (6) AIRAC AIP amendments to the MALTA AIP, and two (2) Aeronautical Information Circulars (AICs) were published. The EAD operational system consisting of various AIM/AIS tools such as International NOTAM Operations (INO), Data User, Published AIP Management Service (PAMS), Static Data Operations (SDO), and the AIP and Charting production tools was upgraded to Release version 14 in November. 50% of the EAD workstations were upgraded before the update and the remaining 50% after the update to ensure operational continuity. The AIP sub-section within the AIM Section, provided several charts for the OPS section mainly Lampedusa SID / Stars Charts together with other chart that were used for safety cases before finally will be implemented in the AIP AIRAC publications.

EAD SNOWTAM IMPLEMENTATION

Another important task was the implementation of the new Global Reporting Format within all European states, effective on 12th August 2021. Although Malta NOTAM Office never issued any SNOWTAM, with the new ICAO and EASA regulations we had to prepare for the eventuality of issuing a SNOWTAM reporting a Runway condition due to the weather.

Preparation and coordination were done prior the implementation with the EAD to be sure that we had the necessary software to issue SNOWTAMs. Training was given by EAD to all AIM Staff on how to issue SNOWTAMs for

LMML. Training for all staff was given in two groups to maintain operations at the AIM office as was for the AFTN/AMHS courses.

We ensured that the templates for SNOWTAMs and the distribution addresses in the EAD subscription system to be ready to be distributed in the eventuality that we had to issue any SNOWTAMs. Together with the MET Office we have evaluated the SNOWTAM AFTN message, and how this message had to be interpreted as a SNOWTAM using the new templates.

After the tests were deemed satisfactory, OPS instructions were issued, and all staff were exposed to a simulation SNOWTAM message sent by the MET office, and a SNOWTAM was composed in the EAD template but not issued as the system live. Since it is very unlikely that a SNOWTAM will be issued for LMML, a monthly simulation will be organized so that all staff will keep abreast with the procedure of issuing a SNOWTAM.

TRAINING TO AIM STAFF

In 2021, most of the AIM staff participated in several online courses offered by Eurocontrol. These courses were mainly in ADQ regulations (IM-AIDE), (IM-REG), IM-SWIM and IM AIM. In July / August all AIM Staff participated in a one-day course on the coding and creation of a SNOWTAM.



Safety, Quality, Security & Compliance Management (SQSC)

FRANCIS BEZZINA

SENIOR HEAD SAFETY, QUALITY, SECURITY & COMPLIANCE

Safety, Quality and Security Management at Malta Air Traffic Services was set up 16 years ago.

The SQSC section is practically involved in all activities at MATS, it is the channel where all the organisation changes and projects must sift through before being given the green light to move to the initiation phase. SQSC section responsibilities include the management systems, security of MATS assets and performance in terms of safety, security, efficiency and compliance.

The new regulatory requirements coming from EU 2017/373 require that all changes even those which are not safety-critical go through the Company compliance section where these will be analysed and (when applicable) a formal request for approval is forwarded to the Competent Authority. The latter will then analyse and approve or otherwise the request. In this way all projects and changes are safety assessed to assure safe and secure air navigation in the airspace that falls under MATS responsibility.

The SQSC is obliged to:

- verify the performance of MATS management system,
- identify the causes of substandard performance of the management system,
- determine the implications of such substandard performance, and
- eliminate or mitigate such causes.

2021 DISRUPTION DUE TO THE COVID-19 PANDEMIC

It all started in the year 2020, when COVID 19 disrupted all the planning for the Aviation industry, the MATS plans and objectives, and obviously, the SQSC section planning was not spared. 2021 continued to be

“COVID 19 disrupted all the planning for the Aviation industry, the MATS plans and objectives, and obviously, the SQSC section planning was not spared.”

“At the beginning of the year, although most States opened their gates, passengers were still reluctant to travel due to quarantine obligations hence flights were still being cancelled.”

an exceptional year for the aviation industry due to COVID 19 that practically immobilized air transport from the previous year. At the beginning of the year, although most States opened their gates, passengers were still reluctant to travel due to quarantine obligations hence flights were still being cancelled. By summer, traffic began to recuperate at better levels than the last quarter of the previous year. However, in the last quarter of year 2021, levels dropped down due to other variants of COVID-19 where the number of positive cases exploded again around the globe as these variants are classified by the WHO as highly contagious.

MATS continued with its contingency procedures to continue delivering ATC services to its customers, at the same time avoid the transmission of the virus among the employees for the benefit for both the employees and businesses continuity. This pandemic inflicted heavy problems on the aviation industry and MATS as other ANSPs also suffered mostly financially due to the loss of traffic. Several projects had to be postponed until the situation recovers and business return to what is being called “the new normal”. One can mention the postponement of the new ATCC project, and the delays on the Data Link Services project. As an ANSP, MATS depends on its staff to deliver ATC services to the Airspace Users. The majority of jobs at MATS are specialised and the Company is considered as a Critical

Infrastructure (CI) which falls under the umbrella of the Critical Infrastructure Protection (CIP) directorate. Thus, we are obliged to ensure that service continuity is unhindered in all circumstances as reasonably practical. MATS is legally obliged as a CI to put in place predictive and preventive measures to reduce the safety risk and assure business continuity. Risk assessment on the effects of the pandemic on MATS were done during 2021 to protect the delivery of our service and the wellbeing of our staff.

The SQSC section also actively supported the works on the Eurocontrol Network Operational Safety assessment for the COVID-19 pandemic.



Our Vision

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

- in the eyes of our airspace users for our safety and security 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 within a Just Culture environment as well as providing opportunities for a challenging career.

We strive for continuous improvement of safety, security, efficiency, environmental responsibility, and excellence. We are accountable to the general public, users of our airspace and all our stakeholders.

Mission Statement

Our Values

Safety and Security is our priority. We strive so that all users of our airspace travel safely through our airspace.

Excellence is our promise. We endeavor to achieve results that represent 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 afford continuous improvement of our services.



Dr. Ing. Kenneth Chircop
Chief Executive Officer



Malta Air Traffic Services Ltd (MATS)

the designated Air Navigation Service Provider responsible for the Malta Flight Information Region, is fully committed to providing a safe, secure, high quality and efficient service in accordance with international regulatory requirements.

MATS considers Safety, Quality, Security and Compliance as its overriding responsibilities and, consequently, these factors are accorded the highest priority notwithstanding any commercial, financial, operational, social pressures, and constraints.

MATS continuously seeks improvement of its services, processes and systems through an Integrated Management System which meets the requirements of the International Standard ISO 9001:2015 and all relevant national and international obligations pertaining to Air Navigation Services Providers. Improvement is also achieved through the involvement of employees at all levels of the organisation.



To ensure the expected levels of Safety, Quality, Security and Compliance in the service provided, MATS applies a full Just Culture Policy while ensuring that all employees; / abide to procedures and regulations ensuring that the Safety, Quality, Security and Compliance levels are maintained and where possible improved; / are adequately trained as necessary to retain competence in their area of expertise; / report occurrences, hazards or any matter/situation which may impair Safety and/or Quality and/or Security and/or Compliance; / are made aware of the hazards brought about by stress, fatigue and the use of psychoactive substances by providing appropriate information and analysis programs, encouraging a healthy lifestyle and making available resources for recognizing, preventing and addressing identified issues; / are encouraged to forward suggestions and recommendations to improve the Safety, Quality, Security and Compliance levels of the service offered.

Integrated Management System Policy

ISSUE 7 Dated 01/09/21

Approved by:



Francis Bezzina
Senior Head Safety, Quality, Security and Compliance



Jesmond Farrugia
Chief Technical Officer



Robert Sant
Chief Operations Officer



Mario J. Azzopardi
Chief Finance Officer



Kenneth Chircop
Chief Executive Officer

In fact the SH-SQSC was a member of the team of European safety managers that supported the safety case for the Network manager.

Important projects

While still handling a pandemic with all its implications, in 2021 we still had to deal with all the oversight and auditing activities including an EASA inspection. UKAS BV ISO 9001-2015 audits were conducted in February to cover the previous year that was postponed due to the lock downs globally and done again in September. The SQSC section completed the entire internal audit and survey process for 2021.

Important Safety Cases

This year we tackled:

- Implementation of DLS services (Initiation of safety processes) Continuation
- SQSC/SAP/SAF/SC 09-2021 Introduction of Safi Aviation Park Management Application
- SQSC/SAF/SC 10-21 Heron Project - Drone operations at LMML Part 1 TECH and Part 2 OPS
- SQSC/SAF/SC 20-21 Installation of a Surveillance Data Distribution System (SDDS) at MATS
- SQSC/SAF/SA 23-2021 Introduction of Class E in the Outer Zone and revision of ARR / DEP VFR Routes
- SQSC/SAF/SA 25-2021 Migration of the OLDI connection with Rome ACC from X.25 to FMTP
- SQSC/SAF/SA 26-2021 New Global Reporting Format for Runway Surface Condition ANS-AIS
- SQSC/SAF/ SA 47-21 Searidge System upgrade
- SQS SAF SC 73-14 AMHS implementation (Phase 1) and migration of OLDI to FMTP (CONTINUATION)
- SQSC/SAF/ SA 57-21 Swissdrone testing over Gozo
- SQSC/SAF/RA 58-21 SAP AGL upgrade

- SQSC/SAF/SA 60-21 Airshow 2021
- SQSC/SAF/SC 72-21 Implementation of Mode-S surveillance layer by MATS
- SQSC/SAF/SC 18-16 Implementation of Free Route Airspace (FRA) in Malta CTA Part 2
- SQSC/SAF/RA 76-21 Nav Aids Calibration Extension

We had to prioritise projects applying cost effectiveness and at the same time assuring that safety remains our top priority.

Projects are not undertaken ad hoc , but through a project prioritization exercise, with the involvement of all sections management which includes inter alia, the Company requirements in respect to its national obligations, compliance with European Union Regulations laying down common requirements for providers of air traffic management/air navigation services, as well as those establishing Common Project One [Regulation (EU) 2021/116] supporting the implementation of the European Air Traffic Management Master Plan provided for in Regulation (EC) No 550/2004 – Air Navigation Services in the Single European Sky.

Safety Surveys

The objectives for 2021 were met. The most important was the Post-mortem snapshot on the COVID-19 pandemic effects on MATS: This survey was done to determine the effects of the COVID-19 pandemic on MATS from the perspective of our staff.

THE COVID-19 ONGOING RISK ASSESSMENT (RA) AND THE CRISIS MANAGEMENT TEAM

The SQSC is responsible to ensure that safety and business continuity will continue to be protected thus measures were taken as necessary.

Mitigation measures taken included:

- Protecting the wellbeing of staff



- Masks and social distancing
- Administration and management rostered on telework to safeguard business continuity
- Vaccination of the entire workforce
- Control on overtime to safeguard company finances
- No visitors at MATS premises, except for service(s) delivery
- All meetings online including auditing and standardization inspections
- Quarantine for entire teams if contamination is experienced
- MATS HR continuously in direct contact with the Health Authorities to assure that best practices are always applied in line with the official direction

The above process is still revisited by the Crisis management team periodically as necessary; we are not yet out of the woods.

Important Achievements

The Safi Aviation Park management agreement with INDIS which is handled by the SQSC for coordination and supported by the OPS section where operational matters are concerned is moving ahead in a solid way, modestly we can declare that in a constant way we are achieving our objectives, building the documentation to manage the park, creating a safety culture and coordinating the movements using technology designed by MATS specialists. In a two-way matter perspective, the park is achieving new standards to the benefit of aviation safety. We are also creating processes offering a standard and controlled way of operating at SAP to all involved stakeholders.

We are capturing the operation at SAP under our management system processes using the tools and knowhow available. We finally achieved the reinstatement of the Aerodrome Ground Lighting system for holds Bravo and Golf, a safety critical issues which has been dragging for a long time.

The plan to promote the park as an Apron Management Service provider, is still on the agenda, however, more time is required due to expected imminent changes at the Park. This project is providing MATS personnel with a wider experience in ground operations.

Cyber security requirements

The management system is in place and achieving intended objectives. Implementation of new requirements like the Security Operations Centre (SOC) and planning is ongoing where the CSIRT is involved. The ICT section collaborating with stakeholders like EATM-CERT, CSIRT Malta, and MITA.

We are working on achievable milestones in line with the resources available in the current difficult circumstances. This important project is an ongoing activity with the full support of the MATS ICT section.

ISO CERTIFICATION

The Survey audit by UKAS-BV (Year 1) was done online in February due to the pandemic. Before the on-line audit a risk assessment was conducted by BV to ensure that MATS is still fully compliant with the standard and to ensure that the on-line survey audit is enough to confirm compliance. The audit for Year 2 was conducted in September.

This is the 16th year that MATS has achieved and extended the ISO certification without a single non-conformity.

COMMISSION IMPLEMENTING REGULATION EU2017/373

Besides the numerous changes that we had because of the regulation laying down common requirements for companies like MATS in provision providers of air traffic management/ air navigation services, Regulation EU 2017/373 brought a challenge towards policy adaptation that was neither supported by EU nor national law.





« The new responsibilities with regard to the problematic use of psychoactive substances by air traffic controllers was no easy ride and following the several research of what was happening in the industry, we consulted professional companies and national organizations that specialize in the matter. All this was happening along with the sensitive talks with the staff professional associations, and without prejudice to the Data Protection Act. During March 2021, MATS organised the briefings on psychoactive substances and alcohol abuse to all staff. These were conducted by SEDQA online. We take this opportunity to thank SEDQA for its great support to the wellbeing of staff.

MATS successfully established procedure and policy ¹, making personnel aware of their responsibilities, as well as the ways and means towards their well-being.

SAFETY PERFORMANCE

Effectiveness of Safety Management

The Effectiveness of Safety Management (EoSM) result for MATS conducted by EASA in 2021 maintained the positive trend. In fact, MATS improved over last year, again we achieved more than 85% level of maturity which is considered as very good.

We are also regularly participating in the CANSO Individual Identified Report (CANSO

IIR). We are one of those ANSPs which publish all our data. This was commended by CANSO on many occasions. A copy of the CANSO IIR was forwarded to the CEO. It is a company confidential document.

The Standard of Excellence (SoE) is more complex and now being adopted by EASA with some modifications for the RP3. This is offering several challenges to all ANSPs, however in three years we managed to enter in the most mature group of Europe Eurocontrol and the CANSO group. This measurement is an annual challenge for all the ANSPs, it time consuming to complete and requires a lot of background work, however it is a very good safety performance barometer.

SAFETY OCCURRENCES AND INVESTIGATIONS

» The following is the list of occurrences gathered by MATS:

OPERATIONAL OCCURRENCES	
Type of occurrence	Number of occurrences
ATC clearance deviation	15
Runway incursion	11
Fireworks	8
Rejected Takeoff	7
GPS jamming	6
Taxiway incursion	5
Radio Communication Failure	5
Sick Passenger	5
Distress	4
Laser	4
Punctures	4
Accident	2
Runway excursion	2
ATM System	2
Unauthorized Airspace penetration	2
Emergency	2
Landing gear issues	2
Rough running engine	2

¹ SQSC/SAF/PROC/PS 71-19



ACAS RA	1
TCAS TA	1
Go-around	1
Loss of separation	1
Unruly passenger	1
Total reported Occurrences	181

TECHNICAL OCCURRENCES	
Type of occurrence	Number of occurrences
Data Processing	7
Communications	5
Navigation	4
Surveillance	2
Power	2
Infrastructure	1
SEC	0
MET	0
ARS	0
ICT	0
Total reported Occurrences	25

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	9	4	100%
Runway Incursion	10	8	100%
Separation Minima Infringement	1	1	100%

CONCLUDING REMARKS

The year 2021 continued to present the SQSC section with new challenges coming from all angles from regulatory, the pandemic, the strive for continuous improvement, new KPIs and many more challenges coming with the modified RP3.

Cyber Security is one of the topmost priorities again shifting the balance of resources. It is now one of the most important elements needed to mitigate for the new hazards that the industry as a whole is handling. This is a safety critical area directly linked to safety of ATS operations. It has been with us for some years but now the threats are getting much bigger each passing day. Projects and plans in the Cyber area needs full attention and support, the SQSC will do its utmost to support the organisation to achieve the objectives to safeguard its business and meet all regulatory requirements in this safety critical area.

Regulatory requirements are constantly expanding, and ANSPs are expected to deliver more, but, with less resources, an issue which is complicating matters to all ANSPs. The situation is telling that SQSC departments are being turned into regulatory archives and real hands-on time on safety work is slowly being eroded. The new way forward by EASA called **smart rules** may not be achieving the intended objectives, we are still far away from being smart in this aspect, as Norman Vincent Peale declared *"We struggle with the complexities and avoid the simplicities"*.

Nevertheless during 2021 the SQSC section continued to support the rest of the Company with the best means possible, while maintaining balanced communications and healthy relations with all stakeholders to assure a safe, secure and efficient service to our customers.



Human Resources & Occupational Health and Safety

MICHAEL PARNIS
HEAD OF HUMAN RESOURCES

« The Human Resources section continued to serve as the backbone of the Company for the acquisition of new human assets, and to give its full support for the development of the Company's current human resources through internal calls including promotions in various sections. HR also incorporates the OHS section. »

The two main approaches adopted are through recruitment and secondly by investing in our current resources through training and promotions.

COVID-19

The year 2020 was dominated with the Covid-19 pandemic which unfortunately carried on throughout the year 2021. The Head of HR formed an important part of the Crisis Management Team and continuously kept MATS' employees informed about developments and regulations issued both by the Health Authority and MATS' Management.

HR kept continuous contact with all employees and members of the management working from home and kept in touch with those employees who were asked by the Authorities to remain in quarantine especially those that tested positive for Covid-19. In all cases, the necessary actions were taken as announced by the Authorities. In some cases, MATS also issued its own rules to better safeguard our place of work. Nine internal memos were issued with instructions on how we can keep ourselves and each other safe.

“2020 was dominated with the Covid-19 pandemic which unfortunately carried on throughout the year 2021.”

“At the beginning of the year, although most States opened their gates, passengers were still reluctant to travel due to quarantine obligations hence flights were still being cancelled.”

« In the beginning of February 2021, MATS reached an agreement with the Health Authority to offer the Covid-19 vaccine to all MATS' employees. Appointments were scheduled for those employees who opted to take the vaccine keeping in mind the continuity of the service especially at Operations and the Technical Sections. By the end of June, 95% of all staff were vaccinated. Preparations for the booster jab were initiated in the first week of December and planned to start January 2022.

HR also reached an agreement with a local private provider to carry out rapid swab testing of its employees. Payments were borne by MATS and appointments were scheduled by HR.

All measures introduced during the previous year continued to be observed and enforced. Employees continued to receive the appropriate masks and sanitizers. The air purifiers installed in the Administration Building, Tower, and Technical Workshop in 2020 continued to operate as planned while the members of the support staff continued to operate the portable sanitising units and sanitised frequently common areas and offices.

MATS was hardly hit by the covid pandemic in December 2021 when 11 employees were found positive while 21 others had to remain in quarantine due to direct contact with covid positive persons.

RECRUITMENT & PROMOTIONS

Recruitment

Covid-19 measures halted the recruitment process for the year 2020 and therefore HR had to make up for this loss during the year 2021. Vacancies were issued as per the recruitment process and recruitment was affected in the following posts:

- Technical Infrastructure Specialist
- ATASO III OPS
- ATASO III Procurements and Accounts
- 1 ATCO Trainee
- 3 ATSEO Trainees

In October 2021 the process to recruit ATCO Trainees started with 76 application (6 of which internal). By the end of December all FEAST I and II tests were completed, and interviews were planned for the beginning of 2022. 16 candidates were successful, with those who ranked 1 to 9 asked to sit for and interview. Successful candidates will be asked to start the course with CANI in the Czech Republic in March 2022.

Promotions/Appointments 2020

In 2021 the Company has promoted/appointed the following after the necessary 'calls' were issued:

- 1 ATASO IV SQSC
- 4 ATSEO Trainees to the position of ATSEO I
- UCT Head

- SOC Specialist
- 1 FDSP
- ICT Officer II
- 1 Senior Electrician
- 2 Safety Surveyor/Auditor OPS
- 3 ATSEO II
- 3 ATCO I
- 1 ATCO Trainee to ATCO 1
- ATASO III TSS
- ATASO IV Payroll
- 3 TTDI (OPS)
- 2 ATSES

SICK LEAVE

Part of the HR sections' remit is dealing with sick leave and injury on duty, making sure that all the necessary documentation is in hand to facilitate National Insurance and Private Insurance requirements. Discussion on the Sick Leave policy are ongoing with the relevant stakeholders.

OCCUPATIONAL HEALTH AND SAFETY

To safeguard all employees' health and safety at work and all other persons at MATS premises, Occupational health and safety legislation and regulations continued to be introduced at MATS and the OHS officer assures observance. All fire detection systems, intruder systems, lifts and fire extinguishing equipment were regularly inspected and certified in all the sites of the Company. All employees were provided with the required personal protective equipment to make sure that they are always safeguarded at the workplace.

A fire drill was organised on the 18th of March 2021 followed by another one six months later, on the 28th of September. Plans are to organise a fire drill once every six months.

RICHMOND FOUNDATION

The Company continued to support the Richmond Foundation, the 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 personal cost. Employees who asked for assistance through the HR office were referred to the Foundation.

PINK OCTOBER



For the first time MATS' employees from the Finance & Administration section took the initiative to organise the sale of muffins to all MATS employees. The activity was very successful, and the funds raised were donated to Marigold's Pink October Campaign.

L-ISTRINA

As in previous years, MATS' employees were asked to contribute to the L-Istrina campaign organised yearly by the Malta Community Chest Fund. Employees raised the sum of €1170 and the Company rounded up the sum to €4000. The donation was presented to the MCCF by the Head of HR during a televised marathon.

FRESHERS WEEK

For the first time MATS participated at the Freshers week held by MCAST. A stand was set up by the Technical Section and together with HR they took care of the required logistics to



man and coordinate the stand. Hundreds of students visited the stand with many showing interest in joining MATS once they have concluded their studies.

President George Vella and Minister Justyn Caruana visited our stand and had words of praise toward our initiative.

RETIREMENT OF EMPLOYEES



A certificate of 'Recognition' signed by the Chairman and CEO was awarded to those employees that retired during 2021. This initiative started in 2020 and continued during 2021. During 2021, 4 employees retired from MATS.

CONTACT WITH EMPLOYEES

During 2021 a total of sixty-three MEMOs were issued by the HR office. Nine MEMOs focused on the Covid-19 Pandemic, disseminating information, explaining regulations, and giving directions to all employees. Other MEMOs were issued to announce promotions, vacancy calls and other information deemed as necessary for dissemination amongst the work force.

HR also issued several emails to all staff announcing the passing away of employees' relatives. Other emails were issued when children of MATS' employees were born.

ROSTERING OF ATCOS

The responsibility of the rostering of ATCOs remains an integral part of the HR section's work. Daily change of rosters occupies

more than a day's work of the only employee responsible for rostering which sometimes is almost impossible to coordinate especially on festive days when the number of ATCOs does not reach the agreed number of ATCOs as agreed with the Unions and almost every shift needs to be backed up by other ATCOs on overtime basis. Vacation leave and sick leave did not help in the situation and emergency measures had to be introduced to satisfy the demand of 11 ATCOs per shift.

SUMMER STUDENTS

During the summer holidays, MATS gave the opportunity to a few young students to work for 3 months within its sections. 5 students were recruited, 2 of which were placed with the Technical Section and who are being eyed as potential ATSEOs in the near future. The scheme was launched by the Ministry of Education linked with the Ministry of Transport. It is planned that next year more students will be given the opportunity to have a summer experience at MATS.



CONCLUSION

Human Resources section will continue to do its utmost to consolidate its position within MATS and continue to serve as the backbone for the company. HR has increased its effort to attract the personnel needed in all sections and recruit the right persons for the job. Our main aim continued to be that of getting the right persons for the jobs, focusing mainly on qualifications and experience. Employees at MATS continued to receive the necessary training and promoted accordingly.

HR intends to keep continuous contact with all employees both through personal contact and by means of MEMOs and other means of correspondence. Health and Safety will also continue to be a priority for the HR Section with the main aim to safeguard its employees and introduce all the possible safety measure to keep injuries to the barest minimum.

Financial Statements 2021

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Directors, Officers and Other Information



Mr George Bork Marks
Chairman



Prof. Ernest Cachia
Director



Mr Raymond Lanzon
Director



Registered Office

Malta Air Traffic Services
Malta International Airport
Luqa LQA 5000

Bankers

Bank of Valletta
Sky Parks Business Centre
Luqa LQA 4000, Malta

Auditors

GCS Assurance Malta Limited
115A, Floor 1
Msida Valley Road
Birkirkara BKR 9024



Ms Emeline Fenech
Director



Mr Julian Tabone
Director



Dr Andrew Sciberras
Board Secretary

Mr Joseph Zarb

Director
Appointed 06/07/2021

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The Company's principal activity is to provide air navigation services within the Malta Flight Information Region.

Review of the business

During the year ended 31 December 2021, the company incurred a loss before tax of €4,277,848 (2020: a loss before tax of €7,148,962).

Results and dividends

The statement of comprehensive income is set out on page 9. The directors did not propose any dividends in 2021. In 2020, no dividends were proposed and paid.

Directors

The directors of the Company who held office until the date of this directors' report were:

Anthony Abela	resigned on 9th June 2021
George Borg Marks	appointed on 16th November 2021
Ernest Cachia	
Emeline Fenech	resigned 23rd June 2022
Raymond Lanzon	resigned 23rd June 2022
Joseph Sultana	appointed on 6th July 2021; resigned on 15th November 2021
Julian Tabone	resigned 23rd June 2022
Joseph Zarb	appointed 6th July 2021; resigned 23rd June 2022
Ian Borg	appointed on 24th June 2022
Oliver Magro	appointed 24th June 2022
Stephanie Mifsud	appointed 24th June 2022
Ronald Vassallo	appointed 24th June 2022

The Company's Articles of Association do not require any directors to retire.

Directors' Report CONTINUED

Directors *continued*

Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:


- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Companies Act (Cap. 386). They 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

GCS Assurance Malta Limited, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



George Borg Marks
Director



Ernest Cachia
Director

Registered Office:
Malta International Airport
Luqa LQA 5000, Malta

Date:
30 August 2022

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF MALTA AIR TRAFFIC SERVICES LIMITED



Report on the Audit of the Financial Statements

Our Opinion

- Malta Air Traffic Services Limited's financial statements give a true and fair view of the company's financial position as at 31 December 2021, and of the company's financial performance in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU; and
- the financial statements have been prepared in accordance with the requirements of Maltese Companies Act (Cap. 386).



What we have audited



Malta Air Traffic Services Limited's financial statements, set out on pages 7 to 36 comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Emphasis of Matter

We draw attention to Note 1.2, in relation to the events after balance sheet date, which addresses developments in connection with COVID-19, and the potential impact on financial and operational performance. This matter is considered to be of fundamental importance to the users of the study of the financial statements because of the potentially unfavourable nature of these developments, and the impact they could have on the basis of preparation of these financial statements. Our opinion is not modified in respect of this matter.

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

Report on the Audit of the Financial Statements CONTINUED

Independence

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 of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report on pages 1 and 2 and the schedules for revenue and expenses on pages 37 to 40 (but does not include the financial statements and our auditors' report thereon).

Our opinion on the financial statements does not cover the other information.

« In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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. »

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, 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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on the Audit of the Financial Statements CONTINUED

Auditors' responsibilities for the audit of the financial statements *continued*

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, as 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, 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.

Report on the Audit of the Financial Statements CONTINUED

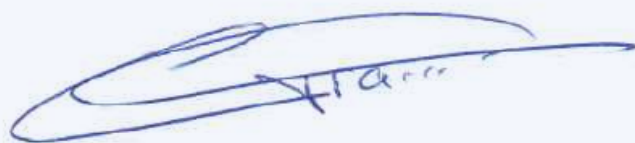
Report on any other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act, (Cap.386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by ourselves.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of the directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.



Christian Gravina

Director

For and on behalf of

GCS Assurance Malta Limited

Certified Public Accountants

Agora Business Centre, Level 2,
Valley Road,
Msida, MSD 9020,
Malta.

30 August 2022

Statement of Financial Position

As at 31 December	Notes	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	5	9,900,818	10,430,362
Right-of-use asset	6	31,821,286	32,520,655
Term deposits	10	18,500,000	12,000,000
Total non-current assets		60,222,104	54,951,017
Current assets			
Financial assets at fair value through profit or loss	7	5,039,266	4,774,123
Trade and other receivables	8	3,820,411	3,693,061
Cash and cash equivalents	9	1,700,149	9,375,259
Term deposits	10	6,500,000	9,545,230
Total current assets		17,059,826	27,387,673
Total assets		77,281,930	82,338,690

The notes on pages xx to xx are an integral part of these financial statements.



Statement of Financial Position CONTINUED

As at 31 December		2021	2020
	Notes	€	€
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	10,000,000	10,000,000
Retained earnings		11,875,419	16,199,819
Total equity		21,875,419	26,199,819
Non-current liabilities			
Provision for retirement benefits	12	3,001,681	2,749,837
Other financial liabilities	13	3,832,585	3,366,711
Borrowings	14	-	692,839
Lease liability	6	38,724,655	38,951,490
Total non-current liabilities		45,558,921	45,760,877
Current liabilities			
Lease liability	6	2,329,300	2,329,300
Trade and other payables	14	5,757,222	4,210,736
Borrowings	15	692,839	2,771,357
Bank overdraft	16	9,735	8,107
Current tax liability		1,058,494	1,058,494
Total current liabilities		9,847,590	10,377,992
Total liabilities		55,406,511	56,138,869
Total equity and liabilities		77,281,930	82,338,690

The notes on pages xx to xx are an integral part of these financial statements.

The financial statements on pages x to xx were authorised for issue by the board on 30 August 2022 and were signed on its behalf by:

George Borg Marks
Director

Ernest Cachia
Director

Statement of Comprehensive Income

Year ended 31 December	Notes	2021 €	2020 €
Turnover	17	17,866,714	15,932,922
Staff costs	19	(11,799,990)	(10,909,737)
Depreciation expense	5	(2,102,870)	(3,101,573)
Other operating expenses		(6,906,120)	(6,884,130)
Operating (loss)/profit	20	(2,942,266)	(4,962,518)
Finance costs	21	(2,143,607)	(2,139,850)
Other income	21	858,380	750,468
Other expenses		(50,355)	(797,062)
(Loss)/profit before tax		(4,277,848)	(7,148,962)
Taxation	22	(46,552)	(48,217)
(Loss)/profit for the year		(4,324,400)	(7,197,179)

The notes on pages xx to xx are an integral part of these financial statements.

Statement of Changes in Equity

	Share Capital €	Retained Earning €	Total €
Balance at 1 January 2020	10,000,000	23,396,998	33,396,998
Comprehensive income			
Loss for the year - Total comprehensive loss	-	(7,197,179)	(7,197,179)
Balance at 31 December 2020	10,000,000	16,199,819	26,199,819
Balance at 1 January 2020	10,000,000	16,199,819	26,199,819
Comprehensive loss			
Loss for the year - Total comprehensive loss	-	(4,324,400)	(4,324,400)
Balance at 31 December 2021	10,000,000	11,875,419	21,875,419

The notes on pages xx to xx are an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 December		2021	2020
	Notes	€	€
Cash flows from operating activities			
Cash generated from/(used in) operations	24	1,196,461	(2,428,438)
Interest paid		(1,814)	(26,245)
Income taxes paid		(46,552)	(52,026)
Income tax received		-	12,247
Net cash generated from/(used in) operating activities		1,148,095	(2,494,462)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(873,956)	(687,499)
Gain on disposal		65,088	-
Subscriptions of financial assets		(2,942,344)	-
Disposal of financial assets at fair value through profit or loss		2,797,456	1,409,254
Realised exchange differences		175,255	-
Interest received		243,568	359,638
Movement in term deposits – net		(3,454,770)	4,002,438
Dividends received		-	41,564
Net cash generated from/(used in) investing activities		(3,989,702)	5,125,395
Cash flows from financing activities			
Proceeds from borrowings		-	3,464,196
Repayment of borrowings		(2,736,611)	-
Repayment of lease obligations		(2,329,300)	(2,329,300)
Amounts due from shareholders		232,409	465,875
Net cash (used in)/generated from financing activities		(4,833,502)	1,600,771
Net (decrease)/increase in cash and cash equivalents		(7,675,110)	4,231,704
Cash and cash equivalents at beginning of year		9,375,259	5,143,555
Cash and cash equivalents at end of year		1,700,150	9,375,259

The notes on pages xx to xx are an integral part of these financial statements.

Notes to the Financial Statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, 1995. They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings class of property, plant and equipment and financial assets at fair value through profit or loss.

During the year ended 31 December 2021, the Company incurred a loss before tax of €4,277,848 (2020: loss before tax of €7,148,962).

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

1.2 Impact of the COVID-19 Pandemic on the Company

In early 2020 the existence of a new virus, known as the COVID-19 was confirmed and since this time it has spread across the world. COVID-19 has caused disruption to business and economic activity across several countries and has led to significant mitigation measures from several Governments around the globe.

As at the date of issue of these financial statements, the Company's activities were directly affected due to the COVID-19 outbreak and the subsequent government-imposed restrictions.

1.2.1 Impact on the Company's financial position and results of operations for the year ended 2021

As a result of the pandemic, air travel has declined considerably, leading to a sharp decrease in revenue and consequential loss that continued in 2021, as can be seen in the statement of comprehensive income on page 9 of these financial statements. MATS sustained a reduction of 53% in chargeable service units when compared to 2019.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.2 Impact of the COVID-19 Pandemic on the Company *continued*

1.2.2 Impact on capital projects

During the past 3 years, the Company started an ambitious project to construct a new air traffic control tower, to accommodate the increase in demand for air traffic control services. However, this project grinded to a halt at the onset of the pandemic. It is being envisaged that the project shall resume as soon as the current pandemic crises ends.

As the current circumstances are everchanging, the directors are constantly monitoring the situation and believe that the current situation will not affect the Company's ability to continue as a going concern due to its strong cash reserves. Furthermore, the directors firmly believe that once the pandemic is over, the Company will return to the same levels of operations as in previous years.

Accordingly, these financial statements have been prepared on a going concern basis.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.4 Property, plant and equipment *continued*

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	1.5
Radar equipment	12.5
Plant and machinery	20
Motor vehicles	20
Furniture and fixtures	10
Computer software	33.33
Computer hardware	25
Equipment	12.5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.5).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.5 Impairment of non-financial assets *continued*

For the purpose of impairment assessment, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, or on a Company basis, as a cash generating unit (CGU), when the individual asset does not generate cash inflows that are largely independent of those from other assets in the Company to which the asset belongs. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset is recognised in profit or loss. 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, if no impairment loss had been recognised.

1.6 Financial assets

1.6.1 Classification

Financial assets are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial assets at amortised cost; and
- financial assets at fair value through profit or loss

The Company's financial assets are as follows:

Financial assets at amortised cost

Financial assets at amortised costs are financial assets that are held within the business model whose objective is to collect contractual cash flows ("hold to collect") and the contractual terms give rise to cash flows that are solely payments of principal and interest.

On initial recognition, financial assets at amortised cost are recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Discounting is omitted when the effect of discounting is immaterial. Trade receivables without a significant financing component are measured at the transaction price as a practical expedient.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.6 Financial assets *continued*

1.6.1 Classification *continued*

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method less impairment losses, if any. Gain or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets under this classification include cash and cash equivalents and trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated on initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

On initial recognition, these are measured at fair value and transaction costs are charged to profit or loss. Subsequently, these are remeasured at fair value with fair value changes recognised in profit or loss. Dividends are recognised in profit or loss when the right of payment has been established.

The Company's financial assets at FVTPL include corporate bonds and quoted shares.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) on financial assets that are measured at amortised cost. Equity instruments are not subject to impairment assessment.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.6 Financial assets *continued*

1.6.1 Classification *continued*

Impairment of financial assets - continued

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

For trade receivables and accrued income, the Company applies a simplified approach to measuring ECLs which recognises lifetime ECLs. The ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The expected credit losses are accounted as impairment loss on financial assets and are presented as a separate line item in profit or loss.

1.6.2 Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The company first assesses whether objective evidence of impairment exists. The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.6 Financial assets *continued*

1.6.2 Impairment *continued*

(a) Assets carried at amortised cost

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

1.7 Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (note 1.6.2). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown separately in current liabilities in the statement of financial position.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.10 Financial liabilities

Financial liabilities are classified at initial recognition in accordance with how they are subsequently measured, as follows:

- financial liabilities at amortised cost; and
- financial liabilities at fair value through profit or loss.

The Company's financial liabilities are mainly financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value, net of transaction cost and are subsequently measured at amortised cost using the effective interest method. All interest-related charges under the interest amortisation process are recognised in profit or loss.

On derecognition, the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit or loss.

Financial liabilities under this category include trade and other payables, bank overdraft and other financial liabilities.

1.11 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.13 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.14 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled when performance obligation is satisfied in a manner that depicts the transfer of control over the goods or services promised to the customer. A performance obligation may be satisfied either at a point in time or over time.

The consideration relates to the transaction price allocated to each performance obligation as defined in the contract with the customer. The transaction price reflects discounts, rebates and refunds to customers and excludes sales taxes, if any.

Provision of services

Revenue from a contract to provide services is recognised at a point in time upon completion of the service. Services being provided by the Company includes en-route and terminal traffic.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.14 Revenue recognition *continued*

Grants

Grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Grants that are receivable with no future related costs are recognised in profit or loss in the period in which they become receivable.

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.

1.15 Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The application of IFRS 16 had not had a significant impact on the financial position and/or financial performance of the Company.

Notes to the Financial Statements CONTINUED

1. Summary of significant accounting policies *continued*

1.16 Retirement benefit expense

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 is 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.

1.17 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2. Financial risk management

2.1 Financial risk factors

The company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The parent company's board of directors provides principles for overall group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The transactions are mainly effected in euro, the functional and presentation currency of the company, and as such the directors do not consider exposure to foreign exchange risk to be significant.

(ii) Interest rate risk

The Company has taken out government facilities to finance its operations as disclosed in Note 6. 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 6.

Notes to the Financial Statements CONTINUED

2. Financial risk management *continued*

2.1 Financial risk factors *continued*

(ii) Interest rate risk - *continued*

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.

(iii) 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.

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables and committed transactions. The company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	2021	2020
	€	Restated €
Trade and other receivables (Note 8)	3,820,411	3,693,061
Cash and cash equivalents	1,700,149	9,375,259
	5,520,560	13,068,320

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The company does not hold any collateral as security in this respect.

The company banks only with local financial institutions with high quality standing or rating.

(c) 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.

Notes to the Financial Statements CONTINUED

2. Financial risk management *continued*

2.2 Fair values of financial instruments

At 31 December 2021 and 31 December 2020, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to short term maturities of these assets and liabilities.

The fair values of non-current assets are not materially different from their carrying amounts.

2.3 Capital risk management

The Company's objectives when managing capital are to safeguard its ability as a going concern and to maximize the return to stakeholders through the optimisation of the debt and equity balance.

The Company's capital structure consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents disclosed in Note 9 and items presented within equity in the statement of financial position.

The Company's directors manage the Company's capital structure in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the Company balances its overall capital structure through the payments 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.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Notes to the Financial Statements CONTINUED

4. Changes in accounting policies

4.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied new and amended IFRS Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in EU for an accounting period that begins on or after 1 January 2020. The adoption of new and amended standards did not have a material impact on the Company's financial statements.

- Amendments to IFRS 16 Leases Covid 19 – Related Rent Concessions (*effective for financial years beginning on or after 1 January 2020*)
- Amendments to IAS 1 and IAS 8: Definition of Material (*effective for financial years beginning on or after 1 January 2020*)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (*effective for financial years beginning on or after 1 January 2020*)
- Amendments to References to the Conceptual Framework in IFRS Standards (*effective for financial years beginning on or after 1 January 2020*)
- Amendments to IFRS 3 Business Combinations (*effective for financial years beginning on or after 1 January 2020*)

The adoption of new and amended standards did not have a material impact on the Company's financial statements.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of the authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (*effective for financial years beginning on or after 1 January 2021*)
- Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (*effective for financial years beginning on or after 1 January 2021*)

Management anticipates that all the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

Certain new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

Notes to the Financial Statements CONTINUED

4. Changes in accounting policies *continued*

4.3 Standards, amendments and interpretations to published standards that are not yet endorsed by the EU

- IFRS 17—Insurance contracts (effective for financial years beginning on or after 1 January 2023)
- Amendment to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Annual Improvements 2018 - 2020 (effective for financial years beginning on or after 1 January 2022)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current – Deferral of Effective Date (effective for financial years beginning on or after 1 January 2023)

5. Property, plant and equipment

	Assets under construction €	Plant & machinery €	Furniture fixtures & other equipment €	Motor vehicles €	Technical equipment €	Buildings €	Radar equipment €	Total €
At 1 January 2020 - restated								
Cost	5,848,882	92,560	1,706,262	395,213	15,982,202	4,853,638	16,997,669	45,876,426
Accumulated depreciation	-	(92,560)	(1,405,755)	(385,796)	(12,121,048)	(3,318,924)	(16,407,276)	(33,731,359)
Net book amount	5,848,882	-	300,507	9,417	3,861,154	1,534,714	590,393	12,145,067
Year ended 31 December 2020								
Opening net book amount	5,848,882	-	300,507	9,417	3,861,154	1,534,714	590,393	12,145,067
Additions	12,016	-	62,483	-	415,381	15,975	181,644	687,499
Commissioned assets	(2,800,000)	-	-	-	-	-	2,800,000	-
Depreciation charge	-	-	(138,039)	(2,038)	(1,386,588)	(28,063)	(847,476)	(2,402,204)
Closing net book amount	3,060,898	-	224,951	7,379	2,889,947	1,522,626	2,724,561	10,430,362
At 31 December 2020								
Cost	3,060,898	92,560	1,768,745	395,213	16,397,583	4,869,613	19,979,313	46,563,925
Accumulated depreciation	-	(92,560)	(1,543,794)	(387,834)	(13,507,636)	(3,346,987)	(17,254,752)	(36,133,563)
Net book amount	3,060,898	-	224,951	7,379	2,889,947	1,522,626	2,724,561	10,430,362

Notes to the Financial Statements CONTINUED

5. Property, plant and equipment *continued*

	Assets under construction €	Plant & machinery €	Furniture fixtures & other equipment €	Motor vehicles €	Technical equipment €	Buildings €	Radar equipment €	Total €
At 1 January 2021								
Cost	3,060,898	92,560	1,768,745	395,213	16,397,583	4,869,613	19,979,313	46,563,925
Accumulated depreciation	-	(92,560)	(1,543,794)	(387,834)	(13,507,636)	(3,346,987)	(17,254,752)	(36,133,563)
Net book amount	3,060,898	-	224,951	7,379	2,889,947	1,522,626	2,724,561	10,430,362
Year ended 31 December 2021								
Opening net book amount	3,060,898	-	224,951	7,379	2,889,947	1,522,626	2,724,561	10,430,362
Additions	110,001	-	130,350	-	413,532	42,356	177,717	873,956
Disposals	-	-	-	(65,088)	-	-	-	(65,088)
Depreciation released on disposal	-	-	-	65,088	-	-	-	65,088
Disposals	-	-	(122,172)	(2,459)	(813,042)	(28,699)	(437,128)	(1,403,500)
Closing net book amount	3,170,899	-	233,129	4,920	2,490,437	1,536,283	2,465,150	9,900,818
At 31 December 2021								
Cost	3,170,899	92,560	1,899,095	330,125	16,811,115	4,911,969	20,157,030	47,372,793
Accumulated depreciation	-	(92,560)	(1,665,966)	(325,205)	(14,320,678)	(3,375,686)	(17,691,880)	(37,471,975)
Net book amount	3,170,899	-	233,129	4,920	2,490,437	1,536,283	2,465,150	9,900,818



6. Right-of-use asset and lease liabilities

The Company leases the land in which it operates. The lease contract is made for a fixed period of 62.5 years. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using the lessee's incremental borrowing rate, which represents the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Company, where possible, uses recent Government financing received as a starting point, adjusted to reflect changes in financing conditions since related-party financing was received.

	Land €	Total €
As at 1 January 2021		
Cost	33,919,393	33,919,393
Accumulated depreciation	(1,398,738)	(1,398,738)
Net book amount	32,520,655	32,520,655
Year ended 31 December 2021		
Opening net book amount	32,520,655	32,520,655
Depreciation charge	(699,369)	(699,369)
Net book amount	31,821,286	31,821,286
As at 31 December 2021		
Cost	33,919,393	33,919,393
Accumulated depreciation	(2,098,107)	(2,098,107)
Net book amount	31,821,286	31,821,286

6. Right-of-use asset and lease liabilities *continued*

The lease liabilities were initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The movement of the lease liabilities is analysed below:

	Land €	Total €
At 1 January 2020	41,496,485	41,496,485
Additions	-	-
Interest expense on lease liability	2,113,605	2,113,605
Repayment of lease liability	(2,329,300)	(2,329,300)
At 31 December 2020	32,520,655	32,520,655
At 1 January 2021	41,280,790	41,280,790
Additions	-	-
Interest expense on lease liability	2,102,465	2,102,465
Repayment of lease liability	(2,329,300)	(2,329,300)
At 31 December 2021	41,053,955	41,053,955

Lease liabilities for the years ended 31 December 2021 and 2020 are split into maturity groups as follows:

	2021 €	2020 €
Non-current		
Lease liabilities	38,724,655	38,951,490
Current		
Lease liabilities	2,329,300	2,329,300

The statement of comprehensive income reflects the following amounts with respect to leases:

Depreciation charge of the right-of-use assets	699,369	699,369
Interest expense on lease liability	2,102,465	2,113,605

The total cash payments for leases in 2021 and 2020 were €2,329,300 and €2,329,300 respectively.

7. Financial assets at fair value through profit or loss

	2021 €	2020 €
Fair value at 31 December 2021		
Life insurance policy	1,586,058	1,554,960
Debt securities	1,988,773	2,160,154
Equity instruments	1,146,072	906,336
Collective Investment Schemes	318,363	152,673
Multi-asset funds	-	-
Total financial assets at fair value through profit or loss	5,039,266	4,774,123
Year ended 31 December		
At beginning of the year	4,774,123	4,594,835
Life insurance policy	1,500,000	1,500,000
Net gain/ (loss) from changes in fair value during the year	283,081	88,542
Portfolio movements	(1,517,938)	(1,409,254)
At end of year	5,039,266	4,774,123

8. Trade and other receivables

	2021 €	2020 €
Current		
Trade receivables - gross	4,656,462	4,612,897
Less: Provisions for impairment of trade receivables	(2,518,415)	(2,001,798)
Trade receivables - net	2,138,047	2,611,099
Prepayments and accrued income	1,598,092	1,028,636
Other receivables	84,272	53,326
	3,820,411	3,693,061

Trade Receivables is stated net of provision for doubtful debts amounting to €2,518,415 (2020: €2,001,798). Accrued income is stated net of provision for doubtful debts amounting to €1,519,115 (2020: €965,091).

9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2021 €	2020 €
Cash at bank and in hand	1,700,149	9,375,259
Bank overdraft (Note 15)	(9,735)	(8,107)
	1,690,414	9,367,152

10. Term Deposits

	2021 €	2020 €
Maturing within one year		
1 year fixed-term deposits	6,500,000	9,500,000
Term deposits from investments	-	45,230
	6,500,000	9,545,230
Maturing after one year		
2 years fixed term-deposits	6,500,000	-
5 year fixed-term deposits	12,000,000	12,000,000
	18,500,000	21,545,230

11. Share capital

	2021 €	2020 €
Authorised		
10,000,000 ordinary shares of €2 each	20,000,000	20,000,000
Issued and fully paid		
5,000,000 ordinary shares of €2 each	10,000,000	10,000,000

12. Provision for retirement 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 1.16 and represents the Company's obligation discounted to the net present value at the rate of 7% after considering the average life expectancy of these employees and expected increases in salaries, where applicable.

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

	2021 €	2020 €
At the beginning of the year	2,749,837	2,515,271
Retirement benefit expense	251,844	234,566
At end of year	3,001,681	2,749,837

On 1 February 2022, the Company was charged by the Service Pensions Department (Government) for the Company's contribution in respect of the pension paid out to the retirees from the date of their retirement up to 31 December 2021. The total amount to be paid out by the Company, as charged by the Service Pensions Department, as at 31 December 2021 amounted to €3,001,681.

13. Other financial liabilities

	2021 €	2020 €
Amounts owed to government	3,832,585	3,366,711

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 12 months after the reporting period.

14. Trade and other payables

	2021 €	2020 €
Current		
Trade payables	1,211,531	2,394,164
Accruals and deferred income	2,419,846	344,322
Deferred government grant	45,210	45,210
Amounts due to shareholders	2,080,635	1,427,040
	5,757,222	4,210,736

Amounts due to shareholders are unsecured, interest free and repayable on demand.

15. Borrowings

	2021 €	2020 €
Non-current		
Loan from Euro Control	-	692,839
Current		
Loan from Euro Control	692,839	2,771,357
	692,839	3,464,196

Loan from Euro Control bears interest of 1.5% per annum and is repayable by 31 March 2022.

16. Bank overdraft

	2021 €	2020 €
Current		
Bank overdraft	9,735	8,107

The outstanding bank overdraft as at 31 December 2021 and 2020 is secured by general hypothec over the Company's assets. The average rate of interest during the year was 5.15% (2020: 5.15%).

17. Revenue

	2021 €	2020 €
Provision of air traffic control services:		
En-Route traffic	12,408,681	11,016,790
Terminal traffic	2,548,024	1,985,856
Exempt traffic	1,863,499	1,863,499
Maintenance and technical fees	1,046,510	1,066,777
	17,866,714	15,932,922

18. Expenses by nature

	2021 €	2020 €
Staff costs (Note 18)	11,779,990	10,909,737
Depreciation expense	2,102,870	3,101,573
Auditor's remuneration	2,850	2,750
Other operating expenses	6,903,270	6,881,380
	20,808,980	20,895,440

Auditors' fees

Fees charged by the auditors for services rendered during the financial years ended 31 December 2021 and 2020 relate to the following:

	2021 €	2020 €
Annual statutory audit	2,850	2,750
Non – audit services	5,500	5,500

19. Staff costs

	2021 €	2020 €
Staff costs incurred during the year were as follows:		
Wages and salaries	11,152,304	10,298,875
Social security costs	395,841	376,296
Retirement benefit expense	251,845	234,566
	11,779,990	10,909,737

Average number of persons employed by the company during the year:

	2021	2020
Operations	52	54
Technical	51	52
Administration	64	59
	167	165

20. Finance costs

	2021 €	2020 €
Interest on bank overdraft	1,814	2,362
Interest on loan	39,328	23,883
Interest on right-of-use asset	2,102,465	2,113,605
	2,143,607	2,139,850

21. Other income/(expenses) - net

	2021 €	2020 €
Interest income on bank deposits	265,414	259,645
Net gain/(loss) from changes in fair value of financial assets at fair value through profit or loss	283,081	88,542
Investment transaction fees	(34,159)	(18,018)
Dividend received	32,734	41,564
Interest expense on subscriptions	(740)	(1,012)
Interest income on redemptions	14,378	15,282
Income from grants	9,581	7,541
Re-imbursed grants	-	(664,795)
Other income	234,736	224,657
	808,025	(46,594)

22. Tax expense

	2021 €	2020 €
Current tax expense	46,552	48,217

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	2021 €	2020 €
Loss before tax	(4,277,848)	(7,148,962)
Tax on loss at 35%	(1,406,729)	(2,389,629)
Tax on profit at 15%	46,552	48,217
Tax effect of:		
Non-deductible expenses	-	1,854,866
Temporary differences	1,406,729	534,763
x expense		
Tax charge in the accounts	46,552	48,217

23. Directors' emoluments

	2021 €	2020 €
Salaries and other emoluments	60,090	58,650

24. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	2021 €	2020 €
Operating loss	(4,277,847)	(4,962,518)
Adjustments for:		
Depreciation of property, plant and equipment (Note 5)	1,403,500	2,402,204
Release of depreciation on disposal of PPE (Note 5)	(65,088)	-
Depreciation of right-of-use asset (Note 6)	699,369	699,369
Gain on disposal of PPE (Note 5)	(3,000)	-
Retirement benefit expense	251,845	234,566
Provision for doubtful debts	516,617	625,504
Interest expense	2,141,793	2,140,862
Decrease/(increase) in fair value of financial assets at fair value through profit or loss	(107,826)	9,151
Gain on disposal of financial assets at fair value through profit or loss	-	(97,693)
Interest income	(265,414)	(274,927)
Movement in deferred tax liability	-	-
Adjustment to net book value after restating property, plant and equipment	-	(4,493,534)
Changes in working capital:		
Decrease/(increase) in trade and other receivables	(643,967)	1,898,732
(Decrease)/increase in trade and other payables	1,546,479	(610,154)
Cash generated from operations	1,196,461	(2,428,438)

25. Related party transactions

Except for transactions disclosed or referred to previously, the following significant operating transactions, which were carried out principally with related parties, have a material effect on the operating results and financial position of the company:

	2021 €	2020 €
Transactions with ultimate controlling party:		
Revenue	1,863,499	1,863,499
Interest on leased land	2,102,465	2,113,605

26. Events after the reporting period

As a consequence of the ongoing COVID-19 pandemic described in Note 1.2, at the signing date of these financial statements, it is yet unknown when air travel will reach the 2019 figures. However, management is predicted that such operating levels should be reached in approximately 3 years after the pandemic ends.



As discussed in Note 1.2 the directors believe that the current situation will not affect the Company's ability to continue as a going concern.



The matters described above are considered to be a non-adjusting, post-balance sheet event.

27. Statutory information

Malta Air Traffic Services Limited is a limited liability company and is incorporated in Malta, with its registered address at Malta International Airport, Luqa LQA 5000 Malta

The immediate and ultimate parent company of Malta Air Traffic Services Limited is Malta Government Investments Limited, a company registered in Malta, with its registered address at Clock Tower, Level 1 Tigne Point, Sliema, Malta.

28. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's disclosure format for the purpose of compliance with the International Financial Reporting Standards (IFRS), and the requirements of the Maltese Companies Act (Cap. 386).

Supplementary Statements 2021

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Detailed Statement of Comprehensive Income

Schedule I

	2021 €	2021 En-route €	2021 Terminal €	2020 €
Revenue	17,866,714	12,408,681	5,458,033	15,932,922
Staff costs	(11,779,990)	(10,147,991)	(1,651,999)	(10,909,737)
Depreciation expense	(2,102,870)	(1,808,468)	(294,402)	(3,101,573)
Other operating expenses	(6,906,120)	(5,939,263)	(966,857)	(6,884,130)
Finance costs	(2,143,607)	(1,843,502)	(300,105)	(2,139,850)
Other income/(expenses) - net	808,025	694,901	113,124	(46,594)
	(4,277,848)	(3,678,949)	(598,899)	(7,148,962)

Schedule does not form part of the audited financial statements.

Revenue

Schedule II

	2021 €	2021 En-route €	2021 Terminal €	2020 €
Turnover				
<i>Provision of air traffic control services:</i>				
En-Route traffic	12,408,681	12,408,681	-	11,016,790
Terminal traffic	2,548,024	-	2,548,024	1,985,856
Exempt traffic	1,863,499	-	1,863,499	1,863,499
Maintenance fees	1,046,510	-	1,046,510	1,066,777
	17,866,714	12,408,681	5,458,033	15,932,922

Schedule does not form part of the audited financial statements.

Other operating expenses

	2021 €	2021 En-route €	2021 Terminal €	2020 €
Eurocontrol contribution	995,140	853,220	141,920	952,488
Regulatory and supervisory costs	2,102,293	1,807,972	294,321	2,102,293
Meteorological services	765,288	656,148	109,140	765,288
Communication expenses	519,267	445,213	74,054	504,099
Training	242,266	207,716	34,550	70,179
Insurance	602,888	516,908	85,980	471,412
Provision for doubtful debts	516,617	511,562	5,055	625,504
Travelling	57,600	49,385	8,215	28,758
Water and electricity	205,043	175,801	29,242	203,797
Legal and professional fees	94,405	80,942	13,463	68,202
General expenses	27,293	23,400	3,893	38,901
Conference expenses	891	764	127	1,972
Subscriptions	152,104	130,412	21,692	110,446
Cleaning	25,702	22,037	3,665	77,244
Licences and permits	51,971	44,559	7,412	60,819
Directors' fees	60,090	51,520	8,570	58,650
Fuel and oil	34,200	29,323	4,877	33,785
Repairs and servicing	287,637	246,617	41,021	503,965
Printing and stationery	31,025	26,600	4,425	34,915
Motor vehicle expenses	12,975	11,125	1,850	11,878
Bank charges	6,912	5,926	986	38,705
Staff expenses	4,067	3,487	580	2,764
Sponsorship	520	446	74	4,643
Medical fees	14,755	12,651	2,106	12,040
Hire of equipment	4,862	4,169	693	1,219
Advertising	4,244	3,639	605	790
Donations	4,000	3,430	570	8,674
Car hire	53,900	46,214	7,686	36,957
Difference on exchange	34	29	5	-
Carriage	2,317	1,987	330	6,255
Entertainment	405	348	57	1,322
Auditor's remuneration	2,850	2,444	406	2,750
Registration fees	1,400	1,200	200	1,400
Penalties & fines	-	-	-	243
Safety wear	2,804	2,404	400	1,571
Wages and salaries	18,355	15,738	2,617	40,202
	6,906,120	5,939,263	66,857	6,884,130

Schedule does not form part of the audited financial statements.



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