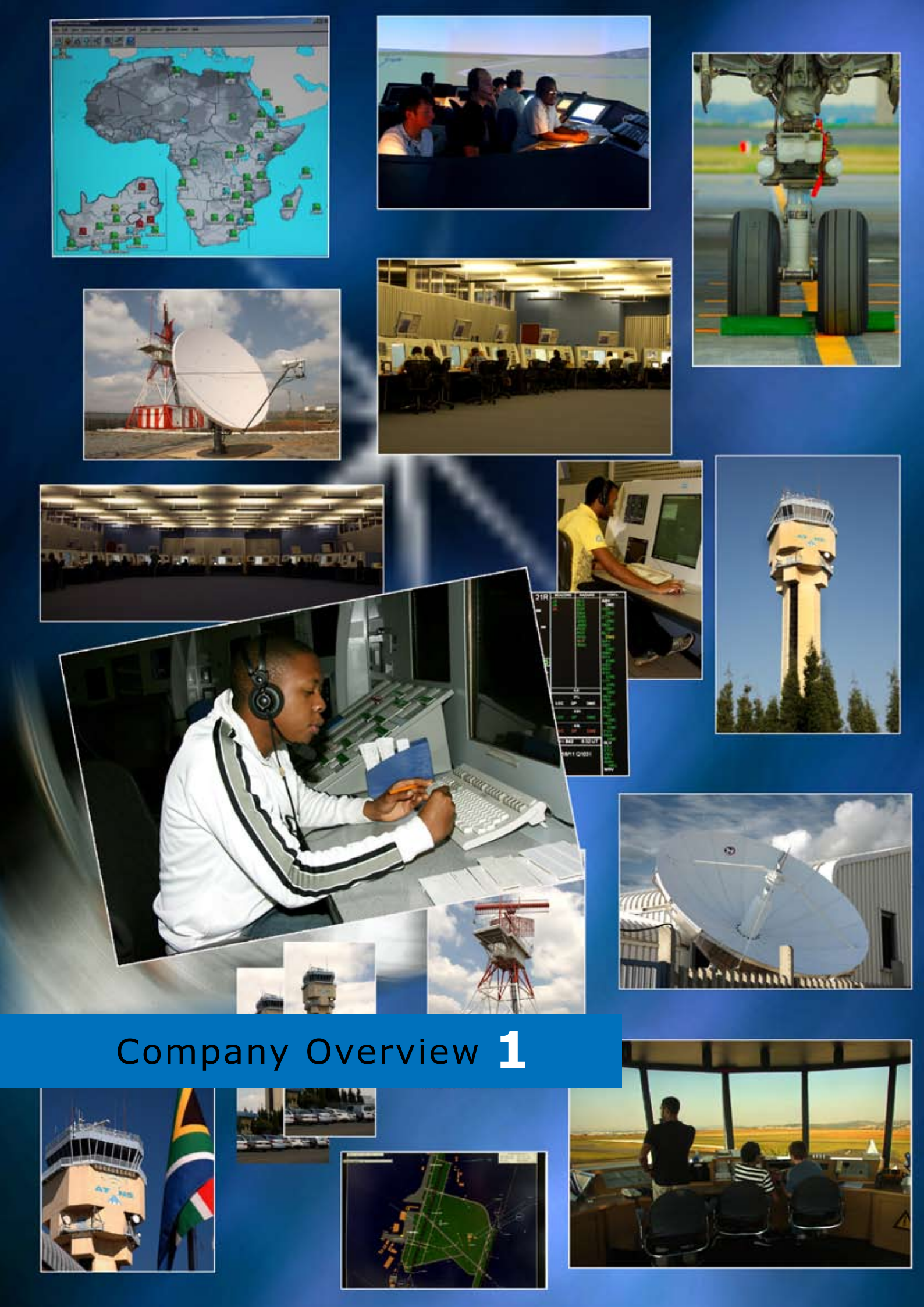
Air Traffic & Navigation Services

Annual Report 2010

Table Of Contents



Company Overview 1

BUSINESS CONCEPT

This is the business concept that will drive our business going forward:

- Our strategy will be to focus on the air traffic and navigation services needs of the Air Traffic Management Community, primarily in South Africa, as well as the rest of the Africa and Indian Ocean Region (AFI) and ultimately in selected global markets.
- We will develop a thorough understanding of the global Air Traffic Management Community with emphasis on product and service offerings, technology developments and customers in order to effectively respond to the needs of our selected markets with innovative and relevant air navigation service solutions.
- We will source, develop, market, distribute and support a complete range of air traffic and navigation services solutions that meet the expectations of access, equity, safety, efficiency and affordability, thereby supporting our clients and the Air Traffic Management Community at large.
- It is an imperative that we stabilise and enhance our air navigation service provision in South Africa in order to create a platform from which we can leverage strategic partnerships, our global influence as well as harmonised technologies and methods to become the leading ANS provider in the AFI region, to secure our future growth, revenue, profit and relevance as a provider of choice.
- Over the long term, we intend to expand further into selected markets around the globe, whilst at the same time expanding our range of services in air traffic and navigation that are appropriate for market needs.
- Our business model will be supported through attracting, developing, retaining and appropriately rewarding a diverse and motivated team that has the right skills, experience, commitment and drive to implement this strategy, creating win-win situations.
- The effective implementation of this strategy will ensure a well equipped resource base, enhance financial sustainability and support the global air traffic and navigation and safety plans.

VISION

To be the preferred supplier of Air Traffic Management solutions and associated services to the African Continent and selected international markets.

MISSION

To provide safe, expeditious and efficient Air Traffic Management solutions and associated services.

VALUES

Safety
Honesty
Openness
Quality Service
Innovation
Equity
Teamwork

STRATEGIC IMPERATIVES

To deliver continuous improvement of our safety performance

To become a transformative organisation which invests in its people

To provide efficient Air Traffic Management solutions and associated services which meets the needs and expectations of the Air Traffic Management Community

To maintain long-term financial sustainability

To play a leading role in the development of Air Traffic Management solutions and associated services in Africa and selected international markets

To deploy and use leading technologies to the benefit of the Air Traffic Management Community

What We Do

The ATNS air traffic control footprint covers approximately 10% of the world's total airspace. Our comprehensive range of services extends much further than air traffic control, and includes the provision of the vitally important aeronautical information used for all flight planning purposes as well as search and rescue coordination activities and the maintenance of a reliable navigation infrastructure.

- *The supply of aeronautical information services, technical maintenance and Air Traffic Management services;*
- *Alert, search and rescue coordination services;*
- *Management of the flexible use of airspace through the Central Airspace Management Unit (CAMU);*
- *Support for special events and special requirements such as test and demonstration flights;*
- *The implementation and maintenance of a terrestrial-based navigational structure; and*
- *The training of air traffic controllers and technical staff through the Aviation Training Academy (ATA). ATO Approval Number: 0011 Scope: Air Traffic Services*

As a service provider to such a dynamic industry, in which a number of role-players hold a stake, ATNS has an ongoing responsibility to deliver value to our Clients, Shareholder and Employees.

SAFETY – Maintaining an uncompromising attitude to ensuring the wellbeing of every role-player in the delivery and use of Air Traffic Management services

INNOVATION – Remaining at the forefront of product, service and technology development and leading the way for our stakeholders

PROUD AFRICAN HERITAGE – Celebrating and building local expertise that is both world-class and relevant to Africa

RELIABILITY – Applying all necessary measures to offer dependable services in Africa that inspire confidence in South Africa's capability

PERVASIVE NETWORK – Extending South Africa's reach and expertise to optimise prevailing skills and infrastructure on the African Continent

PARTNERSHIP – Fostering consultative, collaborative and effective relationships to the benefit of our Shareholders and partners in Air Traffic Management delivery

CONSIDERATION FOR THE ENVIRONMENT – Reducing our impact on the natural environment and developing operational procedures and technology that assists our clients to do the same

ATNS Executive Team

ATNS Executive Team

ATNS Executive Team

1. Chief Executive Officer: Patrick Dlamini

Patrick was appointed as the Chief Executive Officer of Air Traffic and Navigation Services in 2009. Prior to joining ATNS he held several positions including Executive Vice President & General Manager: Cargo, South African Airways, and Business Unit Executive-MPT in Transnet Limited. Mr. Dlamini studied at the University of Durban-Westville where he graduated and holds a Bachelor of Commerce Degree.

He completed the Executive Development Programme through the University of the Witwatersrand's Business School which included visiting world class companies in the USA. Patrick has also completed a Director Development Programme at the Institute of Directors (IOD) and is a member of the IOD. Serving on a number of Committees Patrick Dlamini was a non-Executive Director of Joburg Water (Pty) Limited.

2. Executive Risk and Compliance: Lerato Lesole

Lerato holds a MCOM in Risk Management from the Potchefstroom University. He performed risk management functions at various financial institutions, including RMB and IDC. He also performed enterprise-wide risk management functions in various oil companies such as Sasol Oil and Gas and PetroSA. Lerato has short-term insurance broking experience with Alexander Forbes where he headed up the Mining and Transportation sector as well as the Public enterprises.

3. Company Secretary: Solomon Mngomezulu

Solomon is a non-practicing attorney. He has extensive experience in commercial law, with a focus on corporate and contract law. He holds a BA LLB from the University of Durban-Westville and a Diploma in Dispute Resolution from the Arbitration Foundation of Southern Africa. Solomon also recently obtained a Diploma in Company Direction with GIMT, endorsed by the Institute of Directors. Solomon is a member of the Institute of Directors of Southern Africa.

ATNS Executive Team

4. Executive Commercial Services: Rushj Lehutso

Rushj is a University of Cape Town MBA graduate and has extensive operational and Executive Management experience with leading world-class companies. He spent formative and developmental years of his career with reputable companies in the FMCG Beverage sector such as South African Breweries, Coca Cola and Brand House (formerly UDV Pty Ltd). In this sector, he ran SAB's district in the Western Cape, served as a General Manager for United Distillers & Vintners Pty Ltd and he was later appointed as Operations Director at Coca Cola Southern Africa, CCSA.

In the public sector, Rushj was the Chief Operations Officer for the City of Cape Town before he joined South African Airways as the Commercial Director in 2006.

5. Executive Human Capital: Tebogo Makoe

Tebogo is a University of Cape Town undergraduate with a B. Social Science degree. She also holds a Masters in Arts degree from Wits University. Tebogo obtained a Senior Executive Certificate from the Harvard Business School. At the Gordon Institute of Business Science she completed her Executive Development Programme.

Tebogo has extensive experience in occupying senior positions in the fields of Human Resources and People Management. Previously held positions ranging from Management Consultant in People Management Discipline, Senior HR Manager, Operations Director as well as Divisional Director: HR. Her experience has been in various sectors and industries such as the Department of Health, Ernst & Young, I.C.A.S., Eskom and Barloworld.

6. Executive Operations: Peter Marais

Peter is a graduate Electronics Engineer registered with the Engineering Council of South Africa. He was previously the Principal Radar Engineer at the National Department of Transport, Engineering Manager for ATNS, General Manager Technical Services for ATNS, Executive Manager Training for ATNS and Executive Manager ATM/cns. He is the chairperson of the South African Development Community's Upper Airspace Control Centre Steering Committee and represents ATNS in regional and international bodies responsible for planning communication, navigation and surveillance infrastructure in the region. He also chaired the cns Committee of the ICAO 11th Air Navigation Conference. He has completed the UNISA Business School's advanced Executive Management Programme.

ATNS Executive Team

7. Executive Engineering and Technical Services: Thabani Mthiyane

Thabani holds a BEng (Hon) Mechanical Engineering from the University of Pretoria. He also obtained a BSc Eng in Electrical Engineering from the University of Natal and a National Diploma in Electronic Engineering from Technikon Natal.

Upon qualifying as a graduate engineer, he joined Eskom's Engineering Division and held two positions; one as a Maintenance and Refurbishment Controller and the other as a Senior Planning Engineer. He has also worked as the National Senior Electrical Engineer for the National Ports Authority of South Africa.

He joined ATNS as the Technical Support Manager (Policy & Development) responsible for maintenance and logistics support oversight and was later appointed in the position of Senior Manager Engineering Projects. Thabani is a registered Professional Engineer with the Engineering Council of South Africa (ECSA). He is also a member of the South African Institute of Electrical Engineers (SAIEE).

8. Executive Air Traffic Management: Hennie Marais

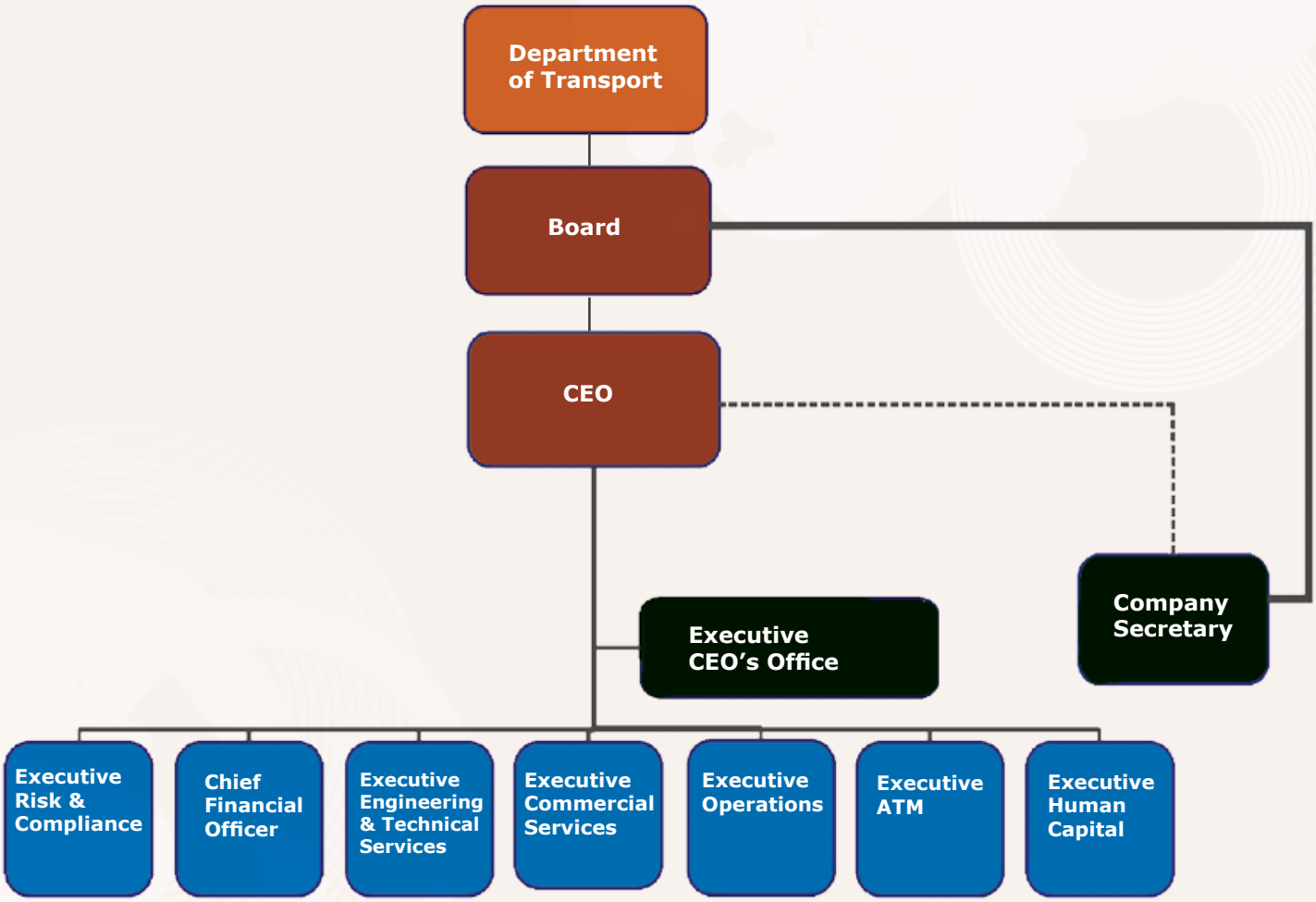
Hennie started his career in aviation in 1980 and obtained Aerodrome, Approach and Area Procedural and Radar validations. He has worked as an Aerodrome, Approach and Area Procedural and Radar controller at various airports and Air Traffic Control Centres within South Africa and also served as an on-job-training-instructor and Validation Examiner. He has served as the Head of ATS Training and Manager Compliance and Standards at the Aviation Training Academy.

In September 2004 he was transferred to the Isando Corporate Offices as Manager: Standards Assurance. In this post he was responsible for the safety and regulatory oversight function within the company. He was appointed as Senior Manager ATM Planning, Research and Development at the ATM/cns Department in Isando from July 2006 and was responsible for the strategic planning of the ATM services to be delivered by ATNS into the future. Mr. Hennie is a member of the ICAO ATM Requirements and Performance Panel.

9. Acting Chief Financial Officer: Mohammed Mayat

Mohammed obtained his Chartered Accountant (CA) qualification in 1987 and completed a higher Diploma in tax law in 1990. Prior to joining ATNS, he worked for Transwerk, Tiger Brands and Arthur Andersen.

ATNS Management Structure
as at 1 March 2010



ATNS Board of Directors

ATNS Board of Directors

ATNS Board of Directors

1. Mpho Mamashela

Chairman and member of the Human Resources Committee

Mpho is a qualified Aviation Executive. He studied and trained for his Commercial Pilots license & Flight Operations Management through Lufthansa Verkehrsfliegerschule in Bremen (Germany) and PSA Flight School in Phoenix Arizona. He later joined Lesotho Airways as an airline pilot, afterwards he moved to Anglo American Corporation/De Beers as Flight Operations Manager for their west coast operations in Klienzee.

He was appointed as a member of the ICAO flight crew licensing panel to represent Africa, of which there are only 15 members worldwide.

He later joined South African Airways in 1994, where he initiated Vulindlela, an aviation career awareness program for the previously disadvantaged groups of South Africa. He also established South African Airway's cadet pilot training programme, from where SAA's majority of black pilots were trained. Mamashela did his airline management training with Henley University (U.K.).

He is a senior captain/pilot for South African Airways on the Airbus A340 and he also heads the airlines 2010 office. He is a member of 2010 Aviation Sub-Sector Task Team involved in the country's aviation preparations to meet the demands of the World Cup in 2010.

2. Patrick Dlamini

Chief Executive Officer

Patrick was appointed as the Chief Executive Officer of Air Traffic and Navigation Services in 2009. Prior to joining ATNS he held several positions including Executive Vice President & General Manager: Cargo, South African Airways, and Business Unit Executive-MPT in Transnet Limited. Mr. Dlamini studied at the University of Durban-Westville where he graduated and holds a Bachelor of Commerce Degree.

He completed the Executive Development Programme through the University of the Witwatersrand's Business School which included visiting world class companies in the USA. Patrick has also completed a Director Development Programme at the Institute of Directors (IOD) and is a member of the IOD. Serving on a number of Committees Patrick Dlamini was a non-Executive Director of Joburg Water (Pty) Limited.

3. Hlengiwe Makhathini

Chairman of the Audit & Risk Committee and member of the Procurement Committee

Hlengiwe is a qualified Chartered Accountant of South Africa. She holds a B Com Accounting and B Com Honours Accounting from the University of Natal. She is currently working as a Senior Manager at the National Empowerment Fund.

ATNS Board of Directors

Prior to joining the National Empowerment Fund she worked for Standard Bank as a Management Accountant. She worked as an articles clerk at Investec Bank Limited where she gained a lot of knowledge and experience in the finance and banking industry.

4. June Crawford

Member of the Audit & Risk Committee and the Procurement Committee

June was the Chief Executive Officer of the Board of Airline Representatives of South Africa from 2005 to 2008. Prior to that she held the position of Director: Ground Services, Southern Africa for KLM Royal Dutch Airlines with the responsibility for South Africa, Malawi, Zambia and Zimbabwe.

She served as a Director and Deputy Chairman of Aviation Co-ordination Services (Pty) Ltd from 2001 to 2008.

She was a member of the Board of the Tourism Business Council of South Africa for several years. She has extensive management experience and is an Associate of the Trinity College of London. She is a member of the Institute of Directors.

5. Arthur Bradshaw

Member of the Audit & Risk Committee and the Procurement Committee

Arthur is a qualified Chief Air Traffic Controller; he also obtained a Private Pilots Licence. He was previously the first Approach Standards Officer, Director: Air Traffic Services, Head of Aeronautical Search and Rescue Operations, Divisional Manager: Air Traffic Services (ATNS).

He was also appointed to the Minister of Transport's Committee tasked to propose the transport strategy into the future. (Moving South Africa). Arthur was responsible for the reconstruction of specific regulations governing ATS and, the enactment of aeronautical SAR.

He was appointed to the ICAO ATM Concept Panel in 1998, later appointed as chair of the panel renamed ATMRPP (ATM Requirements and Performance Panel).

He was a General (Executive) Manager Air Traffic Management (Planning and Standards) at ATNS, and also Head of Aeronautical Search and Rescue Operations until 2005 when he retired. He was awarded the CANSO award, the ICAO Laurel award, the South African Minister of Transport's award and the ATNS Chairman's award.

Arthur currently consults the ATM Community under the banner of Air Traffic Management System Advisors.

6. Kamalluddien Parker

Chairman of the Procurement Committee and a member of the Human Resources Committee

Kamalluddien serves on several local and international advisory, evaluation and review panels in the areas of new technology research and development. He is an internationally awarded technology development specialist with a PhD from Monash University, Melbourne, MSc, BSc.

Mechanical engineering from University of Cape Town. Dr Parker's post doctoral work experience in the aerospace field has been with leading international institutions including CALTECH, TUDelft, Fraunhoffer, NUS and Stanford.

Dr. Parker started at Denel Aerospace as a Senior Engineer. After lecturing at Monash University, Australia, Dr. Parker returned to head the National Advanced Manufacturing Programs of the Department of Science and Technology (DST) - focusing on the development of the local aerospace industry. Dr. Parker has served on the Board of several state programs with the dti (National Aerospace Centre of Excellence, National Space Council Technical Committee) and DST (NRF international bilateral program) as well as the private sector with Imperial Holdings group, as Executive Director: EQSTRA manufacturing.

In 2006, Dr. Parker was appointed by the DST as National Contact Point: Aerospace. In 2007, Dr. Parker was a finalist of the Leading Young Researcher-of-the-year award by the National Science & Technology Foundation. In 2008, Dr. Parker received the Minister's commendation for contribution to promoting EU: SA S&T bilateral partnerships and in 2009 his company was awarded the Technology Top 100 award in South Africa. Dr. Parker is currently the Managing Director of Strategic Technology Services Company, ZRW Mechanika operating in different sectors.

7. Mantuka Maisela

Chairman of the Human Resources Committee and member of the Procurement Committee

Mantuka has 30 years experience as a Human Resources Practitioner. She has held various Management positions at strategic level - Vice President Human Capital at PETRO SA, Group Human Resources Director at Murray & Roberts Limited and Human Resources Director at RUC Mining a division of Murray & Roberts. She brings an extensive experience at both strategic and operational level.

Mantuka Maisela holds a Masters Degree (Human Resources), a post graduate diploma (Human Resources) from the University of Witwatersrand. She also holds a Production Management Diploma from Japan and an Executive Development qualification from Wharton Business School (University of Pennsylvania). Her passion is in human resources development.

Besides serving on the ATNS Board, Mantuka serves on the Board of the Eskom pension and provident fund. She chairs the Human Capital Committees on these boards.

8. Solomon Mngomezulu

Company Secretary

Solomon is a non-practicing attorney. He has extensive experience in commercial law, with a focus on corporate and contract law. He holds a BA LLB from the University of Durban-Westville and a Diploma in Dispute Resolution from the Arbitration Foundation of Southern Africa. Solomon also recently obtained a Diploma in Company Direction with GIMT, endorsed by the Institute of Directors. Solomon is a member of the Institute of Directors of Southern Africa.

Message from the Chairman 2

Message from the Chairman

South Africa has weathered the economic storm better than some but the nature of our activity is such that we are enormously affected by what has taken place in the international markets and the impact of this on air traffic activity.

The International Air Transport Association (IATA) recently announced that 2009 ended with the largest ever post-war decline in passenger and freight demand. IATA reported in March 2010 that passenger demand for the 2009 year was down 3.5% while freight showed a full-year decline of 10.1%. The CEO and Director General of IATA, Giovanni Bisignani interprets this as a loss of 2.5 years of growth in passenger markets and 3.5 years of growth in the freight business. From early January 2010, however, improvements were already obvious and signs of recovery abound.

For ATNS our results for the year under review reflect an industry emerging from recession, and financial indicators show a growing confidence in airlines and reduced fuel price volatility.

Naturally our Board and Executives have taken cognisance of these economic changes and reviewed our long-term strategy accordingly in 2010.

We continue to ensure that our overall business strategy is aligned with trends of global harmonisation of Communication, Navigation and Surveillance (cns) operations as laid down by the International Civil Aviation Organisation (ICAO) Global Air Navigation Plan (GANP), the IATA Strategic Vision for Future Air Traffic Management and the position of our Air Navigation Service Provider (ANSP), the 'mother body' Civil Air Navigation Services Organisation (CANSO). We will continue to participate through sharing with and taking advice from these key associations and forums to address the issues facing ATNS, our industry and the unique South African environment and that of the Continent at large.

The ATNS Key Performance Indicators (KPI's) are aligned to our strategy and informed by the Department of Transport according to our mutually agreed Shareholder Compact.

Our strategy is further underpinned by our broad mandate as defined in the ATNS Act NO. 45 of 1993, that of providing safe, efficient and cost effective Air Traffic Management Solutions and associated services primarily to our Air Traffic Management Community in South Africa.

As part of the company's growth strategy towards marketing and delivering a well developed range of Air Traffic Management Solutions and associated services, the Board and Executive realised the need to focus on the expansion of ATNS beyond our regulated environment, throughout the Continent of Africa and the Indian Ocean Region.

These include training, external billing systems, aeronautical information services, aeronautical chart design, airspace design, VSAT Networks and a range of consultancy services.

Safety, Capacity and Efficiency

To facilitate and optimise efficiencies within ATNS, we have placed a great deal of emphasis on creating an adequate framework for monitoring the company's control environment by driving the implementation of the King III Corporate Governance framework triple bottom line system, supported by the social, economic and financial tenets.

As part of our continued drive to comply with governance trends we are in the process of implementing the Information Technology Governance Framework in response to one of the new themes contained in King III. Among other requirements, it involves the establishment of charters, policies and internal control frameworks for financial investments, information security, overall organisational performance and sustainability.

In our pursuit to enhance corporate accountability using the King III framework and Public Finance Management Act (PFMA), Enterprise Risk Management (ERM) will be pursued to integrate risk management into business critical systems

Message from the Chairman

and processes. While this process will require time to fully embed as a culture and ethos within the ATNS operating environment, the Board is committed to supporting Management in realising its efforts to mitigate risk and contribute to a safe operating environment at ATNS in line with the aviation industry at large.

The recent Executive redesign process illustrates the company's commitment to embed a culture of accountability in ATNS. The Board is satisfied that Management has responded appropriately by elevating risk management to a mature stage. Evidence of this is the recent adoption of a risk policy statement and risk framework in line with King III.

Seamless Air Traffic Management Solutions

In an effort to achieve a performance-based global Air Traffic Management System for our users, ATNS with input from the Procurement Committee, is developing an ATM Transition Roadmap which should receive full approval in the coming financial year. This will assist to clearly define the Roadmap for the future ATNS ATM system to 2025, based on the provision of future services and the ongoing need to meet the expectations of the Air Traffic Management Community.

Supported by a coherent strategy and enabling technologies, these efforts will assist us to realise the ATNS vision and meet the expectations of the Air Traffic Management Community in a secure, well co-ordinated, cost-effective, safe, environmentally and economically sustainable manner. In developing and rolling out our Roadmap, we are well aware of the need to consider strategic national interventions by other industry role-players, and as such we offer input to the South African Air Force (SAAF), Department Of Transport (DOT), South African Civil Aviation Authority (SACAA), Airlines and General Aviation (GA) bodies who are updating the National Airspace Master Plan.

The Procurement Committee continues to exercise oversight of the CAPEX expenditure plan that Management is implementing as part of the 2010/11 to 2014/15 Permission. The capital investment requirement is driven by the primary air traffic management objective which is to provide a sustainable increase in en-route and terminal area capacity in current network.

Environmental Management

Like all sectors the aviation sector is compelled to adhere to environmentally friendly practices, this amidst a growing demand for air transport. The Board is committed to playing its role in the mitigation of environmental impact as a result of the implementation of the current and future ATNS ATM system, its policies, frameworks and programs.

Company strategy integrates environmentally friendly themes and programmes influencing Management to constantly factor in the protection of the environment by considering noise, gaseous emissions and other environmental issues in their planning. Illustrations of this include the implementation of the Reduced Vertical Separation Minima (RVSM) for increased capacity and efficiency, accommodation of User Preferred Trajectories in our oceanic and other airspaces to optimise flight trajectories and flight procedure design to reduce noise emissions over densely populated and sensitive areas.

Collaborative Decision Making

CDM is an adopted company lifestyle from strategic to tactical operations. We have made great strides in engaging our Stakeholders in our strategic planning and reporting through ongoing interaction at a Board level with Parliamentary Committees, the Minister of Transport and Department of Transport officials and relevant Board members of SOE's such as Airports Company South Africa (ACSA), South African Civil Aviation Authority (SACAA), the economic Regulating Committee (RC) and others.

Message from the Chairman

Empowerment, Transformation, Training and Education

The integrated Transport Sector Broad Based Black Economic Empowerment (B-BBEE) Charter was gazetted in terms of section 9 (1) of the Act in August 2009 and the Department of Transport (DOT) and its public entities are legally bound to comply with the public sector codes and charters with whoever will be doing business with Government. The Board will maintain oversight of Management to ensure that the Public Sector B-BBEE Score Card targets as set by the Department of Transport (DOT) are adhered to. In the coming financial year the Board will ensure Management defines a clear plan for achieving the targets set in the Department of Transport (DOT) Score Cards, cascading these through into Executive Management and the organisation as a whole.

2010 FIFA World Cup Preparation

As we approach the start of the momentous event to be hosted on our shores, ATNS is confident that we are adequately prepared for the envisaged volume of passengers and movements into the country and we stand ready to play our role alongside other stakeholders in ensuring the smooth running of the event. Management and staff have worked tirelessly in the last two years to ensure that all necessary logistics, processes and systems are in place before 'kickoff'. The readiness report submitted to Board details the activities that were undertaken.

These include:

- Training to ensure an adequate pool of personnel and staffing at critical points;
- Increased shifts and 24 hour service at selected airports;
- Use of new legacy Central Airspace Management Unit (CAMU), Air Traffic Flow Management Tool (ATFM) to plan strategically and tactically, anticipate and manage demand at pressure points, and manage slots; and
- Equipment being maintained and upgraded proactively before the event starts, to ensure near perfect availability.

As the ATNS Board we continue to work closely with our internal stakeholders to inculcate the ATNS values and together we strive for excellence and safety at all times.

This Annual Report provides convincing evidence of how this is being achieved. I would like to offer my thanks to all those individuals that are living the values by keeping them at the heart of all their efforts at ATNS.

I would like to express my appreciation to my fellow Board members, to our Shareholder, the Honourable Minister of Transport, the Executive and staff of ATNS, the Regulating Committee and all the users, clients and groups that have a stake in our activities and as such contribute to the quality and consistency of our delivery.

Message from the Chief Executive Officer

Message from the Chief Executive Officer

When South Africa, and indeed ATNS looks back at the 2009/2010 period, my belief is that it will be with a sense of pride. Regardless of the ongoing effects of the global economic crisis, the manner in which the environment, economy, and even politics touched the global aviation industry, here at the tip of Africa this was our year. The preparations for the 2010 FIFA World Cup began within moments of the announcement being made back in 2004, and gained momentum across all industry spheres, to culminate in a one-month event that promises to position South Africa in the hearts and minds of the international community like never before in history.

As ATNS, it has been an honour to play our part in preparing to deliver a successful event. While it required some review of our capital expenditure projects, the mandate for ATNS was clear, and with great enthusiasm we set about delivering the projects that would ensure excellent Air Traffic Management services and remind the Continent and the world of our expertise and relevance to the global air traffic industry.

Our various 2010 FIFA World Cup related successes are covered extensively in this report, but I wish to make reference to some of the highlights in this regard.

The King Shaka International Airport, a Greenfields project the likes of which has not been seen in South Africa for fifty years, was a project that I believe will remain a career highlight for all who contributed to it. The scale and scope of the project, as well as the swiftness with which it was delivered, speaks of a world class level of professionalism and quality, from the Ilembe Consortium responsible for its construction and handing over to sponsors ACSA and Dube Trade Port, to our own team which lent its expertise to planning, transition management, designing and equipping the control tower, validation, developing and migrating commercial air traffic services from the 'old' Durban International Airport and designing the airspace and procedures. The combined skill and expertise which resides within ATNS and the manner in which these services were delivered, provide a model for future initiatives of this kind.

The same applies to the Central Airspace Management Unit's Air Traffic Flow Management Tool, a state-of-the-art system through which to view and manage air traffic flow. The beauty of this system will be especially apparent as we experience unprecedented levels of air traffic over the June/July 2010 period, and the benefits it provides for our clients in terms of planning and optimising operations will leave a lasting legacy. Our achievements in this arena did not escape the attention of the international Air Traffic Management Community, and together with Thales and Metron Aviation we were awarded the 2010 Jane's Airport Review "Enabling Technology Award" for contribution to enhanced capacity and safety.

Perhaps our greatest challenge in terms of the 2010 FIFA World Cup will be to ensure a sufficient number of air traffic controllers. I am pleased to report that we have been able to meet those targets in time for the event.

This is perhaps an appropriate juncture at which to highlight our efforts in terms of how we recruit, develop and maintain a highly trained and motivated frontline and support staff. Indeed, one of the South African Civil Aviation Authority (SACAA) requirements is that we adhere to the manpower targets stipulated in their regulations in as far as licensed Air Traffic Controllers (ATC's) and Technicians are concerned. We deploy a rigorous training curriculum through our Aviation Training Academy (ATA) for ATC's and Technicians to support our operational environments and requirements, conforming to and in some cases surpassing the strict South African Civil Aviation Authority (SACAA) and global ICAO regulatory requirements to maintain an acceptable safety level. Our reports frequently allude to the difficulty we experience in retaining ATC's, and we are in the process of devising retention strategies as part of the overall company strategy to mitigate this problem. This will include accelerating training to ensure an adequate supply and pool of ATC's

Message from the Chief Executive Officer

through the training pipeline in the short-term and adjusted remuneration policies and practices aimed at benchmarking with the global village of ANSP's in the long-term.

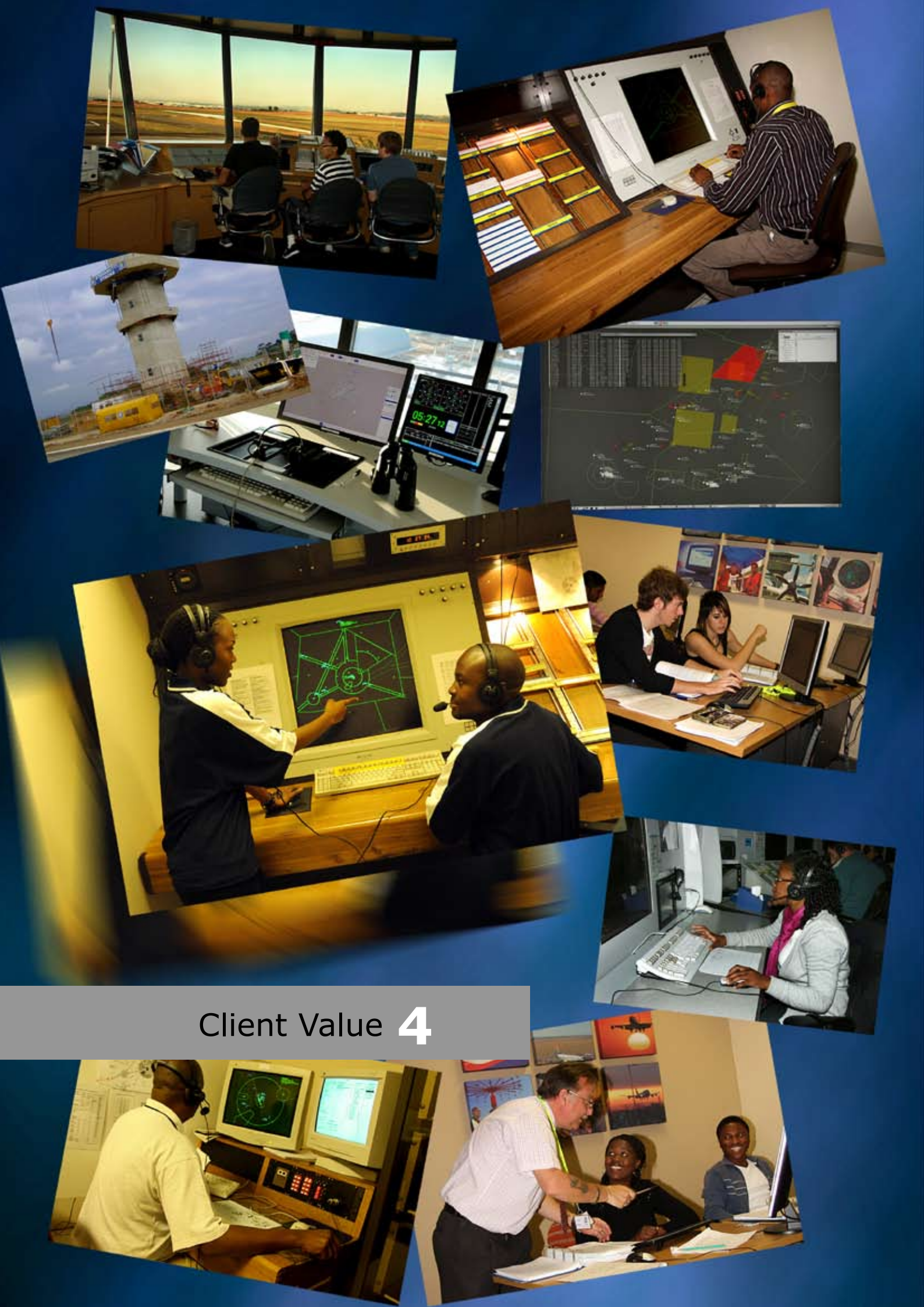
Our Bursar training program targeting young matriculated and undergraduate students is critical to supplying the training pipeline of ATC's and Technicians. Our recruitment is focussed primarily on students from disadvantaged backgrounds, notably African, Indian and Coloured learners. We have begun to focus on females and the physically challenged as part of an effort to address distortions and to achieve our Employment Equity Plan. We will also accelerate our engagement with Transport Education Training Authorities (TETA's) and other local and international training fund entities to address training needs at ATNS and in the industry as a whole.

Our commitment to the transformation agenda and broad national transformation programme remains steadfast and unwavering. Like most sectors in the South African economy we are challenged to address imbalances in our demographics. To achieve this, Management has agreed that targets be incorporated into the Company Balanced Score Card and my KPI's in this regard cascade into Executive Management and other levels of Management. The Human Resources Committee and Board will also approve the updated Employment Equity Plan (EEP) in the coming financial year 2010/2011, as compiled by Management and reflecting new and updated targets in the African, Indian, Coloured, Female and Disabled categories.

Besides the 2010 projects, much attention was paid to preparing the new Permission, which commences on 1 April 2010. Most of our stakeholders are familiar with the Permission granted according to the terms of the ATNS Act which allows ATNS to levy air traffic services according to a five-year tariff dispensation. Tariffs are referenced to annual inflation by means of an 'X' factor which typically limits increases to below inflation. The Regulating Committee that facilitates, reviews and ultimately awards the Permission is required to balance the interests of ATNS and its customers, and set the parameters of a fair commercial return. The work done by ATNS in this regard is a testament to the synergy between departments and disciplines, not to mention the rapport we have built up over the years with those of our stakeholders who are broadly consulted on the terms and conditions of the Permission.

Another of our fundamental documents is the ATNS ATM/cns Roadmap, which drives the Air Traffic Management concepts and technologies over the long term and is essentially the departure point for the Permission request. Draft 1 of the ATNS ATM / cns Roadmap was formulated and submitted to the ATNS Procom in November 2009. Draft 2 followed a similar process and was submitted in February 2010. Formulation of Draft 3 has begun and will provide specific detail relating to the ATM projects consistent with the requirements of the Roadmap. These activities will be aligned to the ATNS Permission and CAPEX processes and will continue up to 2025, delivering the approved ATM system as described within the Global ATM Operational Concept, thus ensuring alignment to global best practices, having tailored it to our particular environment.

I wish to express my gratitude to our industry stakeholders, including the Department of Transport, Regulating Committee, our partners, clients and customers for their contribution to our success. I thank the people of ATNS and our Board of Directors for their support and dedication and the consistent manner in which they ensure we have so many financial and operational highlights to report each year.



Client Value 4

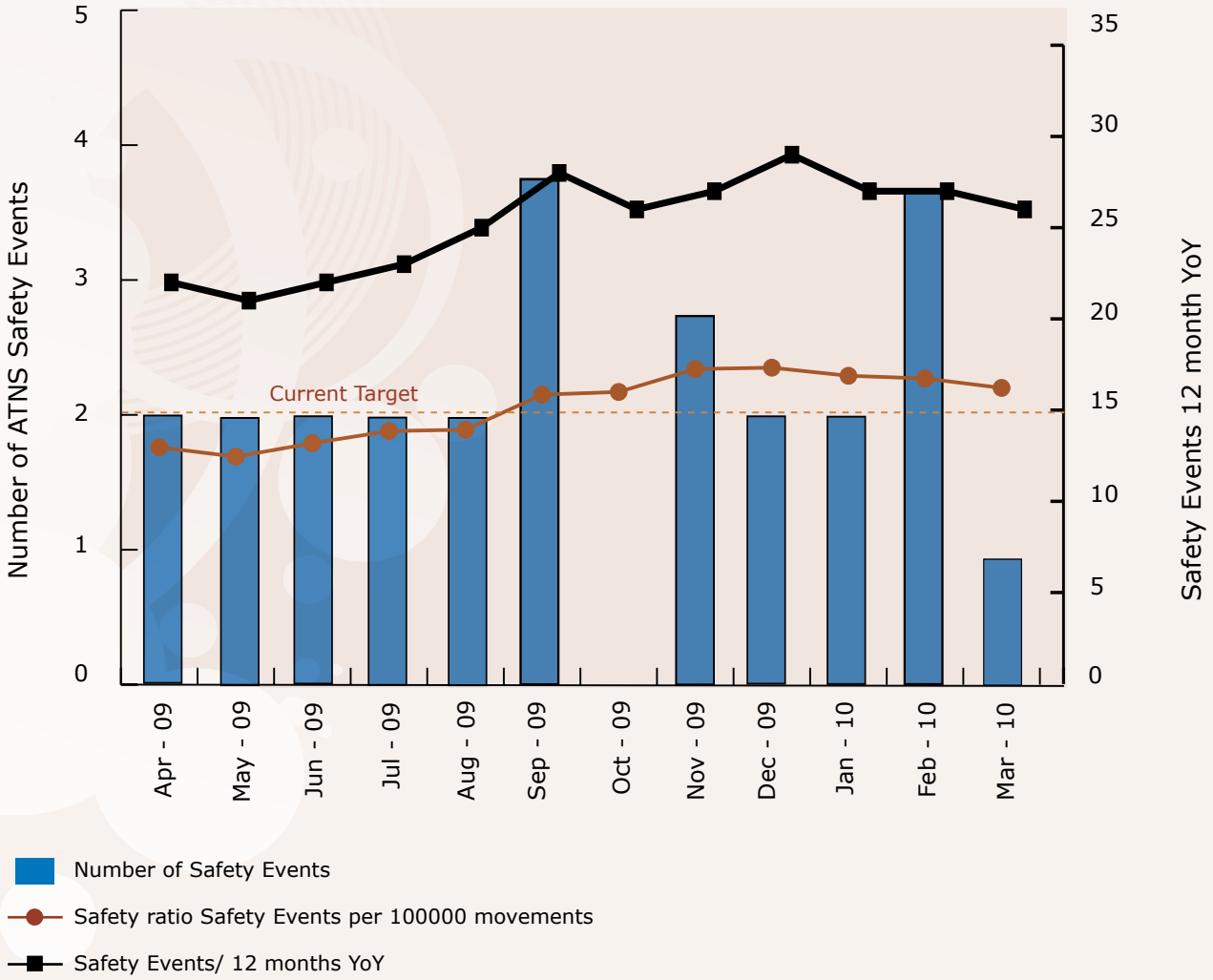
Client Value

Safety

In our industry, safety is of paramount importance. It is an intrinsic part of the ATNS culture and safety awareness is reinforced constantly through a series of initiatives, including:

- Review of the ATNS Safety Management System
- Development of Terms of Reference for Safety Event Investigator Training
- Development of plans for frequent Air Traffic Navigation Services Safety Week events
- Maintaining the promotion of safety through communication channels
- Ensuring the effectiveness of internal and external Safety Audits

Air Traffic Services (ATS) Safety Events per 100 000 Movements



Client Value

Innovation

ATNS has the exciting challenge to find new, safer and more efficient ways to deliver on our mandate. In many regards, we are the trailblazers in the industry and contribute as much to the global body of knowledge for air traffic management as we draw from it. The immense knowledge capital within ATNS and our investment in research and development allows us to constantly innovate on behalf of our users. Our ability to innovate is well illustrated by many of the projects delivered in the year under review.

The Central Airspace Management Unit's (CAMU) Air Traffic Flow Management (ATFM) Tool

Optimising Capacity and Re-defining the way we work with Airlines

The general increase in tourism to South Africa and the volumes of air traffic expected during the FIFA 2010 World Cup in June and July 2010 poses efficiency and safety challenges, and called for further innovation in Air Traffic Management.

ATNS responded by approaching two of its technology partners, Thales and Metron Aviation, to compliment an ATNS designed state-of-the-art tool. The Air Traffic Flow Management element of the CAMU was completed in October 2009, in time to be fully operational during the football event.

By allowing us to predict the traffic flow well in advance, ATNS can put proactive measures in place to efficiently and safely control traffic. This advanced technology solution makes use of comprehensive Collaborative Decision Making (CDM) to increase capacity utilisation and enables airlines to optimise operations by dynamically managing their allocated slots. It incorporates reporting from weather services, and displays current and predicted activity based on reiterative flight plan activity and can identify where there is under- and over-capacity. It then interacts with the users and other operators to review the schedule in a collaborative way. This allows for better planning at strategic and tactical level, and greatly enhances our value proposition to the airlines. Each airline operation can now advise and manage their own slots and ground delay programmes within their allocations, and within their alliances with partner airlines.

The ATFM tool would typically apply to the three main airports (namely OR Tambo International, Cape Town International and King Shaka International Airports), but for the duration of the FIFA 2010 World Cup, a total of twenty South African airports will be entered into the slot system. We foresee that this will make a significant contribution to overall air transport efficiency during the event.

Beyond the benefits of efficiency and safety, the ATFM tool also addresses some of the 'green' issues for which the world's aviation industry is seeking practical solutions. Efficiency is enhanced through timely and accurate information on any event affecting the flow of air traffic and capacity of the airspace.

At the close of the year under review, ATNS and the ATFM collaboration partners were delighted to be awarded the 2010 Janes Airport Review Enabling Technology Award for contribution to enhanced capacity and safety.

Client Value

Performance Based Navigation Implementation

Taking the lead in bringing Performance Based Navigation to Southern Africa

Performance Based Navigation (PBN) defines performance requirements for aircraft navigating on an ATS route, in a terminal procedure or within a designated airspace. PBN supports an increase in ATC system capacity and efficiency. It brings about environmental and safety benefits as well.

At the 36th ICAO General Assembly, States agreed to Resolution A36-23, which urges all States to implement routes and airport procedures in accordance with the ICAO PBN criteria. In support of the resolution, ICAO Regional PBN Implementation Task Forces were established to coordinate the regional implementation programs. Here in South Africa the National PBN Roadmap has been written to be in line with the AFI Region PBN Roadmap. During OPSCOM on 19 July 2009 a National South Africa PBN Project Manager was appointed to implement the South Africa PBN Roadmap. Since then a PBN Steering Committee as well as a PBN Project Team have been created. ATNS has accepted the role of PBN Implementation Manager and is currently involved in driving the implementation of PBN within Southern Africa, with the support of the Department of Transport and all relevant stakeholders.

As demand for air transportation services increase, States are faced with finding solutions to safely increase capacity, efficiency and access, e.g. to terrain challenged airports. These constraints are largely a result of reliance upon conventional ground-based navigation aids (e.g., VOR, NDB, ILS), which limit routes and procedures to the physical locations of ground-based navigation aids. These ground-based systems have served the aviation community well since inception; however, they do not permit the flexibility of point-to-point operations available with PBN to meet the challenges of today and the future.

ICAO has adopted PBN to address these challenges. Through the application of Area Navigation (RNAV) and Required Navigation Performance (RNP) specifications, PBN provides the means for flexible routes and terminal procedures. The advantage of this approach is that it provides clear, standardised operational approvals which enable harmonized and predictable flight paths which result in more efficient use of existing aircraft capabilities, as well as improved safety, greater airspace capacity, better fuel efficiency, and resolution of environmental issues.

PBN is helping the global aviation community reduce aviation congestion, conserve fuel, protect the environment, reduce the impact of aircraft noise and maintain reliable, all-weather operations, even at the most challenging airports. It provides operators with greater flexibility and better operating returns while increasing the safety of regional and national airspace systems.

The ICAO Performance Based Navigation (PBN) represents a shift from sensor-based to performance-based navigation. PBN specifies that aircraft RNP and RNAV systems performance requirements be defined in terms of accuracy, integrity, availability, continuity and functionality required for the proposed operations in the context of a particular airspace, when supported by the appropriate navigation infrastructure. A draft roadmap as to PBN Implementation has been written and a component of PBN, RNAV, has begun to be implemented with limited success.

ATNS has also introduced PBN training at the Aviation Training Academy that could benefit those States that plan to implement PBN at national level.

Enhancing Flight Procedure Design capability to deliver this scarce resource to the Aviation World

In the previous reporting period, ATNS in conjunction with National Air Traffic Services (NATS), the United Kingdom Air Navigation Service Provider (ANSP) embarked on a process to re-establish the functionality and capability of airspace and flight procedure design. This ensures appropriate procedure development, publication and implementation for OR Tambo, Cape Town,

Client Value

King Shaka and Lanseria International Airports. The optimised flight procedures also incorporate practices promoting green aviation through reduced fuel-burn and reduced carbon emissions.

The project presented the opportunity to train two Flight Procedure Designers employed within ATNS. This process was included in this reporting period.

This investment in their development through training, mentoring and practical exposure to flight procedure design ensures we have the in-house capability to continuously review our procedures and offer our design capacity to the rest of the world. This offer is particularly important as we move towards the comprehensive implementation of Performance Based Navigation (PBN).

Proud African Heritage

ATNS is a proud South African company and is committed to the delivery of services, technology, infrastructure and people to enhance our global relevance.

2010 FIFA World Cup Preparation

Assisting South Africa to deliver a world class international event

The expected impact of the 2010 FIFA World Cup event on air transport resulted in some of the ATNS CAPEX projects being postponed in favour of those directly related to delivery of efficient services for the football event.

Besides the introduction of the ATFM tool, and the King Shaka International Airport implementation, other deliverables directly related to the June / July 2010 period included ensuring sufficient staff and services, and anticipating the demand on our systems.

The first challenge meant securing a headcount of 410 suitably skilled air traffic control staff – the highest number of ATC's ever in South Africa at a given time. Planning for this began as far back as 2006, and our recruitment, training and validation initiatives went some way to reaching the target. This, coupled with the agreement with the trade union, Solidarity to buy back days from our willing controllers, and the contracting of temporary international staff has enabled us to secure the required workforce and equip ourselves appropriately to continue to deliver a world-class service consistent with the volumes we anticipate come June 2010.

ATNS applied leading technology to deliver the TAAM simulation tool to validate various 2010 FIFA World Cup traffic scenarios. Also our involvement in promoting regulations for the use of surveillance in compliance with International Civil Aviation Organisation (ICAO) Standards and Recommended Practices has resulted in final approval of the en-route separation standard of 5 nm, for implementation where appropriate.

The CAMU is propagating all the slot allocations for the flights, and feeding this to the industry. Understandably, this needs to be very flexible because many factors, from the weather to the teams which are knocked out at the various stages, will affect the traffic. We have also addressed the need for heightened awareness regarding security around our various sites and towers.

The FIFA 2010 World Cup event will see 32 countries playing at nine venues. From the end of May 2010, Cape Town International, King Shaka International and OR Tambo International Airports will operate 24 hours a day. We have also redeployed radar systems from Port Elizabeth and Bloemfontein Airports and re-fitted these into a mobile unit for temporary use at the Kruger Mpumalanga International Airport to handle extra capacity for a set period.

Client Value

The King Shaka International Airport

Cost-effectively commissioning, equipping and implementing a state-of-the-art Air Traffic Control Centre

It is not every day that one can be involved in the implementation of a new airport. In fact, the brand new King Shaka International Airport at La Mercy in KwaZulu-Natal is the first of this scale in a fifty year period. This Greenfield project will be open for business in May 2010 and in the year under review ATNS made a significant contribution to its readiness for the 2010 FIFA World Cup.

ATNS was involved in this project from the earliest stage from a planning and cns perspective and assigned the relevant expertise to oversee the process and act as transition manager when the project received the go-ahead from the Ministry of Transport. The project faced several risks, including an amendment to the security plan and, because very little will be transferred from the Durban International Airport, it meant all new equipment had to be procured. Staff at Durban International Airport had to undergo a process of validation to be able to work at King Shaka International Airport from day one.

ATNS participated in the design of the control tower and equipped it with voice communication and an Air Traffic Management display system. We ensured preparation and approval of several safety cases by the Commissioner of Civil Aviation (CCA) and had to develop and will migrate commercial air traffic services from the existing Durban International Airport to King Shaka International Airport so that it can begin operation from 2 May 2010. The new airport provides considerable expansion over the existing Durban International Airport with huge growth potential. All indications are that the King Shaka International Airport will be completed and the transition effected within the allocated timeline.

ATNS also achieved the implementation of the capital management plan and service delivery at a reduced cost. The recession made planning a challenge and ATNS had to bring forward a number of CAPEX projects in order to be able to deliver on our obligations for the King Shaka International Airport. We adopted a responsible, conservative approach and negotiated vigorously with our suppliers. In addition, the rand recovered well and we ultimately realised savings of 17%. Just one example of how we reduced costs was the decision to include the communication equipment in the radar tower, instead of building different rooms to house the equipment.

The planned relocation of Durban International Airport to King Shaka International Airport also provided ATNS with some ground breaking opportunities in terms of the design of the airspace and procedures. Because it was a Greenfield development with no legacy issues, we were able to design future-based operational procedures for arrival and departure of aircraft that are efficient and take advantage of the capability that is available on modern aircraft. The project team, assisted by the Durban staff made the most of the opportunity to develop norms and standards regarding the commissioning of a new airport.

The unique design of the control tower is intended to represent Nandi, King Shaka's much revered mother, emerging from the ocean. Her headwear, or Isicholo, cast a distinctive conical shape, and lends itself to the functional and aesthetic requirements of the tower.

King Shaka International Airport is named after His Excellency, iLemb' eleq amany' amaLembe ngokukhalipha, King Shaka Zulu kaSenzangakhona (1787 – September 1828).

The ATNS Control Tower architecture at this airport captures the roots and pride of the KwaZulu-Natal Province. The wave-like roof design of the building at the bottom of the tower represents the Indian Ocean coastline of the province. The shaft (though elongated) depicts the neck of a Zulu woman and the Cab Level of the Tower represents Isicholo, which is a traditional head-gear of a respectable Zulu woman – worn as a crown. The different shades of blue on the Control Cab represent the colour of the ocean at different depths as well as ATNS corporate colours.

The entire design therefore represents a noble and dignified Zulu woman, well respected by Ingonyama uShaka, looking over the airport whilst cooling off in the ocean.

Client Value

Training

The ATA is a South African Civil Aviation Authority approved Aviation Training Organisation (Approval Number: 0011 Scope Air Traffic Services). It is also accredited as an International Air Transport Association (IATA) affiliated regional training centre in Africa, and is one of only four accredited centres in the world. Our main purpose is to address the shortage of core civil aviation skills through high quality, relevant training and experiential programmes. We also provide the industry with much needed training in management skills and diversified training in such fields as safety.

ICAO has accredited the ATA as a Government Safety Inspector Training Centre to address their training for Africa through South African Civil Aviation Authority (SACAA).

During the year under review, the ATA offered 28 Air Traffic Service training courses to the domestic and international markets. The number of training courses presented has increased from 94 during the previous reporting period, to 101 courses.

Air traffic services training presented to ATNS staff resulted in ab initio Air Traffic Service and Aeronautical Information, Aerodrome Control, Approach Procedural Control and Air Traffic Services qualifications being awarded.

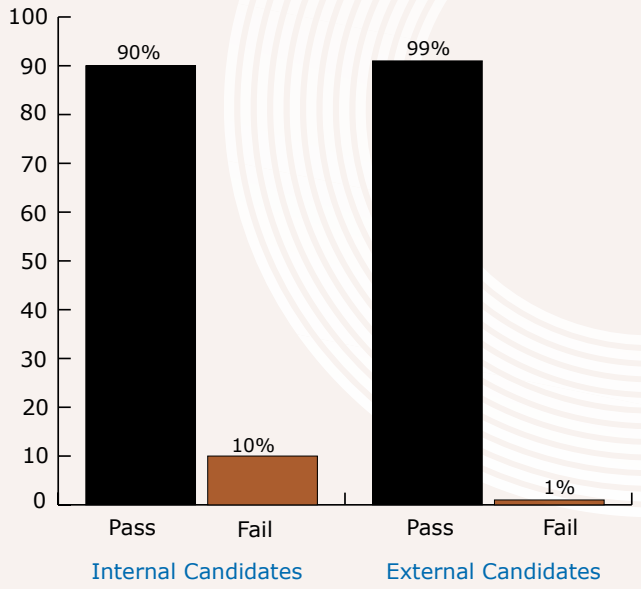
Air traffic services training presented to international students resulted in Aerodrome Control, Approach Procedural and Radar Control, Approach Radar Control and Area Radar Control qualifications being awarded.

The success rate of students attending Aerodrome Control training has increased from 59 per cent in the previous reporting period, to 75 per cent.

A very low student failure rate was noted on all courses throughout the year.

The ATA initiated the Albert Taylor Scholarship, named for a Ghanaian ATC who has played an enormous role in developing ATC's for the region. As the 'father' of this scholarship programme, each year he and a panel select an African country where individuals there are trained free-of-charge by ATNS. In the year under review, no scholarship was awarded.

Air Traffic Services training success rates achieved during the year 2009/2010



Client Value

ATNS is showing its presence on the Continent and giving back to Africa, as a major client.

As a levy paying company with TETA, ATNS runs learnerships, in line with the Skills Development Act.

As part of addressing the ageing workforce and natural attrition and the development of our own employee pipeline, we offer learnerships to University of Technology undergraduates targeting Electrical Engineering (light current) students.

These learners can then apply for a position within ATNS or take their skills into the broader industry.

The ATA is proud to have trained external delegates from the following States:

- Angola
- Botswana
- Cape Verde
- Egypt
- Ghana
- Kenya
- Lesotho
- Malawi
- Mozambique
- Namibia
- Nigeria
- Rwanda
- Seychelles
- Sierra Leone
- South Africa
- Sudan (Northern and Southern)
- Tanzania
- Uganda
- Zimbabwe

Other countries include

- Afghanistan
- Italy
- Pakistan
- Philippines
- Romania
- Saudi Arabia
- Switzerland
- United Arabs Emirate
- United Kingdom
- Uruguay

Various training programmes are offered to prepare graduates for three successful professional careers in Air Traffic Management Services, Engineering Support and Aviation Management.

All the courses are accredited to various domestic and international institutions such as ICAO and IATA.

Client Value

Partnerships

Domestic Very Small Aperture Terminal (VSAT) Networks

ATNS provides a turnkey solution for VSAT networks including: network design, equipment acquisition; equipment installation; maintenance of equipment and management of networks. The domestic VSAT networks that ATNS implements provide amongst others Aeronautical Fixed Telecommunications Network, Air Traffic Service/Direct Speech (ATS/DS), Extended Very High Frequency (VHF), radar data, remote monitoring and control services and IP services for WAN.

ATNS provides its own domestic VSAT network known as IVSAT to provide a secondary medium of communication between the Control centres and all the remote radar stations.

Consultancy Services

ATNS has partnered with a number of States in the planning, specification, acquisition and implementation of communication, navigation and surveillance system (cns) and Air Traffic Management Systems (ATM). We also offer professional consultative services in this respect to other air navigation services providers in support of their national development programmes. The services can be provided on an hourly basis, a project basis or on a turnkey basis. The available services include:

- Communication, Navigation and Surveillance system design and specification
- Coverage planning and site selection
- Radio frequency planning
- Acquisition management services

For the period under review we rendered the following services to:

The Directorate of Civil Aviation - Republic of Namibia:

- Surveillance system planning and specifications;
- Project Management services in respect of infrastructure upgrade; and
- Air Traffic Management system planning and specifications.

Polokwane International Airport:

- Navigation and landing aids planning and project management.

Angola - ENANA:

- Planning, acquisition and operation of VSAT spectrum for aeronautical use.

Sudan CAA:

- ATM Planning and specifications.

External Billing Management

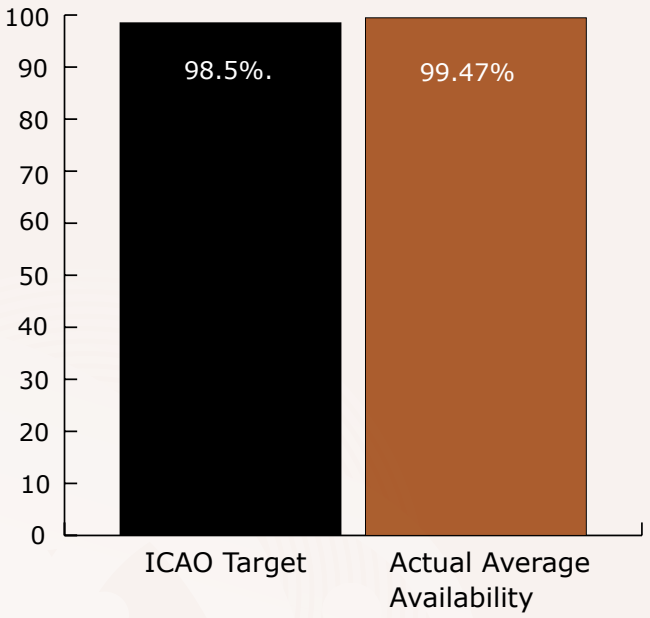
The ATNS Billing Management System enables us to offer billing services to individual States for collection of aircraft's movement fees from airlines, thereby enhancing the State's financial muscle to continuously maintain the ATM infrastructure. The ATNS billing system allows for setting up a separate user customisable billing environment. The billing system provides for capturing and processing records of aircraft landing, approach and en-route information.

ATNS currently offers billing services to Namibia Directorate of Civil Aviation (NDCA) and South African Weather Services (SAWS). During the last financial year ending March 2010, ATNS collected over R 46 million on behalf of the clients.

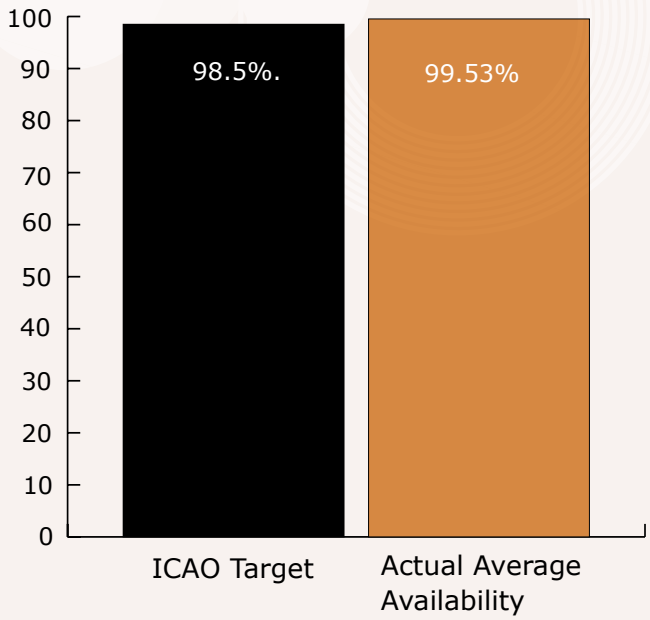
Client Value

SADC VSAT II Network Availability 2009/10

Air Traffic Service/Direct Speech (ATS/DS)

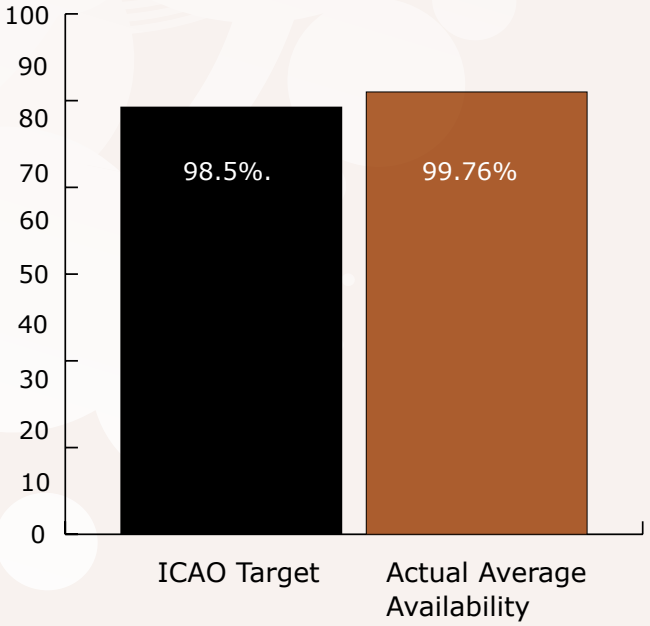


Aeronautical Fixed Telecommunication Network (AFTN)

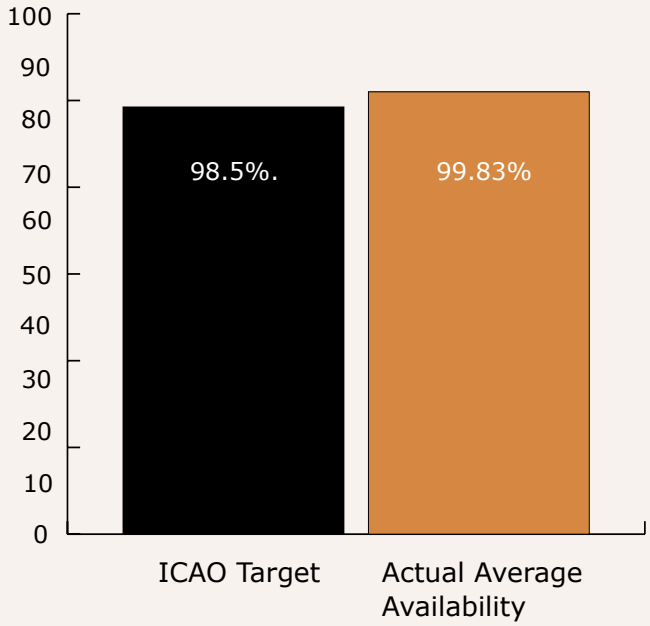


NAFISAT Network Availability 2009/10

Air Traffic Service/Direct Speech (ATS/DS)



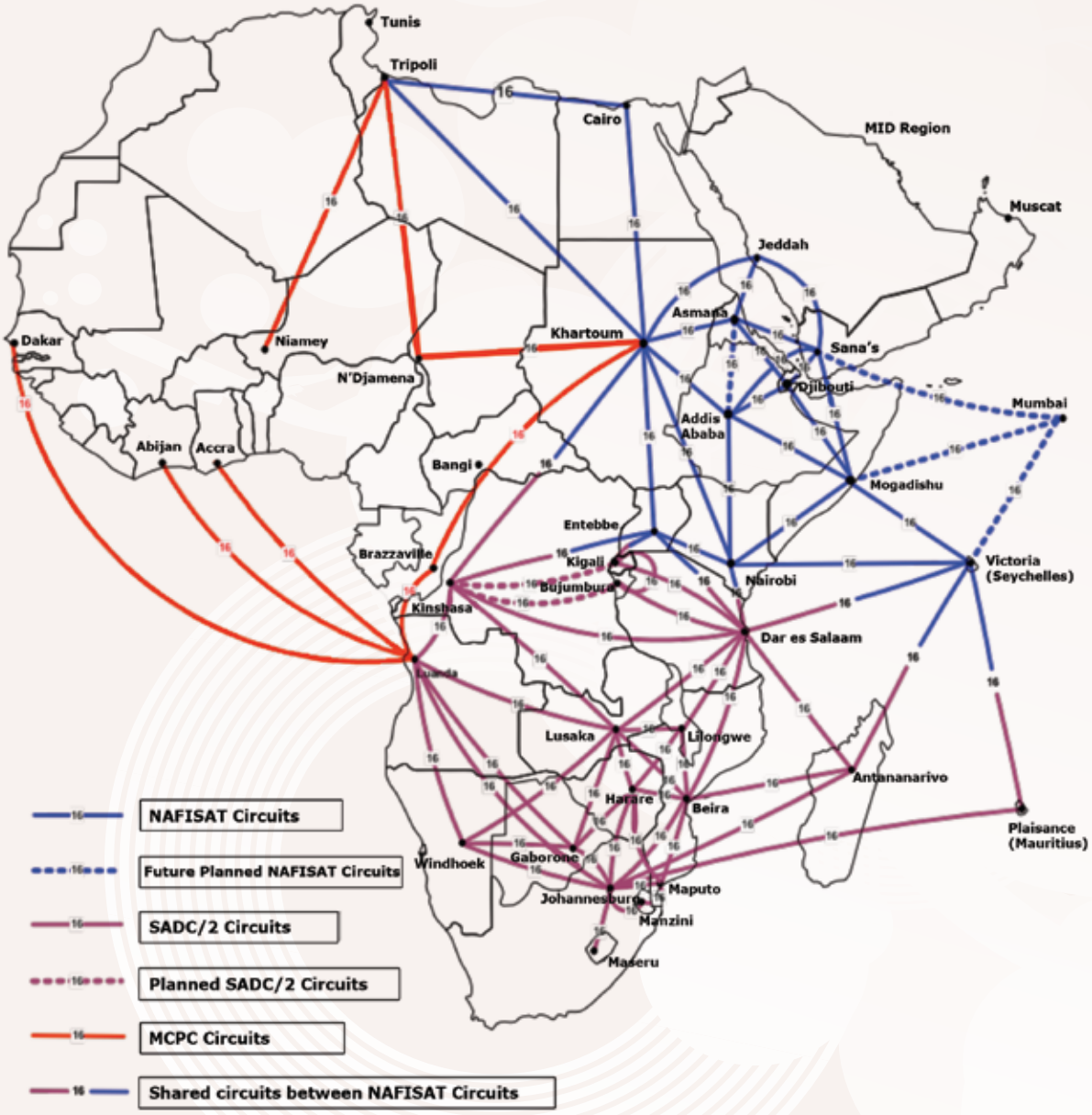
Aeronautical Fixed Telecommunication Network (AFTN)



Client Value

Satellite Communications Network

ATNS VSAT NETWORK:
NAFISAT and SADC/2 - ATS/DS Connectivity



Client Value

SADC Upper Airspace Control Centre (UACC) Project

The SADC UACC study is a concept of the International Civil Aviation Organisation (ICAO) to promote enhanced regional co-ordination and harmonization amongst States.

The Upper Airspace Control Centre should allow for the provision of air traffic services at a SADC regional level, based on the ICAO Africa Indian Ocean (AFI) Implementation Plan and ATM/cns highest standards. The UACC should allow a seamless integration with adjacent airspace and other regional initiatives.

The Steering Committee comprising of Botswana, DRC, Mozambique, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe was mandated with the task to analyze the UACC and the manner in which it could be financed and operated.

The Steering Committee continues to guide the processes to establish the SADC UACC. ATNS plays a pivotal role in this Committee through its position of chairman.

Regional Partnership

Active participation for progress in Africa

In the year under review we have played a leading role in the development of air traffic and navigation services in Africa. ATNS has maintained active participation in international forums to determine future global and regional requirements and performance criteria, within financial constraints.

Client Value

Consideration for the Environment

Our commitment to safety and promoting the wellbeing of stakeholders in the air traffic realm includes an ongoing focus on environmental wellbeing. ATNS subscribes to the International Civil Aviation Organisation's Global Air Traffic Management Operational Concept. Amongst others 'environmental sustainability' is an expectation of the concept. ATNS is actively involved in a variety of activities in support of this expectation.

Performance Based Navigation (PBN)

Higher accuracy means more fuel-efficient flying
Performance based fuel-efficient flying navigation utilises the improved navigation capability of aircraft to allow for more accurate operations in the departure, en-route and arrival phases of flight. The enhanced navigation capability allows for reduced separation between aircraft and it facilitates shorter routings, resulting in reduced fuel burn and less CO2 and noise emissions. We are also planning to further develop the continuous descent approaches. This initiative will allow for aircraft to use the minimum power setting, and for reduce fuel-burn during the descent and arrival phases of flight.

Gauteng Airspace Efficiencies

Shorter routing for fewer emissions
ATNS is implementing a project to review the design and operating efficiencies of the airspace servicing the Gauteng area. The result will be improved efficiencies regarding shorter routings and, therefore, reduced emissions.

Procedure Design

Focussing on 'Clean Speed'
The procedures developed for the new King Shaka International Airport all allow for "clean speed arrivals and departures" and shortened routings. Clean speed is a term used to indicate that the aircraft flies at a speed and power setting which does not require the use of additional control surface (such as flaps, slats etc.). The same principles are applied to all new procedure design activities.

Oceanic Random Routing Areas

Innovatively reducing noise and fuel-burn
ATNS has been instrumental in implementing random routing within the Atlantic and Indian Ocean areas. This initiative allows aircraft to make optimum use of upper winds in their route planning and execution enabling higher efficiencies and reduced fuel-burn and less CO2 emissions.

Green IT initiative

Contributing to a Reduced Carbon Footprint through Server Virtualisation Technology
The last decade has seen increasing emphasis on environmental sustainability and 'green' initiatives. In the year under review, the ATNS information technology department introduced a 'green' practice as part of the global drive to reduce the carbon footprint of server environments through the efficient use of available resources. This was achieved by employing innovative server virtualisation technologies. The result is that ATNS has achieved efficiency improvements in the server environment that resulted in 75% less power, cooling and associated infrastructure costs for the range of servers that have virtualised. ATNS has reduced its physical server count on identified servers from 30 severs down to 9, a further reduction in power and cooling was achieved through SMART server technology which enables the server to only use additional resources when under processing load. During periods of low /no load the servers run using the bare minimum power.

Reduced Vertical Separation Minima (RVSM)

New standards achieve optimisation
This initiative allows for aircraft to operate at optimised cruising levels with reduced vertical separation standards, dependent on the aircraft and flight crew certification. RVSM contributes significantly to reduced fuel burn and reduction of emissions. ATNS continues to provide regional monitoring services and support the RVSM project management team with post implementation review and reporting.

Client Value

Engineering and Technical Services Offered

We are tasked with responding to Air Traffic Management requirements by converting these into projects and deploying the technologies in a timeous manner. Our responsibility includes the management of operational assets, the entire ATNS technological infrastructure, communications, radar and other surveillance equipment. We facilitate ongoing interaction and consultation with the various categories of users to ensure our solutions are relevant to their needs by participating in trade shows, conducting global benchmarking exercises and engaging with our peers in the industry.

Implementation of the Air Traffic Control Centre at King Shaka International Airport

This was the biggest project undertaken for the year under review. The airport was successfully commissioned by Airports Company South Africa (ACSA) and all equipment installed to enable the airport to be ready for full Air Traffic Control operations by the transition deadline of 2 May 2010.

Project Motseta

In 2002, the Motseta project was implemented to replace the semi-automated Aeronautical Fixed Telecommunication Network (AFTN) switch with a fully automated switch. The purpose was to create a user-friendly and common point of access to Aeronautical Information by all ATM community members. In the year under review, the Motseta system was upgraded to enhance the operation for ATM community members. Site acceptance testing (SAT) was completed in September 2009, and the emergency recovery SAT was successfully completed in November 2009. We are pleased to report that the upgrade was completed on time and within budget.

Central Airspace Management Unit (CAMU) Air Traffic Flow Management (ATFM) Tool

The CAMU project was conceptualised about seven years ago to enhance Air Traffic Flow Management (ATFM) in the South African airspace. Implementation of the ATFM tool started in 2008 and was completed in October 2009. The ATFM tool became fully operational in May 2010 and will be ready for use during the 2010 FIFA World Cup.

Implementation of the George Secondary Surveillance Radar

The George Secondary Surveillance radar was implemented to enhance safety through additional information in the George terminal area airspace. It was successfully commissioned and integrated into the South African Radar network, one month ahead of schedule in September 2009.

The Lanseria and George Terminal Control Units (TCU's) were implemented in these aerodromes to reduce the workload of these Air Traffic Service Units (ATSU's) and increase efficiency at OR Tambo and Cape Town International Airports respectively.

CAPEX

The original budget for capital expenditure was reviewed and an increase granted, in the light of the currency exchange rate and the requirement to bring some projects forward to meet the national imperative for 2010. ATNS was ultimately able to achieve a full roll-out of the infrastructure at reduced costs and realised a 14.5% saving through effective contract and supplier management and leveraging off our partner relationships.

Planning

ATNS has prepared and submitted a Permission document to the Regulating Committee, having reached an understanding with the aviation community during a consultative process.

Client Value

Technical Services

We met service level agreements and provided consistent levels of safety and efficiency despite the stringent economic conditions. We are proud to say safety was not compromised.

The year ahead

The 2010/2011 financial year promises to be an exciting one as we implement plans and observe the results of our efforts towards helping South Africa deliver a successful FIFA 2010 World Cup.

We look forward to aligning our technology map and capital investment planning with the Air Traffic Management (ATM) Roadmap, in order to realize the ATM concept.

We will continue to timeously implement technologies that support the business imperatives in a cost effective and efficient manner.

Client Value

Air Traffic Management Services

ATNS Operations provides the Air Traffic Management Solutions for South Africa. These services are normally provided from the area control centres situated at the OR Tambo International Airport and Cape Town International Airport while the approach and aerodrome control services are delivered from the air traffic service units situated at each of the airports.

Preparation and training for the new King Shaka International Airport

This included the preparation and approval of several safety cases by the Commissioner of Civil Aviation (CCA). We worked closely with the other ATNS divisions to deliver the planning and preparation activities for the transition from Durban International Airport to King Shaka International Airport. Despite a low Air Traffic Control staffing level, all training targets that we have set ourselves have been achieved.

Roll-out of the radar approach control service at George Airport

At George we managed to increase both capacity and safety by introducing this new information service to enchance procedural approach control service. The introduction of a radar approach control service at George will deliver significant cost savings for the industry.

Preparation for the FIFA 2010 World Cup

Undoubtedly the most significant challenge in preparing for this event was to achieve our headcount target of 410 Air Traffic Controllers. This is not only the largest number of Air Traffic Controllers in the history of Air Traffic Control in South Africa, but also required an annual growth of 40% in the number of individuals qualified to deliver this critical service.

Operational validation training

ATNS operations validated a record 172 air traffic control ratings in the period under review, exceeding the previous high of 86 validations.

Service delivery

Both the average delay per flight and average delay per delayed flight exceeded targets despite heavy demands on staff for rating and validation training.

Client Value

The Year Ahead

ATNS will continue to support the initiatives of the Upper Airspace Control Centre (UACC) and the SADC secretariat in moving these forward.

In the coming year, we will be reviewing the contract services to regional airports to optimise and improve the service offerings to the benefit of contract airports and the users of those airports.

Implementation of the ATM Roadmap will drive the ICAO global Air Traffic Management operational concepts and supporting technologies going forward. The finalisation and implementation of the Air Traffic Management Roadmap supports the Air Traffic Management Global Implementation Plan for Air Traffic Management. Milestones will include the roll out of Performance Based Navigation concepts in the field of RNAV (GNSS).

The South African Advanced Air Traffic System (SAAATS) will undergo a midlife upgrade to allow for changes in technology and resolution. This will enable technology improvement and training of the controllers at the same time.

A number of applications have been received to evaluate the development of small aerodromes due to the drive by the South African Civil Aviation Authority (SACAA) to license and regulate all aerodromes in the country.

The Advanced Surface Movement Guidance and Control System (A-SMGCS) will be commissioned at an ICAO level 2 functionality. A-SMGCS will provide both an additional safety filter for our operations at OR Tambo International and Cape Town International Airports and an increased capacity under marginal weather conditions.

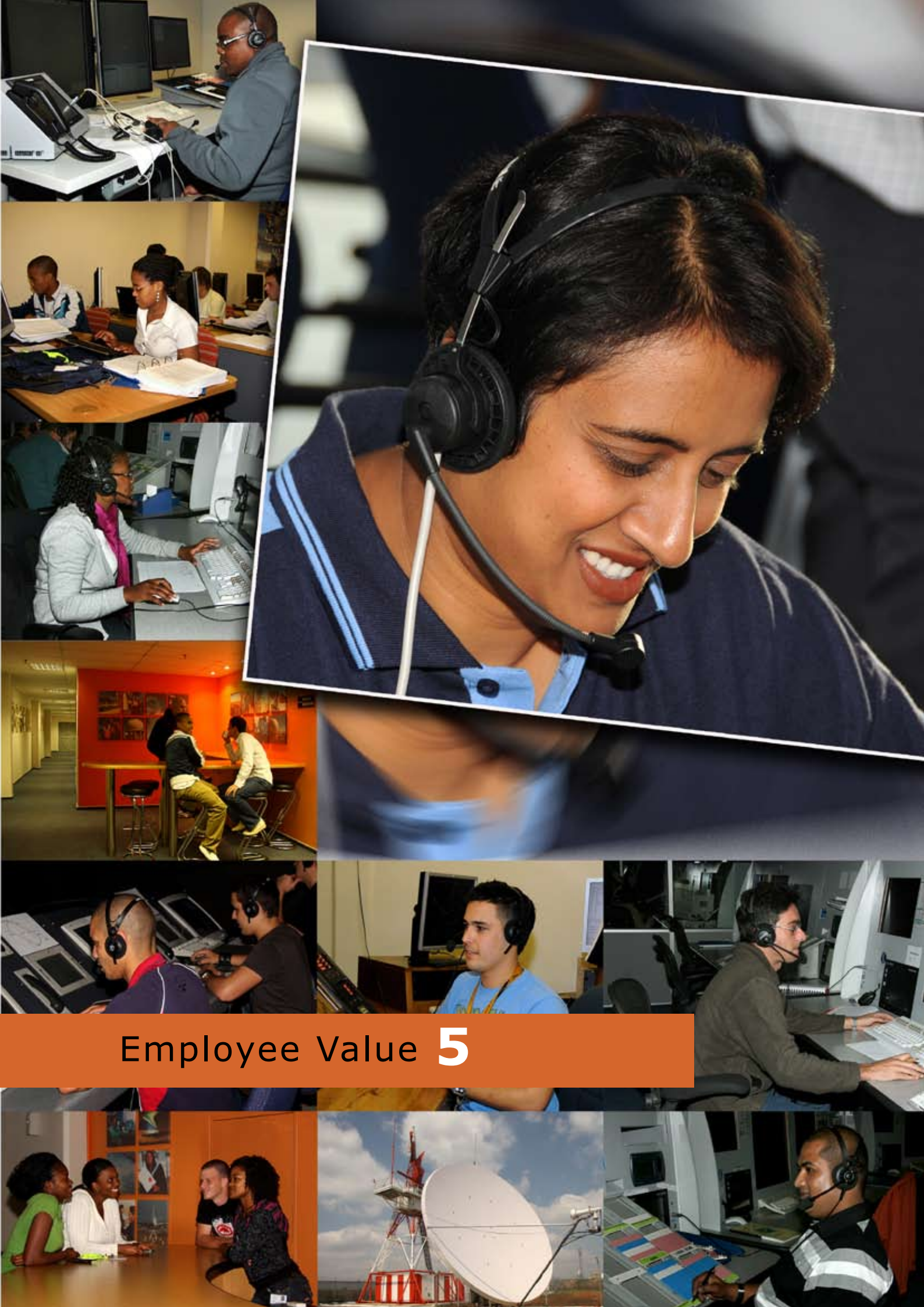
Additional highlights we look forward to in the coming year include:

The approval for the provision of radar approach control service in Bloemfontein terminal airspace without a primary radar, by the South African Civil Aviation Authority (SACAA) during the first quarter of the 2010 financial year

The approval marks a first for ATNS and South Africa in that Bloemfontein will be the first Air Traffic Service Unit where a radar approach control service will be offered without primary radar.

Radar separation outside 60 nautical mile (nm) from terminal areas

A lateral separation of 5 nm outside 60 nm from airports was approved by the South African Civil Aviation Authority (SACAA) and is already delivering benefits in the pre sequencing stage of arriving traffic and during the last part of climb out for departing traffic.



Employee Value 5

Employee Value

Diverse Workforce

ATNS continually strives to develop a diverse workforce which utilises the talents available from within the reservoir of South Africa's people.

The total staff complement at year-end stood at 833 against the target of 900, with Air Traffic and Technical Service employees making up 64% of this number. ATNS maintains an exceptionally high standard in the training of Air Traffic Service professionals. With an attrition rate for this category of 9.55%, our training pipeline is designed to achieve the balance between delivering the required volume of candidates while never compromising the standard of their training. Our efforts in this regard, in the year under review include an increase in the number of intakes on the Air Traffic Services (ATS) Bursar programme, enhancement of the training program and extensive exposure to the operating environment to increase the success rate of both the rating course and validation process.

We realised an increase of 104% in the recruitment of trainees into our Bursar program during the year under review. In addition, 8 academically qualified teachers were placed on a training program, on a pilot basis, with Airways International Limited in New Zealand. Further efforts to ensure a continued supply of employees with the right competencies in the technical services environment has resulted in engineering learners beginning a specialised training programme to qualify as Engineering Technicians.

Employment Equity

Employment equity remains a business imperative to ensure that our workplace profile is aligned to national demographics and the intergrated Transport Sector Broad Based Black Economic Empowerment (B-BBEE) charter. In the year under review, our figure for the percentage of African, Indian and Coloured employees is 54.76%, coming very close to our target of 56%. In this traditionally male-dominated environment, our female representation is currently 33.09% as compared to the 33.26% achieved in the previous year. We are pleased to report that we have exceeded our target in terms of people with disabilities, who make up 1.71% of the total staff, against a target of 1%.

The ATNS strategic objectives and prevailing culture support ongoing equal opportunity initiatives with specific emphasis on women and people with disabilities.

Training and Development

ATNS encourages a culture of lifelong learning and has as such allocated an amount of R1,9m for employees to develop their potential through private study in their professional disciplines with various tertiary institutions.

A further amount of R2,096m was spent on employees to enhance their operational skills through various training programmes offered by other accredited training institutions both locally and internationally.

Recruitment and Terminations

In addition to the Bursars, 77 new employees were recruited during the year under review. Africans, Indian and Coloureds make up 64.94% of the new employees and female appointments are at 41.56%.

In the same period we had a total of 78 resignations made up of 68 voluntary resignations, 7 retirements and 3 dismissals, bringing the total attrition rate to 9.55%.

Relationship Management

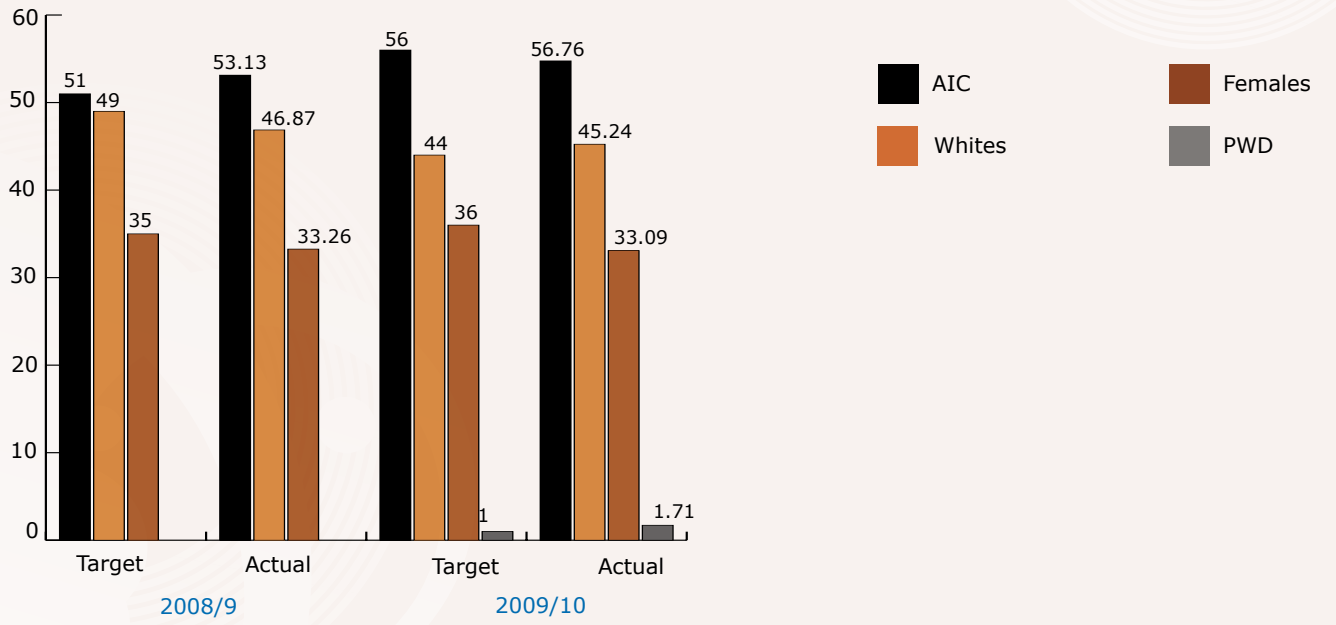
Our employees are collectively represented by one trade union, namely Solidarity.

Employee Value

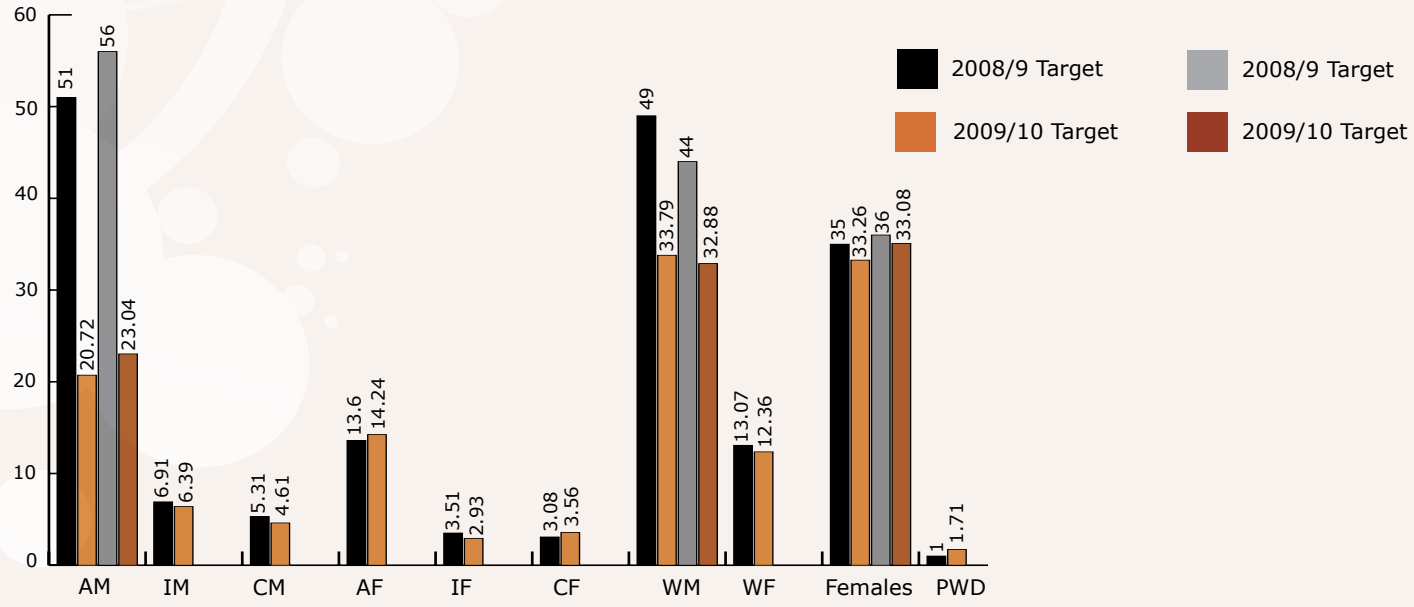
ATNS leadership maintains a supportive relationship with Solidarity that is built on trust and flexibility. Experience has taught us that these principles are conducive to creating win-win situations for all parties. In addition, a collective agreement has been concluded that regulates the relationship between Management and the employees under the auspices of Solidarity.

ATNS is mindful of the link between employee wellness and a happy, productive workplace. Our wellness program provides ATNS staff and their families with 24-hour access to counselling and advice services, delivered through our relationship with ICAS – this contract was terminated at the end of December 2009 and a new contract entered into with the Careways Group since January 2010. This includes assistance in dealing with physical and emotional wellness, financial and legal problems.

Employment Equity Statistics



Employment Equity Statistics - Race & Gender Split



Employee Value

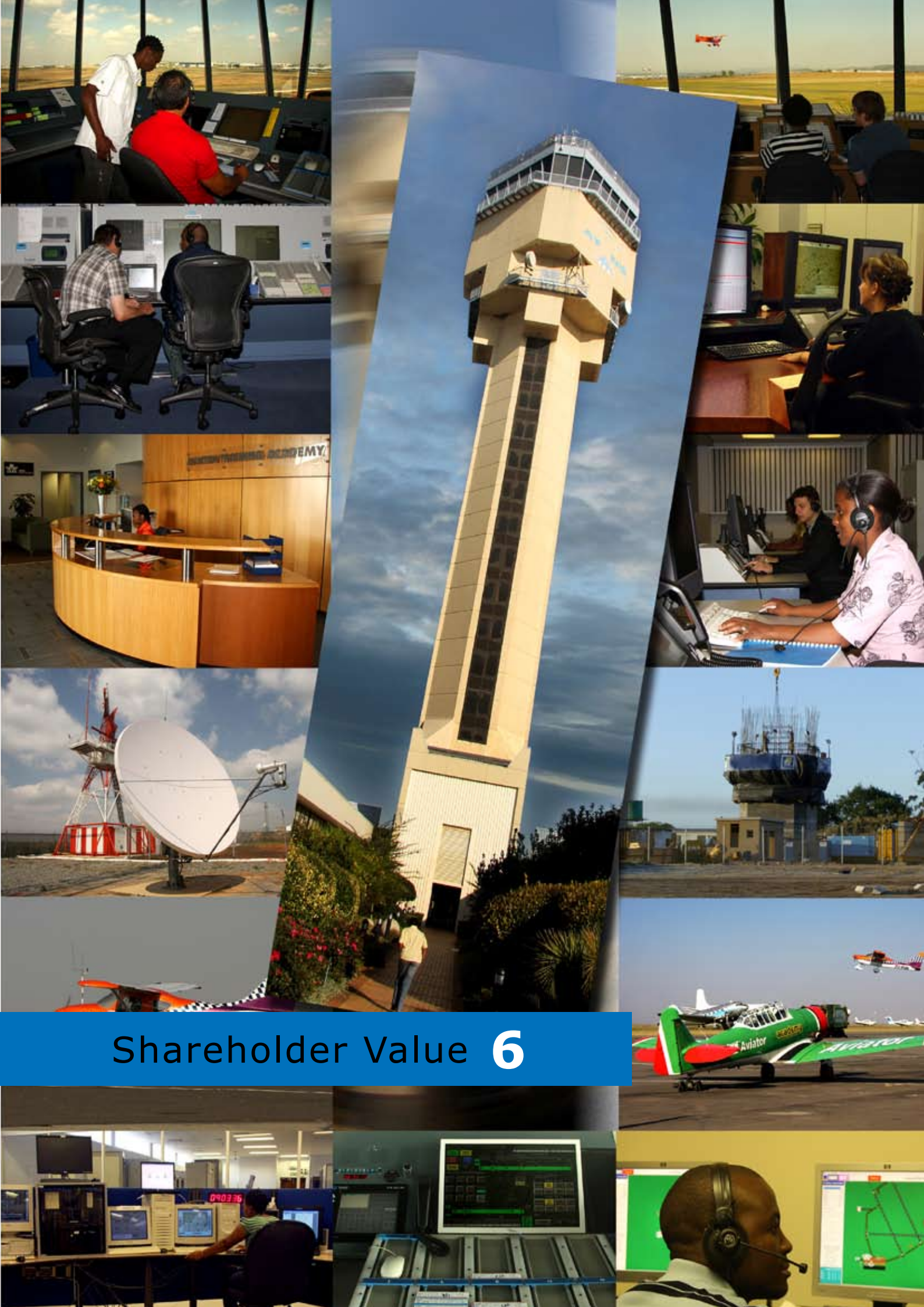
Building a Career Path

Building a Career Path from learner to skilled ATC

ATNS has an enormous responsibility to ensure an ongoing pipeline of suitably qualified Air Traffic Controllers to meet the industry demand. Various programs are in place at any given time to address the need, and the volumes realised in this regard are reported on in the relevant section of this report. Special mention should, however, be made of the Bursary Program, a rigorous homegrown ATNS initiative to attract future ATC's at the earliest stage possible.

The program is open to Matriculants who have achieved a minimum Level Four result in both Mathematics and English. Before they even reach the interview stage, potential candidates must undergo a series of assessments, designed to measure their aptitude in terms of numeracy and speech. Further ability assessments are done and those candidates achieving a predetermined minimum score proceed to the interview stage. The next step is a medical examination administered by an aviation doctor, followed by a background check. Those who complete this comprehensive assessment with success are chosen as Bursars at the Aviation Training Academy.

Thus begins a comprehensive programme of theoretical instruction, training and onsite practical experience at one of the ATNS centres. If the Bursar passes, they are offered a fixed term contract for 12 months. During this time they may attain the level of Aerodrome Controller, after which they will return to the Academy for their Air Traffic Services rating. After successful validation as an Air Traffic Controller, the Bursar will be appointed permanently. Each new ATC is then introduced to a career path matrix which they can use as a guide towards their own professional development, in Area Control, Approach Control, or both. Acceleration programmes and mentoring are in place to assist them to proceed through the three ATC levels.



Shareholder Value 6

Shareholder Value

The ATNS Permission

Collaboration and Stakeholder Consultation guides Permission Renewal

The terms of the ATNS Company Act (Act 45 of 1993) require that ATNS apply to the Regulating Committee every three years for Permission to levy air traffic service charges. Once granted, the Permission is applicable for five years. In the year under review, a significant amount of time and resources were devoted to the preparation of the Permission which commences in April 2010. In this period, ATNS decided to modify the approach to optimise the resources and establish a more practical system. In the past, the Permission was viewed as one document and all contributions focused on the entire document. In 2009 it was decided to follow a modular approach so that each section of the Permission was managed by the applicable department. As a result, specific input was made by the relevant department to the categories of Finance; HR; CAPEX; Maintenance; Traffic Forecasts; Administration; and Macro Economic. The modular approach makes it easier to evaluate the impact of the various drivers within the company, and allowed ATNS to respond more quickly to changes in our environment. Each of these modules will now be reviewed annually to ensure timely contribution to the next Permission process.

Renewal of the Permission is in itself an exercise in relationship management. Stakeholder input and support is a critical factor in obtaining the Permission, and ATNS is committed to facilitating this not only in the interests of the Permission, but also to foster strong ties with the people and structures who have a vested interest in our work. As such, each module was presented to industry stakeholders prior to a consultative meeting, where they were debated to motivate and quantify the proposal made by ATNS. By following a modular approach, ATNS was able to enhance the breadth and depth of the information made available in these forums. Following the industry consultation, agreement was reached on most aspects of the Permission, and some matters were referred to the Regulator for resolution. Following review by the Regulator, Regulatory Committee and consultants, the draft Permission was released on 25 January 2010. The Permission was awarded in March 2010.

Shareholder Value

Economic Regulations

The Regulating Committee regulates ATNS from an economic perspective. This includes the capping of the company's tariffs and prescribing the minimum service standards.

In setting theses price caps (CPI-X) and standards the Regulating Committee considers the air traffic movements, capital expenditure, safety, capacity, and value for money, interest of clients and long-term financial sustainability of the company.

Economic Regulation is recorded in the Permission which contains conditions within which ATNS must operate. A Permission lasts five years with a review and re-issue in the third year. The last two years of the Permission overlap with the first two years of the next Permission.

In estimating a reasonable rate of return for the company, the Regulating Committee has taken into consideration the various economic and market indicators, including bond yields, market risk premiums, the industry risk profile, cost of debt and ideal gearing levels, as well as factors specifically applicable to the company.

Based on the above, the Regulating Committee estimates that a reasonable rate of return for the company is 2.9% premium to the risk free rate effective 01 April 2010.

In preparing and determining the Permission tariff application, ATNS has carefully considered the current and future financial position of the company to ensure its ongoing sustainability and ability to finance its operational and capital requirements to meet the service and regulatory standards with which it must comply. In doing so the main consideration for the Permission period are:

- Maximise loans for all long term CAPEX;
- Correct the current ratio over the life of the Permission to ensure ATNS remains solvent;
- Limit the gearing ratio to a maximum of 55 per cent in any one year to allow some flexibility in the long term funding to account for changes in the environment;
- Spread out the X factor (tariffs increase) over the Permission period to smooth the annual tariff adjustment; and
- Return on Capital Employed (ROCE) may exceed the target rate in some years to ensure sufficient cash and current resources.

The new Permission will commence in April 2010 and expire in March 2015.

Shareholder Value

Tariff Increase

	2010/11	2011/12	2012/13	2013/14	2014/15
	%	%	%	%	%
CPI	5.8	5.1	5.7	5.5	5.6
X	-20.0	-1.5	0.0	0.0	0.0
CORRECT	10.0	0.0	0.0	0.0	0.0
	35.8	6.6	5.7	5.5	5.6

Net Profit

2010/11	2011/12	2012/13	2013/14	2014/14
R000	R000	R000	R000	R000
57,519	88,880	138,199	167,014	221,327

Actual ROCE v Target ROCE

	2010/11	2011/12	2012/13	2013/14	2014/15
	%	%	%	%	%
Actual	7.5	10.2	13.7	14.7	16.4
Target	11.6	11.8	12.2	12.2	12.0

Capital Expenditure v New Loans

	2010/11	2011/12	2012/13	2013/14	2014/15
	R000	R000	R000	R000	R000
CAPEX	196,723	259,088	341,236	321,090	216,775
New loans	151,802	212,748	291,286	230,608	92,840

Gearing Ratio

	2010/11	2011/12	2012/13	2013/14	2014/15
	%	%	%	%	%
Gearing	43	45	47	41	28

Current Ratio

2010/11	2011/12	2012/13	2013/14	2014/15
%	%	%	%	%
86	81	81	86	97

Interest Cover

2010/11	2011/12	2012/13	2010/14	2014/15
3.5	4.2	5.1	4.4	6.0

Debt Service Coverage Ratio

2010/11	2011/12	2012/13	2013/14	2014/15
1.4	1.4	1.4	1.5	2.1

Shareholder Value

Internal Audit

Our Internal Audit Function (IAF) plays a key role in providing an objective view and continuous assessment of the effectiveness of the internal control systems throughout the company to both Management and the Audit and Risk Committee (ARC). The IAF function is currently co-sourced and is responsible for:

- Assisting the Board and Management in monitoring the adequacy and effectiveness of the company's risk management process; and
- Assisting the Board and Management in maintaining an effective internal control environment by evaluating those controls continuously to determine whether they are adequately designed, operating efficiently and effectively and to recommend improvements.

Internal controls reviewed consist of strategic, operating, financial reporting and compliance controls relating to:

- The information management environment;
- The reliability and integrity of financial and operating information;
- The safeguarding of assets; and
- The effective and efficient use of the company's resources.

The annual audit plan is based on an assessment of risk areas identified by Management, as well as focus areas highlighted by the Audit and Risk Committee (ARC), Executive Committee and Management. The annual audit plan is updated as appropriate to ensure it is responsive to changes in the business. A comprehensive report on internal audit findings is presented to the Audit and Risk Committee (ARC) at quarterly scheduled meetings. Follow-up audits are conducted in areas where significant internal control weaknesses are found.

Corporate governance's best practice requires that the internal audit function reports directly to the Audit Committee. Such direct reporting is ensured by the Audited and Risk Committee (ARC's) mandate to:

- Evaluate the effectiveness of the internal controls;
- Review and approve the internal audit charter, internal audit plans and internal audit;
- Conclusions about the internal controls;
- Review significant internal audit findings and the adequacy of corrective action taken;
- Assess the performance of the internal audit function and the adequacy of available internal audit resources;
- Review significant differences of opinion between management and the internal audit function; and
- Consider the appointment, dismissal or reassignment of the head of internal audit.

The charter of the IAF provides that the head of internal audit reports administratively to the Chief Executive Officer and functionally to the Audit and Risk Committee (ARC).

Shareholder Value

Corporate Governance

The ATNS Board is committed to the principles of corporate governance and adherence to the highest level of ethical standards in conducting business. The Board affirms its commitment to the principles of openness, integrity and accountability and timeous, relevant and meaningful reporting to all stakeholders. It ensures ATNS business is conducted in accordance with high standards and principles. At ATNS good corporate governance provides the foundation and framework for sound commercial decision making that is integral to successful, sustained corporate performance and that optimises shareholder value.

Structure of the Board

ATNS has a unitary Board comprising both executive members and non-executive members. The Board is responsible for setting the direction of the company by establishing strategic objectives and key policies. It monitors the implementation of strategies. In fulfilling its responsibilities, the Board is supported by Management in implementing approved strategic/corporate plans and policies.

Committees of the Board

The Board has established a number of standing Committees, which are ultimately accountable to it. These Committees are a vital assembly of skills that seek to concentrate on achieving set objectives.

Audit and Risk Committee

The Committee comprises 3 non-executive directors and is chaired by an independent non-executive director. The objective of the Audit and Risk Committee is to assist the Board in discharging its duties relating to appropriate accounting policies, risk management, internal controls and to make sure that internal controls and compliance with relevant legislation are in place within the company.

Human Resource Committee

The mandate of the Human Resource Committee is to assist the Board in discharging its duties to ensure that ATNS has adequate human resources related policies and systems in place. It also has to ensure that the ATNS reward and remuneration programmes are market related and comply with laws and regulation.

Procurement Committee

The main function of the Procurement Committee is to oversee the ATNS capital expenditure programme, in line with the Financial Regulator Permission document, and to ensure that appropriate procurement and provisioning systems are fair, equitable, transparent, competitive and cost effective.

Accountability of the Board

The Minister of Transport who is the Shareholder on behalf of the South African Government appoints the Board of Directors. The relationship is governed in terms of the Shareholder's compact. An annexure to the Shareholder compact is the Performance Agreement, which commits ATNS to a clearly defined set of objectives, with objective measures and targets.

Important parts of the agreement cover the government national objectives and sustainability reporting. The Board's report to the Shareholder focuses on the contribution of the business to the Government's international commitments and national objectives. This report covers financial performance, Occupational Health and Safety Act (OHAS) and Corporate Social Investment.

External auditors audit the annual financial statements and the company performance and pronounce on the fair presentation of the financial statements. In accordance with provisions of the Companies Act, 1973, the PFMA Act 1993 and

Shareholder Value

applicable laws and best practices, the directors are accountable for the preparation, integrity and fair presentation of the annual financial statements of ATNS.

The annual financial statement is one of the tools with which the directors strive to foster Stakeholder communication.

The Board has appointed a Company Secretary who administers the proceedings and affairs of the Board. The Company Secretary on behalf of the Board is responsible to ensure that the Company complies with all the relevant legislations and regulations. Except as otherwise disclosed in the Directors report, ANS has submitted its quarterly reports, budget, corporate plan, Shareholder Compact and Performance Agreement to the Shareholder and the National Treasury in terms of the Public Finance Management Act of 1999. ATNS has lodged with the Registrar of Companies all such returns as it is required of a public company in terms of the Companies Act 61 of 1973. All such returns are correct and up to date.

The Company Secretary on behalf of the Board is also responsible to ensure that the Board adopted code of ethics is adhered to by all staff members. A declaration register is administered by the Company Secretary to register any staff and directors interest in order to monitor any activities that might give rise to conflict of interest.

The Board retains full control of the activities of ATNS.

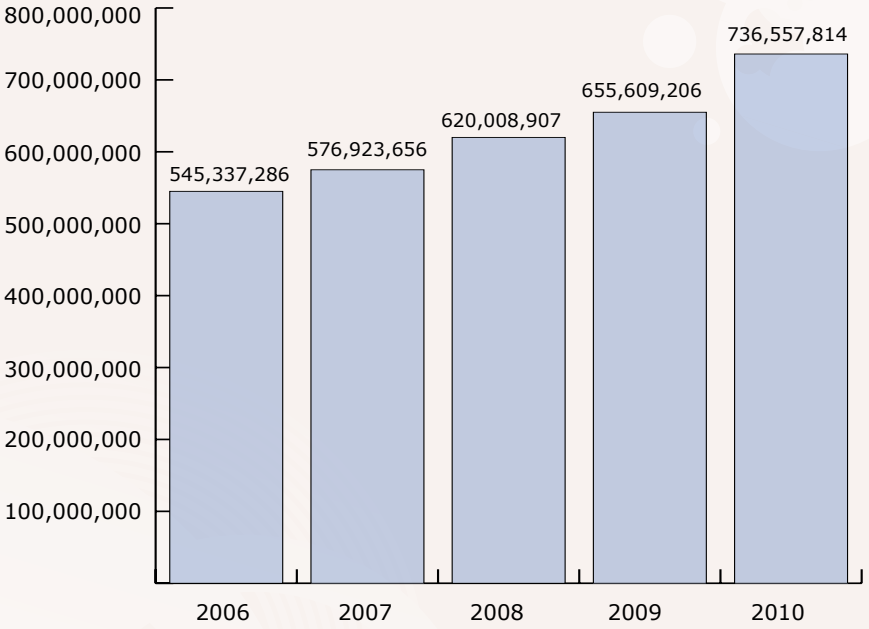
Meeting Dates of Directors and Attendance

Attended	•
Absent/Apology	x
Chairperson	C
Member	M

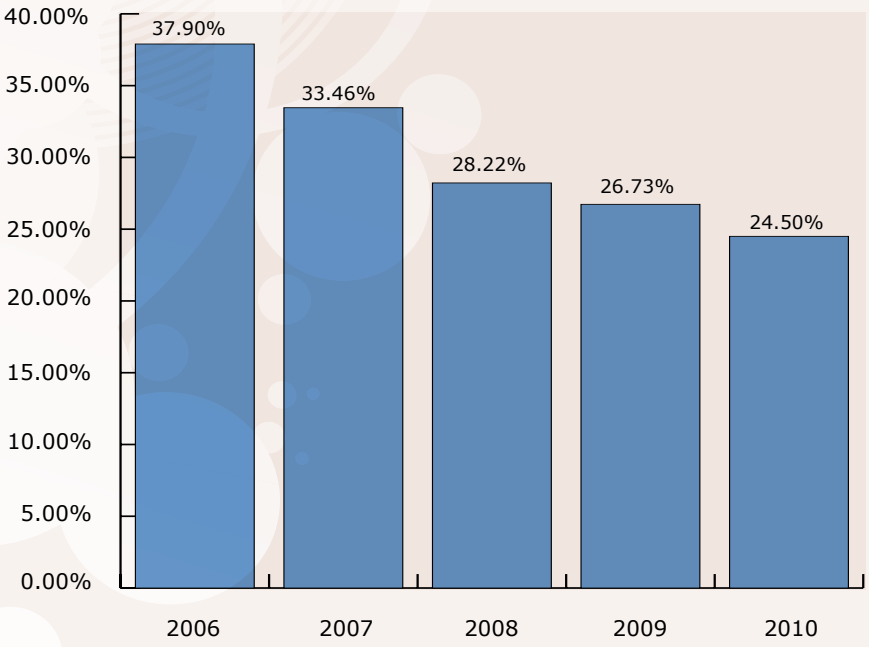
Meeting	Date	Mamashela	Makhathini	Parker	Crawford	Maisela	Bradshaw	Mzaliya	Hlahla
Board	17/06/09	C •	x	•	•	•	•	x	•
	11/08/09	C •	•	•	•	•	•	x	•
	27/11/09	C •	x	•	•	•	•	-	resigned
	01/03/10	C •	•	•	•	•	•	-	-
Special Board	02/04/09	•	x	•	•	x	•	x	x
	26/05/09	•	x	•	•	•	•	x	•
	12/11/09	•	•	•	•	•	•	resigned	•
	10/12/09	•	x	•	•	•	•	-	-
	05/02/10	x	•	x	x	•	•	-	-
	12/02/10		•		•	•	•	-	-
HRC	26/05/09	M •		M •		C •		M x	
	04/08/09	M •		M •		C •		M x	
	03/11/09	M •		M •		C •		resigned	
	05/02/10	M •		M •		C •		-	
Special HRC	01/07/09	M •		M •		C •		M x	
	17/09/09	M x		M x		C •	M •	resigned	
	18/09/09	M •		M •		C •	M •	-	
	17/11/09	M •	M •	M •		C •	M •	-	
A&R	12/06/09		C •		M •		M •		M •
	03/08/09		C •		M •		M •		M •
	05/11/09		C •		M •		M •		M x
	12/02/10		C •		M •		M •		resigned
PROCOM	05/06/09		M •	C •	M •	M •	M •		
	03/08/09		M •	C •	M •	M •	M •		
	09/11/09		M x	C •	M •	M x	M •		
	12/02/10		M x	C •	M •	M •	M •		
Special Procom	18/08/09		M x	C •	M •	M •	M •		
	14/12/09		M x	C •	M •	M •	M •		
AGM	08/09/09	C •	•	•	x	•	•	resigned	x

Performance at a glance

Revenue

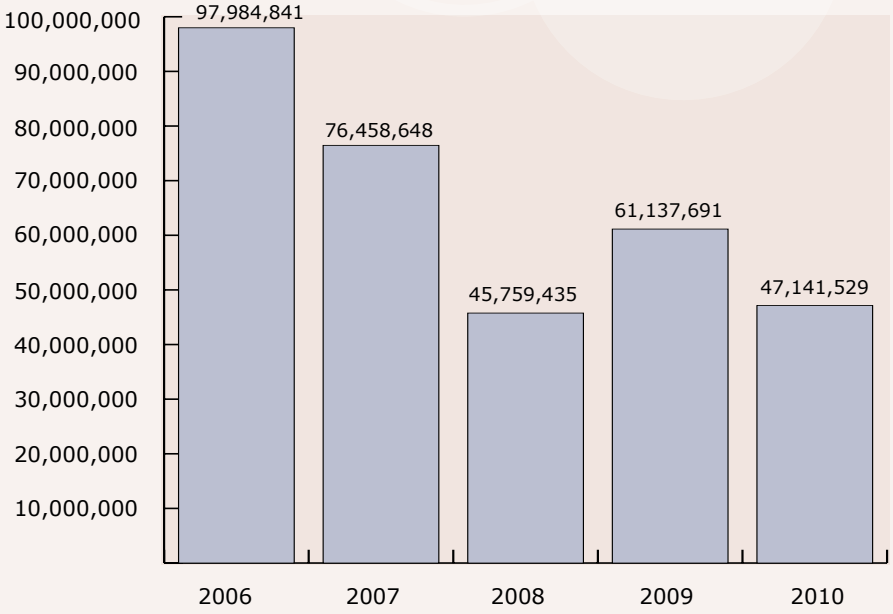


Earnings before tax, depreciation & amortization (% of Revenue)

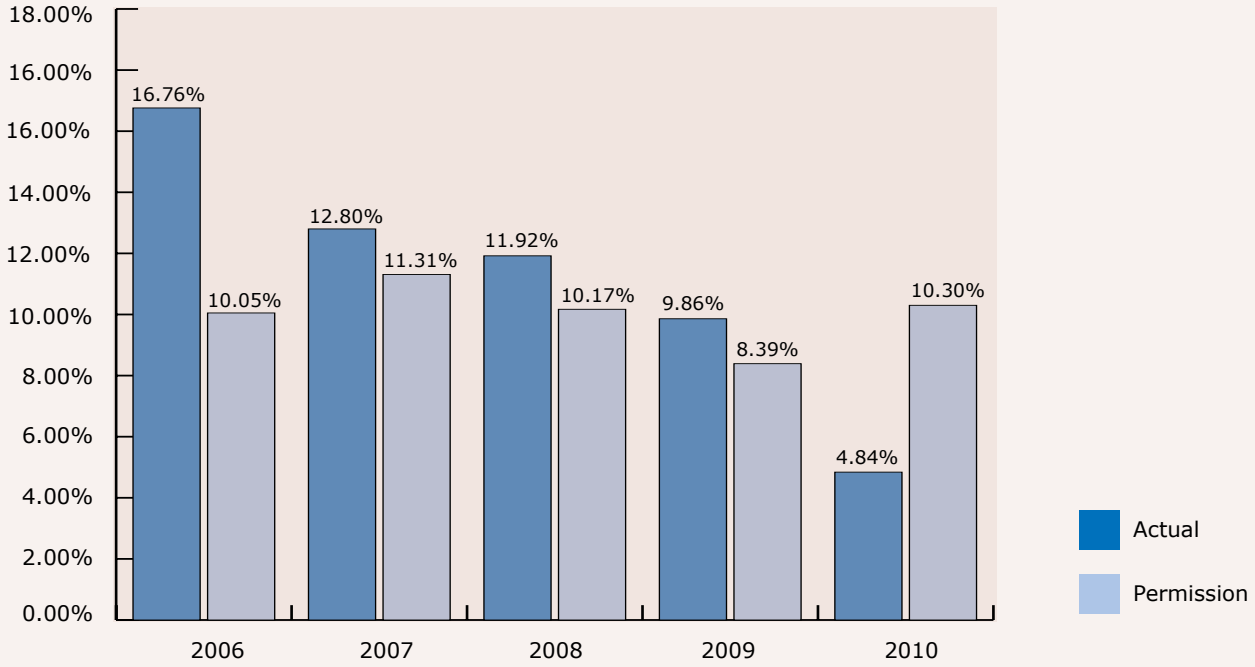


Performance at a glance

Net Profit

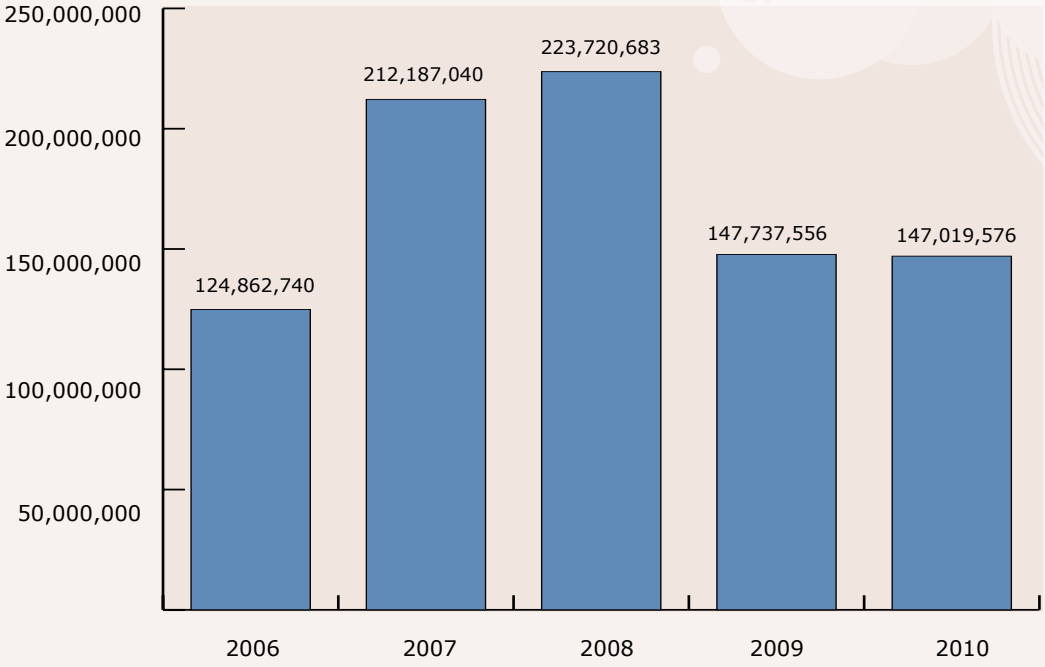


Return on Capital Employed

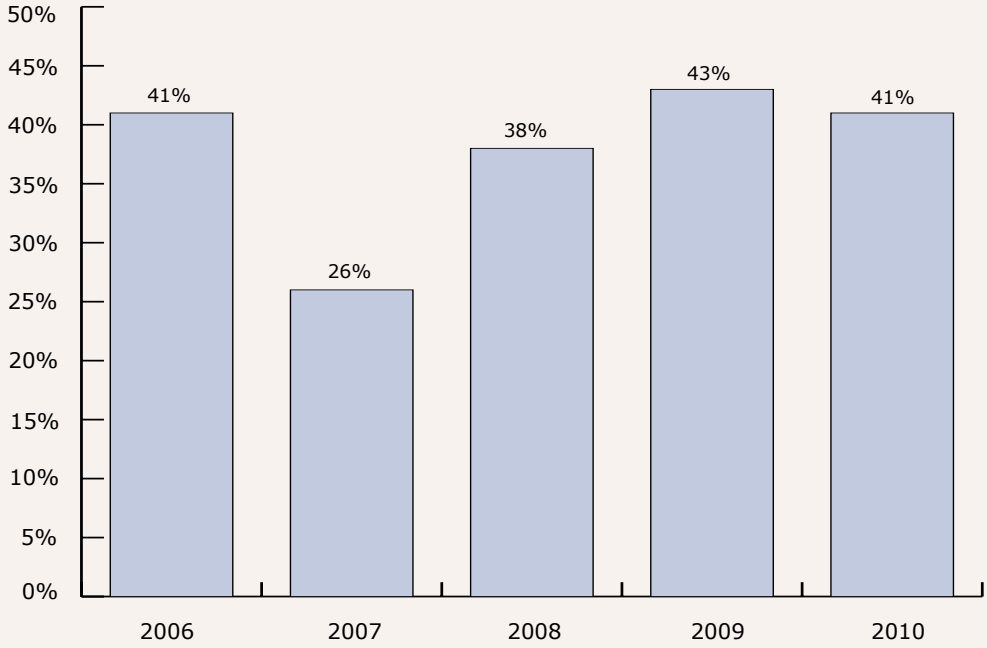


Performance at a glance

Capital Expenditure



Gearing Ratio



Key performance indicators 31 March 2010

No	Business Objectives	Objective Measures	Annual Performance Indicators	Targets	Status report 31 March 2010
1	Management of Transport Cost and Infrastructure to contribute to ASGISA Note: By virtue of the ATNS required seamless services, this will also include safety considerations, dependency and Integration with the regional and global plans.				
1.1	Safety Service Provision	Reduce the ATNS safety events rate	Number of safety events per 100,000 air traffic movements. Inclusive of all movements*	2.0 safety events per 100,000 air traffic movements	2.2 safety events per 100,000 air traffic movements
1.2	Airspace Capacity and efficiency	Increase airspace capacity in line with runway throughput determined by ATNS & ACSA jointly	Airspace capacity increases. Runway throughput	FAJS : 60 FADN : 28 FACT : 30	FAJS : 60 FADN : 24 FACT : 30
1.3	Successful delivery of ATNS component of La Mercy	Safe, seamless and successful, transition from the FADN to the New International Airport at La Mercy	Project Plan to include all three indicators. On time; on budget; on specification	Operational by 1st May 2010	Plans implemented for transition on 1st May 2010
1.4	Adhere to CAPEX plan	Adoption and approval of the capex. Implementation of CAPEX 09/10 • Strategic plan • Road map • Operational plan	Compliance with the acquisition & implementation of milestones of the CAPEX plan.	R192 million (breakdown per project including La Mercy) detailed show in table at the end of the document	R147 million R16.7 million rolled over to 2010/11 financial year. Savings of R24.4 million
2	Efficient Administration of the Organisation				
2.1	Operational Efficiency	On-time performance ATC slot management	% of all flights departing on time. Slot compliance	Indicators proposed 80%	88% as compliant with the slot allocation
	Operational Efficiency	Achievement of SLA for equipment availability	Average availability as per SLA	Communication - 99,64 % Navigation - 99,74 % Surveillance - 99,77%	Communication - 99,83 % Navigation - 99,64 % Surveillance - 99,51%
2.2	Ensure commercial sustainability	Formulate a rescue plan	Meeting milestones within the rescue plan	Deliver rescue plan by 30 June 09	Debt Equity ratio = 41% Current ratio = 1.05:1 ROCE = 4.84%
3	Corporate Governance and Legislative Compliance				
3.1	Comply with relevant legislation, regulation and standards	100% Compliance	Reports with no material findings from auditors Sound internal control systems Number of exemptions applied for.	Unqualified audit report Zero material non-compliance findings Zero applications for exemptions	Unqualified audit report Zero material non-compliance findings Zero applications for exemptions

Key performance indicators 31 March 2010

No	Business Objectives	Objective Measures	Annual Performance Indicators	Targets	Status report 31 March 2010
4	Broad Based Black Economic Empowerment				
4.1	Achieve BBBEE targets Achieved preferential procurement targets as set by the BBBEE codes	% of discretionary spend on BEE Total discretionary Opex budgeted. Total capex budgeted Consideration to be given to transport charter requirements	100% of achievement Ensure business is done with BBBEE compliant suppliers	BEE Opex spend 40% BEE Capex spend 25%	OPEX: 67% CAPEX: 36%
4.2	Increase the proportion of local spend against foreign spend. Consideration to be given to transport charter requirements	Increase the proportion of local spend against foreign spend Consideration to be given to transport charter requirements	% of expenditure of local content	17% of total CAPEX & OPEX spend	20%
5	Employment Equity: Human Capital				
5.1	Review and implement the HR Plan to recruit develop, retain, and reward employees across all disciplines	Fill all vacancies with the best suitable and competent candidates	Agreed and signed off Individual Development Plans for all employees. Attrition rate Approved Comprehensive retention strategy	100% <8% Approved Plan by June 2009	44% 9,55%
5.2	Manage the training pipeline for ATC & Technical staff	Adoption and approval of: - HC Plan - ATS & TS Training Plan - Operational or implementation plan	Achievement of the numbers as per the HC Plan, Adoption and approval of training plan, Compliance with the milestones of the plans	ATCO 3 (PATC) = 184 ATCO 2 (SATC) = 34 ATCO 1 (ATC) = 80 ATSO (ATSA) = 123 AIMO (AIM) = 50 ATS/AIM bursars = 12 ATS/AIM bursars = 120 Eng Learners = 10	ATCO 3 (PATC) = 179 ATCO 2 (SATC) = 42 ATCO 1 (ATC) = 61 ATSO (ATSA) = 128 AIMO (AIM) = 36 ATS bursars = 96 AIM bursars = 11 Eng Learners = 15
5.3	ATS EE Targets	Achieve representation towards alignment of Company Staff Profile with the demographics of the country.	90% of ATS vacancies filled with AIC candidates. 30% of ATS vacancies filled with female candidates	6% increase African 3% increase Females	48,43% 34,53%

Key performance indicators 31 March 2010

No	Business Objectives	Objective Measures	Annual Performance Indicators	Targets	Status report 31 March 2010
5.4	ATNS EE Targets	Increase African representation towards alignment in line with demographics of the country	70% of vacancies filled with AIC candidates. 30% of vacancies filled with female candidates. 10% of vacancies filled with PWD	5% increase African 2.5% increase Females 1% increase People With Disabilities (PWD)	54,76% 33,09% 1,68%
6	Corporate Social Investment				
6.1	Address key societal challenges thereby building a meaningful legacy for ATNS and the communities in which we operate	Participate in the schools assistance programme to produce good matriculates' with high English and Math's grades	Provide Saturday English and Math's classes for Grade 11 and 12 learners	Provide assistance programme to 50 students.	• We have partnered with the Centre of Hope in KZN to support their Generation A-Z Matric Program which aims to expose 130 learners to Mathematics, Science, English and Life Skills • The classes started on the 6th of March 2010 at the Lamontville High School
7	2010 FIFA World Cup Objectives				
7.1	Evaluation of draft detailed operational plans	Validated and amended detailed operational plans	Revised and validated detailed operational plans submitted to DOT	Validated detailed operational plans submitted to DOT by 30/11/2009 in accordance with ASSTT schedule	Plans submitted
7.2	Submission of Final Operational Plan inclusive of progress report scheduled to DOT and forwarding to LOC and FIFA	Finalize operational plan	Submission of final operational plan to DOT	Final operational plan submission by 30/11/2009 or as advised by DOT.	Plans submitted
8	Other Business Objectives				
8.1	Operation of the satellite communication networks SADC VSAT 2	Increase Revenue	100% achievement of the revenue target	Revenue of R 23.6m to be achieved by 31 March 2010	YTD: R23 m
8.2	Operation of the satellite communication net-works NAFISAT	Increase Revenue	100% achievement of the revenue target	Revenue of R22,2m to be achieved by 31 March 2010	YTD: R20.2 m
8.3	Human capital development in the region	Increase Revenue	100% achievement of the revenue target	Revenue of R8,0m to be achieved by 31 March 2010	YTD: R11.6 m

Financial Statements 7

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Index

The reports and statements set out below comprise the financial statements presented to the Shareholder:

Index	**Page**

Independent Auditors' Report to the Minister of Transport for Air Traffic and Navigation Services Company Limited

Report on the Financial Statements

We have audited the annual financial statements of Air Traffic and Navigation Services Company Limited, which comprise the Directors report, the statement of financial position as at 31 March 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 63 to 127.

Directors responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the Public Finance Management Act, NO. 1 of 1999.This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the Public Finance Management Act, NO. 1 of 1999.

Independent Auditors' Report to the Minister of Transport for Air Traffic and Navigation Services Company Limited

Report on other legal and regulatory requirements

In terms of the Public Audit Act of South Africa and General Notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009, we include below our findings on the report on performance against predetermined objectives, compliance with laws and regulations and internal control.

Report on performance against predetermined objectives

We are required by the Auditor-General to undertake a limited assurance engagement on the 'Performance against the Shareholder Compact', as set out on pages 54 to 56 of the Annual Report, in which the actual performance of the Company for the year ended 31 March 2010 is compared with target key performance indicators (predetermined objectives), and report thereon to those charged with governance. In this Report we are required to report our findings from our engagement relating to non-compliance with regulatory requirements, where the reported information was inadequately presented or not received timeously, and where we have evaluated reported information to be not useful or reliable. We report that we have no significant findings.

Compliance with laws and regulations

As part of our audit of the financial statements we complied with the requirements of ISA 250, Consideration of Laws and Regulations in an Audit of Financial Statements. Our audit did not reveal any material non-compliance with laws and regulations relating to financial matters, financial Management and related matters, as required by the Public Finance Management Act of South Africa (which includes the relevant National Treasury Regulations) and the Companies Act of South Africa.

Internal control

We considered internal control relevant to our audit of the financial statements and the report against predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit. No matters to report.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

03 September 2010
Johannesburg

Certificate by Company Secretary

Financial Statements for the year ended 31 March 2010

In my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act, (NO. 61 of 1973) that for the year ended 31 March 2010, the Company Secretary has lodged with the Registrar of Companies all such returns as are required by a public company in terms of this Act and that such returns are true, correct and up to date.

Solomon Mngomezulu
Company Secretary

15 June 2010

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Statement of Responsibility by the Board of Directors

The Directors hereby present their report and the audited financial statements for the year ended 31 March 2010.

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of Air Traffic and Navigation Services Company Limited.

The financial statements presented on pages 63 to 127 have been prepared in accordance with International Financial Reporting Standards, the Companies Act of South Africa and the Public Finance Management Act, NO. 1 of 1999. The guidelines of the King Report on Corporate Governance, 2002 have also been taken into account. These financial statements have been prepared in accordance with appropriate accounting policies and include amounts based on judgments and estimates made by Management. The directors have supervised the preparation of information included in the annual report and are responsible for both its accuracy and consistency.

The directors considered the cash position of the company at 31 March 2010, the cash requirements for at least twelve months from that date and incremental borrowings facilities available.

The directors have every reason to believe that the company has adequate resources in place to be able to continue in operation for the foreseeable future.

Therefore the directors are satisfied that Air Traffic and Navigation Services Company Limited is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The external auditors are responsible for independently reviewing and reporting on Air Traffic and Navigation Services Company Limited's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 59 to 60.

During the year under review, the Board of directors retained full and effective control over Air Traffic and Navigation Services Company Limited and monitored Management in implementing Board plans and strategies.

The directors are of the opinion, based on the information available to date, that Air Traffic and Navigation Services Company Limited's financial statements fairly present the financial position of Air Traffic and Navigation Services Company Limited and the results of its operations and cash flow for the year ended 31 March 2010, and that the Code of Corporate Practices has been adhered to.

Chairman

Chief Executive Officer

Johannesburg
15 June 2010

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Directors Report

The Directors have pleasure submitting the financial statements of the company for the year ended 31 March 2010.

1. Nature of business

Main business and operations

The company is principally engaged in the supply of air traffic and navigation services. These services are provided for in the designated airspace and at the airports of the Airports Company South Africa, as well as several other municipal and private aerodromes within South Africa. Other operations of the company include the supply of aeronautical information services, technical and aerodrome services, aeronautical communication VSAT network and the training of air traffic control and technical staff for a larger market extending outside of South Africa.

2. Governance environment

ATNS is a state owned enterprise incorporated under the Air Traffic and Navigation Services Company Act of 1993 (Act 45, 1993) as a limited liability company. The Government of South Africa, through the Minister of Transport, is the sole shareholder. ATNS falls under the governance umbrella created by the Public Finance Management Act and related regulations and guidelines issued by National Treasury.

3. Safety regulation

ATNS is regulated by the SACAA as mandated under the Aviation Act and associated regulations and technical standards.

4. Economic regulation

The Airports Company Act of 1993 (Act 44 of 1993, as amended), subjects the company to independent economic regulation in the form of the Regulating Committee. The Committee promulgates tariffs to be levied by ATNS on the clients during a five year regulatory Permission cycle, based on a single till price cap regulatory regime. The Committee also prescribes minimum service standards for each Permission period. ATNS submitted its Permission application in September 2009 and the Regulator promulgated tariffs in March 2010.

5. Financial results

	31 March 2010 Rm	31 March 2009 Rm
Tariff Revenue	650	583
Other Revenue	42	35
Non Regulated Revenue	45	38
Total Revenue	737	656
Operating expenses	551	483
EBITDA	179	176
Net Funding Cost	13	9
Net Profit After Tax	47	61
Total Assets	1,264	1,172
Total Liabilities	469	424
Net Current Assets	9	3
Gearing	41%	43%

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Directors Report

6. Revenue

6.1 Tariff Revenue

Tariff revenue is R66m (11%) over the prior year. The Regulating Committee approved an annual increase of 11.21% which was implemented on 8 June 2009 at 13.52% (effective increase is 11.21%). Even though the traffic movements declined by 3.9% over prior year. The decline in movements in the last 6 months of the year was only 1.6%. The late implementation of the tariff increase had a positive impact on ATNS current year tariff revenue.

6.2 Other Revenue

Other revenue is mainly generated from small aerodrome fees and external training. The increase in other revenue of R7m (20%) is due to:

- Small aerodrome fees contracts re-negotiated at Polokwane, Virginia and Pietermaritzburg, and
- An increase in demand for IATA courses and additional training provided for Angola and Sudan.

6.3 Non Regulated Revenue

The SADC VSAT II and NAFISAT communication network revenue is excluded from economic regulation. The company bills the clients based on the tower logs submitted by the various States. The increase of R7m (18%) over 2009 is due to the Remote In line Test Equipment that was installed in Yemen, Uganda, Sudan, Ethiopia, Egypt and Libya, which improved the completeness of the movements and reduce the company's dependence on the various States.

6.4 Operating expenses

Operating expenses increased by R68m (14%) over 2009 which is primarily as a result of an increase in staff cost of R62m (19%). The increase in staff cost is due to:

- An increase of R35m (13%) in total cost to company as a result of annual salary increase of 8%, increase in the headcount and validations in the air traffic controller ranks.
- An increase of R20m (416%) in the incentive bonus as a result of the company achieving its balance scorecard targets.
- Recruitment expenses increased by R3m (111%) as a result of an increase in the headcount.
- Relocation expenses increase by R2m (79%) as a result of operational requirements.

6.5 EBITDA

Revenue increased by R80m (12%) while the EBITDA margin declined to 24.5% from 27% in 2009. The reduction in EBITDA margin is mainly attributable to increase in operating cost of R68m (14%).

6.6 Net Finance Cost

The net finance cost increased by R4m (44%) after capitalizing borrowing cost of R6m. The increase in the net finance cost is related mainly to the increase in borrowing to support the capital expenditure program.

6.7 Net Profit After Tax

The net profit decreased by R14m (23%) mainly due to an increase in depreciation,amortisation and net finance cost.

6.8 Total Assets

Total assets increased by R92m (8%) this is mainly attributable to:

Increases in:
- Property, plant and equipment by R202m (30%) due to capital expansion;
- Intangible assets increased by R64m (182%) due to capital expansion;
- Current income tax asset by R6m (130%) due to overpayment of tax;
- Cash and cash equivalents by R45m (111%) primarily due to a reduction in trade and other receivables and an increase in current liabilities.

Decreases in:
- Trade and other receivables of R7m (8%) due to a late payment in April 2009 by a significant debtor;
- Loans and receivables by R3m (22%) due to the strengthening of the rand and funding of insurance claims.

6.9 Total Liabilities

Total Liabilities increased by R45m (11%). This is mainly attributable to:
Increases:

- Borrowings by R4m (1.2%) due to increase in capital expansion;
- Deferred income tax liabilities by R15m (38%) due to temporary timing differences between the accounting and tax profits;
- Trade and other payables by R7m (17%) due to increase in operating expenses in March 2010;
- Provision for other liabilities and charges increase by R19m (81%) due to an additional provision for incentive bonus.

6.10 Net working capital

Net current assets increased by R7m (249%) over the prior year mainly due to an increase in cash and cash equivalents.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Directors Report

6.11 Operating information

	ATNS Rm	VSAT Rm	NAFISAT Rm
Revenue	693	23	21
Operating expenses	523	16	12
EBIT	63	7	9
Net funding cost	11	1	1
Net profit after taxation	40	2	5
Total assets	1,216	25	23
Total liabilities	435	17	17

7. Dividends

No dividends were declared or paid to shareholders during the year (2009: R nil).

8. Share capital

The sole shareholder of the company is the Minister of Transport, on behalf of the government of South Africa, in terms of section 6(5) of the Air Traffic and Navigation Services Company Act 1993 (Act 45 of 1993). There were no changes in the authorised or issued share capital of the company during the year under review.

9. Capital commitments

The capital commitments of the company are set out in note 23 of the financial statements.

10. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for those noted in the financial statements.

11. Key Performance Indicators

Key Performance Indicators were agreed with the Minister of Transport as required in terms of the Shareholders Compact. The achievements of the key performance indicators are included on pages 54 to 56.

12. Directors

The Directors of the Company during the year and to the date of this report are as follows:

Name	Nationality	Capacity	Appointed	Resigned
M.Mamashela	South African	Chairman	1 May 2008	
A. J. Bradshaw	South African	Non Executive	1 May 2008	
J.B. Crawford	South African	Non Executive	1 May 2008	
P.Dlamini	South African	CEO	1 January 2009	
M. W. Hlahla	South African	Non Executive		11 November 2009
J. M. Maisela	South African	Non Executive	1 May 2008	
H. T. Makhathini	South African	Non Executive	1 May 2008	
J. S. Mzaliya	South African	Non Executive		31 July 2009
K. Parker	South African	Non Executive	1 May 2008	

13. Directors interest in contracts

No contracts involving directors' interests were entered into during the current year.

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Statement of Financial Position

	Notes	2010 R	2009 R
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	864,623,561	662,559,867
Intangible assets	12	98,386,666	34,899,556
Capital work in progress	13	104,796,892	318,847,478
		1,067,807,119	**1,016,306,901**
CURRENT ASSETS			
Trade and other receivables	14	88,125,024	95,505,341
Inventories	15	922,583	741,722
Loans and receivables	16	11,010,788	14,202,186
Income tax receivable	29	10,035,149	4,364,786
Cash and cash equivalents	17	86,118,019	40,790,192
		196,211,563	**155,604,227**
TOTAL ASSETS		**1,264,018,682**	**1,171,911,128**
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	18	190,646,000	190,646,000
Retained earnings		604,559,413	557,417,884
Total equity		**795,205,413**	**748,063,884**
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	19	226,674,096	231,029,116
Deferred income tax liabilities	20	55,185,341	39,867,942
		281,859,437	**270,897,058**
CURRENT LIABILITIES			
Trade and other payables	21	44,471,509	37,890,195
Interest bearing loans and borrowings	19	99,818,779	91,545,229
Provisions for other liabilities and charges	22	42,663,544	23,514,762
		186,953,832	**152,950,186**
Total Liabilities		**468,813,269**	**423,847,244**
TOTAL EQUITY AND LIABILITIES		**1,264,018,682**	**1,171,911,128**

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Statement of Comprehensive Income

	Notes	2010 R	2009 R
Revenue	4	736,557,814	655,609,206
Other (losses)/gains - net	5	(6,754,013)	3,696,798
Depreciation costs	11	(84,517,589)	(68,381,271)
Amortisation on intangible assets	12	(15,472,340)	(15,412,521)
Staff costs	6	(389,625,936)	(327,240,418)
Other expenses	7	(161,358,169)	(155,851,500)
Operating profit		**78,829,767**	**92,420,294**
Finance income	8	11,152,196	13,274,785
Finance costs	9	(24,106,002)	(21,908,224)
Profit before taxation		**65,875,961**	**83,786,855**
Income tax expense	10	(18,734,432)	(22,649,163)
Profit for the year		**47,141,529**	**61,137,692**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**47,141,529**	**61,137,692**

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Statement of Changes in Equity

	Share capital R	Retained earnings R	Total equity R
As at 01 April 2008	**190,646,000**	**496,280,193**	**686,926,193**
Total comprehensive income for the year	-	61,137,691	61,137,691
Balance as at 01 April 2009	**190,646,000**	**557,417,884**	**748,063,884**
Total comprehensive income for the year	-	47,141,529	47,141,529
As at 31 March 2010	**190,646,000**	**604,559,413**	**795,205,413**
Note	18		

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Statement of Cash Flows

	Note (s)	2010 R	2009 R
Operating activities			
Cash receipts from customers		752,545,418	644,408,328
Cash paid to suppliers and employees		(527,566,552)	(524,087,542)
Cash generated from operations	27	224,978,866	120,320,786
Interest income	8	3,941,888	5,137,545
Finance costs	9	(21,477,261)	(18,706,970)
Borrowing costs capitalised	9	(5,800,949)	(17,500,997)
Income tax paid	29	(9,087,396)	(10,806,066)
Net cash flows from operating activities		**192,555,148**	**78,444,298**
Investing activities			
Purchase of property, plant, equipment and intangibles	28	(147,019,576)	(147,737,556)
Proceeds from sale of property, plant, equipment and intangibles	30	78,523	989,691
Net cash flows from investing activities		**(146,941,053)**	**(146,747,865)**
Financing activities			
Proceeds from borrowings		118,156,339	152,238,184
Repayment of borrowings		(114,237,809)	(90,646,227)
Net cash flows from financing activities		**3,918,530**	**61,591,957**
Net decrease in cash and cash equivalents		**49,532,625**	**(6,711,610)**
Cash and cash equivalents at beginning of year		40,790,192	45,412,457
Net foreign exchange difference		(4,204,798)	2,089,345
Cash and cash equivalents at end of year	17	**86,118,019**	**40,790,192**

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

1. Corporate Information

Air Traffic and Navigation Services Company Limited (ATNS) is a limited company incorporated in South Africa. The company's registration number is 1993/004150/06, and the address of it's registered office and principal place of business is Block H4, Isando Industrial Park, Gewel Street, Isando,1620, Republic of South Africa. The company is principally engaged in the supply of air traffic and navigation services.

The financial statements of the company for the year ended 31 March 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 15 June 2010.

1.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items including fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. The financial statements are presented in South African Rands, which is the company's functional and presentation currency.

Statement of compliance

The financial statements of ATNS have been prepared in accordance with, and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act of South Africa and the Public Finance Management Act (PFMA).

1.2 Summary of significant accounting policies

The principle 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.

1.3 Foreign currency translation

A foreign currency transaction is recorded, on initial recognition in South African Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

1.3 Foreign currency translation (continued)

Cash flows arising from transactions in a foreign currency are recorded in South African Rands by applying to the foreign currency amount the exchange rate between the South African Rand and the foreign currency at the date of the cash flow.

1.4 Property, plant and equipment

Land is not depreciated and is shown at cost less accumulated impairment.

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.

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. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Major spare parts that are used for more than one financial period or that can only be used in connection with a specific item of property, plant and equipment are capitalised as property, plant and equipment.

Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts to its residual value over its estimated useful life, as follows:

The cost of an item of property, plant and equipment is recognised as an asset 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are in a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Item	Estimated useful life
Buildings	50 years
Communication equipment, Navigational aids, Radar equipment and ATC display systems	7 - 15 years
Electrical and mechanical equipment, Tools and test equipment and Simulator equipment	5 - 15 years
Office furniture and equipment, Computer equipment and Motor vehicles	3 - 7 years

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

1.4 Property, plant and equipment (continued)

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Regular major inspections of certain items of property, plant and equipment are a pre-requisite for the continuing use of the equipment. As such these inspection costs are capitalised in the carrying amount of the property, plant and equipment (to the extent that the recognition criteria are satisfied) as a replacement. These inspection costs are depreciated over the period remaining before the next compulsory major inspection.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at the end of each financial year.

The company has made certain estimates in adjusting the carrying amounts of assets, which is resultant from assessing the present status of the company's assets and the expected future benefits and obligations associated with the assets. The effect of the change in an accounting estimate, is recognised prospectively by adjusting the amount of the periodic consumption of the assets in the current financial year.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

1.5 Capital work in progress

Capital work in progress is measured at cost.

Major property, plant, equipment and intangible assets which are commissioned over a period of time are reflected as capital work in progress on the statement of financial position. Capital work in progress is transferred to property, plant, equipment and intangible assets on the formal commissioning date of the asset.

The capitalisation rate used to determine the borrowing cost eligible for capitalisation is disclosed in the notes to the financial statements under interest bearing loans and borrowings.

1.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to commission, are capitalised as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period they occurred. Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

1.7 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 - 7 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at each balance sheet date.

Changes in expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Costs associated with developing computer software programs are capitalised when incurred, however the costs to maintain are expensed.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

1.8 Impairment of tangible and intangible assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

1.8 Impairment of tangible and intangible assets (continued)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Financial instruments

Financial assets

The company classifies its financial assets in the following categories: loans and receivables, and available-for-sale assets. The classification depends on the purpose for which the financial assets were acquired. Directors determine the classification of its financial assets at initial recognition and re-evaluate this designation at every reporting date.

Regular-way purchases and sales of financial assets are recognised at trade date, being the date on which the company commits to purchase or sell the asset.

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 are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' (excluding prepayments) and 'cash and cash equivalents' in current assets and as 'loans and receivables' in non-current assets in the balance sheet. Loans and receivables are initially recognised at fair value and subsequently amortised using the effective interest method less any allowance for impairment.

Gains and losses arising from derecognition, impairment or the amortisation process are recognised in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in the above category. They are included in non-current assets unless Management intends disposing of the investment within twelve months of the balance sheet date.
Available-for-sale financial assets are subsequently carried at fair value. Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss. Changes in the fair value are recognised immediately in other comprehensive income within other gains/(losses) - net. At reporting date no available-for-sale financial assets existed.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

1.9 Financial instruments (continued)

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, 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 expected credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. 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, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

For trade receivables, an allowance for impairment is recognised when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of invoice. The carrying amount is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible, and is written off against either the allowance account or directly through profit or loss if no allowance was recognised for the impairment.

Available-for-sale financial assets.

If an available-for-sale financial is impaired, an amount comprising the difference between its cost (net of principal payments and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for sale are not recognised in profit or loss. Reversal of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value, and subsequently recorded at amortised cost.

1.9 Financial instruments (continued)

Trade and other payables

Financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Trade and other payables are generally paid 30 days from statement. Gains or losses are recognised in the income statement.

Derecognition of financial assets and liabilities

a.) Financial assets

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognised when:

1) the rights to receive cash flows from the asset have expired, or

2) the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass through arrangement; or

3) the company has transferred its rights to receive cash flows from the asset and either, or

   (a) has transferred substantially all the risks and reward of the asset, or
   (b) has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

b.) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

1.9 Financial instruments (continued)

Derivative financial instruments and hedging

The Company uses derivative financial instruments such as forward currency contracts and interest rates swaps to hedge its risks associated with interest rate and foreign currency fluctuation. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rates swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

(1) fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or

(2) cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

(3) hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk Management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instruments, the hedged item or transaction, the nature of the risk being hedged and how the company will assess the hedging instruments effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit and loss.

For fair value hedges relating to items at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity. Any adjustment to the carrying amount of a hedge financial instrument for which the effective interest rate method is used, is amortised through the income statement.

1.9 Financial instruments (continued)

If the hedge item is derecognised , the unamortised fair value is recognised immediately in the income statement.

When an unrecognised firm commitment is designated as a hedge item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement. The changes in the fair value of the hedging instrument are also recognised in the income statement.

Cash flow hedges

The effective portion of the gain and loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedge transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the nonfinancial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to the cash flow hedges. Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised in other comprehensive income. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the income statement.

1.10 Inventories

Inventories consist of spares and consumables expected to be used within twelve months and are stated at lower of cost or net realisable value. Cost is calculated using the weighted average method.

1.11 Share capital

Ordinary shares are classified as equity. Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

1.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing, using the effective interest method.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

1.12 Borrowings (continued)

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 balance sheet date.

1.13 Provisions

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.14 Retirement benefit costs

The company operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. The defined contribution fund is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The scheme is funded by contributions from the employees and the company, taking into account the recommendations of independent qualified actuaries. The company's contributions to the defined contribution scheme are charged to the income statement in the year to which they relate.

1.15 Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date or whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(1) There is a change in contractual terms, other than a renewal or extension of the arrangement; or
(2) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term, or
(3) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
(4) There is a substantial change to the asset.

1.15 Leases (continued)

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (1), (3) or (4) and at the date of renewal or extension period for scenario (2).

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges related to the finance lease are reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Company as lessor

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases (net of any incentives received from the lessor) and are charged to the income statement on a straight-line basis over the lease term.

1.16 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and vat or duty. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue includes en-route, aerodrome and approach fees, small aerodrome services, technical maintenance services, aeronautical information services, VSAT fees, NAFISAT fees and aviation training fees. Services fees are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the income statement.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

1.17 Significant accounting estimates and judgements

The preparation of annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the company's accounting policies in areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements. Although these estimates are based on Management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities in the next financial year are listed below:

Provisions

Provisions were raised and Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in the notes to the annual financial statements under provisions for other liabilities and charges.

Property, plant and equipment

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment.

Judgements

Impairment of trade receivables

Management has applied judgement in estimating the extent of any impairment deemed necessary on the gross carrying value of trade receivables and have impaired all accounts in arrears for a period longer than normal expected trading terms.

1.18 Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided in full, using the liability method on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements.

1.18 Taxes (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.19 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within twelve months after the service is rendered, such as paid vacation leave and sick leave, bonuses, retention and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.20 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

1.21 Related party transactions

The company operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. All national departments of government and state controlled entities are regarded as related parties in accordance with Circular 4 of 2005: Guidance on the term "state controlled entities" in context of IAS 24 (AC 126) - Related Parties, issued by the South African Institute of Chartered Accountants. Other related party transactions are also disclosed in terms of the requirements of the accounting standard.

2. Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 April 2009.

IFRIC11 IFRS 2 - Company and Treasury Share Transactions

IFRIC 12 - Service Concession Arrangements

IFRS 2 Share-based Payment (Revised)

IAS 23 Borrowing Costs (Revised)

IAS 1 Presentation of Financial Statements

IAS 16 Property, Plant and Equipment

IAS 36 Impairment of Assets

IFRIC 13 - Customer Loyalty Programmes

IAS 38 Intangible assets

IAS 24 Related Party Disclosure

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the company except for IAS 23. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

3. New Standards and Interpretations

3.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2010 or later periods but are not relevant to its operations:

3. New Standards and Interpretations (continued)

IFRS 3 (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, noncontrolling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the standard will have a material impact on the company's financial statements.

IAS 27 (Amended) Consolidated and Separate Financial Statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company does not envisage the adoption of the standard until such time as it becomes applicable to thecompany's operations.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

3. New Standards and Interpretations (continued)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

The amendment provides clarification on two hedge accounting issues:
- Inflation in a financial hedged item and
- A one sided risk in a hedged item.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the amendment will have a material impact on the company's financial statements.

AC504 – IAS 19 The Limit on A Defined Benefit Asset, Minimum Funding Requirements and Their Interaction In the South African Pension Fund Environment.

The standard provides guidance on the application of IFRIC 14 (AC 447) in the context of South African defined benefit pension plans.

The effective date of the standard is for years beginning on or after 01 April 2009.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the standard will have a material impact on the company's financial statements.

IFRIC 17 - Distribution of Non-cash Assets to Owners

The interpretation provides guidance on accounting for non-reciprocal distributions of non-cash assets to owners, or distributions where owners have a choice between a cash or non-cash distribution. The distribution is to be recognised as a dividend on the date that the dividend has been appropriately authorised and is no longer subject to the discretion of the entity, and measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be reviewed at each reporting date and on settlement date to ensure it reflects fair value. Changes in measurement are recognised in equity as adjustments to the amount of the distribution. Additional disclosures are required.

The effective date of the interpretation is for years beginning on or after 01 July 2009.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

3. New Standards and Interpretations (continued)

It is unlikely that the interpretation will have a material impact on the company's financial statements.

IFRIC 18 – Transfers of Assets From Customers

The interpretation applies to circumstances where entities receive assets from customers to connect them to a network and/or to provide them with certain commodities, for example electricity, resulting from connection to the network. It also applies where the customer provides the entity with cash to construct such assets. It does not apply to government grants or to agreements within the scope of IFRIC 12 (AC 445) Service Concession Arrangements. If the item meets the definition of an asset to the entity, it is to be recognised at fair value. The corresponding credit shall be recognised as revenue and shall be allocated to the separately identifiable services which are provided, i.e the connection service and/or provision of access to commodities service. The revenue recognised for each service shall be based on the recognition criteria of IAS 18 (AC111) Revenue.

The effective date of the interpretation is for years beginning on or after 01 July 2009.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the interpretation will have a material impact on the company's financial statements.

Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions

The amendment incorporates the principles of IFRIC 8 (AC 441) Scope of IFRS 2 and IFRIC 11 (AC 444) IFRS 2 Group and Treasury Share Transactions, which have consequentially been removed. In addition, the amendment provides that for Share based payment transactions among group entities, the entity receiving the goods or services shall recognise the transaction as an equity settled share based payment transaction if either the awards granted are its own equity instruments or the entity has no obligation to settle the transaction. In all other circumstances, such transactions shall be accounted for as cash settled share based payment transactions.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Accounting Policies

3. New Standards and Interpretations (continued)

IFRS 9 Financial instruments

The current standard is the first step in replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. This standard will be further developed in 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting.

The effective date of the standard is for years beginning on or after 01 January 2013.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the will have a material impact on the company's financial statements.

IFRIC 19 Extinguishing financial liabilities with equity instruments

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments is effective for annual periods beginning on or after 1 July 2010 and clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.

The effective date of the standard is for years beginning on or after 01 July 2010.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

It is unlikely that the standard will have a material impact on the company's financial statements.

	2010 R	2009 R
4. Revenue		
En-route and approach fees	649,446,409	583,237,578
VSAT revenue	22,969,240	21,257,272
NAFISAT revenue	20,233,283	16,287,730
Small aerodrome fees	18,248,522	12,655,108
Training to third parties	11,563,191	9,153,150
Sundry revenue	7,730,005	5,680,227
Technical maintenance	2,464,579	2,261,827
Extended hours	1,328,666	2,158,279
Rental received-sites	1,383,874	1,515,364
Aeronautical information services	808,264	1,033,376
SA Weather Services	381,781	369,295
	736,557,814	**655,609,206**
5. Other gains - net		
(Loss)/profit on exchange realised	(2,549,217)	892,965
Profit on exchange unrealised	(4,204,796)	2,803,833
	(6,754,013)	**3,696,798**
6. Staff costs		
Salaries and wages	312,244,401	277,454,820
Incentives	24,857,124	4,814,841
Staff retention scheme	12,377,647	11,967,910
Pension costs - defined contribution scheme	28,983,384	26,080,892
Training and development	1,013,946	1,654,179
Recruitment costs	4,839,689	2,295,099
Relocation costs	5,309,745	2,972,677
	389,625,936	**327,240,418**

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Notes to the Financial Statements

	2010 R	2009 R
7. Other expenses		
Administration expenses	14,678,605	16,205,085
Audit fees		
External Audit	1,239,043	1,392,715
Fees for audit services	940,000	1,000,000
Fees for other services	299,043	392,715
Internal audit	1,789,429	225,390
Fees for audit services	1,736,664	118,111
Fees for other services	52,765	107,279
Impairment of trade receivables	4,224,035	4,342,825
Insurance	8,597,868	8,167,959
Loss/(Profit) on sale of property, plant and equipment	1,251,855	1,365,133
Management consulting services	11,118,895	11,408,034
Marketing expenses	5 ,000,834	2,980,735
Motor vehicle expenses	3,176,405	3,348,495
Municipal expenses, rates and taxes	5,251,437	4,370,224
Operating lease rentals		
Land and buildings	3,193,868	2,780,578
Straight-lined lease payments	1,045,864	1,638,214
Rent	2,148,004	1,142,364
Equipment	901,603	1,027,442
Rent	901,603	1,027,442
Professional fees	11,563,419	13,721,707
Repairs and maintenance expenses	41,799,010	36,609,404
Security	1,177,511	1,397,079
Telecommunication expenses	26,161,836	26,515,935
Travel expenses	20,232,516	19,992,760
	161,358,169	**155,851,500**
8. Finance revenue		
Investment income		
Interest on bank deposits	2,371,412	3,075,502
Interest on call accounts	1,508,493	2,062,043
Interest received - SARS	61,983	-
	3,941,888	5,137,545
Accrued income		
Interest on debtors	497,057	42,093
Imputed interest	6,713,251	8,095,147
	11,152,196	**13,274,785**

	2010 R	2009 R
9. Finance costs		
Interest on loan liability borrowings	24,408,537	36,205,431
Other interest paid	2,869,673	2,536
Total borrowing costs	27,278,210	36,207,967
Less: amount included in capital work in progress	(5,800,949)	(17,500,997)
	21,477,261	18,706,970
Add: imputed interest	2,628,741	3,201,254
	24,106,002	**21,908,224**

10. Income tax expense

Major components of income tax expense for the year ended 31 March 2010 and 2009 are:

Current income tax		
Current income tax charge	**3,417,033**	**8,416,955**
Deferred tax		
- current year	15,578,389	14,076,191
- prior year under-provision	(260,990)	156,017
	15,317,399	**14,232,208**
	18,734,432	**22,649,163**

Current year deferred tax movements relates to the following:

Property, plant and equipment	21,223,217	10,502,748
Prepayments	247,249	-
Income in advance	357,932	-
24c allowance	(107,222)	-
Provisions	(6,323,922)	3,679,715
Operating leases	(50,348)	53,075
Impairment of trade receivables allowance	231,483	(159,347)
	15,578,389	**14,076,191**

Prior year deferred tax (over) and under-provision relates to the following:

Provisions	(260,990)	156,017

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

10. Income tax expense (continued)

Reconciliation of the tax expense

The tax on the company's profit before tax differs from the South African standard rate of tax as follows:

	2010 R	2009 R
Standard rate of tax	28.00 %	28.00 %
Disallowed expenditure	- %	(1.10)%
Prior year adjustment - deferred tax	- %	0.20 %
Rate change	- %	- %
Over provision- Current tax	0.84 %	- %
Under provision-Deferred tax asset	(0.40)%	- %
Effective rate of tax	**28.44 %**	**27.10 %**

11. Property, plant and equipment

	2010			2009		
	Cost / Valuation R	Accumulated depreciation R	Carrying value R	Cost / Valuation R	Accumulated depreciation R	Carrying value R
Land	13,431,800	-	13,431,800	13,431,800	-	13,431,800
Buildings	163,097,684	(21,141,207)	141,956,477	140,164,840	(17,374,086)	122,790,754
Communication equipment	261,170,630	(115,925,463)	145,245,167	204,010,974	(98,208,444)	105,802,530
Electrical and mechanical equipment	32,652,736	(21,063,498)	11,589,238	27,246,056	(18,443,147)	8,802,909
Navigational aids	115,627,473	(39,713,477)	75,913,996	92,931,403	(35,763,757)	57,167,646
Tools and test equipment	16,820,886	(8,114,848)	8,706,038	12,145,223	(6,201,811)	5,943,412
ATC display systems	149,452,611	(62,332,428)	87,120,183	112,368,957	(49,847,353)	62,521,604
Simulator equipment	17,255,521	(14,497,040)	2,758,481	17,255,521	(12,841,043)	4,414,478
Radar equipment	529,597,586	(166,475,884)	363,121,702	409,172,940	(136,991,196)	272,181,744
Office furniture and equipment	18,219,135	(14,579,258)	3,639,877	17,147,298	(12,581,247)	4,566,051
Computer equipment	24,442,861	(13,345,896)	11,096,965	17,451,422	(12,523,600)	4,927,822
Motor vehicles	160,139	(116,502)	43,637	149,840	(140,723)	9,117
Total	**1,341,929,062**	**(477,305,501)**	**864,623,561**	**1,063,476,274**	**(400,916,407)**	**662,559,867**

Reconciliation of property, plant and equipment - 2010

	Opening balance R	Additions R	Disposals R	Projects capitalized R	Depreciation R	Closing balance R
Land	13,431,800	-	-	-	-	13,431,800
Buildings	122,790,754	-	(20,357)	22,956,513	(3,770,433)	141,956,477
Communication equipment	105,802,530	77,103	(29,154)	57,439,626	(18,044,938)	145,245,167
Electrical and mechanical equipment	8,802,909	390,794	(14,023)	5,213,584	(2,804,026)	11,589,238
Navigational aids	57,167,646	-	(529,029)	25,176,904	(5,901,525)	75,913,996
Tools and test equipment	5,943,412	916,247	-	3,783,391	(1,937,012)	8,706,038
ATC display systems	62,521,604	-	(160,215)	37,372,154	(12,613,360)	87,120,183
Simulator equipment	4,414,478	-	-	-	(1,655,997)	2,758,481
Radar equipment	272,181,744	-	(577,277)	123,942,625	(32,425,390)	363,121,702
Office furniture and equipment	4,566,051	441,912	(129)	635,626	(2,003,583)	3,639,877
Computer equipment	4,927,822	4,912,977	(194)	4,610,905	(3,354,545)	11,096,965
Motor vehicles	9,117	41,300	-	-	(6,780)	43,637
	662,559,867	**6,780,333**	**(1,330,378)**	**281,131,328**	**(84,517,589)**	**864,623,561**

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Notes to the Financial Statements

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2009

	Opening balance R	Additions R	Disposals R	Projects capitalized R	Depreciation R	Closing balance R
Land	14,281,800	-	(850,000)	-	-	13,431,800
Buildings	125,728,934	-	-	-	(2,938,180)	122,790,754
Communication equipment	82,227,228	150,750	(84,320)	37,245,675	(13,736,803)	105,802,530
Electrical and mechanical equipment	11,577,004	32,245	-	-	(2,806,340)	8,802,909
Navigational aids	51,577,993	-	-	10,437,891	(4,848,238)	57,167,646
Tools and test equipment	5,675,630	11,709	(14,093)	1,854,010	(1,583,844)	5,943,412
ATC display systems	73,234,131	-	-	373,256	(11,085,783)	62,521,604
Simulator equipment	6,070,474	-	-	-	(1,655,996)	4,414,478
Radar equipment	262,741,470	-	(1,378,064)	34,782,125	(23,963,787)	272,181,744
Office furniture and equipment	6,664,201	14,034	(26,366)	-	(2,085,818)	4,566,051
Computer equipment	6,428,625	1,859,308	(1,981)	316,527	(3,674,657)	4,927,822
Motor vehicles	10,942	-	-	-	(1,825)	9,117
	646,218,432	**2,068,046**	**(2,354,824)**	**85,009,484**	**(68,381,271)**	**662,559,867**

A register of the company's land and buildings is maintained and is available for inspection at the company's registered office.

The carrying amount of the company's communication equipment includes an amount of R30,552,485 (2009 : R35,317,625) in respect of assets held as security under the Nedbank loan liability.Refer to note 19.

The carrying amount of the company's radar equipment includes an amount of R363,121,704 (2009 : R272,181,744) and navigational aids includes an amount of R75,913,996 (2009 : R57,167,646) in respect of assets held as security under the Standard Bank and Wesbank loan liability. Refer to note 19.

Assets fully depreciated and still in use amounts to R11,529,114.

12. Intangible assets

	2010			2009		
	Cost / Valuation R	Accumulated amortisation R	Carrying value R	Cost / Valuation R	Accumulated amortisation R	Carrying value R
Computer software	174,935,505	(76,548,839)	98,386,666	97,113,042	(62,213,486)	34,899,556

Reconciliation of intangible assets - 2010

	Opening balance R	Additions R	Transferred from capital work in progress R	Amortisation R	Closing balance R
Computer software	34,899,556	5,200,986	73,758,464	(15,472,340)	98,386,666

Reconciliation of intangible assets - 2009

	Opening balance R	Additions R	Transferred from capital work in progress R	Amortisation R	Closing balance R
Computer software	43,310,628	187,451	6,813,998	(15,412,521)	34,899,556

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

13. Capital work in progress

	2010 R	2009 R
Opening net book value	318,847,478	247,687,904
Additions	135,038,258	145,482,059
Borrowing cost capitalised	5,800,949	17,500,997
Transferred to intangible assets	(73,758,465)	(6,813,998)
Transferred to property, plant and equipment	(281,131,328)	(85,009,484)
	104,796,892	**318,847,478**

The balance consists of the following categories of property, plant, equipment and intangible asset:

Radar equipment	41,848,670	150,905,868
Simulator equipment	923,413	67,379,626
Communication equipment	22,651,467	47,045,044
Navigational aids	20,244,121	49,763,385
Intangible assets	-	675,075
Display	15,748,274	-
Other	3,380,947	3,078,480
	104,796,892	**318,847,478**

14. Trade and other receivables

Financial instruments

Trade receivables	91,605,827	94,394,662
Less: Impairment of trade receivables allowance	(5,029,835)	(1,722,929)
Effective increase of imputed interest	133,946	53,753
Trade receivables - net	86,709,938	92,725,485
Other receivable	532,055	718,264
	87,241,993	93,443,749
Non-financial instruments		
Prepayments	883,031	2,061,591
	88,125,024	**95,505,341**

14. Trade and other receivables (continued)

The movement in the impairment of trade receivables allowance during the year was as follows:

	2010 R	2009 R
Balance at 1 April	1,722,929	3,999,310
Impairment loss recognised	4,224,035	4,342,825
Receivables written off during the year	(917,129)	(6,619,206)
Balance at 31 March	**5,029,835**	**1,722,929**

Trade receivables generally have 30 days terms. The company reserves the right to charge interest on overdue accounts with effect from the date the indebtness was incurred. The rate of interest shall not exceed the current prime rate plus two percentage points.

The ageing of trade receivables at the reporting date was:

	Gross R	Impairment R	Collateral held R
2010			
Not past due	76,391,648	1,033,059	-
Past due by 0 to 30 days	8,885,901	1,003,591	-
Past due by 31 to 60 days	1,740,294	436,089	-
Past due by more than 60 days	4,587,984	2,557,096	-
	91,605,827	**5,029,835**	**-**
2009			
Not past due	67,101,837	14,277	-
Past due by 0 to 30 days	23,124,020	423	-
Past due by 31 to 60 days	1,265,056	24,435	-
Past due by more than 60 days	2,903,749	1,683,794	-
	94,394,662	**1,722,929**	**-**

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Notes to the Financial Statements

14. Trade and other receivables (continued)

The company has no significant concentration of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Trade receivables comprise a large number of customers. The top three customers comprise 41.27% (2009: 49.03%) of trade receivables. Ongoing credit evaluations are performed on the financial position of these customers.

In addition, exposure is reduced by deposits of R1,948,220 (2009: R2,584,981) held on behalf of customers, as well as bank guarantees of R56,480,000 (2009: R54,078,000) from customers in the name of the company. The deposits are included in cash and cash equivalents (note 17) as unrestricted cash, with the related liability included in other payables (note 21). When the customer ceases to trade and settles the outstanding debt, the company is obliged to return the deposit to the customer. Should the customer default, the company may utilise the related deposit in settlement of the debt.

Pledged as security

None of the instruments included in the trade and other receivables were pledged as security for any financial obligations.

Credit Quality

The credit quality of trade and other receivables that are neither past due nor impaired are assessed/ monitored by reference to historical information about counterparty default rates. The credit quality rating of each of these financial instruments are as follows:

High credit grade - The counter party has evidenced no instances of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position of the company has not evidenced a weakening in either the financial position or liquidity of the company. As such the counter parties included in the high credit grade category pose a low credit risk to the company with the recoverability of the outstanding amounts being almost certain.

Medium credit grade - The counter party has evidenced instances of defaults and/or re-negotiations of contractual terms in prior periods on the repayment of outstanding amounts. An assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. The counter parties included in this credit grade category are active in an industry that is highly sensitive to market fluctuations and volatility in the international economies. As such the counter parties included in the medium credit grade category pose a medium credit risk to the company.

Low credit grade - The counter party has evidenced high occurrences of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. As such the counter parties included in the low credit grade category pose a high credit risk to the company.

14. Trade and other receivables (continued)

	2010	
	Quality	**Value of instrument R**
Trade receivables	High	87,241,993
Prepayments	High	883,031
		88,125,024

	2009	
	Quality	**Value of instrument R**
Trade receivables	High	93,443,750
VAT receivable	High	-
Prepayments	High	2,061,591
		95,505,341

The terms and conditions attached to the instruments included in trade and other receivables have not been renegotiated during the period.

There were no breaches or defaults on any portion (either capital or instrument) of the trade and other receivables during the year. This further supports Management's assessment of the credit quality of the financial instruments included in trade and other receivables.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

14. Trade and other receivables (continued)

Exposure to credit risk

The instruments included in trade and other receivables expose Management to credit risk as follows:

	2010	
	Maximum exposure posed by the instrument	**Value of instrument**
	R	**R**
Trade receivables	28,813,773	87,241,993
Prepayments	-	883,031
	28,813,773	**88,125,024**
	2009	
Trade receivables	36,780,767	93,443,750
VAT receivable	-	-
Prepayments	-	2,061,591
	36,780,767	**95,505,341**

Fair value

The carrying value of trade and other receivables approximates their fair values.

Refer to note 26 for related party information.

15. Inventories

	2010 R	2009 R
Short-term spares and consumables	922,583	741,722

Net realisable value

Assessment of the carrying values of inventories during the year and the prior year did not warrant a write down of inventories as the carrying value thereof did not exceed the net realisable value thereof.

Reversals of write downs

During the year and the prior year there were no write downs and/or reversals of any write down of inventories.

Encumbrances

None of the inventories were pledged as security for any loans during the year and the prior year.

	2010 R	2009 R
16. Loans and receivables		
Risk financing insurance policy	11,010,788	14,202,186
Current assets		
Loans and receivables	11,010,788	14,202,186

The policy provides cover for ATNS to limit the excess premiums that are payable on certain insurance risks. The above financial asset are non interest bearing and comprise USD-denominated and South African Rand bearing assets which are not quoted in an active market. The carrying amount is regarded as a fair approximation of the fair value, and is accessable within 30 days.

Pledged as security

None of the instruments included in loans and receivables were pledged as security for any financial obligations.

Collateral held

The instruments are unsecured and therefore no collateral is held.

Credit Quality

The credit quality of loans and receivables that are neither past due nor impaired are assessed/monitored by reference to historical information about counter party default rates. The credit quality rating of each of these financial instruments are as follows:

High credit grade - the counter party has evidenced no instances of defaults. Furthermore an assessment of the financial position of the company has not evidenced a weakening in either the financial position or liquidity of the company. As such the counter parties included in the high credit grade category pose a low credit risk to the company with the recoverability of the outstanding amounts being almost certain.

Medium credit grade - the counter party has evidenced instances of defaults and/or re-negotiations of contractual terms in prior periods on the repayment of outstanding amounts. An assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. The counter parties included in this credit grade category are active in an industry that is highly sensitive to market fluctuations and volatility in the international economies. As such the counter parties included in the medium credit grade category pose a medium credit risk to the company.

Low credit grade - The counter party has evidenced high occurrences of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts.As such the counter parties included in the low credit grade category pose a high credit risk to the company.

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

16. Loans and receivables (continued)

	2010	
	Quality	**Value of instrument R**
Risk financing insurance policy	High	11,010,788

	2009	
	Quality	**Value of instrument R**
Risk financing insurance policy	High	14,202,186

The terms and conditions attached to the instruments included in loans and receivables have not been re-negotiated during the period.

There were no breaches or defaults on any portion (either capital or instrument) of the loans and receivables during the year. Also none of these instruments are either past due or impaired. This further supports Management's assessment of the credit quality of the financial instruments included in loans and receivables.

Exposure to credit risk

The instruments included in loans and receivables expose Management to credit risk as follows:

	2010	
	Maximum exposure posed by the instrument R	**Value of instrument R**
Risk financing insurance policy	11,010,788	11,010,788

	2009	
	Maximum exposure posed by the instrument R	**Value of instrument R**
Risk financing insurance policy	14,202,186	14,202,186

16. Loans and receivables (continued)

Ageing of loans and recievables

	Ageing	2010 Value of ageing R	2009 Value of ageing R
Risk financing insurance policy	30 days	11,010,788	14,202,186

The company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

17. Cash and cash equivalents

	2010 R	2009 R
Cash and cash equivalents consist of:		
Bank balances	81,123,954	32,367,167
Cash on hand - US Dollar denominated	4,880,065	8,317,025
Other cash and cash equivalents	114,000	106,000
	86,118,019	**40,790,192**
Cash and cash equivalents include the following for the purpose of the cash flow statement:		
Cash and cash equivalents	86,118,019	40,790,192

Pledged as security

None of the instruments included in cash and cash equivalents were pledged as security for any financial obligations.

Credit Quality

The credit quality of cash and cash equivalents that are neither past due nor impaired are assessed/ monitored by reference to historical information about counter party default rates. Furthermore the credit quality of cash and cash equivalents are ensured by only contracting with highly reputable financial institutions registered in terms of the Banks Act of South Africa and endorsed by National Treasury.

High credit grade - the counter party has evidenced no instances of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position of the company has not evidenced a weakening in either the financial position or liquidity of the company. As such the counter parties included in the high credit grade category pose a low credit risk to the company with the recoverability of the outstanding amounts being almost certain.

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Notes to the Financial Statements

Medium credit grade - The country party has evidenced instances of defaults and/or re-negotiations of contractual terms in prior periods on the repayments of outstanding amounts. An assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. The counter parties included in this credit grade category are active in an industry that is highly sensitive to marked fluctuations and volatility in the international economies. As such the counter parties included in the medium credit grade category pose a medium credit risk to the company.

Low credit grade - The counter party has evidenced high occurrences of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. As such the counter parties included in the low credit grade category pose a high credit risk to the company.

	2010	
	Quality	**Value of instrument R**
Cash and cash equivalents	High	86,118,019

	2009	
	Quality	**Value of instrument R**
Cash and cash equivalents	High	40,790,192

The terms and conditions attached to the instruments included in cash and cash equivalents have not been renegotiated during the period.

There were no breaches or defaults on any portion (either capital or interest) of the cash and cash equivalents during the year. Also none of these instruments are either past due or impaired. This further supports Management's assessment of the credit quality of the financial instruments included in cash and cash equivalents.

17. Cash and cash equivalents (continued)

Exposure to credit risk

The instruments included in cash and cash equivalents expose Management to credit risk as follows:

	2010	
	Maximum exposure posed by the instrument R	**Value of instrument R**
Cash and cash equivalents	86,118,019	86,118,019

	2009	
	Maximum exposure posed by the instrument R	**Value of instrument R**
Cash and cash equivalents	40,790,192	40,790,192

Fair value

The carrying value of cash and cash equivalents approximates their fair values.

Restrictions to the use of cash

No restrictions have been imposed on the company with regards to the extent to which bank and cash balances of the company may be used.

18. Issued capital

	2010 R	2009 R
Authorised		
500 million ordinary shares with a par value of R 1 each	500,000,000	500,000,000
Issued and fully paid:		
190 646 000 ordinary shares with a par value of R 1 each	190,646,000	190,646,000
At the end of the year	190,646,000	190,646,000

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Notes to the Financial Statements

	2010 R	2009 R
19. Interest bearing loans and borrowings		
Loan liability - Nedbank	41,218,699	50,200,029
Loan liability - Standard Bank	188,697,826	272,374,316
Loan liability - Wesbank	96,576,350	-
	326,492,875	**322,574,345**
Non-current liabilities		
Loan liability-Nedbank	31,359,450	41,443,677
Loan liability-Standard Bank	116,477,801	189,585,439
Loan liability-Wesbank	78,836,845	-
	226,674,096	**231,029,116**
Current liabilities		
Loan liability-Nedbank	9,859,249	8,756,352
Loan liability-Standard Bank	72,220,025	82,788,877
Loan liability-Wesbank	17,739,505	-
	99,818,779	**91,545,229**
	326,492,875	**322,574,345**

All borrowings were made to finance capital expenditures. As a result, interest rates charged (as indicated below) represents the capitalisation rate.

Nedbank Loan Liability

The Nedbank loan liability only relates to the VSAT and NAFISAT communication equipment which is repayable in quarterly instalments over a 5 year period, ending 31 October 2013. This liability is secured by communication equipment.

Certain covenants existed with respect to this loan liability. These required that:

- No further encumbrances over the company's assets can be created (without written consent of the lender);
- No loans or guarantees can be granted or assumed (without written consent of the lender).
- The company does not dispose, whether by one or more transactions or series of transactions, the whole or substantially the whole of its undertaking or any of its assets, without the prior consent of Nedbank.
- The company ensure that all of its assets, whether immovable, movable, corporeal or incorporeal are adequately insured for their full replacement value with reputable insurance companies to the reasonable satisfaction of Nedbank.

The above conditions have been complied with in the current year and no future breaches of the covenants are anticipated.

The Nedbank loan liability bears interest at variable rates, linked to the three month JIBAR rate, currently 7.67% (2009 : 11.40%).

Standard Bank Loan Liability

The Standard Bank loan liability for radar and navigational aids is repayable in bi-annual instalments, over a 5 year loan period, ending Prime Deals: 30 November 2012 and Jibar Deals: 31 March 2014. This liability bears interest at a variable rate of Prime Deals: 7.15% and Jibar Deals: 7.86% (2009: Prime Deals: 10.15% and Jibar Deals: 10.90%).

The company's obligations under this loan liability is secured by the radar equipment, navigational aids and communication equipment.

Certain covenants existed with respect to this loan liability. These required that:
- The company ensure that the ratio of interest bearing debt to shareholder's funds of the Customer shall not exceed 60%.
- The company ensure that the Financial Charges Cover Ratio to be no less than 2 times.
- The company may not undergo a material deterioration in its financial position which could affect its ability to comply with its obligations under the loan.

The above conditions have been complied with in the current year and no future breaches of the covenants are anticipated.

Wesbank Loan Liability

The Wesbank loan liability for radar and navigational aids is payable in bi-annual instalments over a 5 year loan period ending September 2015. This liability bears interest at a variable rate of 7.90%.

Certain covenants existed with respect to this loan liability. These required that:
- The company ensure that the ratio of interest bearing debt to shareholder's funds of the Customer shall not exceed 60%.
- The company ensure that the Financial Charges Cover Ratio to be no less than 2 times.
- The company may not undergo a material deterioration in its financial position which could affect its ability to comply with its obligations under the loan.

The above conditions have been complied with in the current year and no future breaches of the covenants are anticipated.

Banking Facilities

The company has the following banking facilities available at year-end:

	2010 R	2009 R
Multi option - Nedbank	8,771,942	15,000,000
Term loan - Wesbank	115,319,661	-

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

19. Interest bearing loans and borrowings (continued)

	2010 R	2009 R
The maturity of the loan liability can be analysed as follows:		
Minimum loan payments		
Less than 6 months	71,477,821	6,657,868
More than 6 months but less than 1 year	51,437,541	115,731,436
Not later than 1 year	123,185,362	122,389,304
Later than 1 year and not later than 5 years	257,083,886	274,731,477
	380,269,248	**397,120,781**
Future finance charges on loan liability		
Not later than 1 year	23,366,583	30,844,075
Later than 1 year and not later than 5 years	30,409,790	43,702,361
	53,776,373	**74,546,436**
Present value of loan liability		
Not later than 1 year	226,674,096	91,545,229
Later than 1 year and not later than 5 years	99,818,779	231,029,116
	326,492,875	**322,574,345**

The present values of the loan liabilities approximates their fair values.

20. Deferred income tax liabilities

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28%. The movement on the deferred income tax account is as follows:

At beginning of the year	(39,867,942)	(25,635,734)
Profit and loss	(15,578,389)	(14,076,191)
Prior year under provision	260,990	(156,017)
	(55,185,341)	**(39,867,942)**

Deferred income tax liability relates to the following:

Property, plant and equipment	(67,825,599)	(48,163,803)
Finance leases	-	1,478,451
Provisions	13,152,546	6,901,314
Impairment of trade receivables allowance	(352,088)	(120,605)
Operating leases	87,049	36,701
Prepayments	(247,249)	-
Other deferred tax	-	-
	(55,185,341)	**(39,867,942)**

	2010 R	2009 R
21. Trade and other payables		
Financial instruments		
Trade payables	30,386,443	24,091,296
Effective increase of imputed interest	192,635	186,200
	30,579,078	24,277,496
Accrued expenses	2,293,727	4,878,933
Other payables	8,218,110	6,587,041
	41,090,915	35,743,470
Non-financial instruments		
VAT payable	3,380,594	2,146,725
	44,471,509	**37,890,195**

All trade and other payables are due within 30 days.

The terms and conditions attached to the instruments included in trade and other payables have not been renegotiated during the period.

There were no breaches or defaults on any portion (either capital or interest) of the trade and other payables during the year.

Refer to note 26 for related party information

22. Provisions for other liabilities and charges

Reconciliation of provisions for other liabilities and charges - 2010

	Opening balance R	Additions R	Amounts used R	Closing balance R
External audit fees	849,747	1,312,056	(1,441,803)	720,000
Leave pay	11,800,598	13,810,109	(16,502,673)	9,108,034
Performance bonus	6,000,000	29,283,527	(10,283,527)	25,000,000
Other	4,864,417	22,612,469	(19,641,376)	7,835,510
	23,514,762	**67,238,118**	**(48,089,336)**	**42,663,544**

Reconciliation of provisions for other liabilities and charges - 2009

External audit fees	645,000	1,036,979	(832,232)	849,747
Leave pay	11,265,311	3,007,526	(2,472,239)	11,800,598
Performance bonus	17,600,000	4,814,841	(16,414,841)	6,000,000
Other	4,924,766	3,295,667	(3,356,016)	4,864,417
	34,435,077	**12,155,013**	**(23,075,328)**	**23,514,762**

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

22. Provisions for other liabilities and charges (continued)

Uncertainties and assumptions:

Provisions are recognised when the company has a present obligation, whether legal or constructive, because of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when the reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset. Where the company has a joint and several liability with one or more other parties, no provision is recognised to the extent that those other parties are expected to settle part or all of the obligation.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(a) Leave Pay
The leave pay provision is raised on the unutilised leave days owing to employees at balance sheet date.

(b) Performance bonus
The performance bonus provision is calculated based on the performance of the company as well as the individual performance ratings for the financial year end 31 March 2010.

(c) Other
Includes provision for workmen's compensation, fair value estimates on capital expenditure and other provisions.

23. Commitments

Capital commitments	**2010 R**	**2009 R**
Capital expenditure contracted for at the reporting date but not yet incurred is as follows:		
Property, plant and equipment	9,884,925	72,879,260

The capital expenditure budget (excluding borrowing costs) for the year ending 31 March 2011 is R195,140,439.

Operating lease commitments

The future minimum lease payments for buildings, copiers and motor vehicles under operating leases are as follows: Not later than 1 year	5,034,260	4,618,660
Later than 1 year and not later than 5 years	6,783,511	8,569,122
	11,817,771	**13,187,782**

The company has entered into commercial leases on certain motor vehicles and items of office equipment. These leases have an average life of between three and five years. With the exception of leases relating to copiers, there are no renewal options included in the contracts. There are no restrictions placed on the company by entering into these contracts.

24. Contingencies

Contingent liabilities

The company has a guarantee from Nedbank that it would pay to the suppliers an amount of R 2,361,876 (2009: R5,805,820) and cessions and other matters arising in the ordinary course of business. It is not anticipated that any liabilities will arise from these contingent liabilities.

25. Retirement benefit information

Substantially all employees are members of the ATNS retirement fund. The fund is a defined contribution fund and is governed by the Pension Funds Act of 1956 which requires an actuarial valuation to be carried out every 3 years.

The ATNS retirement fund was established on 1 April 1994, potential liability for pension benefits vested with the state.

The latest actuarial valuation of the ATNS Retirement Fund was at 31 January 2010. At that time, the ATNS retirement fund was certified by the reporting actuaries to be in a sound financial position. The company contributions to the ATNS Retirement Fund amounted to R28,983,384 (2009: R26,080,892).

The company does not provide any post retirement benefits to employees and has no exposure to any post-retirement benefit obligations.

26. Related party disclosure

The sole shareholder of the company is the Minister of Transport, on behalf of the South African Government, in terms of section 6(5) of the Air Traffic and Navigation Services Company Act 1993.

	2010 R	2009 R
Related party transactions		
Sales of services		
- Airports Company of South Africa	7,506,871	7,507,559
- Department of Transport	3,393,696	2,077,418
- Department of Public Works	-	30,000
- Denel	-	34,523
- National Intelligence Agency	75	46,775
- South African Civil Aviation Authority	2,927,506	2,765,336
- South African Air Force	2,879,571	2,328,900
- South African Airways	206,537,487	193,940,926
- South African Express	64,667,514	55,381,230
- South African Police	311,347	264,977
- South African Weather Services	652,355	601,542
- Tulca (Pty) Ltd - Mango Airlines	29,280,014	26,249,890
	318,156,436	**291,229,076**

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

	2010 R	2009 R
26. Related party disclosure (continued)		
Purchases of goods and services		
- Airports Company of South Africa	4,004,758	3,107,867
- Denel	48,649	31,453
- Eskom	3,924,095	4,006,483
- Sentech	433,942	453,745
- South African Civil Aviation Authority	8,073,821	10,682,649
- South African Revenue Services	145,427,304	127,528,462
- Telkom	13,720,456	15,338,844
	175,633,025	**161,149,503**

These transactions are carried out on commercial terms & conditions.

Year end balances arising from related party activity		
Receivables from related parties		
- Airports Company of South Africa	1,993,523	1,833,584
- Department of Transport	337,490	163,490
- South African Air Force	226,846	269,572
- South African Airways	21,007,378	33,230,758
- South African Civil Aviation Authority	29,600	-
- South African Express	6,535,064	5,799,837
- South African Police	34,724	24,681
- South African Revenue Services	10,035,149	4,364,786
- South African Weather Services	69,375	89,372
- Tulca (Pty) Ltd - Mango Airlines	3,096,075	2,796,152
	43,365,224	**48,572,232**

No expense has been recognised in the current period for impairment of trade receivables in respect of the amounts owed by related parties.

Payables to related parties:		
- Airports Company of South Africa	175,759	94,757
- Denel	-	2,493
- Eskom	289,347	275,026
- South African Civil Aviation Authority	1,057,836	21,260
- South African Revenue Services	11,320,605	7,455,437
- Telkom	1,057,777	1,101,420
	13,901,324	**8,950,393**

26. Related party disclosure (continued)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. All the companies listed above report to the various ministerial departments of the government and hence are considered related parties.

	2010 R	2009 R
Key Management compensation		
PC Marais		
Short-term employee benefits	1,276,505	1,234,525
DST Mthiyane (Appointed 1 March 2010)		
Short-term employee benefits	149,563	-
S Mngomezulu		
Short-term employee benefits	1,082,097	730,246
H Marais (Appointed 1 March 2010)		
Short-term employee benefits	125,549	-
MV Makoe (Appointed 1 March 2010)		
Short-term employee benefits	108,464	-
LF Lesole (Appointed 1 March 2010)		
Short-term employee benefits	125,130	-
JRL Lehutso (Appointed 1 March 2010)		
Short-term employee benefits	125,130	-
MA Mayat		
Short-term employee benefits	1,093,856	867,202
BPB Dibate (28 February 2010)		
Short-term employee benefits	1,392,250	1,118,318
JK Lubbe (31 August 2009)		
Short-term employee benefits	950,358	717,740
N Morufane (28 February 2010)		
Short-term employee benefits	900,324	753,673
JJ Musandiwa (28 February 2010)		
Short-term employee benefits	947,360	778,172

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

26. Related party disclosure (continued)

The Executive Management team is eligible for an annual performance related bonus payment linked to appropriate business sector targets. The structure of the bonus plan and award is recommended by the Human Resources Committee in accordance with the bonus scheme rules. The performance related bonus is limited from 30% to 35% for the Executive Manager's individual cost to company. There were no post-employment benefits, share based payments or other long-term benefits paid in the current financial year.

For the Directors remuneration refer to note 31.

	2010 R	2009 R
27. Cash generated from operations		
Operating profit	78,829,767	92,420,294
Adjustments for:		
Depreciation and amortisation	99,989,929	83,793,792
Other non-cash items	19,645,839	(10,878,223)
Net foreign exchange difference	4,204,798	(2,089,345)
loss/(profit) on sale of property, plant and equipment	1,251,855	1,365,133
Changes in working capital:		
Inventories	(180,859)	(108,111)
Trade and other receivables	17,284,964	(14,173,463)
Trade and other payables	3,952,573	(30,009,291)
Cash generated from operations	**224,978,866**	**120,320,786**
28. Cash flows from investing activities		
Property, plant and equipment	6,780,333	2,068,046
Capital work in progress	135,038,257	145,482,059
Intangible assets	5,200,986	187,451
	147,019,576	**147,737,556**
29. Tax paid		
Balance at beginning of the year	4,364,786	1,975,675
Current tax for the year recognised in profit or loss	(3,417,033)	(8,416,955)
Balance at end of the year	(10,035,149)	(4,364,786)
	(9,087,396)	**(10,806,066)**

	2010 R	2009 R
30. Proceeds on disposal of property plant and equipment		
Book value of property, plant and equipment disposed of	1,330,378	2,354,823
(Loss)/Profit on sale of property, plant and equipment	(1,251,855)	(1,365,133)
	78,523	**989,690**

31. Directors Remuneration

The remuneration of Directors during the year was as follows:

Executive Director		
P Dlamini		
Services rendered as Director of Company:		
Basic Salary	1,973,913	495,652
Bonus and performance related payments	562,856	-
Contributions to pension funds in respect of services as directors	296,088	74,348
Contributions to medical aid	30,367	5,000
Contributions to UIF	1,497	374
Contributions to insurance schemes	66	-
Leave pay	28,657	-
Daily allowance	400	-
	2,893,844	**575,374**
Non-Executive Directors		
MD Mamashela		
Directors Fees	542,829	362,622
Travel claims	2,838	841
	545,667	**363,463**
AJ Bradshaw		
Directors Fees	414,221	224,933
Travel claims	5,583	2,114
	419,804	**227,047**
JB Crawford		
Directors Fees	381,903	215,172
Travel claims	9,764	4,660
	391,667	**219,832**
K Parker		
Directors Fees	363,401	216,885
Travel claims	4,497	1,682
	367,898	**218,567**

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

	2010 R	2009 R
31. Directors' Remuneration (continued)		
JM Maisela		
Directors Fees	704,407	250,283
Travel claims	6,190	3,154
	710,597	**253,437**
HT Makhathini		
Directors Fees	305,391	181,356
Travel claims	4,006	1,775
	309,397	**183,131**
JS Mzaliya		
Travel claims	-	4,415

All non-Executive directors nationalities are South African.

The service contracts for the executive directors is for a term of 5 years. The notice period for the chief executive officer is 6 months. The service contract for the non-executive directors are for a period of 3 years, subject to annual retirement at the annual general meeting. Compensation is for non-executive directors are in accordance with the State owned enterprise guidelines. The contract of the chief executive officer also deals with compensation if the chief executive officer is dismissed or if there is material change in the role, responsibilities or remuneration.

32. Financial risk Management, objectives and policies

Categories of financial instruments and maturity analysis

2010

Financial assets	Categories	Due in less than a year R	Due in two to five years R	Due in five to ten years R
Other Financial Assets				
Risk financing insurance policy	Loans and receivables	11,010,788	-	-
Trade and other receivables				
Trade and other receivables	Loans and receivables	87,241,993	-	-
Cash and cash equivalents				
Bank balances	Loans and receivables	86,118,019	-	-

32. Financial risk Management, objectives and policies (continued)

Financial liabilities	Categories	Due in less than a year R	Due in two to five years R	Due in five to ten years R
Other financial liabilities				
Interest Bearing Loan - Nedbank	Financial liabilities at amortised cost	9,859,249	31,359,450	-
Interest Bearing Loan - Standard Bank	Financial liabilities at amortised cost	72,220,025	116,477,801	-
Interest Bearing Loan - Webank	Financial liabilities at amortised cost	17,739,505	78,836,845	-
		99,818,779	**226,674,096**	**-**
Trade and other payables				
Trade payable	Financial liabilities at amortised cost	31,392,433	-	-
Accrued expenses	Financial liabilities at amortised cost	2,293,727	-	-
Other payables	Financial liabilities at amortised cost	7,404,755	-	-
		41,090,915	**-**	**-**

Air Traffic and Navigation Services Company Limited
Financial Statements for the year ended 31 March 2010
Notes to the Financial Statements

32. Financial risk Management, objectives and policies (continued)

2009

Financial assets	Categories	Due in less than a year R	Due in two to five years R	Due in five to ten years R
Other Financial assets				
Risk financing insurance policy	Loans and receivables	14,202,186	-	-
Trade and other receivables				
Trade and other receivables	Loans and receivables	93,443,750	-	-
Cash and cash equivalents				
Bank balances	Loans and receivables	40,790,192	-	-
Financial liabilities				
Other financial liabilities				

Financial assets	Categories	Due in less than a year R	Due in two to five years R	Due in five to ten years R
Interest Bearing Loan - Nedbank	Financial liabilities at amortised cost	8,756,353	41,443,677	-
Interest Bearing Loan - Standard Bank	Financial liabilities at amortised cost	82,788,876	189,585,439	-
		91,545,229	231,029,116	-

32. Financial risk Management, objectives and policies (continued)

Financial assets	Categories	Due in less than a year R	Due in two to five years R	Due in five to ten years R
Trade and other payables				
Trade payable	Financial liabilities at amortised cost	24,277,495	-	-
Accrued expenses	Financial liabilities at amortised cost	4,878,934	-	-
Other payables	Financial liabilities at amortised cost	6,587,041	-	-
		35,743,470	-	-

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The company's overall risk Management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses financial instruments to hedge certain risk exposures.

Market risk - Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD), Australian Dollar (AUS$), Great British Pound (GBP) and the Euro (EUR's). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The company manages its exposure to foreign exchange risk by ensuring that the net uncovered foreign currency position is minimised and by using the derivative instruments to hedge certain exposures.

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Notes to the Financial Statements

32. Financial risk Management, objectives and policies (continued)

2010	Rand	USD	EUR	Other
Risk financing insurance policy	8,164,418	1,114,596	-	-
Trade and other receivables	12,812,344	1,749,005	-	-
Cash and cash equivalents	4,880,065	666,221	-	-
Trade and other payables	13,382,837	370,279	1,038,650	49,173
	39,239,664	**3,900,101**	**1,038,650**	**49,173**
2009				
Risk financing insurance policy	10,839,592	1,143,176	-	-
Trade and other receivables	12,948,265	1,339,707	-	-
Cash and cash equivalents	8,317,025	860,530	-	-
Trade and other payables	3,851,122	368,153	20,202	2,835
	35,956,004	**3,711,566**	**20,202**	**2,835**

Sensitivity analysis

A 10% strengthening in the Rand against the above currencies at 31 March would have decreased profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

A 10% weakening in the Rand against the above currencies at 31 March would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remain constant.

Profit or loss	2010 R	2009 R
USD	575,204	371,157
EUR	46,831	2,020
GBP	153	284
	622,188	**373,461**

32. Financial risk Management, objectives and policies (continued)

Market risk - Interest rate risk

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company's cash flow interest rate risk arises from long term borrowings, cash and cash equivalents and finance lease liabilities. The company is not exposed to fair value interest rate risk as the company does not have any fixed interest bearing financial instruments carried at fair value. The company manages its exposure to cash flow interest rate risk by ensuring that cash flows from operations are sufficient to cover the variable interest cash flows and by using derivative instruments to hedge certain exposures.

At the reporting date the interest rate profile of the company's interest bearing financial instruments was as follows:

Variable rate instruments	**2010** **R**	**2009** **R**
Risk financing insurance policy	11,010,788	14,202,186
Cash and cash equivalents	86,118,019	40,790,192
Trade and other receivables	88,125,024	93,443,750
Long term borrowings	(326,492,875)	(322,574,345)
Trade and other payables	(41,090,915)	(35,743,470)
Total interest rate exposure	**(182,329,959)**	**(209,881,687)**

Sensitivity analysis

A decrease of 100 basis points in the JIBAR interest rate at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

Increase of 100 basis points	1,823,300	2,098,817
Decrease of 100 basis points	(1,823,300)	(2,098,817)

Credit risk

Credit risk arises from loans and receivables, trade and other receivables and cash and cash equivelants.

The company has no significant concentration of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Trade receivables comprise a number of customers. The top three customers comprise approximately 55,70% of the core revenue. Ongoing credit evaluations are performed on the financial position of these customers. In addition, exposure is reduced by deposits and bank guarantees held on behalf of customers. It is the policy of the company to renegotiate credit terms with long-standing customers who have a good credit history with the company. These customers are monitored on an ongoing basis to ensure that the customer remains within the renegotiated terms.

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Notes to the Financial Statements

32. Financial Risk Management, objectives and policies (continued)

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution. Credit risk in respect of the risk financing insurance policy is managed by ensuring that financial assets are ring-fenced in a cell captive and are managed by a reputable asset manager according to approved guidelines.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position (net of impairment losses where relevant).

Liquidity risk

Liquidity risk arises from interest bearing loans and borrowings and trade and other payables. Prudent liquidity Management implies maintaining sufficient cash and the availability of funding through an adequate amount of commited credit facilities. The company aims to maintain flexibility in funding by keeping commited credit lines available.

Capital Risk Management

The company's objective when managing capital (equity and assets) is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital, in order to provide returns for shareholders.

In order to maintain or adjust this capital structure, the company may draw down on available banking facilities, sell assets to reduce debt or obtain long term funding from stakeholders.

The company monitors capital on the basis of a gearing ratio. The gearing ratio is calculated as total debt divided by total capital. Total debt is calculated as non current borrowings plus current borrowings. Total capital is calculated as "total equity" shown in the statement of financial position. The gearing ratio for the current financial year is 41% (2009 : 43%). The company has a gearing threshold of 55%.

There were no changes to the company's approach to capital Management during the year.

The company is not subject to externally imposed capital requirements except for Standard Bank and Wesbank which requires the company to maintain a gearing ratio of 60%.

Fair value determination

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair values of non-current financial liabilities are determined using a discounted cash flow model with market observable inputs, such as market interest rates, and are disclosed in the "Interest bearing loans and borrowings" note.

33. Events after reporting date

Management is not aware of any significant events that occurred after the reporting date that would require adjustments to or disclosure in the financial statements. Furthermore Management is not aware of any circumstances which exist that would impede the company's ability to continue as a going concern.

34. Supplementry Disclosure

World Cup Expenditure

	Quantity	2010 R	2009 R
Tickets acquired	143	1,297,066	

Distribution of tickets	**Quantity**	**2010 R**	**2009 R**
Clients/Stakeholders	39	350,670	-
Accounting Authority			
Executive	60	530,818	-
Non-Executive	-	-	-
Accounting Officer	-	-	-
Senior Management	33	305,106	-
Other employees	11	110,472	-
Family members of officials	-	-	-
Other government entities	-	-	-
Audit Committee members	-	-	-
Total	**143**	**1,297,066**	**-**

	2010	2009
Travel costs		
Clients/Stakeholders	-	-
Accounting Authority		
Executive	-	-
Non-Executive	-	-
Accounting Officer	-	-
Senior Management	-	-
Other employees	-	-
Family members of officials	-	-
Other government entities	-	-
Audit Committee members	-	-
	-	-

Air Traffic and Navigation Services Company Limited

Financial Statements for the year ended 31 March 2010

Notes to the Financial Statements

		2010	2009
Purchase of other world cup apparel	**Quantity**	**R**	**R**
Park and ride tickets	-	-	-
Beanie & Scarf set	-	-	-
Water bottles	-	-	-
Vuvuzela	-	-	-
	-	**-**	**-**
Total world cup expenditure		**1,297,066**	**-**

Tickets acquired after year-end (31 March 2010)

Distribution of tickets acquired after year-end	**Quantity**	**R**
Clients/Stakeholders	-	-
Accounting Authority		
Executive	-	-
Non-Executive	-	-
Accounting Officer	-	-
Senior Management	-	-
Other employees	-	-
Family members of officials	-	-
Other government entities	-	-
Audit Committee members	-	-
Other		
Total	**-**	**-**

Glossary 8

Abbreviations and Acronyms

ACSA
Airports Company South Africa

AFIS
Aeronautical Flight Information Services

AFTN
Aeronautical Fixed Telecommunications Network

AIM
Aeronautical Information Management

AIMO
Aeronautical Information Management Officer

AIP
Aeronautical Information Publication

AIS
Aeronautical Information Services

ANSP
Air Navigation Service Provider

APP
Approach Procedural Control

A-SMGCS
Advanced Surface Movement Guidance & Control System

ATA
Aviation Training Academy

ATC
Air Traffic Control/ler

ATCO
Air Traffic Control Officer

ATFM
Air Traffic Flow Management

ATM
Air Traffic Management

ATS
Air Traffic Service

ATS/DS
Air Traffic Service/Direct Speech

ATSA
Air Traffic Service Assistant

ATSU
Air Traffic Service Unit

CAMU
Central Airspace Management Unit

CANSO
Commercial Air Navigation Services Organisation

CAPEX
Capital Expenditure

cns
Communication, Navigation and Surveillance

DOT
Department of Transport

GANP
Global Air Navigation Plan

GNSS
Global Navigational Satellite System

IATA
International Air Transport Association

ICAO
International Civil Aviation Organisation

KSIA
King Shaka International Airport

NAFISAT
North East African Communication Network

PBN
Performance Based Navigation

RNAV
Required Area Navigation

RNP
Required Navigation Performance

RVSM
Reduced Vertical Separation Minima

SAAATS
South African Advanced Air Traffic System

SAAF
South African Air Force

SACAA
South African Civil Aviation Authority

SADC
Southern African Developing Community

SAT
South Atlantic Group

SWC
Soccer World Cup

UACC
Upper Airspace Control Centre

VHF
Very High Frequency

VSAT
Very Small Aperture Terminal (Satellite communication system)

WGS-84
World Geodetic Reference System 1984

Frequently used ICAO designators for airports in South Africa

FABL	Bloemfontein
FACT	Cape Town International
FADN	Durban International
FAEL	East London
FAGC	Grand Central
FAGG	George
FAGM	Johannesburg Rand
FAJO	Johannesburg Oceanic
FAJS	OR Tambo International
FAKM	Kimberly
FAKN	Kruger Mpumalanga International
FALA	Lanseria
FALE	King Shaka International
FAMM	Mafikeng
FAPE	Port Elizabeth
FAPM	Pietermaritzburg
FAPN	Pilanesberg
FAPP	Polokwane
FARB	Richards Bay
FAUP	Upington
FAVG	Virginia
FAWB	Wonderboom

Company Directory

ATNS Head Office

Telephone: +27 11 961 0100
Fax: +27 11 961 0413
Email: marketing@atns.co.za

www.atns.com

Physical Address:
Isando Industrial Park
Gewel Street
Isando
Gauteng
Republic of South Africa

Postal Address:
Private Bag X15
Kempton Park
1620
Gauteng
South Africa