ANNUAL REPORT 2022
& FINANCIAL STATEMENTS

MALTA AIR TRAFFIC SERVICES

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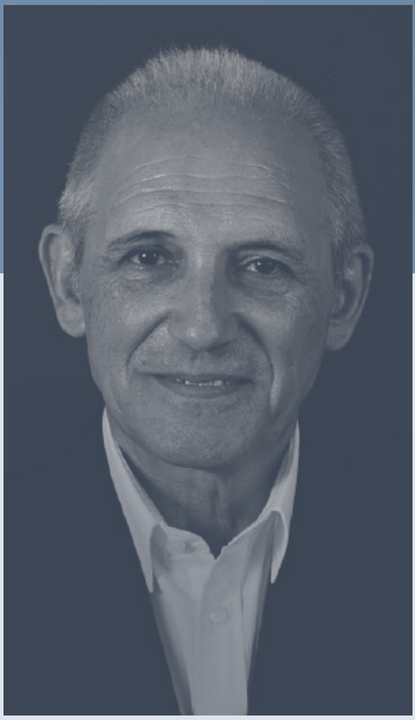


Chairman's Message
GEORGE BORG MARKS

Managing air traffic is, by no means, an easy task. Of course, it is easy when you know how, as I always like to put it, but it takes the continuous efforts of so many different people doing so many different tasks on a 24x7 basis. Perhaps the general public does not fully appreciate the work that is done at MATS, be it controlling air traffic, maintaining technical equipment, attending to maintenance of the building and outstations, coordinating the various tasks necessary to ensure continuous staff training and refresher courses, aeronautical information management and general administration. I see MATS as a big machine that needs all the different parts to work together in harmony giving the assurance that it will not stop.

It is with these thoughts in mind that I am writing these few words as my introductory message to the Company's Annual Report for the year 2022. That year marked a slow but steady ascent to the normality that we were used to during the years prior to COVID, notably 2019 which was a bumper year for tourist traffic and, in the case of MATS, air traffic. As we try to forget about COVID, we look back and learn from it while, at the same time, looking forward to a better future.

We also look forward to starting again some projects that had to be put on hold back in 2020. Capital expenditure will, of course, be a major concern for the Company but it is hoped that, as traffic increases to normal levels and beyond, the Company will be in a strong position to utilise the income generated from the provision of services to ensure a better, safer and more secure working environment for all staff. I am confident that, with good, strong leadership and the professionalism of all staff, we can continue to overcome all the challenges that we were accustomed to dealing with in the past, with the confidence that we can ride any wave that may come our way in the years to come.

In my capacity as Chairman and on behalf of the members of the Board of Directors, I wish to thank all the staff and their respective Unions, for their dedication to duty, their loyalty to the Company and for providing such an essential and efficient service to the travelling public and aircraft operators.

Chief Executive Officer's Message

PERIT CLAUDE MALLIA

2022, marking the 20th year of MATS, took off with a leadership transition as I assumed the role of CEO amid the challenges posed by the Omicron variant of the Covid-19 pandemic. The first quarter witnessed a gradual recovery in traffic volumes, aligning with the broader aviation sector's concerted efforts to navigate the lingering pandemic challenges. Despite notable week-to-week fluctuations, statistics were not always reassuring, but the overall trend was looking positive. Considering the challenging economic environment and volatile geopolitical situation in Europe, it was crucial that the recovery rate endured through to the last quarter. Understanding the levels of demand forms the basis of commitments to resources, investment plans, service performance, and ultimately service charges.

Throughout 2022, MATS handled 113,328 flights, with air traffic volumes ultimately reaching 79% of pre-pandemic levels, reflecting a 42% growth from the previous year. The unit rate experienced a significant decrease of 26%, from €32.92 to €24.41. This was attributed to the considerably higher than-planned total en-route service units (TSUs) for 2023 and retroactive adjustment of the 2022 unit rate following the adoption of the revised RP3 performance plan. The inflationary pressures were exacerbated by the energy crisis stemming from the conflict in Ukraine.

Team resilience over the past two challenging years reinforced MATS' commitment to recovery. While dedication to safety remained MATS' top priority, this year we spearheaded concentrated efforts to support regeneration programs focused on enhancing operational efficiency, recouping liquidity from new projects, and seizing sedentary opportunities to strengthen our long-term finances. This approach not only sustained ongoing projects but also facilitated a comprehensive review of working conditions and previously frozen wages.

In the same period, we initiated new collective agreement discussions with employee unions. These negotiations received support from the Public Administration's Industrial Relations Unit (IRU) and the Board of Directors, underscoring our commitment to fostering constructive dialogue and collaboration with our workforce.

In addition, MATS established additional targets to monitor and reduce its carbon footprint. We committed ourselves not only to decarbonize our own facilities but also to contribute to the aviation sector's targets. This involved engaging in both aerodrome and airspace operational efficiency evaluations to enhance environmental performance.

Notably, MATS achieved a significant milestone in the Single European Sky (SES) initiative with the establishment of the final phase of implementation of Free Route Airspace (FRA) which is now available from FL195+. FRA empowers airlines and other operators to employ optimal horizontal flight profiles when navigating in the upper Malta FIR airspace, leading to enhanced fuel efficiency and reduced emissions. This achievement has attracted increased transcontinental flights, specifically from the US mainland to the Persian Gulf. The implementation of the FRA was successfully completed ahead of schedule.

The effective implementation of the FRA project has now set the stage for another significant airspace initiative, the INTRAC project, introducing fuel-saving routes through continuous climb and descent profiles for aircraft arriving and departing from MIA. Despite the original plan to commence the INTRAC project in 2022, We took the strategic decision to prioritize the implementation of Data Link Services (DLS) due to impending infringement proceedings at the European Court of Justice, resulting in the postponement of INTRAC for 2024/5.

In February, I reassumed full control of the designated DLS site at Benghajsa and kickstarted works on the station to house the DLS VHF Ground Station. Over the course of the year, activities encompassed site reinstatement, antennae installation, equipment setup, and network connections to the Air Traffic Control Center (ATCC) and the eventual routing to the ENAV facility in Rome. The CPDLC Air Traffic Network (ATN) System was established. Following ongoing testing and training, we anticipate completion by the end of 2023, ensuring progression and addressing regulatory priorities.

Throughout the year, MATS continued to strengthen relations with neighbouring ANSPs. Collaborative initiatives, such as sharing concerns and programs with Blue Med FAB counterparts, underscore MATS dedication to regional collaboration. This proved not only instrumental in aligning with the requirements of SES initiatives, but also in reaching targets set by the Performance Review Body (PRB).

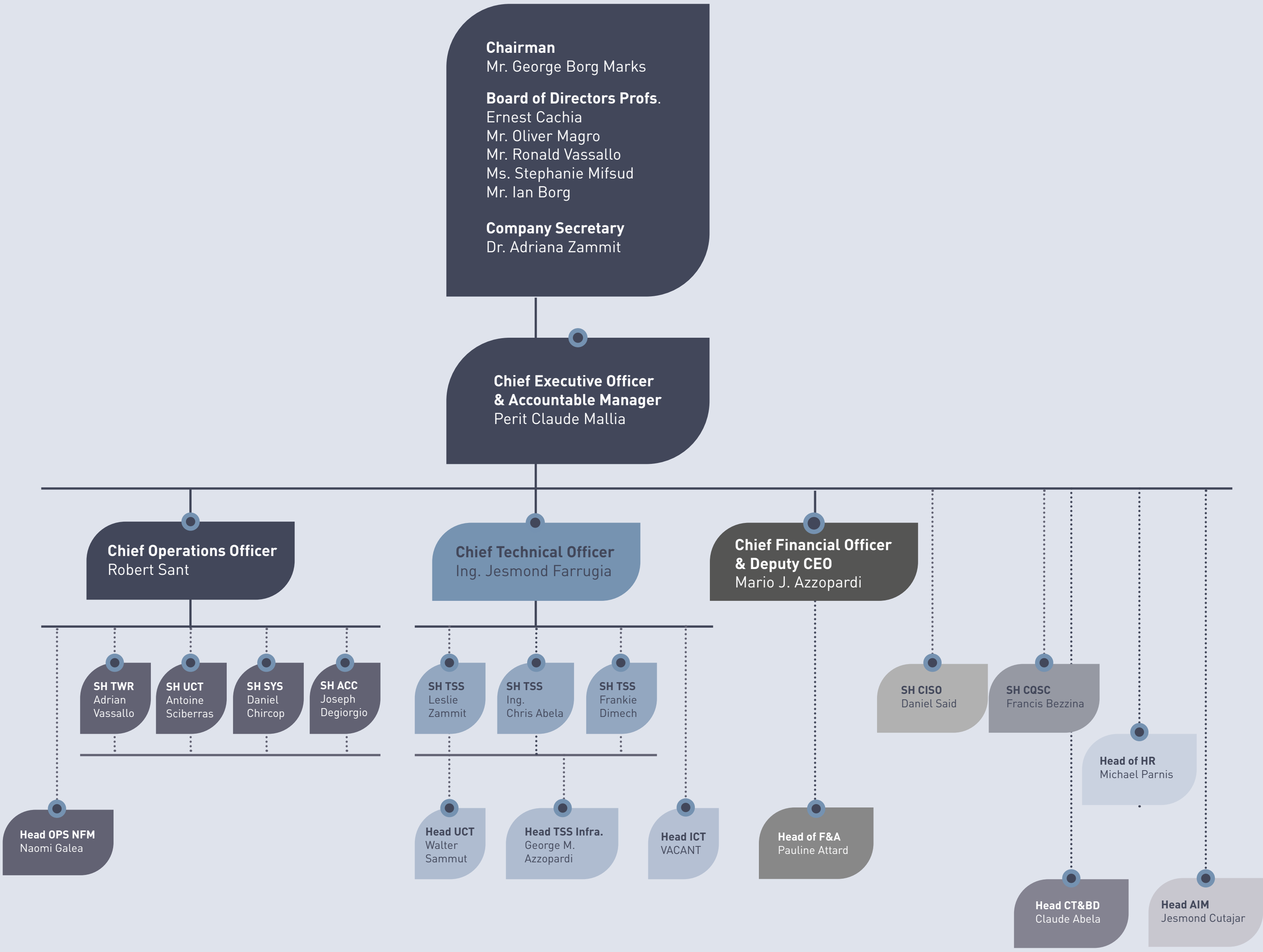
Given the aging infrastructure context, an international Preliminary Market Consultation (PMC) was initiated to explore alternatives for the defunct new Air Traffic Control Centre project, which was shelved during the COVID period due to financial constraints. The comparative analysis of submissions will play a vital role in the decision-making process concerning technical and operational solutions for providing future aerodrome control services.

Among new initiatives, the team supporting INDIS on Safi Aviation Park management will be administering a project for the rehabilitation of Apron 6 for long-term parking of up to Code C aircraft. This project not only aims to generate additional revenue for MATS but also seeks to improve the overall usability of the airfield, potentially attracting new operators.

Another task was the empowering of the Corporate Identity Team. The assignment was not only to rebrand and make MATS more visible to local and international fora but also to strengthen the sense of belonging among staff, retain existing employees, facilitate the organization in attracting suitable candidates for job vacancies, and appeal to potential business partners.Leading MATS through challenges and opportunities has been a privilege, and the success achieved is attributed to the exceptional teamwork across all company sections. The dedication of our employees, consistently delivering with professionalism while upholding rigorous aviation industry standards, has been instrumental. The outcomes, acknowledged by entities such as TM-CAD, Eurocontrol, EASA, CANSO, and the UKAS BV ISO 9001-2015 certification, serve as a testament to our collective success.

This success is underpinned by MATS' proactive measures to enhance operational efficiency and strategic financial initiatives. These actions have not only fortified our foundation but also positioned us for sustained growth and successful project delivery. In navigating the dynamic aviation industry landscape, our unwavering commitment to fiscal responsibility and prudent financial management remains steadfast. This approach contributes to improving MATS' financial health. Our ability to adapt, thrive, and uphold the highest standards sets the stage for the long-term stability and success of the company.

Management Organisational Chart



Finance & Administration

MARIO JOSEPH AZZOPARDI
DEPUTY CEO AND CHIEF FINANCIAL OFFICER

Following two years of significant financial losses as a result of the Covid-19 pandemic, for the first time in two years, during the financial year ending on 31 December, 2022, MATS registered a profit before tax of €5.143 million (compared to a loss of €4.278 million before tax for year 2021) 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 increased by €4.069 million from €21.875 million to €25.944 million.

FINANCIAL REVIEW

When compared to the previous year (2021), from a loss before tax of €4.278 million MATS registered a profit before tax of €5.143 million during the year under review.. The reason for this significant turnaround is obviously attributable to the increase in revenue in 2022 after the notable loss of traffic brought about by the Covid-19 pandemic during year 2021.

REVENUE

During 2022 MATS registered a total revenue of €28,457,545 (2021 : €17,866,714). Of the total revenue generated, 74% (€21.160 million) is from charges for en-route traffic and 15% (€4.386 million) is generated from terminal navigational charges. The remaining 11% (almost €2.9 million) is generated from maintenance services and revenue from Government to reimburse MATS for the loss of revenue from the exemption of military aircraft.

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.

EXPENDITURE

Similar to the cost structure of other ANSPs, more than 50% of MATS' 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.

Total expenditure for 2022 amounted to €24,559,290 million (an increase of €1.607 million or 7% from the €22,952,587 million in 2021) and consisted of the following costs:-

	2022	2021	Variance	Variance
	€	€	€	%
Wages & Salaries	12,678,771	11,799,990	878,781	7%
Depreciation	1,941,923	2,102,870	-160,947	-8%
Other Operating costs	7,843,475	6,906,120	937,355	14%
Finance Costs	2,095,121	2,143,607	-48,486	-2%
	24,559,290	**22,952,587**	**1,606,703**	**11%**

The cost of wages and salaries is the largest component and, at €12.679 million, accounts for about 51.6% of the company's total expenditure.

Compared to the wage costs of €11.800 million for 2021, the wage bill of €12.679 million for 2022 increased by some €879,000, or by almost 7% since up to mid-2021 staff remained to pre-Covid working hours.

Other operating expenditure for 2022 amounted to €7.843 million (2021 : €6.906 million). The largest cost component accounting to 30% of the total expenditure is regulatory and supervisory costs amounting to €2.362 million.

On the other hand, depreciation charge decreased by about €161,000 or about 8%, from €2.103 million in 2021 to €1.942 million during the year under review.

STATEMENT OF FINANCIAL POSITION

The value of the company as at the end of 2022 increased by €4.069 million (about 18.6%), from €21.875 million as at 31 December, 2021, to €25.944 million at the end of 2022. Total assets increased by about €5.664 million (or some 7% from €77.282 million at the end of 2021 to €82.946 million as at end of 2022). Included in the amount of assets is €31.122 million in leased assets from the Government of Malta.

On the other hand, total liabilities increased by €1.595 million (2.9%) from €55.407 million at the end of 2021 to €57.002 million in 2022. Included in the total liabilities is the amount due to Government in the form of shareholder's loans, amounting to €4.298 million (2021 : €3.833 million) and the lease liability €38.486 million on the property taken over from the Government of Malta.

During 2022 MATS invested €697,855 in additions to fixed assets and the total cost of fixed assets as at 31 December, 2022, amounted to €48.035 million. Up to 31 December, 2022, €38.684 million was charged in depreciation on capital expenditure, leaving a net book value of €9.351 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.

UNIT RATE	2014 (€)	2015 (€)	2016 (€)	2017 (€)	2018 (€)	2019 (€)	2020 (€)	2022 (€)	2023 (€)
Malta	**27.61**	**22.33**	**25.79**	**18.79**	**15.89**	**22.37**	**27.29**	**27.21**	**32.92**
Average Eurocontrol members	**2016**	**4.2%**	**4%**	**7%**	**6.1%**	**2.8%**	**-56.4%**	**26.9%**	**63.2%**

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

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.

Annual growth	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2022**	**2023**
Malta	1.1%	13.2%	10%	1.2%	2.0%	9.1%	-61%	27.2%	32.4%
Europe	5.8%	4.2%	4%	7%	6.1%	2.8%	-56.4%	26.9%	63.2%

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

CONSULTATION MEETINGS

During 2022 the CFO attended the 118 and 119 sessions of the Enlarged Committee for Route Charges held in June and November respectively at Eurocontrol – Brussels. During both sessions the CFO answered all questions put forward by the airspace users regarding the proposed unit rate for Malta for the following year.

He also attended consultation meetings in preparation for RP3 that were organized by CAD and attended by IATA, Ryanair and Airmalta amongst other. During these meetings the CFO delivered a presentation on the evolution of costs and traffic of MATS and all airspace users were given the chance to put forward any question and ask for further information.

Operations

ROBERT SANT
CHIEF OPERATING OFFICER

TRAFFIC ANALYSIS FOR 2022

In 2022 [between January and December] Malta ACC handled a total of 23,782 arrivals (49.4% over previous year), 23,737 departures (48.6% over previous year) and 52,611 overflights (31.7% over previous year). Translated into time, Malta ACC provided 55,218 hours of service. [Source: NM STATFOR]

During mid-2022, MATS experienced a downward revision of overflight forecast due to a slower recovery of the North African traffic (Morocco/Algeria to Middle East / Turkey) to pre-covid levels than what was anticipated. In addition, the impact of the war on the Russian flows became more prominent mid-year, with the Russian tourist flows to North Africa also being reviewed downwards and expected to last. Other contributors to the loss of overflights, include:

- Covid aftermath
- Closure of Libyan airspace
- Ukraine war – loss of Russian traffic flows to Tunisia
- Algeria / Morocco air travel sanctions
- Economic fallout / global inflation / high-fuel prices
- Implementation of Free Route Airspace over most of European airspace
- Opening of Israeli airspace for overflights by Arab / Middle East carriers – this has shifted traffic away from the Malta FIR or shortened distance flown through the Malta FIR.
- Re-organization of airspace in Egypt – favours flights to/from Saudi Arabia towards Malta FIR but shifts traffic away for eastbound flights to Persian Gulf.
- Significant reduction of Hajj / Ramadan flights.
- Forecast reduction of scheduled traffic in North Africa / Middle East / Turkey

INTRAC PHASE 2

In February we received the INTRAC FDP geography from Leonardo and the simulator software was updated accordingly. This software was checked by performing several simulations to verify that the simulator performed as expected. A series of simulation evaluation sessions were performed during the first week of March primarily to provide enough data regarding the reduced lateral separation in the new TMA (from 5NM to 3NM). The data was eventually forwarded to Eurocontrol for their evaluation. Further simulation exercises using a minimum lateral separation of 3NM were carried out during April and May to finalise and confirm the procedures based on the INTRAC- Phraseology, Procedures and Strategic Objectives draft document. This

"During the year 2022, the Searidge project gained enough momentum to reach its conclusion. In the first quarter of the year, the CWP workstations were upgraded, and a new HMI was installed in all three tower working positions."

document will be referred to during ATCO training and eventually the finalised procedures will be inserted in the SPINS manual.

The training plan which has been drafted targeting all radar rated ATCOs still stands however in mid-2022 OPS section was directed by the CEO to postpone the planned training commencement date and all activities related to INTRAC until after CPDLC has been introduced into operations.

SEARIDGE PROJECT

During the year 2022, the Searidge project gained enough momentum to reach its conclusion. In the first quarter of the year, the CWP workstations were upgraded, and a new HMI was installed in all three tower working positions. This led to the next major phase of the project, which included upgrading six locations with new high-definition cameras, installing new high-definition cameras at a new location, and installation an additional camera at Location 6 for improved coverage of Apron 9 STD 1. A total of 46 high-definition cameras were installed, and the entire process took about 5 months to complete. Some locations required not only camera replacement but also re-wiring of the power supply feed and fibre-optic cables. During the installation, an image alignment process was necessary, followed by additional software processing to stitch the images into one complete panoramic view.

In addition, another phase began in September, in parallel with the camera installation. During this phase, the software on the archiving servers was upgraded, including the operating system. Both phases were technically concluded in November, except for minor issues with the archiving upgrade that required direct support from Searidge. The remaining issues were resolved by Searidge's technical support during their 2-week stay in Malta, which included a Site Acceptance Test and a 2-day course for the technical section. All tests during the SAT were successful, thus concluding the project.

HAL-FAR MODE-S IMPLEMENTATION

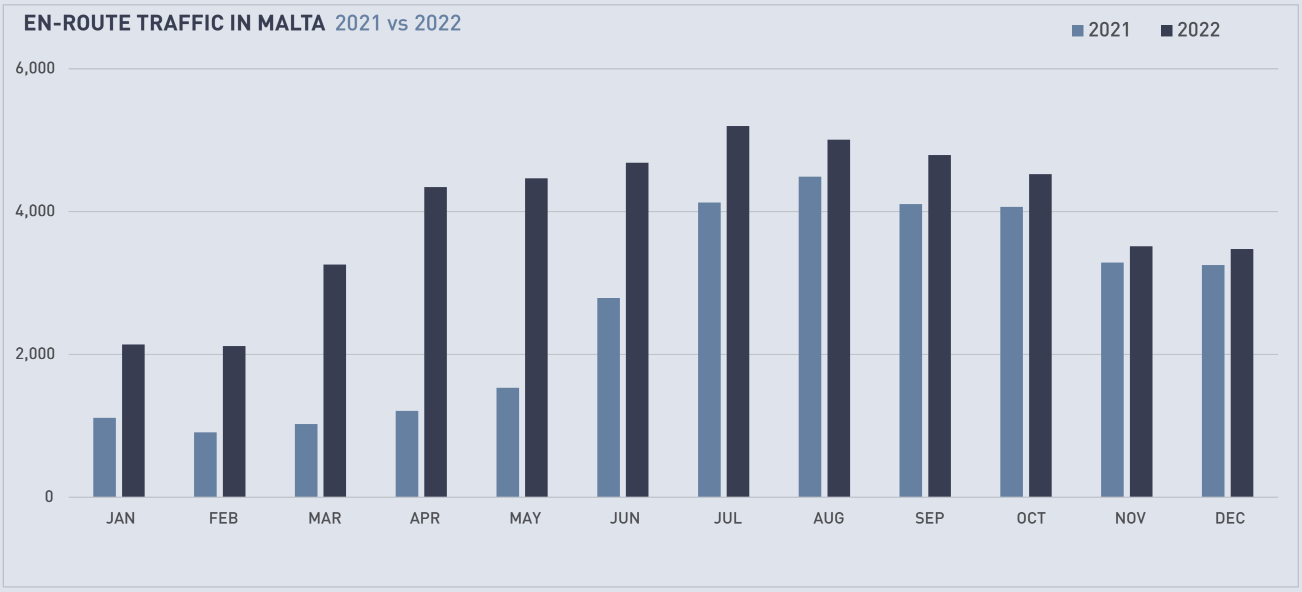
In June of 2022, the very first Elementary Mode-S interrogations were performed by Hal-Far radar following its upgrade from a standard SSR to a Mode S radar. SSR Mode S is an enhanced process used by Secondary Surveillance Radar that relies on a unique 24-bit aircraft address for selective interrogation of an individual aircraft, hence Mode-S. In order to perform these interrogations, aircraft must also be equipped with Mode-S transponders. Additionally, with Mode-S interrogations, the flight ID inserted by the flight crew in the aircraft's flight management system is also received.

The integration of Mode-S into the ATM system required several days of monitoring to ensure the new radar configuration did not produce any surveillance anomalies. To provide controllers with an additional indication of Mode-S replies, a new radar position symbol had to be introduced in the ATM system.

Briefings for controllers was also required.

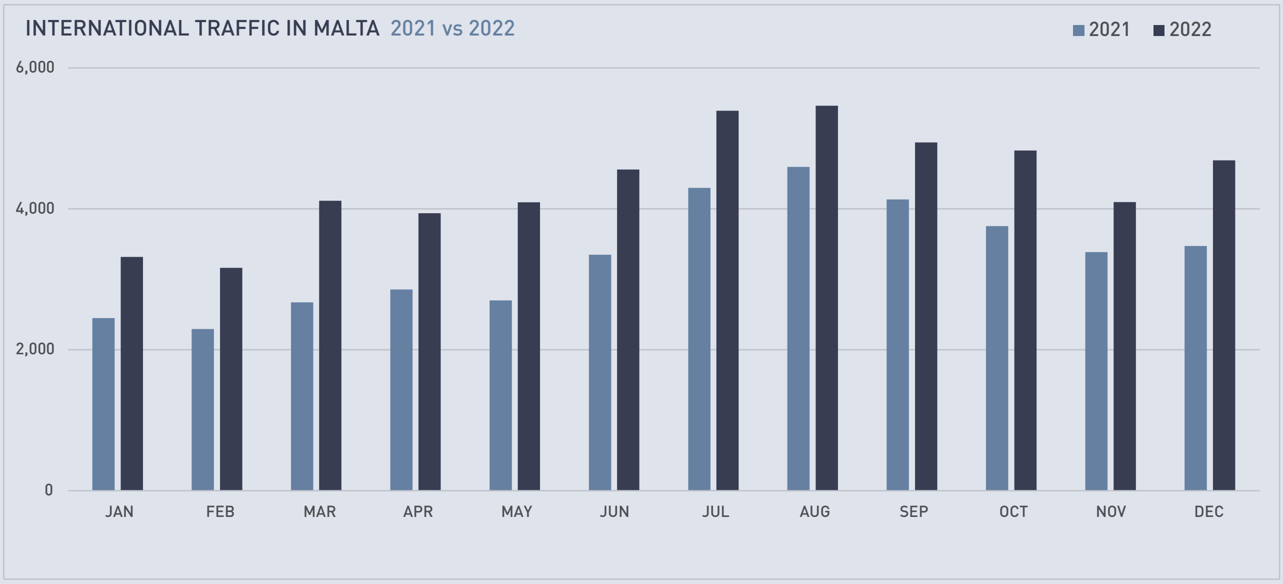
Consultation with Stakeholders

During the year, MATS has conducted several consultation sessions with aviation stakeholders on projects listed above. With the INTRAC project bringing major changes in the airspace, MATS organised consultation sessions with entities including TM-CAD, MIA, AFM, Air Malta as well as Ryan Air.



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	1,113	908	1,023	1,208	1,534	2,786	4,128	4,490	4,105	4,067	3,287	3,249
2022	2,139	2,115	3,258	4,344	4,466	4,684	5,198	5,006	4,794	4,524	3,512	3,479

Source: EUROCONTROL



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	2,450	2,293	2,671	2,855	2,700	3,349	4,298	4,596	4,134	3,756	3,387	3,471
2022	3,317	3,163	4,115	3,937	4,093	4,557	5,391	5,463	4,943	4,827	4,097	4,688

Source: EUROCONTROL

Technical Support

ING. JESMOND FARRUGIA
CHIEF TECHNICAL OFFICER

COMMUNICATION, NAVIGATION, AND SURVEILLANCE

COMMUNICATION

R&D within the Communication Domain

Over the past few years, the Technical Section observed that the Yagi antennae used for the extended VHF coverage, procured from renowned international suppliers, have a short lifetime of around 2 years. The costs are not only limited to the replacement of the antennae but also involve rigging and lifting equipment costs. When evaluating the overall costs, the Technical section started considering the establishment of R&D in this area. A preliminary study of the costs involved with regard to material and knowledge, suggested that it was a beneficial investment with very low risk. The modest investment in parts and equipment has yielded a high net return in financial savings, operational efficiency, increased reliability and improved proficiency of the technical personnel involved in this project, both for the experienced ATSEP and also the new ATSEP that have joined the section recently. Our main objective in investing in R&D is to enhance the knowledge of personnel in this area while experimenting with methods and production techniques to sustain part of the VHF farm and the demanding RF requirements. Initially, the work focused on the production of the Yagi antennae and the tuning according to our specific requirements taking into consideration the harsh climate exposure, especially at the Dingli site. The team is led by two experienced ATSEPs and includes also the younger generation ATSEPs. The work involved the theoretical calculations to meet the specifications, CAD and specialized software for the design (including the use of a 3-D printer) and production of the various antennae. . Ad hoc support from a Professor from the University of Malta was also involved, particularly in the theoretical verification of etched antenna power divider units. The R&D involves also aluminium works, tuning, and verification of the specifications using state-of-the-art test equipment. The antennae were finally assembled and installed to enable the initial field testing.

The R&D production of antennae for operational use in 2022 includes:

1) design and installation of a Yagi antenna for the main west frequency TX and a dedicated Yagi with a pre-amplifier at the RX site. Results show a significant improvement of VHF coverage and the resolution of a long standing issue related to VHF performance and quality around the area of Palermo.

2) Production and installation of 5 three-stacked Yagi antennae for the VHF contingency site at Hal Far to serve the high power VHF requirements for the Main East frequency (122.775) and two stacked Yagi antennae for the standby East frequency (123.625). 12/07/2023

3) Two independent 8-element Yagis for the East frequency (Main and Standby). The past year has enabled the establishment of faster and sturdier production techniques. (As a spoiler, until June

2023, the COMMS domain designed, produced, and installed: - 2 x 4-element gamma-matched Yagis for 121.5 Tx, 2 x 5-element Yagis for the 123.625 Tx, 2 x 5-element Yagis for the 130.975 Tx, 1 x 5-element Yagi for the 130.975 Rx.)

The ambitious objective for 2023 is the production of antennae to replace the existing ones and to consolidate the Hal Far high-power amplifier to enable operational testing on the East Frequency.

The Technical Section provides all the necessary support to ensure a safe and efficient Air Traffic Operations with regard to Air Traffic Management, Communication, Navigation, and Surveillance.

Refurbishment of VHF farm and Rx Site

The rigging works for the replacement of RF cables, antennae, installation of new treated/galvanized cable trays, and reorganisation and removal of unused cables has been ongoing for the last two years. In the process, a study of the various antennae and relative services on each mast was initiated.

Refurbishment works in the he Rx site included re-tiling, and re-routing of RF cables from the masts up to the respective termination points. . New racks were installed in the RX site , and supplied with mains and DC supplies. Anew connection panel including new protection devices was designed and produced in-house to enable a more efficient, safe and flexible use of antenna/equipment connection. .

Contingency Project

The project involves the connection of four remote VHF sites to Luqa ACC via UHF links using C-Net. The latter is an in-house designed and built Ethernet network modelled on the M-Net but adapted for the Contingency requirements. A task force was set up specifically for C-Net and consisted of CCNA certified ATSEPs.

Two new UHF links were purchased and installed by the end of the year to allow remote testing and installations. The installations also aimed to replace the Epic microwave links at Fawwara and Hal Far, providing the connection of the secondary radar channels to Luqa. The replacement of the EPIC microwave links brought about significant financial savings in the medium and long-term.

Searidge

The project was completed in various phases. These included replacing the network switches at each site, along with new installations of Nema boxes at all sites except Location 6 (close to Taxiway F). These were followed by replacing the three main hubs (Comcen, C Centre, and Luqa), enabling the parallel operation of the new and old cameras in support of the video service in the Tower. The final phase entailed the replacement of the cameras and related wiring at each site. This phase proved to be the most challenging due to the nature of installations on high masts, lack of standardization, adverse weather, and a shortage of riggers. The recording system and SAT were implemented in March 2023.

Restructuring of the Installation Monitoring

The Technical section decided to virtualize the PRTG application and run multiple instances to cover the monitored sensors in various sites of the company. The virtualised solution enabled MATS to save costs related to software licences. This required the procurement of a second server, since the PRTG application is resource-intensive. The sensors were distributed over two instances and displayed on a

newly installed 42-inch monitor in the workshop coordinator position. One instance shows the status of UPSs, ACs and mains meters, while the other instance monitors the UHF links.

SURVEILLANCE AND DATA PROCESSING

Mode-S Replies

Introduction of Mode-S Replies from Hal Far

One of the initial requirements of the AGDL project was to integrate Mode-S replies from local SIR-S (Mode-S) radars. As a first step, it was decided to integrate Mode-S replies from the Hal Far radar. This upgrade has proven beneficial for the OPS section, as it extended aircraft identification acquisition for all aircraft equipped with a Mode-S transponder operating in the West sector. In essence, it is now possible to acquire aircraft identification over the entire LMMM FIR, subject to the availability of both the Hal Far radar and the ADS-B contribution from Kithira. Having aircraft identification facilitates the correlation of system tracks with system flight plans and reduces the likelihood of miscorrelations. It also simplifies the transition process from the Main System to the SBS system during contingency situations, enabling ATCOs in the SBS positions to identify and correlate aircraft to achieve a swift re-establishment of the air situation picture. The integration of Mode-S replies from Hal Far required the migration of ARTAS from V8B4-U2 to V9.0.1 on all operational systems.

The tuning of ARTAS was performed directly on ARTAS V9.0.1 to expedite the process and minimize costs. Successful integration of Mode-S contribution from Hal Far into all operational systems was achieved by July 12th, 2022.

SBS Switching System Over

MATS has significantly invested in upgrading the ATM infrastructure to effectively and safely manage major contingency situations. The introduction of the SBS system, Fallback system, and Contingency OPS room have proven to be strategic, ensuring continuous provision of ATC service during system failures or special conditions requiring the OPS room evacuation. Transferring operations to the Contingency OPS Room necessitates quick and smooth transitions, making efficient and resilient elements in the switching process imperative. During regular checks of the contingency OPS room, the technical section encountered frequent issues related to the switching of the SBS system, particularly during critical scenarios. The original switching system relied on outdated technology available at the time of its initial setup. The previous solution used the first generation of KVM matrix devices and many KVM devices, increasing the likelihood of problems during switching. Consequently, it was decided to upgrade the system with a state-of-the-art fiber-optic switching matrix. This upgrade not only enhanced system performance but also significantly reduced maintenance costs. Additionally, the new switching solution required less rack space. A graphical application similar to the one used for the FLB switching system was developed in-house for the SBS switching system, and no additional costs were incurred except for the new switching equipment. The new system enables simultaneous presentation of the radar picture in both the OPS Room and the contingency OPS room. However, interaction with the SBS system (keyboard and mouse) is limited to the appropriate operational area. The switching process is initiated with a simple action by the technical personnel, enabling a swift allocation of control to the desired operational area. The upgrade of the SBS switching system was successfully completed in January 2022, proving to be highly reliable.

INTRAC Project

During the first half of 2022, MATS was heavily engaged in the INTRAC project, which ran parallel to the AGDL project. The concurrent management of these two projects was demanding due to the stretched resources and a high volume of activities. The contributions of the Technical section to INTRAC in 2022 included:

- Incorporating new FDP geography provided by Leonardo based on INTRAC operational requirements into the Leonardo SIM system, allowing exercise preparation and evaluation of the INTRAC concept from the OPS section.

- Updating INTRAC CWP maps according to revised versions. Specific maps were developed for INTRAC, adding to the workload of maintaining and updating current environment and INTRAC maps, essentially duplicating the efforts.

- Evaluating Safety Nets for the INTRAC configuration with support from Eurocontrol and QinetiQ. The process entailed multiple runs of exercises, data collection, organization, and follow-up. Safety Net evaluation for INTRAC was concluded in May 2022. However, in July 2022, MATS management decided to postpone the INTRAC project and allocate all the resources to the introduction of Datalink services.. Work on INTRAC will resume following the implementation of the AGDL project , and will involve a new agreed implementation plan.

AGDL Datalink Project

Throughout the year, activities related to the AGDL project were given top priority to close the project as early as possible. The following paragraphs elaborate on the tasks that are directly related to this project:

Installation of AGDL Equipment in TEQ03 and TEQ01.

The space limitations in the existing equipment rooms to host the new Datalink hardware, required the re-organisation of equipment in some racks. . The new equipment is primarily related to the ATN and network connectivity. The technical section was responsible to install the equipment in the appropriate racks in TEQ03 and TEQ01. The equipment was received in March, and installation was completed in April 2022, ahead of the planned activity by the Leonardo network team.

Datalink ATN Network Connectivity

Achieving the ATN network connectivity between MATS ATN routers, the VGS Ground Station and the ENAV ATN routers was a complex task and fundamental to the AGDL project. Connectivity of the ATN network facilitates aircraft log-on with the network and the exchange of CPDLC messages between aircraft and ATM ground systems. It was decided to connect the Benghajsa VGS (VHF Data Link-Mode 2 Ground Station) station to the ENAV Air-Ground Router infrastructure (AGR) as recommended by Eurocontrol. This in effect means that the Benghajsa VGS system isbeing considered as an extension of the ENAV VDL-2 infrastructure. The adjacency between corresponding ATN network elements is established through various protocols. To establish ATN connectivity between Malta ACC and Rome ACC, MATS usesredundant and protected network links between the two ACC centers that were deployed over the past years. Leonardo and CADMOS supported this implementation.

This task involved several steps:

- Installation and testing new firmware developed by CADMOS to transport IP-SNDCF (ISO-IP) protocol used between GGR routers.

- Design of the network architecture between MATS and ENAV based on the proposed solution.

- Testing of the CADMOS gateway setup using real flows originating from MATS ATN systems connected to an AGR and GGR to simulate final configuration with ENAV.

- Addressing unexpected problems and proposing alternative solutions based on static IP routing, including the upgrade of the Linux Operating System deployed on CADMOS gateways.

The objective is to have the Datalink services technically operational by end of the new year 2023.

R&D in the DPR Domain

The Technical section aims to make the best use of the available resources and tools in order to improve the monitoring of the services provided. In this regard, a number of initiatives were launched utilising in-house expertise and skills. This included the development of the following in-house software applications:

- AST (ADS-B Statistical Tool)

This application consists of the automatic collection, analysis and production of statistical computations related to the ADS-B performance in the EAST part of LMMM. The application has been upgraded to integrate future ADS-B contributions.

- The SBS and FLB Switching applications

These two applications enable a simple and swift mechanism to switch the control of the SBS and FLB positions from the Main OPS room to the Contingency OPS Room

- Development of scripts

Various scripts were developed on the ATM systems and SIM systems to facilitate automation.

The above consolidates the skills and expertise of the ATSEP involved whilst providing tailored solutions for MATS specific requirements with no additional costs.

ICT and SOC

The ICT and SOC was moved out of the Technical section with the long term objective to separate the SOC from the NOC. The ICT/NOC part of the section needs to be handed over to a new Structure within the technical section, as per original agreement. Unfortunately, the required resources to support the new structure were not provided. Hence, the handover process was not carried out during the year 2022.

TRAINING AND NEW RECRUITS

Unit Competence and Training

The 'Unit Competence and Training' of the Technical Section continued to achieve good progress in ensuring compliance, as required by Annex XIII (Part-PERS) of EU Regulation EU2017/373 (Common requirements for ATM/ANS providers). Competence assessments for the ATSEP in the Data Processing domain were fully completed in 2022. The latter is considered as a significant milestone, as it enables all Level 2 ATSEP to be certified in one of their two domains. From a training point of view, the unit planned a substantial number of courses, some of which were delivered by our own classroom instructors. ATSEP training included ATSEP Basic and Qualification training, System and Equipment training, and Development training.

The learning curve for an entry ATSEO-Trainee to become fully trained personnel is approximately five years from the day of employment.

Recruits ATSEO-Trainees

Within the next five to six years, fourteen ATSEP will reach their retirement age. Some would even opt to retire earlier than their sixty five years of age stipulated by Law. Recruitment for new ATSEO-Trainees needs to be continued. However, it is becoming impossible to obtain the necessary authorisation to continue with the succession planning of the Section.

Safety, Quality and Security Management (SQSC)

FRANCIS BEZZINA
SENIOR HEAD SAFETY, QUALITY, SECURITY & COMPLIANCE

INTRODUCTION

In year 2022, the aviation industry continued to suffer the repercussions of the pandemic that hit globally over two years ago. The aftermath of COVID-19 continued to disrupt the planning for the Aviation industry, the MATS plans and objectives, and as expected the SQSC section planning was not spared. As an ANSP, MATS depends on its staff to deliver ATC services to its customers, the majority jobs are specialised and the company is considered a Critical Infrastructure (CI) which falls under the umbrella of the CIP directorate. Thus, we are obliged to ensure that service continuity is unhindered, especially in circumstances where the country is facing such a calamity. We have a legal obligation under CIP rules to take all the necessary measures as an organization which is considered highly critical for the state, to put in place preventive measures to reduce the risk to our operations in all circumstances, especially in dark times.

The SQSC section is primarily the main unit within MATS that is continuously measured by third parties for performance namely EASA (EoSM and JC), EUROCONTROL and CANSO (SoE and CANSO SSC), ISO 9001-2015 (BV-UKAS), TM-CAD and the CANSO SIEP mechanism. This brings a lot of pressure on the SQSC section and requires a lot of attention on performance and the setting of KPIs and PIs. As in previous years, SQSC section had to handle all the operational and technical oversight and auditing activities including TM-CAD inspections and the recertification of UKAS BV ISO 9001-2015. The SQSC Auditors team still managed to conduct all internal audits, however, some surveys had to be postponed until next year due to the number of audits / inspections that we had during 2022.

It is unfeasible to include all the activities of the section in this short report, hence, the aim is to provide a small insight into the main events. It is important to take into consideration the fact that the SQSC section prepares a comprehensive monthly report which is then forwarded to the CEO.

- **Complicated Safety Cases:** This year we continued with the upgrade of the SEARIDGE system, the project of upgrading the VOR and DME Gozo and DLS/CPDLC project. The latter is huge project which requires a lot of resources spread over infrastructural works, surveillance infrastructure and the ATM System. It required an agreement with ENAV for the ATN routers, with ARINC and SITA for the AoC and loads of background work including activities pertaining to cyber security. The mind map of this massive project is presented here below:

" We have now completed the full overhaul of the safety assessment process covering all elements of Regulation (EU) No 2017/373 primarily ATS.OR.205 on the safety assessment and assurance of changes to the functional system, it is a remodeling of the legacy SAME (Safety Assessment Made Easy) methodology with additional provisions to include practically all elements of the said regulation."

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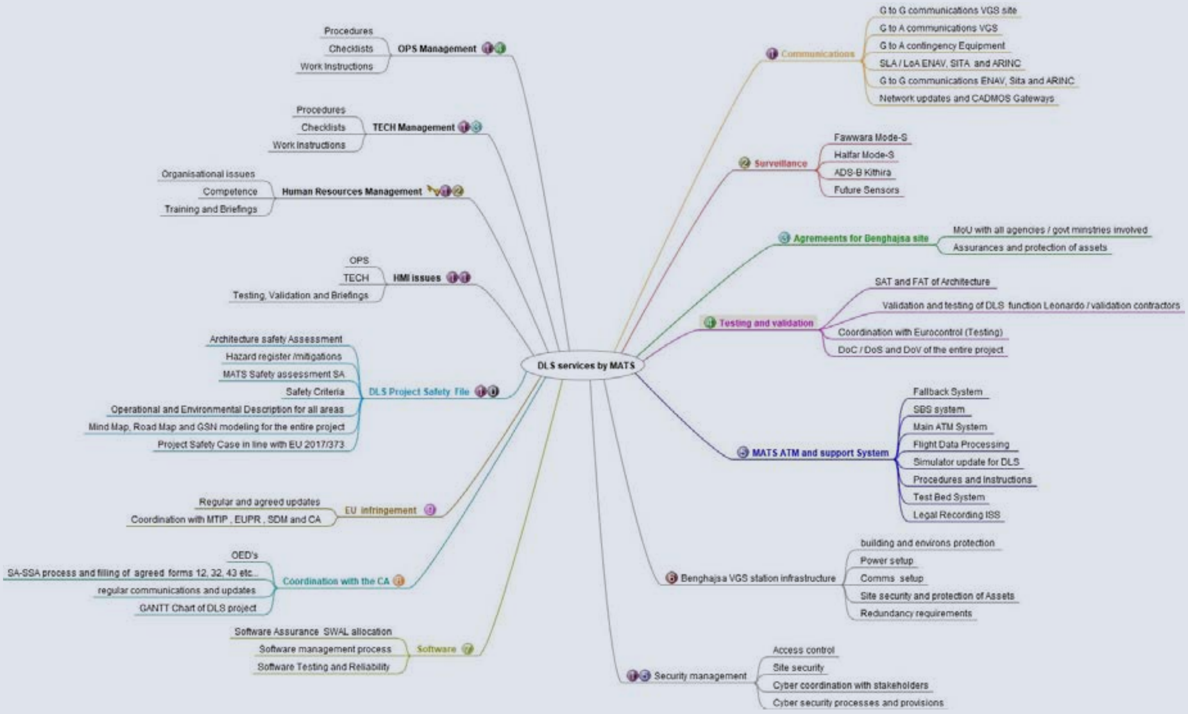


- **Safety Assessment process Updates:** We have now completed the full overhaul of the safety assessment process covering all elements of Regulation (EU) No 2017/373 primarily ATS.OR.205 on the safety assessment and assurance of changes to the functional system, it is a remodeling of the legacy SAME (Safety Assessment Made Easy) methodology with additional provisions to include practically all elements of the said regulation. Where gaps exist, these are mitigated with additional processes as necessary to meet all applicable requirements, which were included in the SA/SSA fully documented process.

  This complicated procedure describes the MATS Safety Assessment (SA) and Safety Support Assessment (SSA) process which was remodeled in line with EU Regulation 2017/373, towards a "total system approach" which entails a logical and technologically consistent approach including connecting domains to ATM/ANS.

The “total systems approach” that is corroborated in the EU Regulation 2017/373, is based on the fact that the aviation system components, products, operators, crews, aerodromes, ATM/ANS are part of the single aviation network which as is being experienced will be more and more integrated through the implementation of new technologies and concepts of operations, under the principles of the Single European Sky.

Each Change is classified according to the effects of the hazards. The severity Classification Scheme being applied now for MATS after the research was done is the EUROCAE ED78A severity scheme which includes the worst harmful effect, and this has been considered adequate to address the need as well as meet the requirements of EU Regulation 2017/373. All changes will be evaluated at an appropriate level to ensure that due consideration is given to all aspects of the provision of the ATM functional system. EASA reviewed the latest version of this procedure for safety and risk assessments, and they commended us for the setup that we introduced.

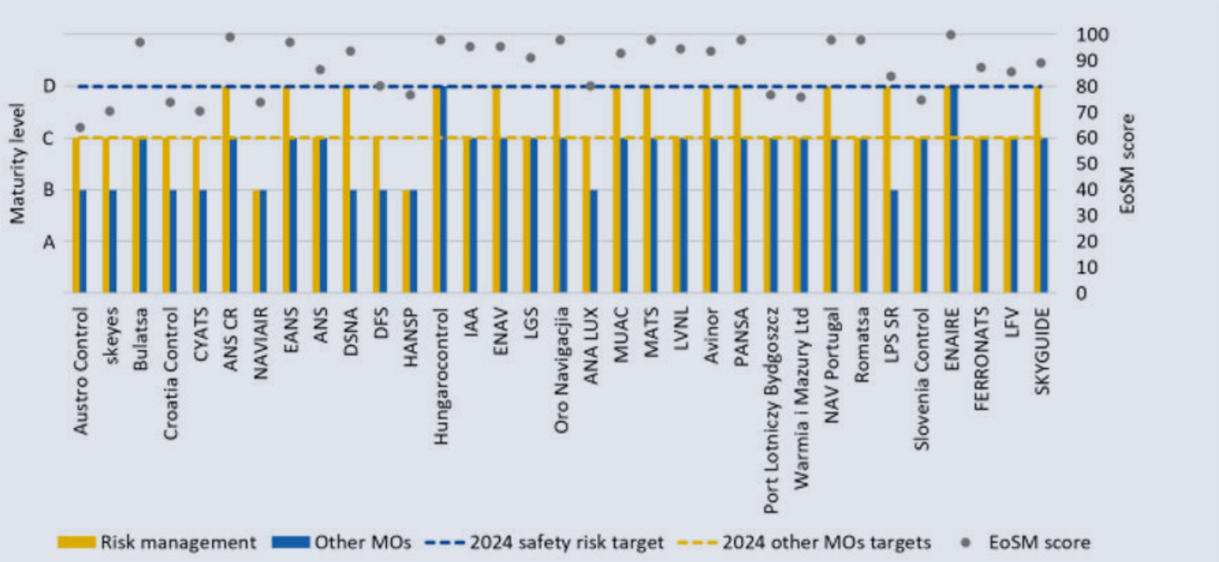
- **The application of the BOW-Tie methodology by the SQSC section:** OSR Ryan Schembri was appointed the PoC for BOW-TIE methodology and he has now gained excellent competence on the platform. Brainstorming sessions were done between Ryan and the SH-SQSC to discuss, challenge decisions and improve the outcome. It can safely be declared that in this area we are also achieving our objectives and gaining very good expertise. The bowties created are on the safety assessment of the Contingency OPS room, the UHF link Safety assessment, and now a new delicate one on ILS calibration, UPS setup, M-Net, and more, now we are supporting the ATM-CAG team reviewing bow-ties covering aircraft flying with faulty transponder and corrupted data from transponders in the ECAC area. We can consider this work as a very positive development within the SQSC section achievements.

- **Emergency Response Planning:** In December 2021, the SQSC coordinated for the first time an ERP which is being designed to cater for a crisis directly affecting MATS Operations. Up till now MATS used to participate in the aerodrome ERP as part of the national preparedness to tackle aviation accidents. Our internal contingency procedures are well equipped to cater for loss of ATM systems and CNS equipment, bomb threats, lack of staff due to pandemics/illness, trespassing etc… but measures in place to cater for a crisis originating from an internal fire in an OPS room, Technical Equipment Room, VCR and/or flooding etc… are weak. The SQSC noted that we had a caveat in this area, so it was decided to tackle the issue. A support team was organised by Johan and commenced working on the ERP dedicated to the ATCC buildings and all infrastructural assets of MATS. Desktop exercise followed and another one is being planned again, we are learning a lot and mitigating in due course.

- **SMIs RIs, ATM SP:** The SQSC section this year ensured that we continue to improve in the RAT Tool area. Now practically all SMIs, RIs and ATM Specific occurrences are tested by the RAT software, we are achieving all requirements in this area. The eTOKAI is now a stable platform, With the help of Walter Sammut - Head within the technical section we managed to improve this software tool performance, he is the PoC for technical matters on eTOKAI with Eurocontrol. His support gives us the leverage that we need to improve the occurrence reporting and investigation process tools.

- **Effectiveness of safety management (EoSM) ANSP level RP3:** MATS improved over last year, in fact we again achieved more than 84% level of maturity which is considered as very good within the European sphere. https://www.eurocontrol.int/prudata/dashboard/ RP3 performance targets reviewed to reflect the effect of the pandemic on the industry, latest updated mandated with (EU) 2021/891 of 2 June 2021 setting revised Union-wide performance targets for the air traffic management network for the third reference period (2020-2024) and repealing Implementing Decision (EU) 2019/903 is now fully implemented.

- **CANSO Individual Identified Report (CANSO IIR)** We are also regularly participating in the CANSO Individual Identified Report (CANSO IIR). We are one of those ANSPs which publish all our data and with opinions, that were lauded 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) on the other hand which is much more complex and now adopted by EASA for the RP3 is offering challenges to all ANSPs, however, in 4 years we managed to enter the most mature group of Europe Eurocontrol and the CANSO group. The extract (below) from the organisation confidential report clearly states that MATS is in group C. This entailed a lot of work and activities, the SQSC can declare that the EU requirements for RP3 (2024) are achieved by MATS. The diagrams below refers.



- **COMMISSION IMPLEMENTING REGULATION (EU) 2017/373 of 1 March 2017:** laying down common requirements for providers of air traffic management/air navigation services and other air traffic management network functions and their oversight, repealing Regulation (EC) No 482/2008, Implementing Regulations (EU) No 1034/2011, (EU) No 1035/2011 and (EU) 2016/1377 and amending Regulation (EU) No 677/2011: This was fully implemented by the end of January 2022. We handled new updates related to GRF, the policy, and testing for psychoactive substances, and the problematic issue of ambiance recording in operational areas which is creating a lot of discussion in all ANSPs and CAs. From our end, we are tracking the issue with a lot of caution in full collaboration with MATCA and TM-CAD. During 2021 and continued in 2022 a process to ensure that all sections abide by EU 2017/373 and additional regulations complimenting 373 i.e. EU 2021/1338 was initiated with all sections, this is now completed and synchronizing our processes with new requirements. The work on Stress and Fatigue, ATCO Rostering, rest periods, and nighttime are now aligned with the regulatory requirements. This new ANS regulation was again updated with a new regulation which covered all remaining annexes. The new Easy Access Rules document for EU 2017/373 from 560 pages jumped to more than 1100 pages which is massive.

- **Safety Planning:** The SQSC section plan covering also at high level RP3 was prepared and forwarded to CEO for approval at the beginning of RP3, the section plan incorporates the section requirements for the immediate future and covering RP3 and the section developments needed to meet the challenges ahead. Another update based on the new realities and the impact of EU 2017/373 was forwarded as part and parcel of the company annual plan. The SQSC section management presented to the CEO the HR plan for the section up to 2030.

Succession planning was one of the main targets mentioned during past interviews; the SQSC section is moving forward in this area and the plan presented last year is being implemented gradually, with a competence assurance way forward. The full-time team of the SQSC section is made up of academically qualified personnel in their field, that is helping a lot in elevating the competence of the section.

- **SQSC Vacancies:** This year, Jan Borg was recruited as OSR in Tech section, whilst Ryan Scicluna and Ayrton Camilleri were recruited as Auditors/ Surveyor in TECH and OPS sections respectively.

- **Safety Culture Survey:** It was in our plan that in 2022-23, SQSC will conduct the survey with the support of the BLUE MED group, however, it had to be postponed due to industrial disputes related to a collective agreement. A group of surveyors have already been appointed and prepared and concluded the questionnaire ready to be disseminated to all MATS employees when the time is right.

- **Security Management System / Cyber security:** Work on the Security management system is now again on top of the agenda with the new regulatory requirements. 'Aviation security' means the combination of measures and human and material resources intended to safeguard civil aviation against acts of unlawful interference that jeopardize the security of civil aviation. International conventions demand States to criminalize new and emerging threats to the safety of civil aviation. An act that jeopardizes civil aviation security/ safety is also considered as an offense in the case that an air navigation facility is interfered, destroyed or damaged. Latest regulatory updates applicable to our organization are being implemented accordingly. ICAO Annex 17/ ECAC Doc 30/ Maltese law CAP 405/ EU 300-2008/ EU 2015-1998 / EU 2016-114 / EU 2019-103..........it is massive!

  This pillar is also exerting a lot of pressure on the resources of the section. In the Cyber Security area, we are attaining the support of CSERT Malta, Eurocontrol CSERT, and MITA. This is a joint activity between the SQSC, ICT, Technical and the SOC section respectively.

SAFI AVIATION PARK

The SAP project is moving ahead in a solid way, reasonably we can declare that we are achieving our objectives. Continuous efforts are being held on safety and security culture, also document in the published Operations Manual. An organisational structure functioning under a management system is being setup, hopefully to reach Apron Management Services Standards as stipulated in EU Regulation 139/2014.

The tenants are now well versed in the processes and respect MATS as the leading entity backed up by the SQSC (Management systems) and the OPS section for certain operational requirements, through the Safety Committee which is a well-attended group. This excellent work is ongoing, it is a success story for MATS spearheaded by the SQSC team and to some extent also by OPS. However, we need INDIS to give more importance to this important initiative.

SESAR COMPLIANCE

The SQSC section provides a submits substantial effort to SESAR participation by MATS. With SESAR being the right-hand research arm of the European Commission in Aviation steering the Common Projects that are now also mandated, MATS has always strived to participate due to limitation of Human Resources. Attempts were made between April 2022 and September 2022 to encourage for the recruitment of the right personnel in leading the stream of SESAR, yet this led to fruition.

Through the Prioritization Exercise as well as other specific meetings, the SQSC section steered the Company in the required direction in order of future compliance with applicable regulations, yet no tangible decisions were taken to date/at the time of writing this document.

CONCLUDING REMARKS

The year 2022 presented the SQSC section with additional challenges due to the constant upward curve of needs to manage the management system pillars. Year after year, new KPIs and targets are being set by EU, EASA, Eurocontrol, and CANSO which are tough and require time and a more competent hands-on deck. Information Security is one of the topmost priorities and again requires resources.

New regulatory requirements have introduced pressures on the section which are shifting attention from the **hands-on** safety work to data analysis, research, and new methodologies and dashboards using power BI presented by EUROCONTROL. We managed to achieve continuous improvement since the SQSC unit beginning way back in 2005, and we must strive to maintain the momentum for the years to come if MATS wants to remain in the group of best achievers in Europe. The SQSC will work towards what is needed to protect what has been achieved with so much sacrifice for many years.

"There are no new types of air crashes — only people with short memories. Every accident has its own forerunners, and everyone happens either because somebody did not know where to draw the vital dividing line between the unforeseen and the unforeseeable or because well-meaning people deemed the risk acceptable".

Stephen Barlay, The Final Call: Why Airline Disasters Continue to Happen, March 1990.

Mission Statement

Our Vision

To be recognised as one of the Euro-Mediterranean region's most respected Air Navigation Service Providers:

In the eyes of our airspace users for our safety and security performance record;

In the eyes of our customers for our cost effectiveness, service and efficiency; 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 an inspiring career.

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

Our Values

Safety and Security are 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.

Mr. Claude Mallia
Chief Executive Officer & Accountable Manager

MATS

Integrated Management System Policy

ISSUE 8 Dated 01/08/22

Malta Air Traffic Services Ltd (MATS), the Air Navigation Service Provider responsible for the Malta Flight Information Region, is fully committed to providing a safe, secure, high quality and efficient service.

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 proactively and continuously seeks improvement towards the highest performance standards of its services, processes and systems applying quality objectives within an Integrated Management System which meets the requirements of the International Standard ISO 9001:2015 and all relevant national and international obligations.

To ensure this, MATS applies a Just Culture Policy warranting that all employees;

abide to standards and best practices established;

are adequately trained as necessary to retain competence in their area of expertise;

report occurrences, hazards or any matter/situation which may impair its services;

are aware of the hazards brought about by stress, fatigue and the use of psychoactive substances, encouraged to lead a healthy lifestyle, whilst making available resources for recognizing, preventing and addressing identified issues;

are involved and encouraged to forward suggestions and recommendations for improvement.

Approved by:

Francis Bezzina
Senior Head Safety, Quality, Security and Compliance

Robert Sant
Chief Operations Officer

Jesmond Farrugia
Chief Technical Officer

Mario J. Azzopardi
Chief Finance Officer

Claude Mallia
Chief Executive Officer & Accountable Manager

MATS

AIM

JESMOND CUTAJAR
HEAD AIM

AIP PRODUCTION

In 2022, we produced seven (7) AIRAC AIP Amendments to the Malta AIP, three (3) Aeronautical Information Circulars (AICs) and one (1) AIP Supplement. This year was the highest year of AIRA AIP Amendments compared to the other years.

All publications are published inhouse in two formats, paper and digital in the form of a CD-ROMs. These publications are sent to the AIP subscribers most of these are on a reciprocal bases. All AIS publications are uploaded in the European Aeronautical Information Data Base (EAD). All AIS publications can also be found on Transport Malta website. Plans are underway to replace the paper and the CD-rom and the AIP will be available in digital format upon published in the EAD-PAMS.

TRAINING TO AIM STAFF

In 2022, most of the AIM staff participated in several online courses offered by the Eurocontrol Aviation Learning Centre as the previous year. These courses were mainly in ADQ regulations (IM-AIDE), (IM-REG), IM-SWIM.

In November and December all AIM Staff were offered for the first time to participate in the Team Recourses Management course (TRM). It is planned that in 2024 half of the staff will participate in another TRM course and the rest of the staff will participate in 2025.

AIM STAFF

In 2022, AIM staff filed 1,793 flight plans and issued 1474 NOTAMs for Malta LMMM FIR.

AIM staff also coordinated with EAD to issue 96 NOTAMs for Libya HLLL FIR.

During 2022, four of the AIM staff provided pseudo piloting service to the Training section as part of the controllers training.

The Auditor and Surveyor representing our section participated and assisted in several audits managed by the SQSC. He also contributed in the safety performance report for the part concerning the AIM section.

RESTRUCTURING OF THE AIM AND THE AIP DEPARTMENT

During this year we installed new network points to be used in next year restructuring of the AIM Office. However, the AIP Department was relocated in the office of Head AIM. It is planned that next year redecoration of the AIM office will take place and the equipment will be organised to be more convenient for the Staff. The old AFTN system was also decommissioned as the new AFTN/AHMS system is the main system used to transmit and receive AFTN/AMHS messages.

EAD DEVELOPMENT

In September 2022, two new Cisco routers already configured by Frequentis were installed to replace two old routers that were not supported any more. Both routers are connected to a switch. In the eventuality that one fails the other router will take over and EAD connection site-to-site will not be lost. A contingency laptop was also provided to AIM staff in case of both EAD1 and EAD2 are out of service. Connection to EAD via this laptop is done to Cisco Anyconnect with two factor authentication using a new mobile which was procured to be able to connect this EAD contingency laptop in case the connection to the EAD site-to-site is lost. In case of loss in the internet on the main EAD PC's or the MATS wifi, this mobile can be used as a HOT Spot to provide internet to the contingency laptop.

In 2022, we also connected the EAD 3 PC. The EAD3 PC is used to produce the Aeronautical Information Package AIP. This pc has a special software provided by EAD for the AIP design, production, and publication. It is planned that next year we will procure a new laptop connected with Anyconnect to be used as a contingency for AIP production. In November all EAD PCs were upgraded with Release 15.0.

AMHS/AFTN SYSTEM

During 2022, the new AHMS/AFTN system was connected via the new Pens. The first connection was made with Rome in April while we established AMHS connection with Greece in May. These connections paved the way to decommission the old AFTN system. More filters were introduced in the system to help the AIM staff especially during high workload.

Training

MR CLAUDE ABELA
HEAD OF CORPORATE TRAINING & BUSINESS DEVELOPMENT

ATC TRAINING ORGANIZATION

We kickstarted 2022 with the Team Resources Management refresher training for thirty-two ATCO, which Ingenav provided in January 2022.

The Training Organization has also commenced the PRE-OJT ACS training for three ATCO who have completed their ACS rating course at CANI in Prague in 2021. We also sent a second group of five ATCO to CANI in March for their ACS rating course. This was done in tandem with another group of four trainees who were sent to CANI for their Ab-initio and ADI rating courses.

In June, the Training Organization also commenced the second Pre-OJT ACS course for the aforementioned group of five ATCO, which was successfully completed by October 2022.

Documentation

The training section has finalized a total overhaul of its primary documents.

- Unit Training Plan (TRG/DOC/02/22/UTP),
- Training Manual (TRNG/Master/01/08).

Both manuals had a complete revision and were reissued with the latest updates satisfying all the legal requirements per Commission Regulation EU340/2015.

TRAINING ORGANIZATION DEVELOPMENT

The Training Organization continued to invest in its TTDI by organizing a HUM-TTI course at Eurocontrol, Luxembourg, for four Theoretical Training Instructors; HUM-TTI is a course designed to enhance and develop Instructor skills. .

TENDER FOR NEW TRAINING ORGANIZATION

2022 also marked the last year of validity for the tender with CANI; consequently, In September 2022, the Company finalized the tender to subcontract a new ATC training Organization which was awarded to Gate Aviation Academy in Copenhagen, Denmark. The tender ensures the provision of Basic ATC Training, ADI rating training, APS rating Training, ACS rating training, OJTI Full, OJTI refresher, UCA Full and UCA refresher from September 2022 until September 2025 with a possibility of extension until September 2026. Following this, and as a first course with Gate, we have provided the Full OJTI course to eight ATCO, and the feedback received by our ATCO for the new training organization contracted was overwhelmingly positive

CORPORATE TRAINING

Like previous years the Corporate Training section has assisted the Technical Section with all the Training facilities required and coordinated with the other sections the training needed for their workforce.

Leonardo Hi-Fi Simulator

ATCO LICENSING AND COMPETENCE

As 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.

SIMULATOR TRAINING

During 2022, MATS Hi-Fi Radar Simulator was extensively used to deliver both the SPOT (SPINS Operational Training) for all APS and ACS rated controllers, as well as to deliver pre-OJT practical training to 8 ATCOs training for their ACS rating.

In the past, the SPOT training used to be conducted in a contracted ATC Training institute abroad and was condensed in a 1 week course covering all ratings. However, in 2022 it was decided to conduct the APS and ACS SPOT training in-house, spread over 4 days, whilst contracting only the TWR SPOT training (4 days course) to CANI institute in Prague.

The APS and ACS SPOT courses were designed between January and February, based on the objectives and recommendations received from the OPS UCT team. In collaboration with the instructors' workgroup, the scenarios were initially studied and tweaked on the UFA simulator, before being transferred to the Leonardo simulator for final implementation. The same process was followed for the design and implementation of the TWR SPOT course. In this case, the final implementation was completed on the contracted 360o tower simulator at CANI facilities.

The APS and ACS SPOT courses were executed between March and June, followed by the TWR SPOT course which was executed between June and September. The response and feedback received from the ATCO community was very positive. Nonetheless, a number of recommendations were also noted, which will be taken into consideration for the next run of refresher training planned for 2025.

During 2022, in collaboration with the instructors' workgroup, an ACS pre-OJT practical course was also designed and implemented on the Hi-Fi Leonardo Simulator. The course included 20 different scenarios with specific objectives and complexity, aiming at familiarizing the trainees with the work practices and the local procedures employed by MATS in the ACC control environment. This course was delivered to 2 groups of ATCOs (total 8 trainees) and very positive feedback was received from both trainees and their instructors.

Furthermore, for the first time ever, the Leonardo Simulator was also used to simulate a 2D Tower simulator as part of the TWR pre-OJT course delivered in September. This experimental session was very well received by the trainees and instructors, and the Training Organization is planning to increase further similar sessions for the upcoming TWR pre-OJT courses.

In parallel to the activities mentioned above, a number of software updates and patches were installed and validated on both Leonardo and UFA simulators, in order to solve and/or improve any problems identified during normal use. In the case of the Leonardo simulator, an independent working environment was also created to allow the debugging of the new AGDL software version.

Human Resources & Occupational Health and Safety

MICHAEL PARNIS
HEAD OF HUMAN RESOURCES

1.1 OBJECTIVE

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.

1.2 COVID-19

The years 2020 - 2021 were dampened by the Covid-19 pandemic which unfortunately carried on throughout the year 2022. Between the 21st of December 2021 and the 16th of June 2022, 67 MATS employees were in quarantine. 31 of this amount had to stay in quarantine as family members were found positive for Covid-19 while the rest were all positive. More than 50% of this number were found positive in the last week of December and the first week of January, causing quite a chaotic situation especially at the Operations section. Management and administration staff were asked to work from home,. whilst special attention was given to the OPS and Technical sections, an issue which was effectively handled without the need for special measures.

As Head of HR I formed an integral part of the Crisis Management Team and continuously kept MATS' employees informed of all developments and regulations issued both by the Health Authority and MATS' Management.

Continuous contact was kept with all employees and members of the Management working from home and and also those employees who were asked by the Health Authorities to remain in quarantine especially those who tested positive for Covid-19. In some cases, MATS issued additional measures to those recommended by the Health Authorities to further safeguard our place of work.

Preparations for the booster jab were initiated in the first week of December 2021 with the rollout commencing in January 2022. By the first quarter of 2022, the vast majority of MATS' employees received their booster.

The HR Section was also responsible for setting up the appointments of those employees requiring a rapid swab test.

From the end of June up to the end of December 2022 no employee reported as positive with Covid–19.

1.3 RECRUITMENT & PROMOTIONS CHIEF EXECUTIVE OFFICER

The beginning of the year 2022 saw a change in the position of CEO at MATS. Perit Claude Mallia was appointed as Chief Executive Officer, taking over from Dr Ing. Kenneth Chircop who announced his intention no to continue in the post after six years at the helm.

A hand over process was initiated and successfully completed

"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. Selection was completed as planned in the beginning of 2022. "

Recruitment

The recruitment process continued throughout the whole of 2022. Covid-19 measures were strictly adhered to especially during interviews.

Vacancies were issued for:

- 7 ATSEO Trainees
- Safety Surveyor/Auditor OPS & Technical
- ATASO III Tenders and Procurements
- ATASO IV OHS
- ATASO IV HR (which was withdrawn)
- ATASO III HR
- Senior Electrician
- Electrician
- Senior Head CISO
- Head ICT
- Head HR
- Supervisor Support Staff

A number of appointments were also announced after an external vacancy notice was issued. The following is the complete list:

- 1 ICT Officer (recruitment process started 2021)
- 5 ATCO Trainee (recruitment process started 2021)
- 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. Selection was completed as planned in the beginning of 2022. 16 candidates were successful, with those who ranked 1 to 9 asked to sit for aninterview. The first 5 successful candidates were sent for a 5-month course at CANI in the Czech Republic in March 2022. 4 were successful while one trainee failed and had his contract was terminated.
- 5 ATSEO Trainees

Call was issued for 7, 5 were successful and are presently under training.

- ATASO III Tenders and Procurements
- Senior Electrician

- Electrician

Promotions/Appointments 2020

In 2022 the Company promoted/appointed the following after the necessary 'calls' were issued:

- Senior Head CISO
- Supervisor Support Staff
- 4 ATSEO I
- 1 ATASO II
- 2 ATSEO I
- 3 Safety Surveyors/Auditors OPS & Technical
- ATASO III Tendering and Procurements

A number of ATCOs were revalidated during the year after the necessary training process.

1.4 SICK LEAVE

The services of the Company Doctor/Occupational Health Practitioner were efficient and met the requests set out by the MATS Administration. The HR Section also deals 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.

The Sick Leave policy was discussed and concluded with all stake holders. The signed final document will be available once the Collective Agreements are signed.

1.5 OCCUPATIONAL HEALTH AND SAFETY

In order to safeguard all employees' health and safety at work and all other persons within the 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 are regularly inspected and certified in all the sites of the Company. Employees are 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 11th of May 2022. with the participation of the MIA Fire Section o

The role of Health and Safety Officer is currently occupied by the ATASO 3 within the HR Department.

An Occupational Health & Safety Committee was appointed on the 1st of April 2022.

1.6 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 service at no personal cost.

1.7 PINK OCTOBER

For the second consecutive year MATS' employees from the Administration section took the initiative to organise the sale of muffins to all employees within MATS. The activity was very successful, and the sum of €500 were donated to Marigold's Pink October Campaign.

1.8 L-ISTRINA

As in previous years, MATS' employees voluntarily contributed towards L-Istrina campaign which is organised yearly by the Malta Community Chest Fund. The sum of €3500 was presented by the Head of HR during the live marathon.

1.9 FRESHERS WEEK

For the second time MATS participated at the Freshers week held by MCAST. A stand was set up by the Technical Section who together with the HR Section took care of the required logistics to man and coordinate it. Hundreds visited the stand and many showed interest in possible future employment with MATS.

Various Ministers, including the Minister for Education and Sports, visited the stand and had words of praise toward the Company's initiative.

1.10 RETIREMENT OF EMPLOYEES

A certificate of 'Recognition' signed by the Chairman and CEO was awarded to the persons that retired during 2022. This initiative started two years ago and continued during 2022.This certificate of recognition was awarded to nine employees, five of whom retired upon reaching the retirement age whilst another four resigned.

1.11 CONTACT WITH EMPLOYEES

During 2022 a total of 37 MEMOs were issue by the HR office. MEMOs refereed to promotions, vacancy calls and other information deemed necessary for dissemination amongst the employees.

HR is also in charge of issuing emails to all staff announcing the passing away of employees' relatives or when children of employees born.

1.12 ROSTERING OF ATCOS

The responsibility of the ATCOs' roster remains an integral part of the HR section. It is an arduous task which can sometimes prove tricky especially if the number of ATCOs on duty does not reach the complement 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 also needs to be factored in.

At the end of the year 2022 a new roster was set up after a ballot drawn with the assistance of MATCA. The new roster will be applied as from March 2023.

1.13 SUMMER STUDENTS

During the summer holidays, MATS gives the opportunity to a number of young students to work for 3 months within its sections through a scheme launched by the Ministry for Eduction. A total of 14 students were recruited, who were placed with the Administration, Operations, SQSC, HR H & S and AIM Sections.. It is planned that next year more students will be given the opportunity to have a summer working experience at MATS.

1.14 EYE TESTS

In October 2022, eye tests were offered to all employees, an offer which was taken up by 116 MATS' employees.

1.15 TELEWORKING POLICY

HR / POL / RMW – 01-22, Teleworking Policy was launched in March 2022.The new policy stipulated that the remote/teleworking arrangement is entirely voluntary and may neither be imposed by the Head of Section nor demanded as of right by the employee. A number of employees applied and applications were approved.

1.16 TERMINATION OF EMPLOYEES

A new policy for persons who retire or resign was launched in March 2022: HR/ MATS (Termination) 03-22. The Scope of this policy was to create a uniform process which involves the registration on the designated public portals and assuring the return of security passes and other equipment belonging to the Company.

CONCLUDING REMARKS

The 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. Efforts were increased 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 should also 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.

Regretfully this will be my last report since I handed in my resignation at the end of December 2022.

I feel honoured and proud of having served MATS for three and half years and will continue to cherish the time spent here.

Michael Parnis

MATS 20th Anniversary Conference

'MANAGING THE FUTURE OF OUR SKIES'

MATS commemorated its 20th Anniversary with an International Conference titled 'Managing the Future of our Skies' which welcomed over 140 guests from the aviation community. The Conference was opened by Honourable Minister Aaron Farrugia and during the introduction to the conference, MATS showcased the progress it achieved through these twenty years of service to the general public and the transformation from a local ANSP to an important progressive European ANSP on the SES periphery.

Since 2019, the world went through a pandemic and an increase political instability have resulted in a shift in traffic patterns and forecasts. The opening discussion focused on the Adaptability to Change – moderated by Joe Sultana, key speakers Iacopo Prissinoti [Eurocontrol Director Network Manager], Maurizio Paggetti [Blue Med ANSPC Chairman] and Robert Sant [MATS Chief Operations Officer] discussed how air navigation service providers managed to manoeuver during these unexpected events while Mark Alexandar Bugeja [Malta Air Head of Training] and Richard Higgins [Malta Air Accountable Manager] gave their insights on the topic from an Airline perspective.

Urban Air Mobility has opened new horizons in aviation by introducing a new type of operator within the airspace which was not considered until now - such operators include cargo bearing UAVs and electrical aerial vehicles which are able to conduct vertical take-off. The second topic 'The Now' featured speakers Marvin Koenig [Lilium] and Kenneth Chircop [Dronamics] who both gave an overview of their advancement in innovation and market penetration plan. The were joined by a Karim Cosslett [Altitude Angel] who is one of the lead suppliers of drone management solutions. Other speakers on the panel included Tony Licu [Eurocontrol Head of Safety], Analisa Abdila [TM-CAD] and Daniel Garcia [ENAIRE]. Discussion was moderated by Anthony David Gatt.

During the second half of the conference, Eduardo Garcia [CANSO], Jesmond Farrugia [MATS CTO], Jason Gauci [Institute of Aerospace Technologies] and Davide Corinadelsi [SESAR Deployment Manager] gave presentations about future advancement in aviation. Csaba Gergely [Hungarocontrol] gave his insights on provision of air traffic tower services from a digital tower. The agenda item 'The Future' was moderated by Alfred Quintano.

"Urban Air Mobility has opened new horizons in aviation by introducing a new type of operator within the airspace which was not considered until now - such operators include cargo bearing UAVs and electrical aerial vehicles which are able to conduct vertical take-off."

MATS CEO Perit Claude Mallia closed the conference.

Special thanks for the MATS Corporate Identity Team for organizing this event. Thanks to Malta International Airport, Go, Gallagher Insurance, Dronamics and Flying Malta App for their support towards this event.

Financial Statements 2022

CONTENTS

Directors, Officers and Other Information

From left to right:

Dr Ian Borg – Director
Mr Ronald Vassallo – Director
Mr George Borg Marks – Chairman of the Board
Ms Stephanie Mifsud - Director
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

Auditors

GCS Assurance Malta Ltd, 115A, Floor 1, Msida Valley Road, B'Kara BKR 9024

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2022.

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 2022, the company generated a profit before tax of €5,143,068 (2021: a loss before tax of €4,277,848).

RESULTS AND DIVIDENDS

The statement of comprehensive income is set out on page 9. The directors did not propose and pay any dividends during 2022 and 2021.

DIRECTORS

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

George Borg Marks	
Ernest Cachia	
Ray Lanzon	(resigned on 23rd June 2022; re-appointed 1st January 2023)
Emeline Fenech	(resigned 23rd June 2022)
Julian Tabone	(resigned 23rd June 2022)
Joseph Zarb	(resigned 23rd June 2022)
Ian Borg	(appointed 24th June 2022)
Oliver Magro	(appointed 24th June 2022; resigned 1st November 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.

"During the year ended 31 December 2022, the company generated a profit before tax of €5,143,068 (2021: a loss before tax of €4,277,848). "

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by the Maltese 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 Maltese 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
Chairman

Ernest Cachia
Director

Registered office
Malta International Airport, Luqa LQA 5000, Malta

Date
5 December 2023

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 2022, 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 37 comprise:

- the statement of financial position as at 31 December 2022;
- 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.

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.

We also consider whether the Director's Report includes the disclosures required by Article 177 of the Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- The information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- The Director's Report has been prepared in accordance with the Companies Act (Cap. 386).

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained during the course of the audit, we conclude that there is a material misstatement in the Director's Report, we are required to report that fact. We have nothing to report in this regard.

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.

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.

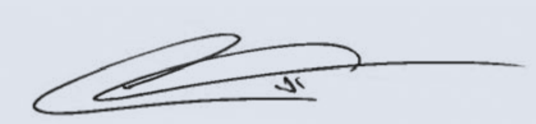
REPORT ON ANY OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Date
5 December 2023

Statement of Financial Position

As at 31 December			
		2022	**2021**
	Notes	**€**	€
ASSETS **Non-current assets**			
Property, plant and equipment	5	**9,350,929**	9,900,818
Right-of-use asset	6	**31,121,917**	31,821,286
Term deposits	10	**12,000,000**	18,500,000
Total non-current assets		**52,472,846**	60,222,104
Current assets			
Financial assets at fair value through profit or loss	7	**4,030,753**	5,039,266
Trade and other receivables	8	**4,973,317**	3,820,411
Cash and cash equivalents	9	**11,200,777**	1,700,149
Term deposits	10	**10,268,798**	6,500,000
Current tax asset		**445,365**	-
Total current assets		**30,473,645**	17,059,826
Total assets		**82,946,491**	77,281,930

As at 31 December			
		2022	2021
	Notes	**€**	€
EQUITY AND LIABILITIES **Capital and reserves**			
Share capital	11	**10,000,000**	10,000,000
Retained earnings		**15,944,078**	11,875,419
Total equity		**25,944,078**	21,875,419
Non-current liabilities			
Provision for retirement benefits	12	**3,370,235**	3,001,681
Other financial liabilities	12	**4,298,461**	3,832,585
Lease liability	6	**38,486,104**	38,724,655
Total non-current liabilities		**46,154,800**	45,558,921
Current liabilities			
Lease liability	6	**2,329,300**	2,329,300
Trade and other payables	14	**7,478,393**	5,757,222
Borrowings	15	**-**	692,839
Bank overdraft	16	**11,307**	9,735
Current tax liability		**1,028,618**	1,058,494
Total current liabilities		**10,847,614**	9,847,590
Total liabilities		**57,002,413**	55,406,511
Total equity and liabilities		**82,946,491**	77,281,930

The notes on pages 12 to 37 are an integral part of these financial statements.

The financial statements on pages 7 to 37 were authorised for issue by the board on 5 December 2023 and were signed on its behalf by:

George Borg Marks
Chairman

Ernest Cachia
Director

Statement of Comprehensive Income

As at 31 December			
		2022	2021
	Notes	**€**	€
Turnover	17	**28,457,545**	17,866,714
Staff costs	19	**(12,678,771)**	(11,799,990)
Depreciation expense	5, 6	**(1,941,923)**	(2,102,870)
Other operating expenses	18	**(7,843,475)**	(6,906,120)
Operating profit / (loss)		**5,993,376**	(2,942,266)
Finance costs	20	**(2,095,121)**	(2,143,607)
Other income	21	**1,753,138**	858,380
Other expenses	21	**(508,325)**	(50,355)
Profit / (loss) before tax		**5,143,0685**	(4,277,848)
Taxation	22	**(1,074,409)**	(46,552)
Profit / (loss) for the year		**4,068,659**	(4,324,400)

The notes on pages 12 to 37 are an integral part of these financial statements.

Statement of Changes in Equity

	Share	Retained	
	Capital	Earnings	Total
	€	€	€
Balance at 1 January 2021	**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**
Balance at 1 January 2022	10,000,000	11,875,419	21,875,419
Comprehensive income			
Profit for the year - Total comprehensive income	-	4,068,659	4,068,659
Balance at 31 December 2022	**10,000,000**	**15,944,078**	**25,944,078**

The notes on pages 12 to 37 are an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 December			
		2022	2021
	Notes	**€**	€
Cash flows from operating activities			
Cash generated from operations	24	**10,117,943**	1,196,461
Interest expense		**(519)**	(1,814)
Income taxes		**(1,104,285)**	(46,552)
Net cash generated from operating activities		**9,013,139**	1,148,095
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(697,856)**	(873,956)
Disposal of property, plant and equipment		**35,700**	65,088
Subscriptions of financial assets at fair value through profit or loss		**(4,686,223)**	(2,942,344)
Redemption of financial assets at fair value through profit or loss		**5,382,434**	2,797,456
Realised exchange differences		**(12,686)**	175,255
Interest income received		**230,960**	243,568
Movement in term deposits – net		**2,786,739**	(3,454,770)
Net cash generated from / (used in) investing activities		**3,039,068**	(3,989,703)
Cash flows from financing activities			
Repayment of borrowings		**(688,154)**	(2,736,611)
Repayment of lease obligations		**(2,329,300)**	(2,329,300)
Amounts due from shareholders		**465,875**	232,409
Net cash used in financing activities		**(2,551,579)**	(4,833,502)
Net increase / (decrease) in cash and cash equivalents		**9,500,628**	(7,675,110)
Cash and cash equivalents at beginning of year	9	**1,700,149**	9,375,259
Cash and cash equivalents at end of year	9	**11,200,777**	1,700,149

The notes on pages 12 to 37 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 Maltese Companies Act, 1995. They have been prepared under the historical cost convention, as modified by the fair valuation of the financial assets at fair value through profit or loss.

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.

During 2022, air travel continued to recover and by end of December 2022, en-route traffic reached 65% of the 2019 traffic levels. Traffic to the Maltese islands recovered at a faster rate since by end of 2022 traffic movements reached 81% of 2019 levels. This is reflected in the increase in revenue for both en-route and terminal air traffic.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other income/(expense)'.

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.

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.

Depreciation 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.

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 had been determined, if no impairment loss had been recognised.

1.6 Financial assets

1.6.1 Classification

The company classifies its financial assets, in the following categories: at fair value through profit or loss, loans and receivables and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, i.e. financial assets acquired principally for the purpose of selling in the short-term. A financial asset is also classified in this category if, on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (note 1.7 and 1.8).

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. If the company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than twelve months from the end of the reporting period, which are classified as current assets.

1.6.2 Recognition and measurement

The company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the company. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables (and held-to-maturity financial assets) are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss when the company's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1.6.3 Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a company 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.

(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 1.6.3). 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.

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

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

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 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.13 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.

1.14 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.

1.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Sales are recognised upon delivery of products or performance of services, net of sales tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described below.

Sales of services

Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

1.16 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.

1.17 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.

1.18 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

The exposures to risk and the way risks arise, together with the Company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below. The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the Company's exposure to financial risks or the manner in which the Company manages and measures these risks are disclosed below.

Where possible, the Company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

The most significant financial risks to which the Company is exposed to are described below.

a) Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, trade and other receivables, contractual cash flows of debt instruments carried at amortised cost and at fair value through profit or loss (FVTPL).

The Company's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position date. None of the Company's financial assets are secured by collateral or other credit enhancements.

Cash and cash equivalents consist of cash at hand and cash held at reputable financial institutions. The credit risk for cash and cash equivalents is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit losses.

The Company's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for Recognising Expected Credit Losses (ECL)**
Performing	A low risk of default and no past due amounts.	12-month ECL
Doubtful	Amount is greater than 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is greater than 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL on these terms by using an estimate based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The maximum exposure to credit risk as at 31 December 2022 and 31 December 2021 is the carrying amount of the financial assets as set out below:

	2022	2021
	€	€
Trade receivables	**5,403,550**	4,656,462
Other receivables	**64,696**	84,272
Financial assets at fair value through profit or loss	**4,030,753**	5,039,266
Cash and cash equivalents	**11,200,777**	1,700,149
Term deposits	**22,268,798**	25,000,000
Total exposure to credit risk	**42,968,574**	36,480,149

As at 31 December 2022, the Company had total credit loss allowances of €2,692,628 (2021: €2,518,415).

b) Foreign exchange risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company is exposed to British Pound (GBP) and US Dollars (USD).

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

The carrying amount of the principal financial assets through profit or loss, term deposits, and cash and cash equivalents denominated in foreign currencies as at the end of the reporting periods were as follows

	2022	2021
	€	€
Financial assets through profit or loss		
GBP	**17,773**	13,150
USD	**132,245**	1,005,159
	150,018	1,018,309

	2022	2021
	€	€
Term deposits		
USD	**768,798**	-

	2022	2021
	€	€
Cash and cash equivalents		
GBP	**12,577**	1,187
USD	**24,485**	41,468
	37,062	42,655

A sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary since the exposure is not deemed to be significant.

c) Interest rate risk

Since the Company has no significant interest bearing assets and liabilities, its income and operating cash flows are substantially independent of changes in market interest rates. On this basis, Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

A sensitivity analysis for interest risk disclosing how profit or loss and equity would have been affected by changes in interest rates that were reasonably possible at the end of the reporting period is not deemed necessary since the exposure is not deemed to be significant.

The carrying amounts of the Company's financial instruments carrying a rate of interest at the end of the reporting period are disclosed in the note 6.

d) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise lease liabilities, trade and other payables, and bank overdrafts (refer to notes 6, 14 and 16). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligation.

The Company monitors and manages its risk to a shortage of funds by

1. Monitoring forecast and actual cash flows;

2. Matching the maturity of both its financial assets and financial liabilities; and

3. Maintaining adequate reserves and banking facilities.

The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the Company can be required to pay. The analysis includes both interest and principal cash flows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	Between 1 – 5 Years	Over 5 Years
	€	€	€	€	€
At 31 December 2022					
Lease liabilities	40,815,404	103,653,850	2,329,300	11,646,500	89,678,050
Trade and other payables	7,478,393	7,478,393	7,478,393	-	-
Bank overdraft	11,303	11,303	11,303	-	-
Total	**48,305,100**	**111,143,546**	**9,818,996**	**11,646,500**	**89,678,050**
At 31 December 2021					
Lease liabilities	41,053,955	105,983,150	2,329,300	11,646,500	92,007,350
Trade and other payables	5,757,222	5,757,222	5,757,222	-	-
Bank overdraft	9,735	9,735	9,735	-	-
Total	**46,820,912**	**111,750,107**	**8,096,257**	**11,646,500**	**92,007,350**

e) Capital risk management

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

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The capital structure of the Company consists of items presented within equity in the statement of financial position and disclosed in note 11. The Company's Directors manage the Company's capital structure and make adjustments to it, 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 selling of assets and payments of dividends.

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.

4. CHANGES IN ACCOUNTING POLICIES

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.

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 2022.

- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)

The adoption of the 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

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 2022.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023)

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023)

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.

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

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024 or later, but not yet endorsed in the EU)

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)

5. PROPERTY, PLANT AND EQUIPMENT

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.

	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
Depreciation charge	-	-	(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	3,060,898	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)
Closing book amount	**3,170,899**	**-**	**233,129**	**4,920**	**2,490,437**	**1,536,283**	**2,465,150**	**9,900,818**

Property, Plant and Equipment

	Assets under construction	Plant & machinery	Furniture fixtures & other equipment	Motor vehicles	Technical equipment	Buildings	Radar equipment	Total
	€	€	€	€	€	€	€	€
At 1 January 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**
Year ended 31 December 2022								
Opening net book amount	3,170,899	-	233,129	4,920	2,490,437	1,536,283	2,465,150	9,900,818
Additions	-	-	113,360	-	295,272	235,013	54,210	697,855
Disposals	-	-	-	(35,700)	-	-	-	(35,700)
Depreciation charge	-	-	(115,524)	(2,459)	(664,039)	(32,224)	(433,498)	(1,247,744)
Depreciation released on disposal	-	-	-	35,700	-	-	-	35,700
Closing net book amount	**3,170,899**	**-**	**230,965**	**2,461**	**2,121,670**	**1,739,072**	**2,085,862**	**9,350,929**
At 31 December 2022								
Cost	3,170,899	92,560	2,012,455	294,425	17,106,387	5,146,982	20,211,240	48,034,948
Accumulated depreciation	-	(92,560)	(1,781,490)	(291,964)	(14,984,717)	(3,407,910)	(18,125,378)	(38,684,019)
Net book amount	**3,170,899**	**-**	**230,965**	**2,461**	**2,121,670**	**1,739,072**	**2,085,862**	**9,350,929**

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 2022		
Cost	33,919,393	33,919,393
Accumulated depreciation	(2,098,107)	(2,098,107)
Net book amount	**31,821,286**	**31,821,286**
Year ended 31 December 2022		
Opening net book amount	31,821,286	31,821,286
Depreciation charge	(699,369)	(699,369)
Net book amount	**31,121,917**	**31,121,917**
As at 31 December 2022		
Cost	33,919,393	33,919,393
Accumulated depreciation	(2,797,476)	(2,797,476)
Net book amount	**31,121,917**	**31,121,917**

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 2021	41,280,790	41,280,790
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**
At 1 January 2022	41,053,955	41,053,955
Interest expense on lease liability	2,090,749	2,090,749
Repayment of lease liability	(2,329,300)	(2,329,300)
At 31 December 2022	**40,815,404**	**40,815,404**

Lease liabilities for the years ended 31 December 2022 and 2021 are split into maturity groups as follows:

	2022	2021
	€	€
Non-current		
Lease liabilities	**38,486,104**	38,724,655
Current		
Lease liabilities	**2,329,300**	2,329,300

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

	2022	2021
	€	€
Depreciation charge of the right-of-use assets	**699,369**	699,369
Interest expense on lease liability	**2,090,749**	2,102,465

The total cash payments for leases in 2022 and 2021 were €2,329,300 and €2,329,300 respectively.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	€	€
Fair value at 31 December		
Life insurance policy	**1,601,918**	1,586,058
Debt securities	**2,169,658**	1,988,773
Equity instruments	**135,740**	1,146,072
Collective Investment Schemes	**123,437**	318,363
Total financial assets at fair value through profit or loss	**4,030,753**	5,039,266
Year ended 31 December		
At beginning of the year	**5,039,266**	4,774,123
Bonus on life insurance policy	**15,860**	31,098
Net gain/ (loss) from changes in fair value during the year	**(389,941)**	264,196
Portfolio movements	**(634,432)**	(30,151)
At end of year	**4,030,753**	5,039,266

8. TRADE AND OTHER RECEIVABLES

	2022	2021
	€	€
Trade receivables - gross	**5,403,550**	4,656,462
Less: Provisions for impairment of trade receivables	**(2,692,628)**	(2,518,415)
Trade receivables - net	**2,710,922**	2,138,047
Prepayments and accrued income	**2,197,699**	1,598,092
Other receivables	**64,696**	84,272
	4,973,317	3,820,411

Trade Receivables is stated net of provision for doubtful debts amounting to €2,692,628 (2021: €2,518,415). Accrued income amounts to €2,110,177 (2021: €1,519,115).

9. CASH AND CASH EQUIVALENTS

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

	2022	2021
	€	€
Cash from investments	**2,014,271**	174,872
Cash at bank	**9,185,365**	1,523,887
Cash in hand	**1,141**	1,390
	11,200,777	1,700,149

10. TERM DEPOSITS

	2022	2021
	€	€
Maturing within one year		
1 year fixed-term deposits	**6,500,000**	6,500,000
Term deposits from investments	**3,768,798**	-
	10,268,798	6,500,000
Maturing within one year		
1 year fixed-term deposits	**6,500,000**	6,500,000
Term deposits from investments	**3,768,798**	-
	10,268,798	6,500,000
Maturing after one year		
2 years fixed term-deposits	**-**	6,500,000
5 year fixed-term deposits	**12,000,000**	12,000,000
	12,000,000	18,500,000

11. SHARE CAPITAL

	2022	2021
	€	€
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 1.17 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:

	2022	2021
	€	€
At the beginning of the year	**3,001,681**	2,749,837
Retirement benefit expense	**368,554**	251,844
At end of year	**3,370,235**	3,001,681

On 10 April 2023, 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 2022. The total amount to be paid out by the Company, as charged by the Service Pensions Department, as at 31 December 2022 amounted to €3,370,235.

13. OTHER FINANCIAL LIABILITIES

	2022	2021
	€	€
Amounts owed to government	**4,298,460**	3,832,585

14. TRADE AND OTHER PAYABLES

	2022	2021
	€	€
Trade payables	**1,563,162**	1,211,531
Accruals and deferred income	**5,913,358**	2,419,846
Deferred government grant	**-**	45,210
Amounts due to shareholders	**-**	2,080,635
Other payables	**1,873**	-
	7,478,393	5,757,222

15. BORROWINGS

	2022	2021
	€	€
Loan from Euro Control	**-**	692,839

Loan from Euro Control bears interest of 1.5% per annum and was repaid by 31 March 2022

16. BANK OVERDRAFT

	2022	2021
	€	€
Bank overdraft	**11,303**	9,735

The outstanding bank overdraft as at 31 December 2022 and 2021 is secured by general hypotech over the Company's assets. The average rate of interest during the year was 5.15% (2021: 5.15%).

17. REVENUE

Provision of air traffic control services:

	2022	2021
	€	€
En-Route traffic	**21,159,713**	12,408,681
Terminal traffic	**4,385,850**	2,548,024
Exempt traffic	**1,863,499**	1,863,499
Maintenance and technical fees	**1,048,483**	1,046,510
	28,457,545	17,866,714

18. EXPENSES BY NATURE

	2022	2021
	€	€
Staff costs (Note 19)	**12,678,771**	11,799,990
Depreciation expense (Notes 5 and 6)	**1,941,923**	2,102,870
Auditor's remuneration	**2,950**	2,850
Other operating expenses	**7,840,525**	6,903,270
Total expenses	**22,464,169**	20,808,980

Auditors' fees

Fees charged by the auditors for services rendered during the financial years ended 31 December 2022 and 2021 relate to the following;

	2022	2021
	€	€
Annual statutory audit	**2,950**	2,850

19. STAFF COSTS

Staff costs incurred during the year were as follows:

	2022	2021
	€	€
Wages and salaries	**11,895,596**	11,152,304
Social security costs	**414,621**	395,841
Retirement benefit expense	**368,554**	251,845
	12,678,771	11,799,990

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

	2022	2021
Operations	**54**	52
Technical	**57**	51
Administration	**60**	64
	171	167

20. FINANCE COSTS

	2022	2021
	€	€
Interest on bank overdraft	**519**	1,814
Interest on loan	**3,853**	39,328
Interest on right-of-use asset	**2,090,749**	2,102,465
	2,095,121	2,143,607

21. OTHER INCOME/(EXPENSES) - NET

	2022	2021
	€	€
Interest income on bank deposits	**286,497**	265,414
Net gain/(loss) from changes in fair value of financial assets at fair value through profit or loss	**(394,025)**	283,081
Investment transaction fees	**(21,297)**	(34,159)
Dividend received	**32,761**	32,734
Interest expense on subscriptions	**(1,163)**	(740)
Interest income on redemptions	**12,625**	14,378
Income from grants	**615,910**	9,581
Other income	**442,875**	3,000
Rental income	**270,630**	234,736
	1,244,813	808,025

22. TAX EXPENSE

	2022	2021
	€	€
Current tax expense	**1,074,409**	46,552

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

	2022	2021
	€	€
Profit / (loss) before tax	**5,143,068**	(4,277,848)
Tax on profit / (loss) at 35%	**1,635,803**	(1,605,868)
Tax on profit at 15%	**70,402**	46,552
Tax effect of:		
Non-deductible expenses	**1,574,293**	1,605,868
Unabsorbed trading losses	**(969,278)**	-
Capital allowances	**(1,317,252)**	-
Rental income	**75,776**	-
Dividend income after double taxation relief	**4,665**	-
Tax charge in the accounts	**1,074,409**	46,552

23. DIRECTORS' EMOLUMENTS

	2022	2021
	€	€
Salaries and other emoluments	**66,774**	60,090

24. CASH GENERATED FROM OPERATIONS

Reconciliation of profit / (loss) before tax to cash generated from operations:

	2022	2021
	€	€
Profit / (loss) before tax	**5,143,068**	(4,277,847)
Adjustments for:		
Depreciation of property, plant and equipment (Note 5)	**1,247,744**	1,403,500
Release of depreciation on disposal of property, plant and equipment (Note 5)	**(35,200)**	(65,088)
Depreciation of right-of-use asset (Note 6)	**699,369**	699,369
Gain on disposal of property, plant and equipment (Note 5)	**(500)**	(3,000)
Retirement benefit expense	**368,554**	251,845
Provision for doubtful debts	**174,213**	516,617
Interest expense	**2,088,150**	2,141,793
Decrease/(increase) in fair value of financial assets at fair value through profit or loss	**336,132**	(107,826)
Interest income	**(297,640)**	(265,414)
Changes in working capital:		
Decrease/(increase) in trade and other receivables	(1,327,119)	(643,967)
(Decrease)/increase in trade and other payables	1,721,172	1,546,479
Cash generated from operations	**10,117,943**	1,196,461

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:

	2022	2021
	€	€
Transactions with ultimate controlling party:		
Revenue	**1,863,499**	1,863,499
Interest on leased land	**2,090,748**	2,102,465

26. 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.

27. 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).

Schedules to the Financial Statements

CONTENTS

Detailed Statement of Comprehensive Income

SCHEDULE I

	2022	**2022 En-route**	**2022 Terminal**	2021
	€	**€**	**€**	€
Revenue	**28,457,545**	**23,576,658**	**4,880,887**	17,866,714
Staff costs	**(12,678,771)**	**(10,523,380)**	**(2,155,391)**	(11,799,990)
Depreciation expense	**(1,941,923)**	**(1,611,796)**	**(330,127)**	(2,102,870)
Other operating expenses	**(7,843,475)**	**(6,536,022)**	**(1,307,453)**	(6,906,120)
Finance costs	**(2,095,121)**	**(1,738,950)**	**(356,171)**	(2,143,607)
Other income/(expenses) – net	**1,244,813**	**1,033,195**	**211,618**	808,025
Profit / (loss) before tax	**5,143,068**	**4,242,809**	**900,259**	(4,277,848)

Schedule does not form part of the audited financial statements.

Revenue

SCHEDULE II

	2022	2022 En-route	2022 Terminal	2021
	€	€	€	€
Provision of air traffic control services:			**4,880,887**	17,866,714
En-Route traffic	21,159,713	21,159,713	**-**	12,408,681
Terminal traffic	4,385,850	-	**4,385,850**	2,548,024
Exempt traffic	1,863,499	1,546,704	**316,795**	1,863,499
Maintenance fees	1,048,483	870,241	**178,242**	1,046,510
	28,457,545	**23,576,658**	**4,880,887**	17,866,714

Schedule does not form part of the audited financial statements.

Other Operating Expenses

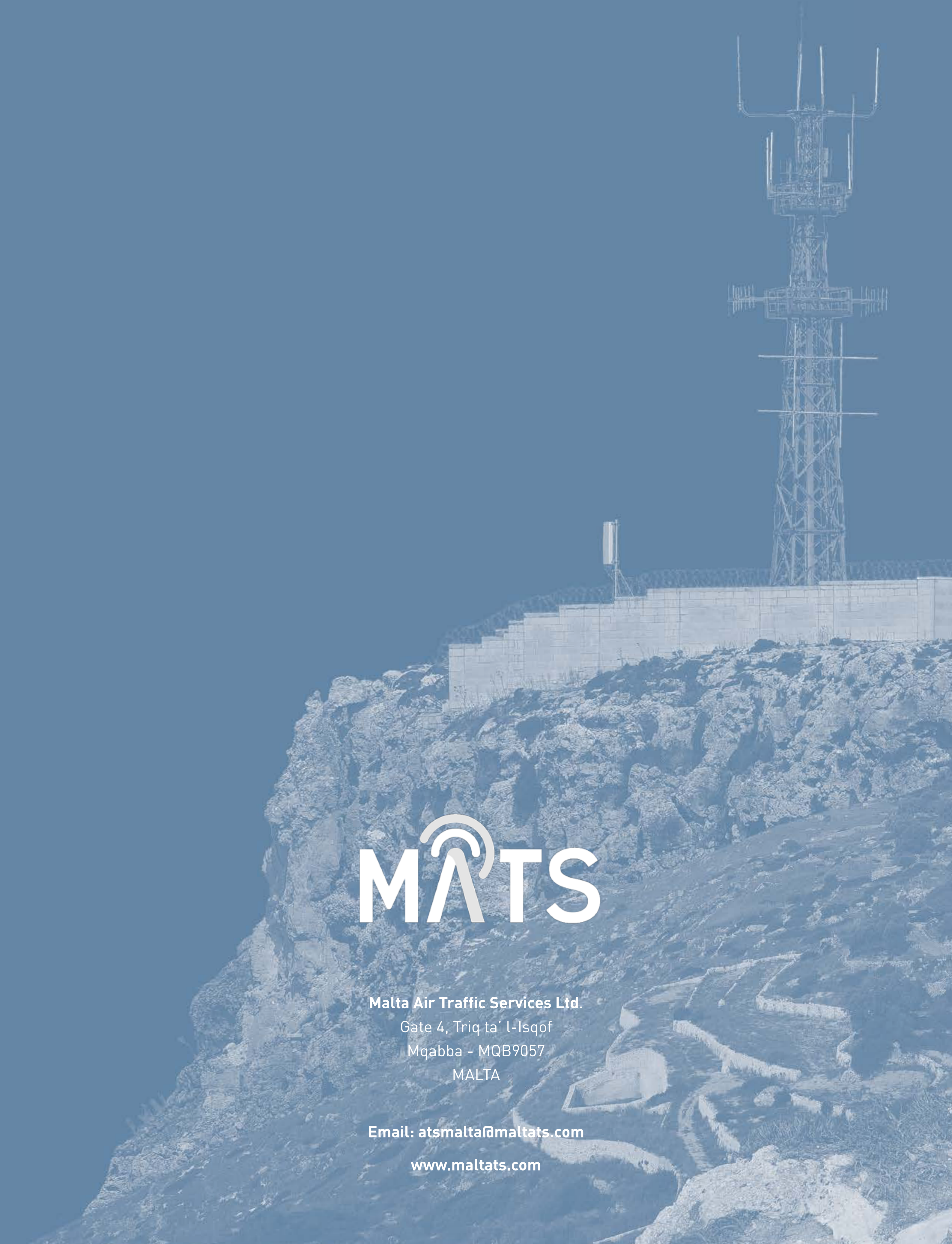
SCHEDULE III

	2022	2022 En-route	2022 Terminal	2021
	€	€	€	€
Eurocontrol contribution	**968,189**	**802,171**	**166,018**	995,140
Regulatory and supervisory costs	**2,362,110**	**1,957,072**	**405,038**	2,102,293
Meteorological services	**768,371**	**636,617**	**131,755**	765,288
European Voluntary Fund	**44,334**	**36,732**	**7,602**	-
Communication expenses	**445,147**	**368,816**	**76,331**	519,267
Training	**445,779**	**369,340**	**76,439**	242,266
Insurance	**668,432**	**553,814**	**114,618**	602,888
Provision for doubtful debts	**174,213**	**181,832**	**(7,619)**	516,617
Travelling	**415,544**	**344,290**	**71,255**	57,600
Water and electricity	**245,519**	**203,419**	**42,100**	205,043
Legal and professional fees	**72,476**	**60,048**	**12,428**	94,405
General expenses	**33,683**	**27,907**	**5,776**	27,293
Conference expenses	**30,331**	**25,130**	**5,201**	891
Subscriptions	**121,652**	**100,792**	**20,860**	152,104
Cleaning	**71,880**	**59,555**	**12,322**	25,702
Licences and permits	**48,997**	**40,596**	**8,402**	51,971
Directors' fees	**66,774**	**55,324**	**11,450**	60,090
Fuel and oil	**44,558**	**36,918**	**7,641**	34,200
Repairs and servicing	**511,226**	**423,565**	**87,661**	287,637
Printing and stationery	**37,461**	**31,037**	**6,424**	31,025
Motor vehicle expenses	**18,310**	**15,170**	**3,140**	12,975
Bank charges	**8,281**	**6,861**	**1,420**	6,912
Staff expenses	**6,308**	**5,226**	**1,082**	4,067
Sponsorship	**1,526**	**1,265**	**262**	520
Medical fees	**17,802**	**14,749**	**3,053**	14,755
Hire of equipment	**7,028**	**5,822**	**1,205**	4,862
Advertising	**3,581**	**2,967**	**614**	4,244
Donations	**4,000**	**3,314**	**686**	4,000
Car hire	**68,312**	**56,598**	**11,714**	53,900

Other operating expenses

Difference on exchange	**3,194**	**2,646**	**548**	34
Carriage	**5,038**	**4,174**	**864**	2,317
Entertainment	**5,093**	**4,220**	**873**	405
Auditor's remuneration	**2,950**	**2,444**	**506**	2,850
Registration fees	**1,400**	**1,160**	**240**	1,400
Penalties and fines	**75,103**	**62,224**	**12,878**	-
Safety wear	**828**	**686**	**142**	2,804
Wages and salaries	**38,045**	**31,521**	**6,524**	18,355
	7,843,475	**6,536,022**	**1,307,453**	6,906,120

Schedule does not form part of the audited financial statements.



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