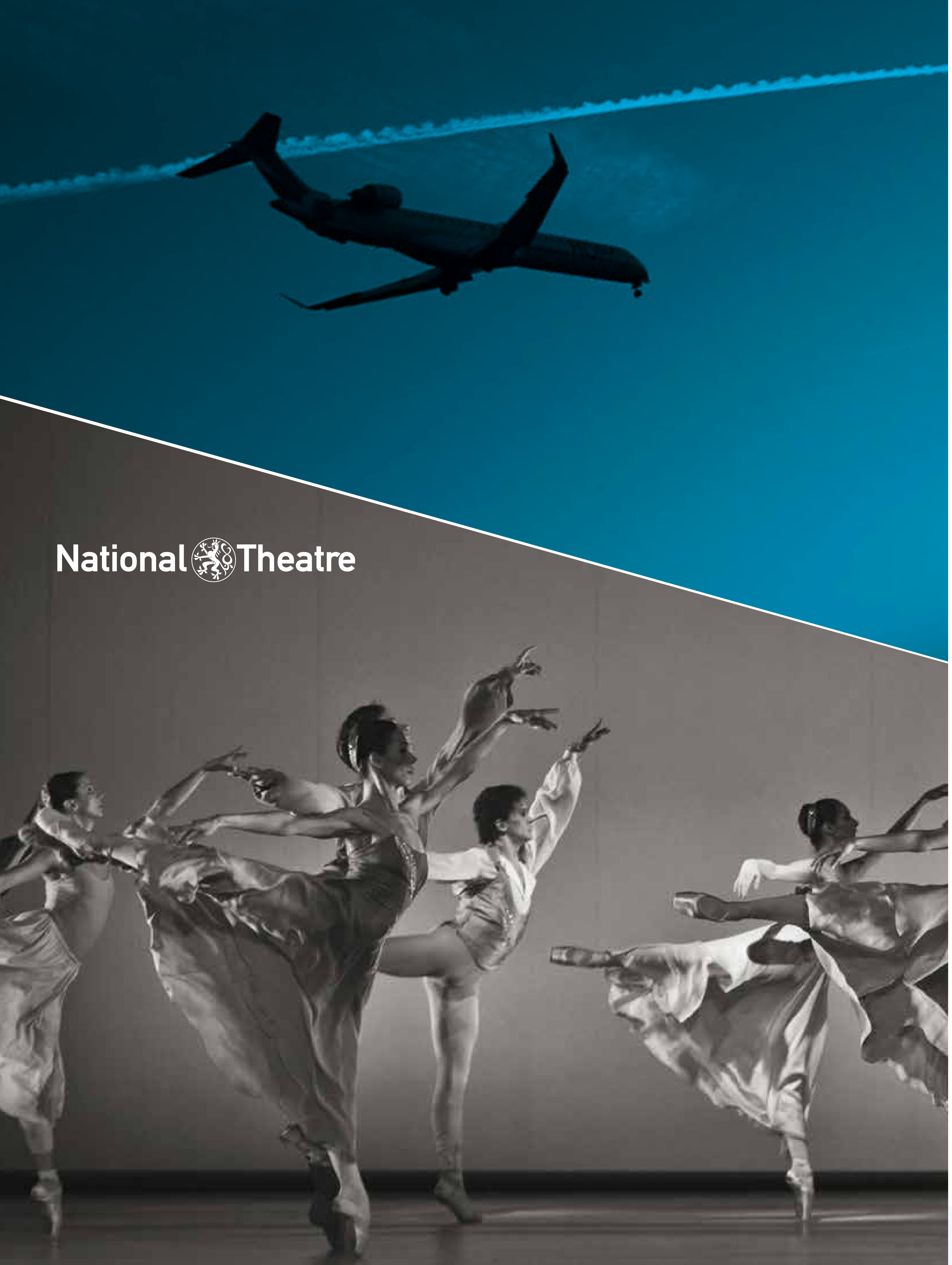
Air Navigation Services
of the Czech Republic

Cooperation is Basis for Achieving Collective Goals

Annual Report 2017



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National Theatre

NATIONAL THEATRE

The „Golden Chapel“ represents a stable pillar of the Czech theater scene, just as our company represents a stable pillar in air transport at both national and international levels. In line with the motto „Nation for Itself“, our mutual cooperation is an expression of pride in Czech statehood and cultural traditions.

Besides ballet and drama plays, our company also supports educational programs and accompanying events of the National Theater. One of them was the documentary series „The National Theater, as you do not know it“, which in 16 works acquaints audiences with backstage and theater history. The guide to the series was the leading Czech actress Taťjana Medvecká.

Czech actress Taťjana Medvecká

Selected Performance Indicators

	2013	2014	2015	2016	2017
Movements within FIR Prague	700,260	725,863	782,552	836,919	**853,364**
Movements at aerodromes in the CR	180,435	184,539	200,009	215,527	**227,878**
Turnover (CZK thousand)	3,305,000	3,391,000	3,595,078	3,798,607	**3,879,380**
En-route navigation charges (CZK)	1,161	1,204	1,204 (1. 1.– 31. 8. 2015) 1,185 (1. 9. –31. 12. 2015)	1,160.75	**1,134.76**
Terminal navigation charges (CZK)	6,800	6,800	6,800	6,800	**6,800**
Total number of employees	921	911	922	941	**989**

A Word from the Guest

I am honoured to be the director of an important foundation and to have been present at the birth of the first great ongoing charity fundraiser. It has been 25 years since Barriers Account (Konto Bariéry) was established; a project that has reached out to many thousands of donors and supporters. For years, our work has been supported by 40,000 regular donors with large and small regular monthly contributions. This is a unique fundraiser that, in terms of success, stands on its own. The lives of our donators and friends have been affected by a charity they are happy to be involved with. Barriers Account is part of their lives.

I am glad that for many years we have changed the relationship of society towards disabled people, and I think we have been successful. We are quite proud of it. The proof is our portfolio of major donators; successful Czech companies that support our work. The Air Navigation Services of the Czech Republic is amongst our stable, long-term partners. For how long? For many, many years. I have been monitoring the economic performance of this company with great interest. I know very well that when companies thrive, they instruct their managements to support charitable projects. I am proud that this always includes us amongst the first who can support the needy. Jan Klas, Director General, has confidence in our work and is interested in our views and opinions. We have a great relationship. We consult each other on requests and exchange opinions; because we usually know the applicants very well and are pleased that they will get even more help than what Barriers Account can provide them. It is a simply amazing collaboration.

I could mention here some great stories about young people who have been given their lives back after injury. This help from you, from a successful company, is vital for them. Or the stories of severely disabled children being cared for by their families who will need this care for the rest of their lives. Heart-breaking and optimistic at the same time.

Air Navigation Services is an essential part of this help and we highly appreciate it. Great thanks to you all.

Božena Jirků
Director of the Charta 77 Foundation

A word from the Director General

With the emergence of an independent Czech Republic in 1993, our company has embarked on a separate and successful journey of its own; taking responsibility for operations and economic results.

Over the past quarter of a century, almost everything has changed in our industry. There has been incredible development and modernization of the technologies used, in addition to the fundamental changes in the field of international co-operation related to the membership of our country in the European Union, NATO and Eurocontrol. Constantly growing security challenges, the quality of our services, and customer orientation have been addressed by air carriers from all over the world, who, since 1993, have despatched more than 14 million aircraft into Czech airspace. There was no difference for 2017. The maximum number of movements in Czech airspace was again exceeded, and the dynamic increase in traffic throughout the year was typical for Václav Havel Airport Prague.

This is a challenge that we have needed to prepare for; mainly the intensive training of new air traffic controllers and technical specialists. In line with schedule, we are continuing to prepare for the introduction of a new air traffic control system over the next three years. We welcome and fully support the activities connected with the implementation of the parallel runway at Václav Havel Airport Prague, which in the case of our company is connected with the construction of a new airport control tower. We also want to bring new impetus to international cooperation in creating a functional airspace block in Central Europe. We will remain active in the field of detecting and integrating drones into the standard air traffic control system. We perceive the legitimate interest of our customers in the rapid solution of this issue. In cooperation with universities and security services, appropriate and safe procedures should be developed in the near future.

This annual report also presents a large amount of economic data that entitles me to say that 2017 was a good year. However, our success and the good name of the business should not be taken for granted. We strive to be a socially responsible company within the Czech business environment that promotes legality, transparency, and care for its employees, and the protection of the environment. At the same time success is binding, and I am therefore very glad that our company has long been able to assist where help is needed. The nice words of Mrs. Božena Jirků from the Charta 77 Foundation on the previous page of this annual report and its thematic focus are the best proof that our help is heading in the right direction.

The most important principle that has not changed over the last twenty-five years, and will not change in the future, is the professionalism and loyalty of our employees. As a result of this, our company's good relationship with the state administration, our customers and suppliers, and the general public, has allowed us to be perceived as a modern and successful Czech company. Allow me to thank everyone and wish them a lot of success in the years to come.

Jan Klas
Director General

Jan Klas
Director General

Graduating from the University of Transport and Communications in Žilina, and specializing in aviation, Jan Klas has been working in the area of air traffic control since 1986, where he has served in several managerial positions. In 1999, he commenced working for the EUROCONTROL (European Organisation for the Safety of Air Navigation) as a director of its organizational unit CSPDU (CEATS Strategy Planning and Development Unit) in Prague. This organization is responsible for the methodology and development of Central European air traffic control services within the CEATS project. He was appointed CEO of ANS CR on 1 October 2007.

Jan Štindl
Director of the Operations Division

Graduating from the Czech Technical University, Faculty of Electrical Engineering, Jan Štindl has been working for the company since 1983, initially as an aviation systems security engineer, and since 1988, as Head of the Telecommunication Department. In 2001, following an organizational restructure within the company, he was appointed Deputy Operations Division Director for ATM systems. On 12 September 2003, he was appointed Operations Division Director.

Petr Fajtl
Director of the ANS Planning and Development Division

Graduating from the West Bohemia University in Pilsen faculty of law, Petr Fajtl has been working for the company since 1987. Between the years 1987 and 1995, he worked as an air traffic controller at the ACC Prague. From 1 December 1995 to 31 October 2000 he was the head of the Training Centre. On 1 November 2000, he was appointed Deputy ANS Planning and Development Division Director. Since 1 January 2001, he has been the ANS Planning and Development Division Director.

Miloslava Mezerová
Director of the Human Resources and Finance Division

After graduating from the University of Economics, Faculty of Commerce, Miloslava Mezerová worked for an overseas trade company. She has been working for ANS CR since 1998. In 2001, she became the head of the Labour and Wages Department in the Human Resources Division. On 1 February 2008 she was appointed Director of Human Resources Division. Since 1 January 2012, she has been managing the Human Resources and Finance Division.

Roman Náhončík
Director of Regional Services and Logistics Division
(He terminated employment as of 31 March 2017.)

Graduating from the Military University of Ground Forces in Moravia, Faculty of Economics, Roman Náhončík worked for the company from 2008 to 2017. Between the years 2004 and 2006, he worked as an executive director for the Social and Wages Policy for Czech Airlines. From 2007 to 2008, he worked for M. C. Triton as a senior consultant. In April 2008, he became the director of the office for the transformation project. On 1 April 2009, he was appointed Director of Regional Services and Logistics.

Luboš Hlinovský, MBA
Director of the Strategy and Management Support Unit

Graduating from the Prague University of Economics, Faculty of National Economy, Luboš Hlinovský joined the company in 1990. Previously, he had worked for the Economic Institute of the Czechoslovak Academy of Sciences. On 1 May 1998, he was appointed to Deputy Finance Division Director. On 1 January 2001, he became a Finance Division director. In 2006, he graduated from the Maastricht School of Management, where he was awarded a Master of Business Administration degree. Since 1 January 2012, he has been managing the Unit of Strategy and Management Support.

Petr Klikar
Director of the Safety Unit

In 1980, following graduating from the Czech Technical University, Faculty of Electrical Engineering in Prague, Petr Klikar joined the Development Department and Manufacturing of Aviation Safety Technology. On 1 January 2014, he was appointed Safety Unit Director.

Jana Navrátilová
Director of CANI and Business Development

Jana Navratilova graduated from University of Economics, Prague – the International Trade, Logistics, International Transport and Forwarding Programme. She has been working for ANS CR since 2000. In 2002, she was appointed the role of Head of the Investment Department, and in 2008, as a Deputy Director of the Planning and Development Division at the ANS training centre. On 1 January 2016 she was appointed Director of CANI and Business Development.

Supervisory Board

Magdalena Faltýsková
Chairwoman of the Supervisory Board

Milan Feranec
Deputy Chairman of the Supervisory Board

Roman Kubíček
Supervisory Board Member

Libor Štefánik
Supervisory Board Member

Milan Vondra
Supervisory Board Member

Petr Kolomazník
Supervisory Board Member

Company Profile

History

The state enterprise Air Navigation Services of the Czech Republic (ANS CR) was founded on January 1, 1995, under a resolution of the Minister of Transport and Communications - December 28, 1994. ANS CR is registered in the Commercial Register at the Municipal Court in Prague; Section A, Entry No. 10771.

Mission

The mission of ANS CR is to provide safe, cost-effective air navigation services at a high quality, which meet the expectations of our customers in a cooperative, and in the competitive environment of air transport, both at national level and in the context of the ATM development in Europe.

Vision

ANS CR is a stable and reliable part of civil aviation in the Czech Republic. It actively supports further dynamic development and, in addition, is a confident part of the European integration and liberalization processes in the ATM environment; within which, its overall value and competitiveness will be further increased.

Company Operating Regulations

Our fundamental rule is to create and develop an environment that supports the mission and vision of the company. This environment is regularly evaluated and accumulated experience is utilised to further its continuous improvement.

In compliance with ANS CR operation regulations within key areas is fundamental to the values of the company, which include a professional approach and emphasis on vital skills, maximum value for customers and their satisfaction, success, innovation and quality of partners.

Safety
- Our highest priority in the provision of air navigation services is the continual strive for the improvement of operational safety and the minimization of the company's share in aircraft accident risk.

Performance and Efficiency
- By optimizing the airspace sectoring and the implementation of new ATM concepts and procedures, we are able to increase the attractiveness of the Czech Republic's airspace. ANS CR delivers the necessary capacity in the provision of air navigation services in accordance with high safety standards and minimum delays conforming to European performance targets and the requirements of our customers.

Environmental Protection
- A pro-active approach to environmental issues, both in the provision of air navigation services, and in further activities of the company.

Partner and Customer Tailored Approach
- Relations with customers and suppliers are based on mutual trust.

Human Resources Management
- Employees of the company are the most valuable asset; their professional qualifications and skills are continuously improved.

System- and Process-Based Approach
- Continuous improvement of the integrated management system, focused on balanced and sustainable development of the company.

Monitoring, Measuring and Reviewing
- The integrated management system is periodically reviewed in accordance with the recommended standards.

Protection of corporate assets
- Adequate, effective and pro-active precautions to current safety threats due to safety risks management.

Strategic Objectives

The essence and mission of the company is to provide safe, cost-effective and sustainable air navigation services. In fulfilling this mission, the company has developed as a reliable and dynamically developing element in the field of air navigation services. The company's mission and ambitious visions are also reflected in its ethical values, and a corporate culture is created by respecting theses values. Missions, visions and values are the pillars that form the basis of our corporate strategy.

1. the provision and development of air navigation services
2. a first-rate ATM infrastructure
3. the continuous strengthening of commercial activities in the field of training and consultation within foreign markets

Main Scope of Activities

The scope of ANS CR activities include:
- the provision of air navigation services in Czech airspace at Prague, Brno, Ostrava and Karlovy Vary Airports,
- air traffic flow management,
- the organization and management of the airspace use,
- the provision of search and rescue services,
- the provision of aeronautical information services,
- securing the operation and maintenance of an infrastructure to provide services,
- the organization and provision of specialized training and education for ANS CR employees in the Czech Air Navigation Institute (CANI),
- flight inspection services.

Our Main Customers

The following airlines were the main users of ANS CR services in 2017: Lufthansa, Emirates, Wizz Air, Qatar Airways, Ryanair, Turkish Airlines, ČSA Czech Airlines, British Airways, Travel Service, EasyJet, Etihad Airways, Austrian Airlines, KLM, Eurowings and Aeroflot.

Our Main Partners and Suppliers

Our main partners and suppliers include notably: Ifield Computer Consultancy Ltd., Thales Air Systems S.A.S., CS SOFT a. s., Czech Hydrometeorological Institute, O2 Czech Republic, a.s., ERA a. s., ČSOB a. s., Komerční banka, a. s., Civil Aviation Authority Czech Republic, Dallas Airmotive Inc, ERA a.s., Indra Navia, a. s., and others.

Membership in Organizations and Associations

ANS CR is a member of:
- CANSO (Civil Air Navigation Services Organization), based in Amsterdam since 1998. The main mission of CANSO is to create a global platform for the mutual exchange of information and support to customer orientation during the provision of air navigation services. ANS CR is represented in thirteen CANSO work groups at global level and in twelve work groups at European level. The work groups are focused on a broad spectrum of activities relating in particular to the collection and exchange of information in the field of air traffic control; such as safety, CNS/ATM, environment, human resources, law, and finance, etc.
- ATCA (Air Traffic Control Association, Inc.), based in Arlington, Virginia (USA), since 1995. This association aims to promote the further development of civil aviation, particularly in the provision of air navigation services.
- ALV (Association of Aviation Manufacturers of the CR), which aims to effectively promote the development of the Czech aviation industry as a strategic sector with a strong influence on other fields.
- Czech Chamber of Commerce, since 2009. The Chamber is a body representing the Czech business community, protecting the interests of its members associated in a regional network of chambers and incorporated trade associations. The main mission of the Chamber is to create entrepreneurial opportunities, to promote and support measures that contribute to entrepreneurship in the Czech Republic and thus to the overall economic stability of the country.
- International Chamber of Commerce of the Czech Republic (International Chamber of Commerce), since 2009. The mission of the ICC in the Czech Republic is to assist Czech enterprises and other companies in their integration into global activities through this prestigious organization. Within its activities, the ICC CR actively cooperates in the consideration on matters directed from the ICC headquarters and influences this agenda to correspond to the interests of its members.
- Association GNSS Centre of Excellence, since 2013; the aim of which is the cooperation and intensive involvement in pan-European development programs in the field of satellite traffic technologies (design and publication of GNSS approach procedures). This also serves as an incubator for entrepreneurial activities in the use of the global traffic system Galileo. The GNSS Centre of Excellence also supports the image of association members as innovative companies developing and using modern technologies.
- Confederation of the Czech Aviation Industry (CCAI), since 2014. The Confederation contributes to the strengthening of competitiveness of the Czech aviation industry, implements projects in the areas of human resources management and aviation education, the development of a supply chain, and the integration of delivery capabilities.

ANS CR actively represents the Czech Republic in the following organizations:
- EUROCONTROL (European Organisation for the Safety of Air Navigation), headquartered in Brussels. The Czech Republic has been its member since 1996. EUROCONTROL is an intergovernmental organisation with 41 Member and 2 Comprehensive Agreement States (Israel and Morocco), which enhances the organisation‘s cooperation with non-European countries that are closely tied to the continent‘s aviation network. The organisation is working to achieve safe and seamless air traffic management across Europe.
- ICAO (International Civil Aviation Organization). The Czech Republic has been a member since 1944. ICAO is the most representative governmental organization in the field of civil aviation that has a significant status in the UN structure.

Integrated Management System (IMS)

The Integrated Management System implemented at ANS CR includes: Quality Management (QMS), Safety Management (SMS), Environmental Management (EMS), Security and Information Security Management (SeMS).

The maturity level within individual areas of the integrated management system in 2017 corresponded to the requirements laid down by the relevant stakeholders. The performance and development objectives of IMS, set out in ANS CR Annual Plan have been met. These objectives were focused on improving the maturity level within individual areas of IMS in accordance with the ANS CR Business Plan.

Maturity of the Integrated Management System

In 2017, the second round of maturity assessment of the integrated management system was completed using the international comparative methodology ISRS. Under this methodology, the management system is described in 15 main processes. In 2017, the assessment of four processes (Human Resources, Supplier and Purchasing Management, Emergency Preparedness and Lessons Learned) was carried out. The average score of the measured processes exceeded 80%.

Certification of QMS and EMS

Through an external periodic audit, which took place in the first half of 2017, an independent verification of the compliance of the quality and environmental management systems was carried out to check that the requirements of the ČSN EN ISO 9001:2009 and ČSN EN ISO 14001:2004 are being met.

The audit confirmed a high level in managing the processes of the quality management system and the environmental management system at ANS CR. Any nonconformities were found, which could have a major impact on the implemented systems or a potential impact on the environment.

In 2017, the revision of the relevant internal standards prepared the company for the re-certification of QMS and EMS, planned for the first quarter of 2018 under the new revisions of the ISO 9001 and ISO 14001 standards.

SAFETY

Our priority is safety of aircraft and passengers. We constantly strive to improve safety in order to minimize the risk of air accidents. Improving safety performance is an integral part of our performance plan – and other plans.

Safety Performance

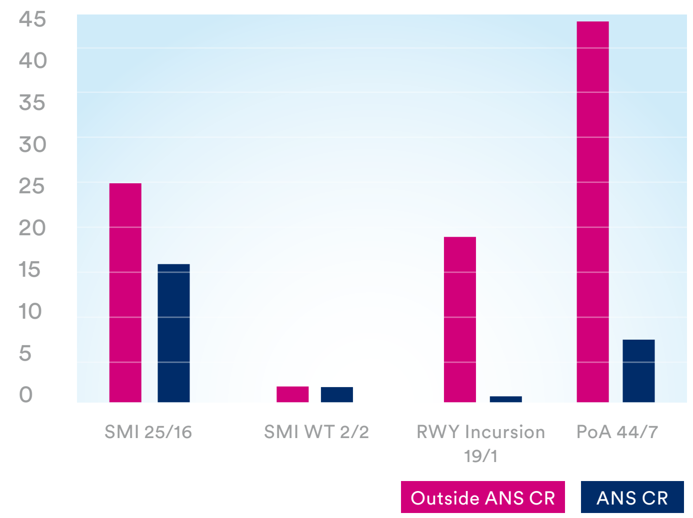
In 2017, there were 667 air traffic incidents recorded in the mandatory reporting system. ANS CR was directly involved in 100 and indirectly in 10 of these incidents. 59 of these incidents were related to the supporting technical systems. No air traffic incident caused by ANS CR, was classified within the category of Accident or Serious Incident.

Potentially most serious types of incidents with respect to air traffic safety include separation minima infringement (SMI), wake turbulence separation minima infringement (SMI WT), runway incursion (RI), and unauthorized penetration of airspace (PoA).

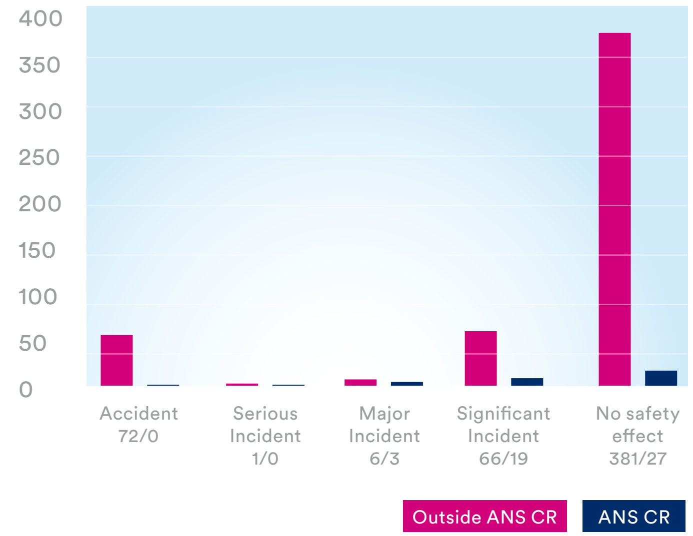
The summary of the most serious types of incidents in 2017:

- There were 25 cases of separation minima infringement (SMI), of which 15 was with direct involvement and 1 indirect involvement of ANS CR.
- There were 2 cases of wake turbulence separation minima infringement (SMI WT), in both cases with the direct involvement of ANS CR.
- There were 19 cases of runway incursion (RI), of which 1 case was directly influenced by ANS CR.
- There were 44 cases of unauthorized penetration of airspace (PoA), of which 6 cases were directly influenced by ANS CR and 1 case indirectly.

The following chart illustrates the total number of selected types of incidents and the involvement of ANS CR:



The following chart illustrates the overall assessment of the severity of the incidents and the involvement of ANS CR (direct and indirect). Only incidents with determined severity are indicated.



The positive aspect is that in terms of severity, the most important part of all these incidents was assessed in the two lowest categories of impact on safety. There were 72 aviation accidents in the flight information region of the Czech Republic (FIR LKAA). ANS CR was involved in none of these cases. Search and rescue services were provided on the basis of these notifications.

Despite the increase in traffic volume compared to previous years, the safety of the air traffic services provided remained at a high level.

Safety Management System Performance

Safety is one of the key performance areas in accordance with European legislation. The safety objectives in the currently running second reference period (RP2, since 2015), are measured by the following indicators:

- Effectiveness of Safety Management (EoSM) is measured using a questionnaire validated by the CAA and focused on individual parts of the Safety Management System.
- The application of severity classification based on the Risk Analysis Tool (RAT) is in accordance with the requirements of European legislation typically used for incidents such as separation minima infringement runway incursion and incidents specific to ATM.
- Reporting on the level of the presence and corresponding level of the absence of Just Culture. The company uses a standard tool (questionnaire) prepared by EUROCONTROL and reported to EASA (after CAA validation). Just Culture has been implemented within ANS CR since 2013.

In 2017, ANS CR met or exceeded the values for all three indicators prescribed by the FAB CE Performance Plan for 2017):

Indicator	FAB CE performance plan for 2017	Results for ANS CR in 2017
Effectiveness of Safety Management (EoSM)	D* D**	D* D*
Application of severity classification based on the Risk Analysis Tool (RAT)	80 %	100 %
Just Culture	Issue a report	Just Culture report

*Management targets “safety policy and safety objectives”, “safety risk management”, “safety assurance” and “safety promotion“
**Management target “safety culture “

Main Activities and Safety Improvement

In order to achieve a high level of safety, ANS CR has implemented a formalized and proactive safety management system in accordance with current best practices.

We evaluate safety-related risks with regards to changes that concern personnel, procedures, technology and airspace management. We produce safety cases that provide proof that the planned changes will be safe after their implementation.

Several years of experience with the application of Just Culture permits us to declare that this policy has been firmly adopted and rooted in ANS CR, and continues to enjoy more and more trust. The proof lies in the 145 voluntary reports filed since the introduction of the Just Culture environment to the end of 2017, of which 30 were adopted in 2017 and 38 in 2016. This positive approach by ANS CR is attested by the fact that although the voluntary reporting system allows for anonymity, this option has been used only in very few cases.

In collaboration with operational units, professional organizations/unions and Safety unit, the expansion of Just Culture (including associated training) was prepared in 2017 to include ATM systems specialists and the licensed personnel of the AIM section (given the opportunity to submit voluntary reports, Just Culture applies to all employees within the company), with effect from 1 January 2018.

Another means for improvement includes the annual participation in self-assessment in accordance with EUROCONTROL/CANSO Standard of Excellence in Safety Management Systems (SoE), which helps to look for opportunities to improve safety management systems. As one of the 28 service providers in the world, ANS CR openly shares within this narrow group not only the results of SoE, but also numbers of incidents such as separation minima infringement and runway incursion. Analysing and discussing such data opens up a new path for safety improvement.

ANS CR operates its own semi-automatic monitoring system that continuously tracks and evaluates 19 parameters related to the safety and flow of air traffic. The parameters are selected according to the requirements of both European and other legislation and according to the needs of the company. In 2017, the system was expanded to include the monitoring of a new parameter called Level Bust and targeted monitoring of the airspace around the Initial Approach Fix (IAF) for runway 24, where wrong flight crew procedures have been experienced. A subsequent evaluation of the data and analysis with representatives of the air carriers involved resolved the situation and the errors have no longer occurred.

An analysis of the DAIW function in the flight information region of the Czech Republic (FIR LKAA) with regards to the problems associated with repeated separation minima infringement of activated areas was used in discussions on modifying the airspace design. The major result was an adjustment in the structure of airways with regard to the temporarily restricted area (TSA), which has partially reduced the number of reported incidents.

Moreover, in 2017 ANS CR entered into negotiations with EUROCONTROL on the implementation of an automatic safety monitoring tool (ASMT), which, in addition to a partial outputs automation, improves the parameters monitoring and subsequent data analysis.

Improving safety management is strongly supported by participation in the CANSO Safety Standing Committee and CESAF (CANS European Safety Directors), the EUROCONTROL Safety Team, and other related working groups (e.g. the Safety Management Tool User Group, primarily involved in the further development of RAT), which allows access to information on the latest developments and is more and more focused on the sharing of information and the best practice in safety improvement.

ANS CR shares safety-related information with its partners, e.g. an incident concerning the false alarm of the traffic collision avoidance system on board an aircraft (TCAS RA) in the Czech Republic (problem with hybrid surveillance) was shared across EUROCONTROL and contributed to the adoption of EASA Airworthiness Directive 2017-0091 and an eventual solution to the problem.

ANS CR also actively makes use of the potential collaboration between service providers within FAB CE. A workshop was conducted in 2017 on exchanging information between individual providers on the procedures and methods of investigating incidents in air traffic in addition to incidents that are classified as cross-border in FAB CE.

In 2017, a CPDLC Safety Survey was carried out within FAB CE (in this case, in collaboration between Austrocontrol, HungaroControl and the ANS CR), which was the first visit from companies that provide the transmission of messages for datalink. The final report included a number of recommendations and helped raise awareness regarding our approach to safety in the environment of external suppliers. The event was also nominated for the CANSO Global Safety Achievement Award.

Our experience with the safety assessment process and the safety analyses has also been used in the SESAR project and in projects of other service providers in the Czech Republic. We also provide training and consultation in safety management and safety assessment.

In 2017, we continued to intensively work on fatigue risk management system (FRMS) implementation, which is not only going to meet all the conditions of planned regulation, but also ensures higher safety of services provided by personnel working continuously, where fatigue is inevitable and therefore must be managed. We consulted experts from the field of chronobiology and psychology, who offered a scientific approach to providing solutions to this issue. Another important output is the FRMS policy, which describes the main objectives and principles of FRMS within the company, the scope of the system, and the responsibilities of the parties involved.

ENVIRONMENT

As in the previous period, ANS CR carried out all its activities in 2017 in accordance with the requirements of applicable environmental legislation.

The company regularly monitors, analyses and evaluates its environmental performance in relation to its quality management system. A balanced approach by the company ensures that all commitments related to environmental issues are met in the context of activities both within and outside the company, i. e., wherever there is the possibility of influencing various stakeholders, which includes communities around the airport.

Environmental Performance

The environmental management system enables the company to actively approach the issue of environmental protection both in its business processes and its international activities that are consistent with ICAO international policy and the legislative framework relating to performance planning in this area.

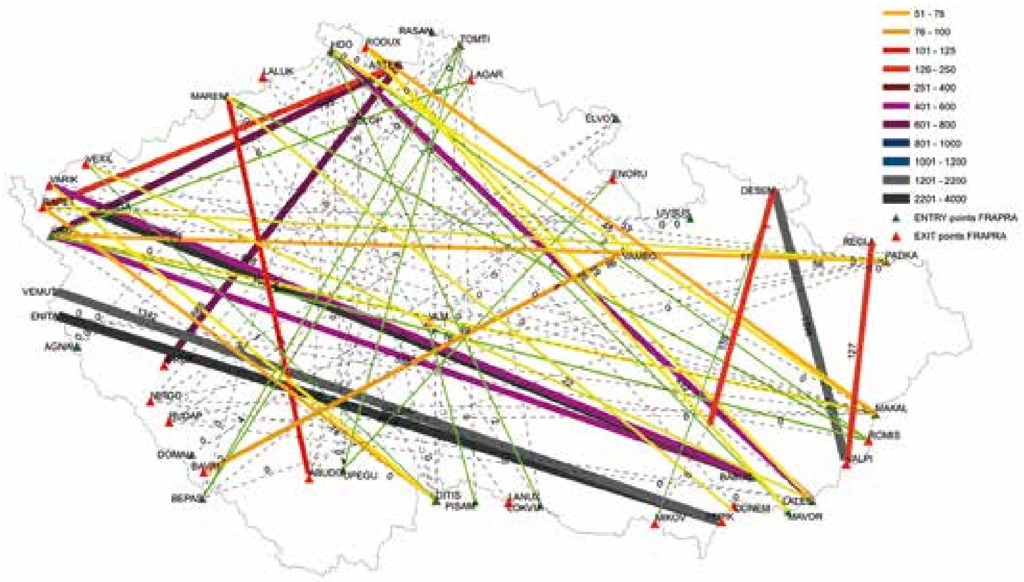


Fig. 1: Monitoring the performance of Air Navigation Services – the number of free route flights using individual direct routes/DCT routes (July 2017)

The application of FRAPRA (Free Route Airspace Praha) is the contribution of ANS CR towards reducing the total volume of emissions produced by air transport (airline operators) in Czech airspace. Fig. 1 shows an example of the use of direct segments provided within FIR PRAHA.

Environmental Planning and Development

Drawing on ANS CR 2015-2019 Business Plan, the objectives were set in 2017 regarding climate change and the associated carbon footprint. Based on a compliance analysis, further objectives have been set leading to the fulfilment of all requirements resulting from a revision in the ČSN EN ISO 14001:2016 standard. All of these objectives have been met.

Environmental objectives for the next period have been defined with reference to the targets set for 2017. In principle, they concern further development in accordance with the requirements of the newly published ČSN EN ISO 14001:2016 standard and its projection into practice in accordance with the requirements of international organizations active in civil aviation.

SECURITY AND INFORMATION SECURITY

With regards to security and information security, the main focus outside the standard provision of protection for equipment, personnel and operational data in connection with air traffic services was on cyber security and preparations to meet the requirements imposed on the company by the General Data Protection Regulation (GDPR).

Main Activities and SeMS Improvement

Throughout 2017, ANS CR worked extensively with other agencies and representatives of the National Security Agency (later the National Cyber and Information Security Agency) in the preparation of regulations implementing the law on cyber security. In connection with the requirements of the law on cyber security, work continued on risk analysis for each information system and on implementing countermeasures to minimize identified risks. As in previous years, the ability to respond to cyber-attacks was examined within the framework of coordinated exercises.

The company takes the protection of personal data very seriously. In advance of the new European GDPR coming into force, an expert working group was created and a detailed review of data processing was launched with the goal of meeting any new requirements for the personal data protection by the end of May 2018.

In connection with the planned building renovations and other growth activities, security studies were elaborated with the aim of identifying risks and establishing targets to be achieved and verified prior to construction or other systems putting into operation.

Attention was also paid to the development of security and information security training and to updating e-learning tools for staff.

International Relationships

ANS CR was particularly active in the security groups of the CANSO organization and the platforms of NEASCOG (NATO/EUROCONTROL ATM Security Coordinating Group), which coordinate the interlinked activities of NATO and EUROCONTROL. Subjects such as security risks evaluation and cyber security strongly resonated in practically all the working groups in 2017. In addition, company representatives also participated in several international exercises with security issues.

Audit and Inspection Activities

In accordance with the provisions of the National program of the quality control of security measures, the company implemented a series of internal inspection activities aimed at verifying the operational capability and effectiveness of its security measures. The audits, inspections and tests were focused on measures dealing with the operations of the air navigation services provider, a known supplier of airport supplies, the aircraft operator and the organization as such.

The trend in positive results of the internal security audit system and the quick elimination of identified nonconformities that were launched last year was successfully maintained in 2017.

Nadace Charty 77

CHARTA 77 FOUNDATION

Mrs. Božena Jirků is one of the most significant faces of the Czech charity. She is a chairwoman of the Charta 77 Foundation, which is our long-term and very stable partner. Thanks to our cooperation, our company can support both children and adults with different types of health and mental disabilities. We contribute to rehabilitation, health and rehabilitation aids, wheelchairs, carriages, specially modified cars, etc.

European ATM Integration

SESAR

In 2017, ANS CR continued the implementation of its strategic plan for involvement in SESAR (Single European Sky ATM Research), which is one of the main pillars of the SES (Single European Sky) legislative framework that oversees the implementation of the technological part.

ANS CR entered the ongoing second developmental part of the SESAR program, known as SESAR 2020 (2016 to 2020+), as part of the B4 consortium, where it operates together with the air navigation service providers PANSA (Poland), LPS SR (Slovakia) and Oro navigacia (Lithuania). The B4 consortium became a member of the SESAR Joint Undertaking (SJU), which coordinates the SESAR 2020 program. Active work on SESAR 2020 was officially launched in late 2016 and was at full throttle in 2017. ANS CR is directly involved in eight projects in addition to providing solutions (activities) for several projects.

PJ.01	Enhanced Arrivals and Departures
PJ.03a	Integrated Surface Management
PJ.03b	Airport Safety Nets
PJ.07	Optimised Airspace Users Operations
PJ.10	Controller Tools and Team Organisation for the Provision of Separation in Air Traffic Management
PJ.16	Controller Working Position / Human Machine Interface
PJ.18	4D Trajectory Management
PJ.28	Integrated Airport Operations

Up to 70% of the total eligible costs of these projects are co-financed by SJU or the European Union. The definition and planning phase of these projects took place in 2017. The completion of the development of the test platforms and the internal validation of the tests will then follow in 2018. From the development projects pre-set by SESAR 2020, the company became actively involved in the MALORCA project. This project, the aim of which was to develop and validate a machine learning software system to recognize communication between ATC and the aircraft, was in its final phase at the end of 2017.

The total involvement of ANS CR in SESAR 2020 projects has a financial value of up to 2 million euros, of which 1.5 million euros is covered by European Union grants. Employees of ANS CR worked more than 5,700 hours on these projects in 2017.

The direct involvement of ANS CR in the SESAR 2020 program allows employees of the company to participate in the development of future ATM technological systems and procedures; this represents an increase in the prestige of the state enterprise itself.

In addition to the development of the SESAR program, the company is also actively involved in the implementation phase known as SESAR Deployment. This is centrally coordinated by the SESAR Deployment Manager (SDM). The SESAR Deployment Program is divided into several "Calls" and years of announcements. ANS CR is involved in the following:

Call 2014 – one project successfully completed in 2017
Call 2015 – nine projects launched in 2016 and ongoing throughout 2017
Call 2016 – three projects launched in the second half of 2017
Co-financing by the European Union reached up to 85% of the eligible costs of these projects.

The total involvement of the company in SESAR Deployment projects has a financial worth of more than 8 million euros, of which 6.9 million euros is covered by European Union grants. In 2017, employees of ANS CR worked approximately 5,000 hours on these projects.

In connection with the increasing involvement of ANS CR in SESAR programs, a Subsidized Projects Office was created within the organizational structure of the company in November 2016 and was staffed in the first quarter of 2017. Its mission is to manage the implementation phase of these projects so as to fulfil their objectives and to correctly disperse the grants.

Co-financed by the European Union
Connecting Europe Facility

Functional Airspace Block in Central Europe – FAB CE

FABCE AIRSPACE ALLIANCE

A number of important events took place in 2017 within the Functional Airspace Block, Central Europe (FAB CE).

In June 2017, the rotation system saw the Chief Executive Officer of the ANS CR, Ing. Jan Klas, become the chairman of the committee of CEOs of FAB CE (CEO Committee, CEOC) – the supreme decision-making body of air navigation services providers from amongst the member states of FAB CE. The priority he set for his tenure was to deepen the cooperation between the member states of the functional block and to seek opportunities for an industrial partnership between members.

In 2017, two meetings took place with social partners, the goal of which as always is to raise mutual awareness amongst participants. The second of these meetings, in addition to the meetings planned for the spring of 2018, took place on the premises of IATCC Jeneč.

Due to the contract for the Program Support Office (PSO) for FAB CE activities coming to an end, last year, a tender for a new provider was issued. The PSO service is contracted through a joint legal entity of the air navigation service providers of the functional block, FABC Aviation Services Ltd. The winner of the tender was a consortium of companies - Helios and Integra, who provided this service in the previous period. Because the functional period was also coming to an end, a tender was issued for the position of CEO of the above legal entity. The current CEO Matej Elyon, MSc. successfully defended his mandate.

At the project level, last year proved eventful. In April, the project for the operational concept "Free Route Airspace" (FRA) was officially completed. In the future, this concept will form the common basis for introducing FRA in individual member countries. Around the same time, the project for "Short Term ATFC Measures Phase 1 (STAM)" entered its final phase. The involvement of air navigation service providers, including the ANS CR, implemented the results of the project into their practices during the course of 2017.

The successful completion of a tender for the joint purchase of X-Bone network hardware was an important milestone. This again was held under the umbrella of a joint legal entity. The price tendered was lower than for the individual purchase of similar equipment. Another important benefit of this project is the processing of general documentation for joint tenders that are easily applicable for subsequent projects. In order to exploit this potential to the fullest, the legal entity also began working on changes that make it possible to issue tenders without the need for all members of the legal entity to participate in.

The new projects have been linked to all the activities expiring in the FAB CE portfolio in order to ensure the strategic objectives of the functional block are achieved and consistency is maintained with other international obligations arising, for example, from the deployment phase of SESAR.

At first glance, the most visible event of the year was the approval of the new logo of FAB CE. In addition to the new design, the logo comes with the inscription "Airspace Alliance", which better reflects the nature of cooperation in the functional airspace block.

Co-financed by the European Union
Connecting Europe Facility

The basic requirements for the transparency of services rendered and discussions with airspace users were met within the framework of consultation for the preparation of the FAB CE Performance Plan for the second reference period, i.e. for 2015-2019, which was finalized in 2014. Key performance indicators relating to the Czech part of the FAB CE Performance Plan for RP2 were then approved by the implementing regulations of EC Regulations 2015/348 and 2016/599.

In accordance with the requirements, the interests and opinions of airspace users are furthermore subject to regular consultations with the Enlarged Committee for Route Charges (held on the platform of the European Organization for the Safety of Civil Aviation – EUROCONTROL).

In addition to these mandatory discussions on an international level, ANS CR organizes regular meetings with representatives of the government and air carriers in the interests of the transparency of the services provided.

The 15th Annual Meeting of Air Carriers with Representatives of ANS CR

In October 2017, the 15th annual meeting of the airlines with representatives of ANS CR took place; also attended by representatives of the Ministry of Transport, Civil Aviation Authority and other members of the professional public. The agenda, which reflected the demands which were raised at last year’s meeting, included the following points:

- The core activities and results of ANS CR in 2016 and 2017 (in operations, capacity, growth of Václav Havel Airport Prague, safety, cost efficiency, human resources, drones and FAB CE)
- Meeting the FAB CE performance plan
- ANS CR pricing policy for 2018
- ATN data link services
- Implementation of the ACARS datalink
- Schedule for introducing Free Route Airspace Prague (FRAPRA)

To obtain feedback from the participants of the meeting the company prepared, as last year, a structured questionnaire focused on the merits of the information presented and the content preferred for future meetings. The evaluation of the questionnaires shows that the representatives are very satisfied with the meetings and with communication in general from the ANS CR. The outputs of the growth in satisfaction are presented in the figure.

The evaluation of the questionnaire from the meeting of ANS CR with representatives of the airlines and professional public on 25 October 2017.

Question and rating on a scale of 1 to 5	Average rating for 2017	Average rating for 2016
Satisfaction with the timing, preparation and organization of the meeting	1.00	1.0
Clarity, quality of information and length of presentations	1.45	1.4
Rating the representatives of the ANS CR	1.17	1.2
Usefulness of the information	1.82	1.6
Generally – degree of satisfaction with level of communication by ANS CR	1.09	1.2

The suggestions of the attendees of the meeting will again be taken into account when preparing the program for 2018.

Seminar for General Aviation

In February 2017, the 9th annual seminar for general aviation took place, attended by management representatives of the ANS CR, the Civil Aviation Authority, the Ministry of Transport, and the Air Accidents Investigation Institute. The topics covered the following areas:

ANS CR:
- Information of the Flight Information Centre
- Validity of the flight plan for VFR flight
- Changes in the airspace of the Czech Republic in 2017
- LARS application (Aeronautical Information Service)
- Conversion to a 8.33 kHz channel spacing
- Flight Information Service products
- Information from regional stations

Civil Aviation Authority:
- Outputs of control activities at airports
- Unmanned Aerial Vehicles close to airports
- Changes in the regulatory base – EASA/national legislation

Air Accidents Investigation Institute:
- Analysis of air accidents in 2015

Ministry of Transport:
- Responsibilities of individual pilots and airport operators

Aero Vodochody:
- Changes to aviation regulation L 3

The Annual Plan is a planning and implementing document within the performance management system, which elaborates on the objectives set out in the “FAB CE Performance Plan for the second reference period” and the “ANS CR Business Plan 2015-2019”. The Annual Plan sets the targets for the specific year of the reference period necessary for achieving the medium-term objectives of these program documents.

Monitoring Performance

The fulfilment of the objectives set out in the Annual Plan is subject to a quarterly evaluation by company management and the national supervisory authority – the Civil Aviation Authority. The intent of monitoring is the timely identification of any deviations from the set targets so that corrective measures can be determined to ensure the fulfilment of these objectives. While the performance targets determine the value (trend) of the indicators of key processes, development goals develop (improve) company processes.

Evaluated Key Performance Areas

The objectives of the Annual Plan are set out in the European-wide defined key performance areas (KPA), i.e. in the areas of safety (SAF), capacity (CAP), the environment (ENV) and cost effectiveness (CEF).

Summary

All targets set by the Annual Plan of ANS CR for 2017 that are directly linked to European-wide performance targets for the second reference period (2015-2019) were being met according to the schedule and had been met by the end of the reporting period.

In the key area of safety (SAF), the use of the RAT methodology in the investigation of mandatory incidents in air traffic has been positively assessed; although the European-wide objective set a minimum share of use at 80%. The European-wide target in EoSM indicates that the level of sophistication of the safety management system scores a “D” and “E” (set point “D”) within individual criteria“). The Just Culture Policy has been firmly adopted and ingrained, and confidence continues to deepen. This demonstrates that the environment of voluntary reporting and managing inquiries and feedback awareness is working.

In terms of the environment (ENV), all internal targets have been met. The European-wide performance target “Average horizontal en-route flight efficiency within the actual flight path” was not met at the FAB CE level, where the KEA value achieved for FAB CE is 1.93% while the stated target was 1.90%.

In terms of capacity (CAP), the target value of avoiding average en-route delays due to ATFM in minutes per flight was significantly exceeded, where the registered delay reached a level of 0.05 minutes (required 0.09 min/flight). Similarly, the target value of avoiding ATFM delays at Václav Havel Airport Prague was exceeded, with the registered delays reaching a level of 0.03 minutes/flight (the desired maximum of 0.3 min/flight).

All the targets set in terms of cost effectiveness (CEF) were met. The financial situation of the company remains stable, and thanks to increased traffic, the planned profits of the company were exceeded.

1. SUMMARY OF MEETING ANNUAL OBJECTIVES ACCORDING TO INDIVIDUAL CATEGORIES

1.1. Safety (SAF)

One of the main reasons for the services provided by ATM is to ensure the safety of air traffic. ANS CR therefore strives to maintain or improve the safety level of these services regardless of the volume of air traffic. Safety is a priority for the company. As the primary means for achieving a high level of safety, ANS CR has implemented a formalized and pro-active safety management system, which it continues to develop. One of the means for improving safety management system is through participation in annual self-assessment in accordance with the EUROCONTROL/CANSO Standard of Excellence in Safety Management Systems (SoE), which helps to explore options for further improvements within safety management systems.

The following 9 main objectives (7 Performance and 2 Development) contribute the most to the KPA Safety. All of these objectives were met; only one was unfulfilled. In the case of the unfulfilled objective, it concerns an event on 19 June 2017 (faulty surveillance information at Ostrava Airport), which was classified according to RAT

(Risk Analysis Tool) as a "serious inability to provide ATM services." Although the primary cause of the incident is not in the CNS/ATM systems operated by the ANS CR, measures were adopted in cooperation with the supplier to minimize the likelihood of a recurrence.

After several years of experience with the Just Culture in the ANS CR, it can be said that the Just Culture policy has been firmly accepted and rooted and trust in it continues to deepen. It provides a working environment for voluntary reporting and management inquiries and feedback to motivate personnel to take a personal approach towards improving operational safety.

RAT was also positively evaluated, and in 2017 was used in assessing the severity of all the above types of events (SMIs, RIs and ATM-S) in 100% of cases for which an investigation was concluded. This level means exceeding the targets for all these types of events.

Performance targets SAF:

Target name	KPA	Evaluation
The use of the Risk Analysis Tool (RAT) in the investigation of incidents in air traffic	SAF ***	Met
Raising the sophistication of the Safety Management System	SAF ***	Met
The organization, management and control of activities that ensure the provision of air traffic services in FIR Prague: – high quality – a high degree of safety – zero number of accidents caused by ATM and minimizing the number of events – serious incident – capacity in line with the Capacitive Plan of ANS CR for 2017, and the Performance Plan for the second reference period	CAP*** ENV * SAF ***	Met
The implementation of technical, operational and administrative measures for ensuring the operation and maintenance of the ATM infrastructure: – high quality – a high degree of safety with zero share of ATM systems in the occurrence of an accident or incident classified as serious	CAP ** ENV * SAF ***	Not met
Zero number of accidents caused by the provision of ATM and incidents classified as serious and the implementation of measures to ensure the continuation of this trend in the coming years.	SAF ***	Met
Ensuring the reliable and safe operation of technical equipment and facilities in accordance with applicable legal standards and regulations and zero number of findings of a breach of legal obligations in the environmental field during the control activities of the state administration.	ENV * SAF **	Met
Ensuring operational, technical and administrative measures to achieve the target values for 2017 during the classification of the control activities of internal quality management according to NPŘK (National Program on Quality Management) in the field of safety.	SAF ** other	Met

Development targets SAF:

Target name	KPA	Evaluation
Transition to the rules for operating aircraft according to European Commission Regulation (EU) no. 965/2012	SAF ** jiné	Met
Ensuring the future development of the company's ATM and coordinating the major projects for 2017-2022: Project Neopteryx – project management in accordance with the contractually confirmed timetable and harmonization with Optimization and FRA project	CAP *** CEF *** ENV *** SAF ***	Met

*/**/*** The number of asterisks determines the amount of contributions of that target towards the key performance area.

1.2. Environment (ENV)

ANS CR actively and responsibly addresses environmental issues without compromising safety, or the continuity and efficiency of air traffic. The aim of the company within this area is to ensure the sustainable development of air navigation services, while minimizing any negative impact on the environment. A key resource for achieving a balanced approach to the environment is a corporate environmental management system (EMS) in accordance with ISO 14001.

The following two main objectives (1 Performance and 1 Development) contribute the most to the KPA Environment. In 2017, all specified performance and development targets in the environmental field were met.

The European-wide performance target "Average horizontal en-route flight efficiency within the actual flight path" at the FAB CE level was not met when the KPA value achieved for FAB CE was 1.93%, where the stated goal was 1.90%. Despite the efforts of individual members of FAB CE and the implementation of concepts contributing to improving the achievement of that target, it was not possible to meet it considering the structure of air traffic, which cannot be entirely controlled. The overall evaluation of this target and establishment of possible remedial measures will be addressed in the assessment report of FAB CE for 2017.

The development priority in this area has been ensured by the future development of the company's ATM, especially within the Neopteryx project, the optimization of airspace, and the implementation of FRA (Free Route Airspace).

Performance targets ENV:

Target name	KPA	Evaluation
Increasing the sophistication of the quality management and environmental management systems	ENV *** jiné	Met

Development targets ENV:

Target name	KPA	Evaluation
Ensuring the future development of the company's ATM and coordinating major projects for 2017–2022: Project Neopteryx - project management in accordance with the contractually confirmed timetable and harmonization with the Optimization and FRA project	CAP *** CEF *** ENV *** SAF ***	Met

*/**/*** The number of asterisks determines the amount of contributions of that target towards the key performance area.

1.3. Service capacity (CAP)

In providing ATM services, one of the main priorities for ANS CR is to ensure the capacity and throughput in the airspace of the Czech Republic. The measurement for evaluating the flow of air traffic is the degree of delays expressed as the average delay per flight made. The target is to reduce delays at the European-wide level towards the values set by the FAB CE Performance Plan for the second reference period.

The following 7 main targets (5 Performance and 2 Development) contribute the most to the KPA Service Capacity. Essential for the area of capacity is that the target value of the average delay en-route due to ATFM in minutes per flight was easily met despite the annual increase in air traffic (+1.7%), where the registered delay reached 0.05 minutes/flight (required 0.09 minutes/flight). Similarly, the target value of ATFM delays at Václav Havel Airport Prague was also met; where the registered delay reached 0.03 minutes/flight (required maximum 0.3 minutes/flight). Maintaining departure slots at Václav Havel Airport Prague reached 94.18% (more than 80% is required). These results were achieved despite the 9.7% increase in traffic.

Performance targets CAP:

Target name	KPA	Evaluation
The organization, management and control of activities that ensure the provision of air traffic services in FIR Prague: – high quality – a high degree of safety – zero number of accidents caused by ATM and minimizing the number of events – serious incident – a capacity in line with the Capacitive Plan of ANS CR for 2017, and Performance Plan for the second reference period	CAP *** ENV * SAF ***	Met
Ensuring operational and technical measures with the target of adhering to ATFM departure slots	CAP *** ENV *	Met
Actively sharing in the creation of alternate procedures for periods of restrictions due to repairs on the operational surfaces of the airport in order to retain the maximum possible capacity and minimize delays	CAP ** ENV *	Met
Ensuring operational and technical measures to enable the most effective opening of sectors in accordance with operational needs so as not to exceed the value of the average delay per flight carried out in FIR Praha 0.1 minutes.	CAP ***	Met
The implementation of technical, operational and administrative measures to ensure the operation and maintenance of the ATM infrastructure: – high quality – a high degree of safety with zero share of ATM systems in the event of an accident or an incident classified as serious	CAP ** ENV * SAF ***	Not met

Development targets CAP:

Název cíle	KPA	Evaluation
Ensuring the future development of the company's ATM and coordinating major projects for 2017–2022: Project Neopteryx – project management in accordance with the contractually confirmed timetable and harmonization with the Optimization and FRA project	CAP *** CEF *** ENV *** SAF ***	Met
Switching to 8.33 kHz channel separation	CAP **	Met

*/**/*** The number of asterisks determines the amount of contributions of that target towards the key performance area.

1.4. Cost-effectiveness and Price of Services (CEF)

In accordance with the principles of customer orientation, the main objective of the company within the area of cost effectiveness is to provide cost-effective air traffic services to all users of the airspace under the responsibility of the ANS CR, which is in line with long-term European trends to reduce costs per unit of output. The condition for ensuring this target is the need to constantly maintain and strengthen the financial stability of the company.

The following 4 main targets (3 Performance and 1 Development) contribute the most to KPA Cost-effectiveness. The financial situation of the company remains stable and the growth of traffic has allowed it to exceed the planned earnings of the company.

En-route navigation services were provided in 2017 at the national unit rate of 991.89 CZK/SU at the steady prices of 2009. This rate is in line with the current version of the FAB CE performance plan. Compared to the same period last year, a significant increase in traffic i.e. 3.2% was recorded. The plan of performances for 2017 (in SU) was fulfilled at 103.9%. Aerodrome and approach control service is provided at the unit price of 6,800 CZK/SU (at current prices), i.e. at the level of recent years. This price is in line with the current version of the FAB CE performance plan. Compared to the same period last year, a significant increase in traffic of 10.6% was recorded. The plan of airport performances for 2017 was fulfilled to 102.3%.

Performance targets CEF:

Target name	KPA	Evaluation
Achieving pre-tax gross company profits for 2017 at the amount approved by the planned budget of the company	CEF ***	Met
Providing en-route navigation services for the national unit rate fixed by the FAB CE Performance Plan	CEF ***	Met
Providing terminal navigation services for the unit price at the level of previous years	CEF ***	Met

Development targets CEF:

Target name	KPA	Evaluation
Ensuring the future development of the company's ATM and coordinating major projects for 2017–2022: Project Neopteryx – project management in accordance with the contractually confirmed timetable and harmonization with the Optimization and FRA project	CAP *** CEF *** ENV *** SAF ***	Met

*/**/*** The number of asterisks determines the amount of contributions of that target towards the key performance area.

Operations

The evaluation of the operating results of ANS CR for 2017 has again shown the excellent condition of international air transport. The volume of air traffic in the Czech airspace in 2017 grew again.

The total number of movements within the airspace of the Czech Republic for 2017 was 853,364, which in comparison with 2016 represents a year-on-year increase of 2.0 % (836,919). Prior to that, the strongest air traffic volume was recorded in 2016 (836,919 movements).

Traffic has traditionally been the strongest in July, when the regional air traffic control centre in Prague provided its services to 89,992 movements (2.75% growth).

	Number of flights at FIR Prague		Increase in traffic
Month	2016	2017	2016/2017 %
January	52,465	56,116	6.96
February	51,403	51,644	0.47
March	60,362	62,369	3.33
April	66,495	67,482	1.48
May	75,629	77,931	3.04
June	80,165	83,560	4.24
July	87,583	89,992	2.75
August	87,209	89,340	2.44
September	83,868	82,006	-2.22
October	74,742	75,454	0.95
November	58,657	59,522	1.47
December	58,341	57,948	-0.67
TOTAL	**836,919**	**853,364**	**2.00**

Area Control Navigation Services (ACC Prague)

1. **Introduction of CPDLC (Controller – pilot data link communications, datalink below)**
   CPDLC was introduced to the Czech Republic on 2 February 2017. It involves data communications between the air traffic controller and the pilot. The basic principle of the datalink is electronic communication in the form of text messaging between the air traffic control centre and the aircraft. The main advantages of this service are:

- Increased safety – prevents crosstalk caused by interference, incomprehensibility or phonetics.
- A reduction in the amount of voice communications. Flight clearances that do not require an immediate response from the pilot may be sent by the air traffic controller via text messages.
- In some cases, issuing flight clearances is faster (click of the mouse) than the classic system and the operational (voice) frequency is not blocked.
- Some clearances may be transmitted automatically, without burdening the air traffic controller.
- The pilot can request a flight level change or a straightening of the flight route without blocking the operational frequency. Such a request can be processed much faster and at the same time reduce the burden of communication on the air traffic control station.
- The pilot can send a distress message through datalink in the event of radio failure or the operational frequency is busy.

2. **Modifications of the BUDEX Area and LANUX Line**
   On 9 November 2017, a change was made to the BUDEX Area, where the provision of air navigation services is delegated to Austro Control GmbH. This modification has improved the conditions for area air traffic controllers in resolving conflicts between flights departing from airports in Vienna and Munich.

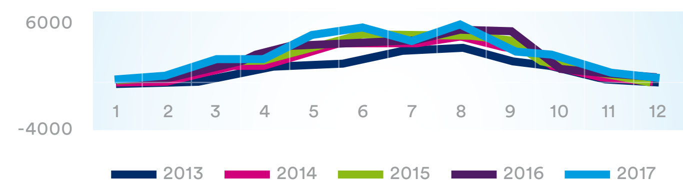
   The new DCT MAREM – BUDEX – Predictable straight line has replaced DCT MAREM – ABUDO and allows for shorter flights from Scandinavia to the south. With regards to the change to the BUDEX Area, a change in the LANUX Line was also made.

3. **Modifications in LoA with CRC**
   The harmonization of procedures for PAK (Active Coordination Area) during flight training at supersonic speeds and during interception. This harmonization means facilitating coordination, thereby increasing safety between ACC Prague and CRC during quick alert flights.

4. **Training of new air traffic controllers**
   In 2017, the training and licensing of three local air traffic controllers was successfully completed. During 2017, exercises in the TT-Basic phase and TT local training were modified to improve the success rate. Local training during 2017 in terms of the TT-Basic phase and TT after the exercise was modified showed a significantly higher success rate (about 78%) than the last local training prior to modifying the exercise (50%).

5. **Growth of operations at the Prague Flight Information Centre (FIC Prague)**
   In the absence of flight plans, traffic statistics at FIC Prague are based on the time operational frequencies used. For the period May to August 2017, annual traffic grew by 12% at FIC Prague (despite a drop in July due to precipitation). August 2017 was historically the strongest month for FIC Prague.

Use of frequencies FIC Praha (minutes/month)



Approach and Aerodrom Control Services (APP Prague)

In 2017, the annual growth in traffic at Václav Havel Airport Prague was 9.3% (6.7% in 2016), and the number of movements increased to 149,043. Despite the fact that repairs at the airport during the summer months considerably restricted the movement of aircraft on the ground, the traffic was handled without delays and without impact on operational safety. The main factors that made this happen were the timely preparation of alternate procedures, their proper application by air traffic controllers, and the increased deployment of Follow Me controllers, who assisted pilots while taxiing on alternate taxi routes.

In 2017, the acceleration to the construction of the new runway (RWY) was ratified. Completion was originally scheduled for 2025, together with the completion of the new parallel RWY 06R/24L. The high growth in passenger numbers, which reached 15.4 million, and the growing number of large aircraft, for which there is now a lack of parking space at the airport, made it necessary to speed up the construction of the new terminal and the related infrastructure to 2023. Because the position and height of the current control tower (TWR) would obstruct the view of controllers of aircraft operating in some parts of the premises, the project to construct the new TWR was accelerated by two years and commencement of operations will correspond to the development plans of Václav Havel Airport Prague.

In 2017, APP Praha was in its second year following the expansion within the area of responsibility in connection with the increase of the upper limit of Super Low sectors. Another high increase of 9.9% in the number of aircraft meant that traffic in the summer season nearly matched the record year of 2008. 16,860 flights in July were the fourth highest in the history of APP Prague. The complexity of the traffic did not decline either, for in addition to standard IFR flights, services were also provided for a high number of combined flights, photographic flights and flights for airborne purposes.
After a lengthy period, 2017 was a year in which the steady decline in the number of active controllers was finally halted. Of the five students who started training in 2016, four of them successfully completed the training. In June, another five students arrived at the station and only one discontinued by the end of the year. The positions of departing staff were also filled on an ongoing basis.

The main customers of the section in 2016 were airlines and Václav Havel Airport Prague.

Air Navigation Services at Regional Airports

a) assessing the level of performance of air navigation services at regional airports;
b) growth in traffic;
c) vývoj infrastruktury a služeb;
d) information regarding the formal consultation process with the users of these services;
e) detailed information regarding events and activities at regional airports and human resources.

Level of Air Navigation Services

In 2017, the level of air navigation services provided at airports in terms of responsibility of regional ATS was very high, with the required safety and quality ensured. The trend from previous years was therefore maintained.

Growth in Traffic

Traffic at the regional airports in Brno and Ostrava increased in relation to the absolute number of movements on the runway (RWY), while Karlovy Vary Airport showed a slight decline. Collectively, the absolute number of movements grew on the RWY for both IFR flights (5.5%) and VFR flights (2.6%). The ratio between IFR and VFR traffic on the RWY at the regional airports increased slightly for IFR; 33.3% of the traffic, IFR, 66.7% of the traffic, VFR. Total traffic grew by 2.2%. The operators of regional airports have still not succeeded in making an increase in the number or frequency of scheduled flights.

Growth in Infrastructure and Services

Infrastructure: The transition to 8.33 kHz channel spacing was successfully carried out at all regional airports.
ATS services: In 2017, traffic was controlled in unchanged areas of responsibility at the level of regional ATS.
The local aeronautical flight information planning system – LARS – is working at all regional airports.

Information Relating to the Formal Consultation Process with Users of the Provider's Services

The ATS at regional airports regularly meet and interact with their customers, i.e. airline and airport operators (airport security committee, RWY safety teams and regular meetings with airline operators). The consultation process is maintained and the question of traffic regularly discussed.

Detailed Information from Regional Airports

Events and Activities at Karlovy Vary Airport (LKKV)

- There was a slight decrease of 1% in the total number of movements.
- In December 2017, local training with three new ATC students destined for the new terminal sectors began at APP/TWR LKKV. One controller received OJTI qualification.

Events and Activities at Brno Airport (LKTB)

- In 2017, traffic on the RWY at Brno Airport increased by 8.82% despite the decline in local flight operations. The total number of movements grew by 5.4%.
- WIZZAIR airline ceased operations at this airport.
- The introduction of LARS was certified.
- During the year, the training of one ATCO student for APP/TWR Brno commenced. In December, local training with two ATCO students destined for the new terminal sectors commenced.

Events and Activities at Ostrava Airport (LKMT)

- The airport is certified for operation under CAT II ICAO conditions; the final phase is certification for operation under CAT III B.
- The air traffic controlled by ATS Ostrava in 2017 rose by almost 3% compared to 2016. The capacity of the airspace under the responsibility of the station and the capacity of the RWY is sufficient to maintain air traffic control without delays, but the increasing number of training flights led to reduced separation minima being implemented in 2017 on the landing and take-off runway. The next step for the efficient use of human resources is the introduction of qualifications for CDD (Clearance Delivery Dispatcher) at LKMT TWR.
- In December, local training commenced with two new ATCO students destined for the new terminal sectors.
- The 17th annual NATO Days was organized with a high degree of professionalism and drew tens of thousands of spectators despite the unfavourable weather.

SIMU IATCC Department

In 2017, the IATCC simulator was used regularly by ACC and APP Praha to conduct local, advanced and refresher training. At the beginning of the year, atypical but practical familiarization training for ATMS workers, led by a group of instructors from SONS, was conducted on the simulator. As part of the popularization of the profession of ATC/ATMS specialists, an event focused on recruiting applicants called "ATC try-out" was held at SIMU on three different dates. The total number of hours of training on SIMU IATCC came to 3,025 hours.

ATM Systems Section (ATMS)

ATMS Section is responsible for the operation and maintenance of hundreds of ATM systems of varying scope and importance in almost fifty locations throughout the Czech Republic. At the end of 2017, there were 89 licensed technicians working on Operations Division/ATMS as supervisors, technical supervisors, maintenance workers and 21 technical administrators of the systems.

In addition to troubleshooting ATM systems, the focal point of the ATM systems section is performing regular maintenance and inspection in order to minimize any failures of individual systems.

In 2017, we conducted a total of 78,623 regular inspections, of which:
- 53,445 were daily checks
- 16,197 were ongoing checks
- 8,439 were weekly and monthly checks
- 542 were quarterly / half-yearly / annual inspections

During 2017, there were 546 actions of planned work carried out on ATM systems, of which:
- 148 were without limitation, during full operation
- 213 were with a partial limitation of traffic
- 185 where equipment/system were inoperative

The uptime and availability of the systems operated by the ATMS section was maintained at a high level. The number of registered incidents involving ATM systems was comparable in number to previous years.

Standard and refresher training was conducted in accordance with the Training Plan (obtaining, demonstrating and maintaining the qualifications of specialists of ATM systems). Other successfully completed activities which the ATMS section either provided in full or in part in 2017 included:

Aeronautical Telecommunications Services Centre (ATS)

- Gradual renovation of CADINI IP data network elements and further development of the network in accordance with the needs of individual ATM systems.
- Complete renovation of the WI-FI network infrastructure.
- Launch of the VMware platform for ATM systems.
- Collaboration with DPLR on a project for the complete upgrade of NTP servers.
- Renovation of the large display at the main ITS surveillance station.
- Active participation of an ANS CR representative within the framework of the international project NewPENS (evaluation of tender bids).
- Collaboration with ANS Planning and Development Division on a project to upgrade the AFTN PBX to AMHS.

Radar and Information Systems Centre (RIS)

Radar systems:
- Successful installation of surface movement radar (SMR) from SAAB in cooperation with ELDIS in record time since the signing of the contract to recommission the system - approximately 5 months.
- At the beginning of the year, the hardware upgrade of all stations of the P3D-AS system was completed.
- Analysis and implementation of 3NM separation for TMA at Václav Havel Airport Prague without P3D-WS.
- Transformation of the RLB PÍSEK location to the unattended operation mode.
- Installation and testing of new software versions of the SDDS system.
- Use of new calibration probe for reconciling adjustments in the brightness of ISIS monitors in the ATS hall.
- HW renewal of KVM extenders in ACC / APP sectors.

Information systems:
- HW upgrade of Waldo servers (DB Oracle division from the IDP platform, better performance).
- Replacement of IDC readers for contactless and extension with the positions.
- At the beginning of the year, the paper strips at the Václav Havel Airport Prague tower were completely replaced by an electronic alternative.
- HW renewal of miniESUP.
- Initial steps towards exchanging COF/MAS messages with OLDI partners - system coordination.
- Certification and testing of the AGDL system, serving for transporting datalink messages on board aircraft.
- Implementation of the requirements arising from EU216/2008 – Statistical monitoring of the integrity and performance of ATM systems.

Navigation and Radiocommunication Systems Centre (NAVCOM)

- Cooperation in solving outage problems of the trunked repeater at Václav Havel Airport Prague. A glitch was revealed in the new radio station of Václav Havel Airport Prague, which was deployed after moving to frequency 8.33 kHz. Borrowed TX/RX equipment was adapted and configured by ANS CR to work with other elements of the trunked repeater at Václav Havel Airport Prague until the delivery of a new type of radio by the Airport supplier.
- Solution to the problem of the RCOM 4200 radio equipment spontaneously rebooting. In cooperation with the supplier, the RCMS RCOM 4200 system communications services were modified.
- Change of frequency of 125.375 to the frequency channel 125.380, including administration(approval, publication and documentation).
- Renovation of the RCOM emergency subsystem – launch of the new RCOM 4200 equipment. The technology was configured, low frequencies were connected to the VCS MiniStorad system, RCOM 4200 equipment field tests and RCMS RCOM 4200 were conducted in cooperation with air traffic controllers, and advanced training was carried out.

- Installation, setup and SAT of “temporary” filters at the RX BUKOP location. Subsequent switching of the RCOM equipment to “temporary” antenna system filters for the release of the original cavity resonators for tuning and connection to the new RCOM 4200 equipment in 2018.
- Steps initiated for the selection of new headsets for ATCO ACC/ APP/TWR.
- Preparation and configuration of ILS OSV conducted for LVP Cat. III operations. Connectivity test of en-route locations for RCMS LAN en-route began in accordance with the medium-term plan.
- Continuous evaluation of the performance of navigation systems and components in accordance with EU216/2008.
- Update of the scope and procedures of maintenance for the DME system.
- Defining the requirement and cooperation for the project “ILS test system suitable for vehicle installation”.

Aeronautical Information Services Centre (AIS)

In accordance with the “EAD agreement” concluded between ANS CR and EUROCONTROL, the AIS Centre managed the continuous data updates for the Czech Republic in the European database of aeronautical data and information (EAD) in 2017, with no serious errors or delays.

With regards to meeting the requirements of European Commission Regulation (EU) no. 73/2010, laying down the requirements for the quality of aeronautical data and information for the single European sky, agreements on the provision of data were subsequently concluded between ANS CR and entities responsible for supplying aeronautical data and information. Agreements were signed with Václav Havel Airport Prague, Aircraft Industries, AERO Vodochody AEROSPACE, Brno Airport, the Civil Aviation Authority, and Karlovy Vary Airport.

The Aeronautical Information Services Centre continued in 2017 with the ICAO concept of transition from AIS to AIM by placing emphasis on customer approach through the development of applications and systems. Preparations to change the organizational structure of AIS took place within the AIM concept at the end of the year.

During 2017, the Aeronautical Information Service began issuing the airport maps contained in the VFR Czech Republic Guide in colour, in order to provide greater clarity and better orientation in maps.

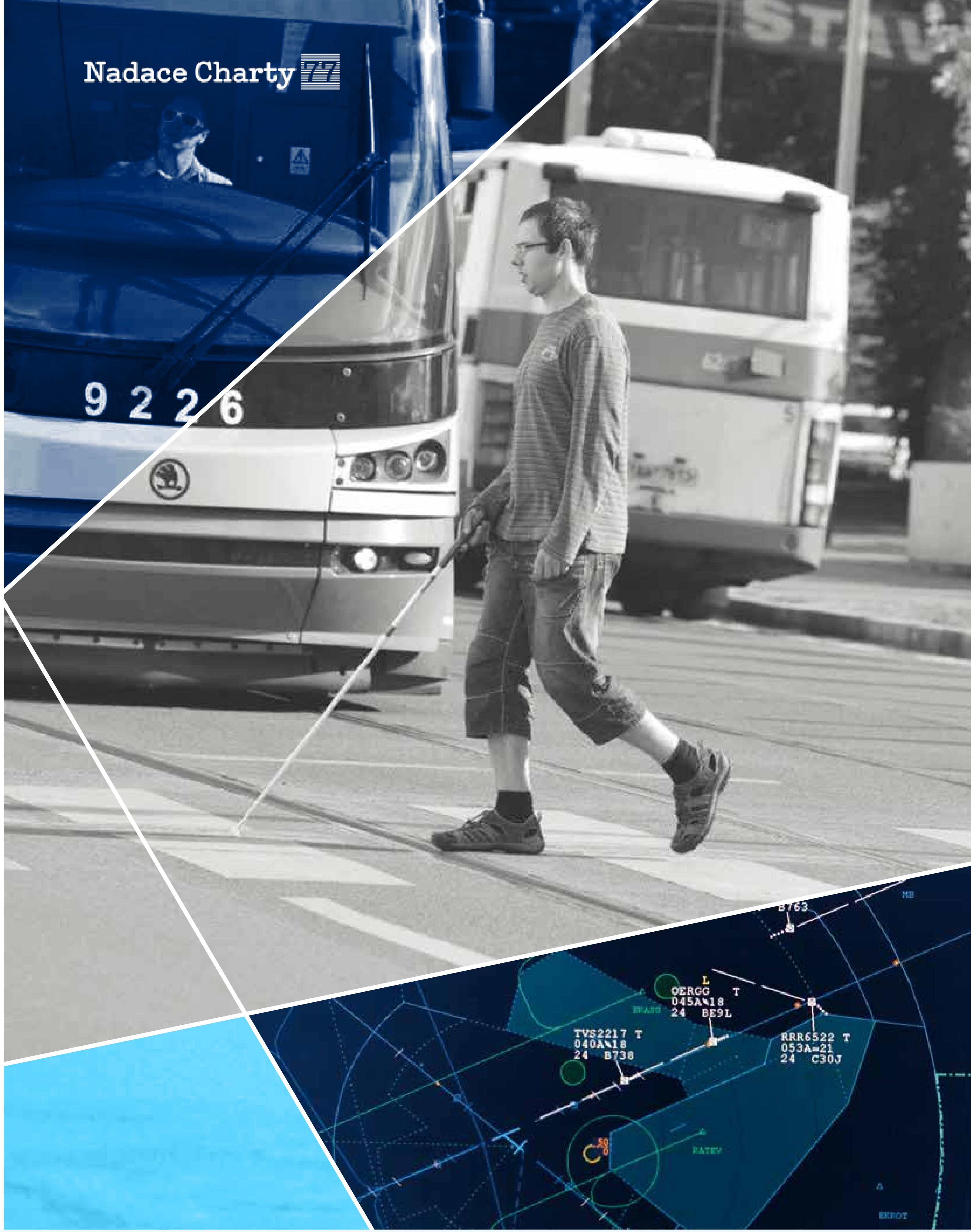
From the perspective of existing applications and systems, the AIS Centre participated in the renovation project for the statistical aeronautical data and information processing system (AIM System), allowing the exchange of electronic data in accordance with the requirements of the ICAO and the European Union.

At the beginning of 2017, a new version of the NOTAM/ OPMET system was deployed and the HW infrastructure enhanced. The LIS Centre also introduced the first mobile application for the ANS CR, namely the mobile version of IBS (Integrated Briefing System) for Android and iOS platforms. In April 2017, a regular upgrade of AisView was carried out to expand the functionality of the “Map” and “Documents” modules.

The implementation of these projects is gradually creating a comprehensive and user-friendly environment enabling access to guaranteed information.

Statistical data on publications:

Number of changes issued to AIP	24
Number of SUPs issued to AIP	41
Number of changes issued to the VFR manual CR	20
Number of SUPs issued to the VFR manual CR	17
Number of aeronautical maps issued	408
Number of AICs series A issued	5
Number of AICs series C issued	21
Number of changes in air regulations issued	20
Number of national NOTAMs issued	7,521
Number of processed foreign NOTAMs	645,242



METHODOLOGY OF AIR NAVIGATION SERVICES

Documents and Regulations

- Processing and approving an expanded Medium-Term Development Plan.
- Sharing in LSSIP document processing.

Developing Operations and Infrastructure

- Collaboration on the Neopteryx project.
- In accordance with implementing Commission Regulation no. 1079/2012, the transition to 8.33 kHz channel spacing was completed in FIR Prague on 9 November 2017; the process was preceded by national and international coordination of frequencies, establishing procedures for government flights, coordination with airports, purchasing vehicular radios, and related changes in the radio-communication system and cooperating systems.
- Continuous development of the HIFI SIMU platform, reflecting the development of operating systems.

Regional Airports

- Upgrade of the software application and expanding the monitoring of LPZ (aircraft ground equipment) in AMS at Ostrava Airport allows the airport to operate under the conditions of CAT IIIB.
- Successful SAT SW was carried out.

Interoperability

- The commissioning of the electronic support system for the EATMN systems certification approval process in ANS CR.
- The system consists of the portal of the DoV central repository and accompanying documentation promoted on the corporate Intranet and of auxiliary repositories on shared disks, one of which is automatically and fully synchronized with the central repository on SharePoint.

REALIZATION OF PROJECT AND INVESTMENTS

DPP Domain – Data Processing and Presentation

In February 2017, DLS (Data Link Services) was put into operational use.

The development of DPP systems (ESUP, E2000, and IDP) continued with the aim of improving the quality of system services and ensuring compliance with the requirements of SES (Single European Sky).

Domain SUR

The renovation project for the A-SMGCS system, which includes both adapting the new Topsky system (Neopteryx project) and introducing the Advanced Safety Nets function, continued according to plan.

During the year, the i-WAM project was activated, focusing on modernizing and in particular expanding the multilateral system. The technology of the first system from 2002 was modified in Ostrava while increasing the depth of coverage to the neighbouring control space. The project continues the integration of the three WAM systems used to enhance redundancy and to reduce the lower limit of spatial coverage. Using the new version of the software enhances reliability, the correctness of information clarity, and makes it possible to reduce the frequency of inquiries for protecting the radio spectrum intended for SSR.

Domain COM – Communications

In April 2017, the renovation of the radio-communication equipment at the remaining locations of ANS CR was completed to allow 8.33 kHz channel separation.

Domain AIS – Aeronautical Information Services

The realization of the AIM System project for the renewal of the LIS database and publishing systems, which following its successful deployment into service, enables transition to the modern electronic form of the Aeronautical Information Manual (eAIP) and the exchange of electronic data in accordance with the requirements of ICAO and the EU.

An upgrade was carried out to the AisView system pertaining to the mediation and visualization of selected aeronautical information from the airspace of the Czech Republic for pilots (planning VFR flights) and certain ANS CR stations, for filing and processing documents for the release of airport NOTAMs and release of the restriction of parts of the airspace and of NOTAM navigation alerts. The system has an improved user interface, enhanced with functionality for AMC needs and a new layer designed for pilots of UAVs (Unmanned Aerial Vehicle – drone).

The Neopteryx Project

The Neopteryx Project is a key development project of the company, the aim of which is to acquire a new master system for providing air navigation services with a planned deployment into operational use in 2020/2021.

The tender for selecting the contractor and concluding the contract to deliver the system was awarded to the French company Thales. The quality of the submitted technical solution is the guarantee that the new system will be put into operational deployment in a form that meets all the defined requirements beyond the horizon of 2025. The new system will also feature one of the most advanced solutions on the European level.

During 2017, negotiations continued for defining the design of the system with the participation of end users. Specifically, eight weekly workshops were held, where the desired form of the behaviour of the system from the perspective of HMI was mainly discussed. Furthermore, hundreds of discussions and dozens of webex conferences devoted to solving specific technical and functional issues took place. In December, CDR IBB9 was signed, thus confirming that the basic form of the system specifications in the version of the continuous development version, and meets the requirements of the system.

The realization of the Neopteryx Project, i.e. securing a new master system for air traffic control in the Czech airspace is crucial in terms of the future obligations of ANS CR. This particularly includes meeting the requirements of the European Commission in the framework of the “Single European Sky” for high technical competence and related certification of European air navigation service providers.

Training Centre – Czech Air Navigation Institute (CANI)

ANS CR Training Centre is an educational institution that provides expert education and training for air navigation services personnel on the basis of certification from the Civil Aviation Authority. The services provided are fully compliant with the standards of the International Civil Aviation Organization (ICAO) and European legislation, and the entire portfolio of training programs complies with the requirements of European Union Regulation 340/2015. The main mission of the Training Centre is to provide expert training and education for employees of the ANS CR. Spare capacity is used for both domestic and foreign clients from more than thirty countries worldwide. The Training Centre operates on foreign markets under the brand name Czech Air Navigation Institute (CANI).

After a very successful and dynamic 2016, 2017 was characterized by the same degree of dynamic development and success, but with a different structure of projects. As with the domestic scene, the international scene in 2017 was a year of long-term projects. In terms of ATM training, a total of 119 professional courses for 1,015 participants were conducted. Despite the decrease in absolute numbers, there was a substantial increase in performance output due to a considerable rise in the number of initial trainings carried out. Together with training for the ACC and APP Prague, one of the basic projects in 2017 was the commencement of training for the introduction of terminal sectors. The most significant training project for external customers was for BHANSA- Bosnian air traffic control, which was fully underway in the second half of the year after the preparation and planning phase in the spring and the signing of the contract on 28 April 2017.

A major project in ATM training is the continuing cooperation with the Air Force of the Army of the Czech Republic, where a performance growth exceeding 20% was recorded over 2016.

CANI commercially employed customer synergies in acquiring two consultation projects. Together with Integra A/S, consultation and support for implementing the Data-Link service was provided in Estonia, and ANS CR experts created and delivered approach procedures for airports in Denmark.

From several perspectives, 2017 was crucial for flight validation. Despite the necessary overhaul of CXL 560 aircraft engines in the middle of the year, the provision of flight validation services for domestic and foreign customers continued, thus maintaining established customer relationships. Thirteen missions abroad were successfully carried out for CANI customers in 6 different countries, with sales for flight validation exceeding the record year of 2016. Finally, the completion of the public tender for the delivery of new calibration aircraft to replace the existing ones was successful. The delivery of the first King Air 350 aircraft should occur before the end of 2018.

CANI marketing activities in 2017 were focused primarily on promotion at trade fairs and on building awareness within online media. The key event of the year was the participation at the World ATM Congress international exhibition in Madrid in 2017, which was sponsored by the CANSO organization in cooperation with ATCA. The company's exhibition included the presentation of commercial activities offered to foreign B2B customers under the CANI brand.

In view of the partnership with the Air Force of the Army of the Czech Republic, the company also participated in the IDET Defence and Security Technologies International Exhibition in Brno. The main objective of participation was to promote air traffic control to the general public, with emphasis on cooperation with the Air Force of the Army of the Czech Republic and on providing training for air traffic controllers through CANI.

Finally, ANS CR exhibited a presentation during NATO Days in Ostrava & Czech Air Force Days, where it was one of the main marketing partners of the event. In cooperation with the personnel department, the emphasis was on increasing public awareness of the work of air traffic controllers and technical positions, and on attracting potential candidates to the recruitment process.

Concerning advertising in 2017, online media was a priority. In addition to communicating over the company's website and through social networks, the following tools were also used: the ICAO Aviation Training Directory, ATC-Network and Airport-Technology.

With regards to the human resources section, 2017 was marked by a series of activities focused both inside and outside the company. A major contribution within these activities was the proposal of a new organizational structure of the company, where employees had the opportunity to provide their own input into its structure. In accordance with the employee development planning and management project, they presented their own concept of the entire organizational structure or part of it. These presentations resulted not only in a new form of the organizational structure, but also in a number of new ideas for a more effective and dynamic development of the company. This project once again confirmed the strong loyalty and involvement of employees within the company. It demonstrated the trust employees have in change in addition to their high intellectual and professional potential.

Sourcing suitable candidates, approaching them and having something to offer them is still a much discussed topic that HR must now deal with. Personnel marketing last year saw the launch of a recruitment campaign to bring ANS CR to a younger generation and present it as a dynamic, progressive and prestigious employer.

A priority for both operational and non-operational personnel has been the participation in courses organized by IANS EUROCONTROL focused on ATM, including the aspects of the Single European Sky. Another important part of obtaining and maintaining the qualifications of employees was the participation of air traffic controllers in language courses in the UK, Ireland and USA; focusing on knowledge of the English language at ICAO Level 4. The knowledge of English for air traffic controllers is supported by preparatory courses for examinations in English language. In addition to these courses, chosen professional groups of employees attended Adult Education courses for ANS CR instructors. The option of educational courses in communication, teamwork, coping with stress, and personal development was provided, and employees could take part in external courses organized as part of the output from motivational interviews.

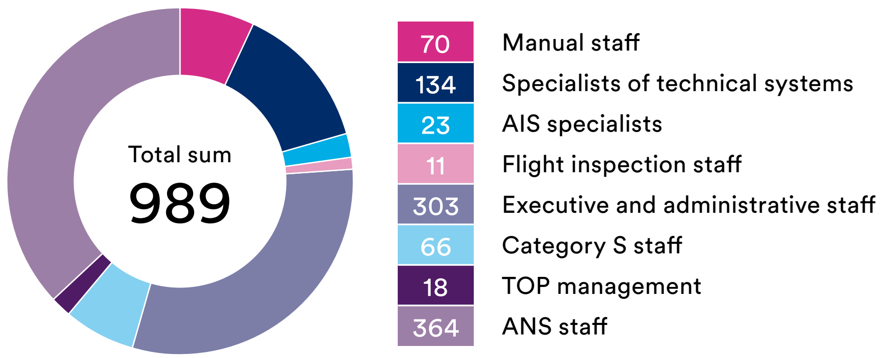
Under the CISM program, and in addition to the regular refresher course for CISM team members, the professional preparation of shift supervisors – WS (watch supervisor) and SC (senior controller) – was carried out in 2017; focusing on the psychological aspects of coping with stress and conflict situations and the role of shift supervisors in the CISM system at the ANS CR.

A total of 59 selection processes were carried out and the greater part of them were organized in connection with the new organizational structure and the recruitment of new employees for the position of air traffic controller-students entering training on 1 April and 1 October 2017.

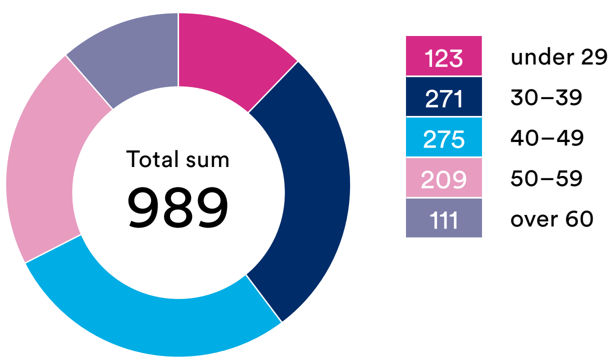
Collective bargaining in 2017 was concluded with the signature of addenda and annexes to the collective agreements by the Director General and by the unions CZATCA and PV OSD.

In addition to the traditional offer of a trip for pensioners and the children's summer camp, the company focused its employee assistance program on promoting health and sporting activities. Employees made use of the employee assistance program offered by the company throughout the year.

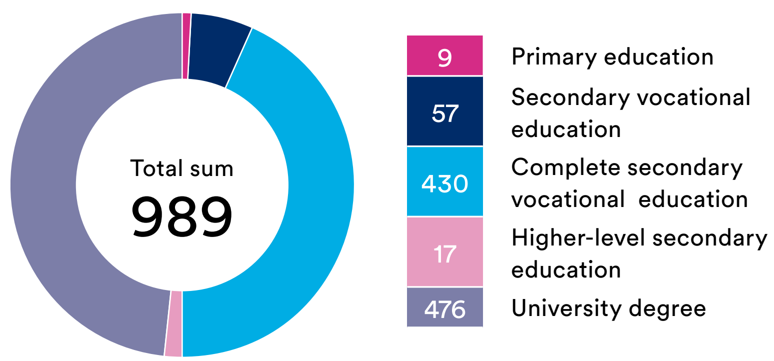
Number of employees as of 31 December 2017



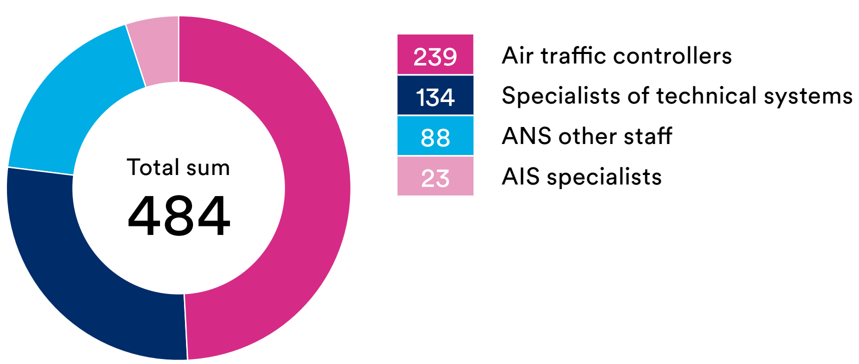
Age structure



Educational structure



Structure of operating staff



The data in the charts indicate the number of employees as of 31 December 2017.

Central Logistics Section (CLS)

In 2017, the Central Logistics Section underwent a major change in the internal organization of the section and it was newly included in the Personnel and Financial Division as an integral part. The change in the internal structure of the section and its new position in the structure of ANS CR were motivated by improving the transparency of the section; focusing on the precise definition of the responsibilities and rights of the respective heads of departments and centres.

Despite the intensity of the organizational changes, work within the section was not compromised, and in 2017 the CLS maintained the operational reliability of systems and equipment that support individual departments and company processes at a high level. Thanks to ongoing and responsible work in all areas that fall within the competence of CLS and which are subject to the inspection activities of the authorities, no transgression or fault was recorded in 2017.

An additional direction of the section is motivated by highlighting the needs of internal customers i.e. the other departments of the company.

The main attention of the section in 2017 was devoted to the development of technologies within the operating environment that directly support the provision of services to internal customers and to the continuous improvement towards the efficiency of individual processes.

The most significant events in 2017 included:

a) A project to modernize building management systems (BMS) and to maintain their high degree of reliability. In 2017, preparations were completed for upgrading BMS to a new generation of management software for all supervised buildings within the company. Through procurement, a contractor was chosen and the project commenced in the 4th quarter of 2017 – to be completed at the beginning of the 2nd quarter of 2018.

b) The modernisation of the fire safety systems (EPS) in the buildings of RLB BUCHTŮV KOPEC and IATCC Jeneč. In both cases, involving the installation of a new generation of EPS panels – ESSER.

c) The commencement of work on the project to modernize the access control system (ACS) in the buildings of ANS CR in the 3rd quarter of 2017. The deployment of the new version is planned in 2018.

d) The process of the technological change of the server database and data storage used for the secure storage of user and application data was completed within IT.

e) The module for fire safety systems was upgraded in 2017 within the HUGIS application (the ANS geographic information system) and two new modules were installed – the Building Management module and the EUS Agreement module.

ANS CR has long met the objectives it has set up in the area of corporate social responsibility, thus contributing to the creation of a cultural-business environment in the Czech Republic. The company is also monitored and evaluated for its approach in non-commercial areas, namely in environmental protection, employee welfare, and in fulfilling its sponsorship program. Its operational and economic performance and quality of its service should not be considered the only criteria for evaluating the company. In implementing the principles of corporate social responsibility, ANS CR is continuously strengthening its credibility in relation to its surroundings and increasing the loyalty of its employees. At the same time, the company informs its customers, partners and employees what their share in implementing its long-term objectives is.

Sponsorship Program in 2017

The Sponsorship Policy of ANS CR is based on the rules for making donations in accordance with Czech Government Resolution 334 dated 14 April 1999 and its subsequent amendments. In 2017, the company continued its long-established tradition of a sponsorship program. Financial assistance was directed towards supporting nationwide projects and towards individual regions, namely concerning charity, education, culture and health. The total amount dedicated to sponsorship activities approved by the Supervisory Board of ANS CR for 2017 totalled 5,670,000 Czech crowns as part of financial donations, and 35 computers as part of material gifts. The sponsorship program was held in three rounds and 74 organizations were supported.

Charity and health care:

- Charta 77 Foundation – compensatory, rehabilitation and re-education aids for disabled individuals,
- Cesta domů (Way Home) - the salaries of nurses as part of caring for patients in the last stage of life,
- Disabled Skiers Centre –a training program for disabled skiers,
- Leontinka Foundation – support for a project of personal assistance for children with visual impairments,
- ALSA – establishing a mobile palliative team in the Central Bohemia Region to help people with ALS (amyotrophic lateral sclerosis),
- DUHA Foundation (foundation for children with cerebral palsy) – contribution to support the project “Don’t only think about yourself”, which helps immobile people throughout the Czech Republic with assistive devices,
- Linka bezpečí – the operational costs and wages associated with operating the helpline,
- Thomayer Hospital – renovating the EEG system for the Department of Paediatric Neurology,
- Královské Vinohrady University Hospital – the purchase of the front operating and diagnostic lights Med LED Chrome MC7 for the Plastic Surgery Clinic for operating on congenital defects in the oral cavities of young children,
- IKEM – support for the research program “Collagenase for isolating islets of Langerhans“,
- Hospital in Nové Město na Moravě – the purchase of an operating tower for the urological operating room.

Education, science and youth care:

- PROJECT Czech Head – support for the Czech Little Heads project, which is aimed at high school students,
- Aviation Centre of the Czech Republic – support for the project “Recruiting and training young pilots for navigational flying” and the Czech national team in navigational flying,
- „Friend” Třemošná Children’s and Youth Home – a summer camp at Aeroclub Plasy Airport,
- Beroun Basketball Club – equipment for the youth category U15 – older girls,
- Zbůch vocational school, kindergarten and primary school – interactive aids for pupils of the primary school and kindergarten,
- Children’s home with school, educational centre, primary school and canteen, Prague 2 – the purchase of floorball equipment and floorball boards for the court in the children’s home,
- H-mat – the development of teaching materials related to the Hejný Method (textbooks, workbooks, teaching aids).

Culture:

- National Theatre – support for educational programs and accompanying events at the National Theatre,
- Prague Philharmonia – support for the project “Orchestral courses and increasing the competitiveness of students from high schools and universities in 2017“,
- Libčická Civic Association (LOS) – support for the Libčická Hašlerka (anniversary of the birth of Karel Hašler),
- St. Vitus Organ Endowment Fund – contribution towards the new organ at the St. Vitus Cathedral in Prague.

Communication, Public Relations and Protocol

In accordance with the communication strategy, the reputation and strategic importance Air Navigation Services of the Czech Republic was consistently enhanced in the media throughout the year 2017, mainly focusing on the professionalism of its employees and modern technological facilities. Primarily responsible for fulfilling the principles of this communication strategy is the External Relations Department and all members of the supporting staff who are contextually involved in the provisions of this strategy as employees.

Within the framework of the communication strategy and in accordance with its vision, the presentation of the company as it appears to the outside world is focused on the following communication objectives:

- Safety
- Reliability
- Commercial development
- Professionalism of employees
- Competitiveness
- Transparency

These objectives are elaborated into the form of specific communication objectives and information priorities. The basic structure of the communication strategy is further augmented by supporting elements – emergency communication strategies, corporate social responsibility and advertising.

The internal and external communications of the company are governed by the “Communication Plan of ANS CR for 2017”, which focused on selected target groups. After all intermediate revisions, the final version of the communication plan for 2017 included 148 external and internal activities.

Standard external communications in 2017 were traditionally provided most often through press releases, meetings with journalists, or information on ANS CR website. The External Relations Department issued 12 press releases, which mostly concerned evaluating the year, the winter and summer seasons, the commercial successes of the company, financial results, and the pricing policy for 2017.

Special attention was also paid to the performance of regional airports during the summer season and to commemorating ten years since the successful operational transition to IATCC Prague on 17 February 2017. Selected press releases were translated into English and sent for publication on the CANSO website and for reprinting in the foreign press.

In 2017, the CEO of the company gave a series of talks on Czech television and radio stations on the development of air transport, on the business results of the company and the forecast for the coming years. Further interviews with the CEO were published in journals and on news sites – MF Dnes, zdopravy.cz, Právo, E15 and Ekonom.

The company spokesperson continuously provided the viewpoint and comments of the company as required by journalists or the general public. Systematic explanations and suitable arguments, especially on the use of drones in the vicinity of airports created neither a negative media storm damaging to the reputation of air navigation services nor a lack of confidence in the traveling public concerning the safety of civil aviation.

In the second half of 2017, a new corporate film profile of the company in Czech and English was completed and released for general viewing. At the same time, new film material intended for recruiting air traffic controllers and technical systems specialists were commissioned.

Via the Internet, the company’s position on social networks was considerably strengthened, particularly with an active and quick presentation on Facebook, Twitter, and YouTube. The high informational and graphic level continued with the business magazine STRIP, which is a popular source of information not only within the company but is also sent to government authorities, universities and individuals.

The end of the year saw the successful publication of a unique book “The History of Radars for Air Traffic Control,” by author Ivan Uhlíř – a long-serving employee of the company and leading specialist in radar technology.

Several informal meetings for all employees and company management have become a new tool of internal communication. “Coffee with the CEO” is now a popular point for direct communication between the CEO and employees, and was especially popular during the preparations for changing the organizational structure in 2018, and in connection with the optimization project. These meetings were also successfully organized at regional airports.

“ANS CR Children’s Day” is a popular and traditional event that takes place on the outdoor premises of IATCC Praha; attended by more than 500 children and their parents.

Advertising and Promotion

The company's financial results have allowed it to become a promotional partner for various major sporting, cultural, and aviation events in the Czech Republic.

The most significant activities of ANS CR in this area during 2017 included:

The Czech International Air Fest 2017 in Hradec Králové
Official partnership of the Czech Athletic Federation,
Promotional partnership with the Czech Ski Association,
Official partnership in the project "Stars of the Opera World in Prague in 2017",
Major partnership with the Aviation Fair 2017 at Pardubice Airport,
Official partnership in the Memorial Air Show 2017, Roudnice,
Promotional partnership in the operation and performance of the aircraft Antonov 2, OK – WHB,
Major partnership for the air festival "Strakonice on Air 2017",
Partnership with the INAIR 2017 international conference in Prague – new trends in civil aviation
General partnership with the 26th annual Aviation Ball in Prague's Lucerna,
Major partnership in the Historical Air Show at Mladá Boleslav Airport,
Official partnership with the 17th annual NATO Days and the Army of the Czech Republic at Ostrava Airport,
Official partnership in the managerial conference "Women for Themselves 2017",
Grand partnerships under discussion with the Minister of Transport, organized by Commenius

CESTA DOMŮ (WAY HOME)

Cesta domů is a home hospice that provides professional medical care to terminally ill patients in the last days of their lives. It allows them to spend these days in their home environment with their loved ones.

The work of nurses and doctors is very psychologically and physically demanding. We are aware of the fact that each of us might once need this kind of help. We contributed to a car used by healthcare personnel when seeing the patients and we contribute to the costs of medical aids and wages.

In terms of performance, 2017 can be characterized as a very successful year. The objectives set out in the national performance plan were significantly exceeded. The economic results were partly a reflection of the growth in air traffic in 2017. A second significant factor was the cost savings in comparison with the plan.

In terms of the provision of air navigation services, a positive increase in air traffic was recorded for en-route services; however, the dynamics of the development were lower than in recent years. The total volume of en-route operations expressed in service units (SU) reached 2,823.9 thous. SU in 2017, a year-on-year increase of 3.2%. The volume of en-route flights - 103.9% (SU), corresponds to the projection of en-route operational performance in the performance plan for the third year of the second reference period.

In addition to the positive development in en-route navigation services, a dramatic increase in air traffic at airports in the Czech Republic was recorded last year. After years of continuous slumps and stagnation, a year-on-year increase of 10.6% was recorded in 2017. The volume of en-route operations expressed in terminal service units (SU) reached 91.2 thous. SU. The volume of en-route performance therefore corresponds to the projection of en-route operational performance of 102.3% in the performance plan for the third year of the second reference period.

2017 was the third year of the effectiveness of the national performance plan for the second reference period (2015-2019); which was drafted under Commission Regulation (EU) No. 390/2013, 2013, and where the air navigation performance system is applied. Within this system each member state must contribute to achieving the established pan-European performance targets through their national performance plans - approved by the European Commission. The key performance indicator in cost-effectiveness is a national unit rate for en-route service for the entire reference period. A national unit rate of 1,135 CZK, representing a decrease of 2.2% in nominal prices, was approved for 2017. This unit price was applied throughout 2017. The amount follows the current downward trend in unit prices and contributes to meeting European cost-efficiency goals.

As stated above, the company´s economic performance in 2017 is one of many successful achievements within the company´s history. Projected earnings were exceeded and the financial situation of the company remains stable. A more detailed view of the development of its economic performance is provided below.

Company Revenues

For the period January to December 2017, the company's total revenue was 4,191,664 thous. CZK, of which operating revenues in 2017 were 3,963,866 thous. CZK; considerably exceeding the revenue generation plan by 6.6% primarily due to positive developments in air traffic.

The main source of the company's revenue is the provision of air navigation services (ANS). Revenues from ANS accounted for 94.5 % of the company's total operating revenue in 2017. Revenues from en-route navigation services totalled 3,135,479K CZK, i.e. 79.1 % of total revenues. The second largest volume of revenue was generated from terminal navigation services - 607,557 thous. CZK, i.e., 15.3% of operating revenues. Revenue from training flights accounted for 2,240 thous. CZK, or 0.1% of operating revenues.

During 2017, ANS CR received full compensation from the state budget for costs incurred by the company in connection with the provision of services for flights exempted from charges; an aggregate amount of 63,236 thous. CZK. This compensation is provided to ANS providers on the basis of European Commission Regulation 1794/2006 of 6 December 2006 (common charging scheme for air navigation services) and on the basis of Government Resolution 1404 of 2 November 2005.

Revenues from corporate services (excluding ANS) and other operating revenues amounted to 218,590 thous. CZK in 2017. Of this amount, this compensation amounted to 63,236K CZK. The remaining 155,355 thous. CZK of other revenues came from a wide range of items. They include income from the Aviation School - amounting to 68,193 thous. CZK, followed by 43,064 thous. CZK for inspection flights, revenues from aeronautical information services, from rebilling services, and from renting office space and equipment, etc.

In 2017, a financial revenue of 227,798 thous. CZK was mainly generated from derivative transactions (including a revaluation), from active exchange rate differences and to a smaller degree from the appreciation of temporarily available financial resources.

The main yields were as follows:

R E V E N U E S (CZK thousands)	2013	2014	2015	2016	2017
REVENUES FROM AIR NAVIGATION SERVICES (ANS)					
En-route navigation services	2,742,772	2,823,333	2,978,624	3,132,615	3,135,479
Terminal navigation service	493,822	489,174	506,701	548,248	607,557
Training flights	1,840	2,039	2,358	3,267	2,240
OTHER REVENUES					
Revenues from commercial services (other than ANS)	117,128	333,698	133,705	222,897	218,590
Total financial revenues	148,110	75,515	86,093	93,199	227,798
TOTAL REVENUES	3,503,672	3,723,759	3,707,482	4,000,226	4,191,664

Company Costs

In 2017, the total volume of costs (including income tax) amounted to 3,804,247 thous. CZK. In comparison with the previous year, it represents an increase in costs of 5.2%.

Costs of 586,572 thous. CZK were recorded for consumed purchases and services. Within this cost group, 65,650 thous. CZK went to consumed purchases, and 520,922 thous. CZK to services.

Personnel expenses reached 2,245,227 thous. CZK. The year-on-year development of personnel expenses was in accordance with meeting the obligations of collective agreements.

The cost group "other operating expenses" drew a volume of 230,705 thous. CZK in 2017. This amount included the payment of the membership fee of CR to the budget of the EUROCONTROL organization, the payment of costs of the national supervisory body (CAA) and expenses for the liability and property insurance of the company.

The cost group "depreciation, provisions and allowances" drew a volume of 537,682 thous. CZK.

The total volume of financial costs in 2017 amounted to 103,789 thous. CZK.

Expenditures within the cost groups amounted to the following:

C O S T S (CZK thousands)	2013	2014	2015	2016	2017
Consumption of materials and services	504,383	480,824	501,174	540,342	586,572
Personnel expenses	1,766,518	1,885,635	1,960,634	2,146,096	2,245,227
Other operating expenses	220,584	243,227	239,247	250,696	230,705
Depreciation, provisions and allowances	454,353	538,657	482,642	505,506	537,682
Total financial costs	46,798	36,866	114,230	75,595	103,789
Extraordinary costs	0	0	0	0	0
Taxes and fees (including income tax)	104,624	108,012	83,922	98,175	100,272
TOTAL COSTS	3,173,405	3,293,221	3,381,849	3,616,410	3,804,247

Company Economic Results

In 2017, ANS CR achieved a gross pre-tax profit of 484,398 thous. CZK. The tax liability, including deferred tax, represents 96,981 thous. CZK, profits after tax 387,417 thous. CZK. This positive result was primarily due to the favourable year-on-year developments in air traffic and cost savings compared to fixed budget costs. The financial situation of ANS CR was stable in 2017 and the company was able to meet all its commitments related to ensuring its activities and obligations to the state budget.

Consolidated Economic Results for the Group

In addition to developing its core business – the provision of air navigation services – the company strategy emphasizes the expansion of the company´s commercial activities. This objective is concentrated on the acquisition of the Czech Aviation Training Centre (CATC). The consolidation of annual financial statements was carried out by a group consisting of the parent company, the limited company CATC, its subsidiary CATC India, plc., and the joint venture FAB CE Aviation Services, Ltd., in accordance with national accounting standards.

The consolidated net earnings include the net earnings of the entities in the group adjusted for intercompany transactions and consolidation difference accounting. The consolidated net earnings after tax for the entire group at the balance sheet date, i.e., as of 31 December 2017, came to 361,989K thous. CZK.

Events after the Balance Sheet Date

From the reference date of the financial statements, no significant subsequent events were detected in the financial statements that might have a significant impact on the assets or liabilities of the company.

IKEM

About 860,000 people in the Czech Republic are treated with diabetes and another 250,000 do not know about their disease. Despite considerable advances in medicine, this disease is still incurable, however its treatment research is still looking for new ways to cure or mitigate the disease. One of the research centers is the Diabetes Clinic at IKEM in Prague, which our company has been cooperating with since 2009. We support its research program focusing on the islets of Langerhans.

Performance in the Airspace and at the Airports

Performance in the Airspace of the Czech Republic – Number of Movements and Service Units

In 2017, the airspace of the Czech Republic reached another historic record in the number of aircraft movements. ANS CR provided air navigation services for a total of 853,364 flights, i.e. 16,445 movements or 2.0% more than in 2016. The year-on-year increase in the number of movements was observed in all the months of 2017 except for September and December, when there were slight drops of 2.2% and 0.7% respectively. The highest increase in the number of movements was observed at the beginning of the year, in January 2017, when the number of movements was 7.0% higher than in 2016. The crucial summer months, namely July and August, showed stable growth in the number of movements, from 2.4 to 2.8%.

This development resonates with the ongoing general boom in air traffic in Europe, which reflects the favourable economic situation in the region in connection to the stable, favourable prices of jet fuel and the deepening competition due to low-cost air carriers in the large hubs; in Europe in particular. The Czech Republic continues to benefit from its advantageous position in the centre of Europe and the trajectory of the heavily-used flight routes from the Near East to Western Europe. The segment of long-haul flights is developing more and more. Additionally, carriers from eastern and south-eastern Asia are looking for new opportunities in European markets in particular.

When comparing the development of performance, expressed in chargeable service units, we find a similar trend in operations during the year, such as in the number of movements, with an even greater overall year-on-year increase by 3.2%. This phenomenon can be attributed to the growth in the number of aircrafts with a high MTOW on long-distance routes in the Czech Republic's airspace, resulting in higher average revenue from the price for the services provided per flight. The increase in the number of service units was recorded in all months of 2017 except for December.

Compared with planned performances, used for compiling the performance plan for the Czech Republic for the second reference period (2015-2019) under the SES legislation, the actual development of air traffic in 2017, measured by the number of service units, exceeds the plan by 3.9%. Exceeding the fulfilment of the performance plan was recorded throughout 2017, which confirms the ongoing positive trend in the development of operations for a large part of the second reference period.

Performance in the Airspace of EUROCONTROL Member States in Service Units

Compared with the development of operations in context to all the member states of EUROCONTROL, the increase in operations in the Czech Republic, measured by the number of service units, is lower than the average increase in operations for all the member states (6.2%).

The statistics confirms the positive development of the air traffic market throughout Europe – the only country reporting a year-on-year decrease in operations was Ireland (a minor decrease in the number of service units of –0.1%). All the other countries reported an increase in operations by more than 10% in some areas (the eastern part of northern Europe and some countries of south-eastern Europe in particular). With regard to south-eastern Europe, the positive trend relates to the comeback of operations to areas where operations had been restricted previously due to geopolitical effects (Kosovo and the closure of part of the airspace of Ukraine). This development resulted in record-breaking increases in operations in some member states of EUROCONTROL within this location. Macedonia recorded a year-on-year increase in operations of 20.2% and Armenia as much as 60.1%. Other countries with a year-on-year increase in operations of more than 10% were Greece, Turkey, Finland, Latvia, Cyprus, Moldavia and Bosnia and Herzegovina.

Aircraft Movements and Performance Units at Airports in the Czech Republic Controlled by ANS CR

For the performance of operations at the airports in the Czech Republic where the services are provided by ANS CR (Prague, Brno, Ostrava and Karlovy Vary), 2017 was a very important turning point in that significant growth was recorded in all the quantities examined. Regarding the number of movements and terminal service units (reflecting the aircraft weight factor in accordance with the SES legislation), they are close to the record-breaking year of 2008. As regards the number of MTOW tons of landing aircraft, the value recorded in 2008 was also exceeded.

Compared with 2016, the number of movements at all airports in 2017 rose by 7.2% and at the main airport in Prague by 9.3%. A total of 227,878 movements were recorded at all four airports. At Václav Havel Airport Prague, there were 149,043 movements reported in 2017 in total. Traffic at

Václav Havel Airport Prague continually grew in all months of the year, with the highest increases recorded in October (+11.8%) and November 2017 (+18.4%). Another positive trend is the growth in traffic during the traditionally weaker winter months, although the seasonal factor represented mainly by the segment of charter flights is still obvious.

Regional airports controlled by ANS CR reported a year-on-year increase in the number of movements by 3.6%, while performances of individual regional airports in individual months of the year fluctuated significantly. As regards the regional airports, the increase in the number of movements in 2017 supported by a comparable increase in the number of performance units as expressed in the revenues from the services provided (the number of MTOW tons rose by 4.6% and the number of terminal service units by 3.8 %) can be judged favourably.

In 2017, the share of Prague Airport in total traffic rose in all the categories examined. Václav Havel Airport Prague accounted for 65.4% of the total number of movements recorded at all four airports (in 2016, the share was only 64.2%). In the number of terminal service units, reflecting the amount of revenues from the services provided, Václav Havel Airport Prague recorded 91.6% of the total, with the number of MTOW tons of landing aircraft reaching a share of as much as 93.6%. These differences between the number of movements at Václav Havel Airport Prague and the share of the performance indicators of the airport in the total of all four airports are the result of the different structures of traffic at Václav Havel Airport Prague and the regional airports, whereby traffic at airports outside Prague was increasingly dominated by aircraft of a lower average maximum take-off weight with less significance for the revenues generated by the services provided.

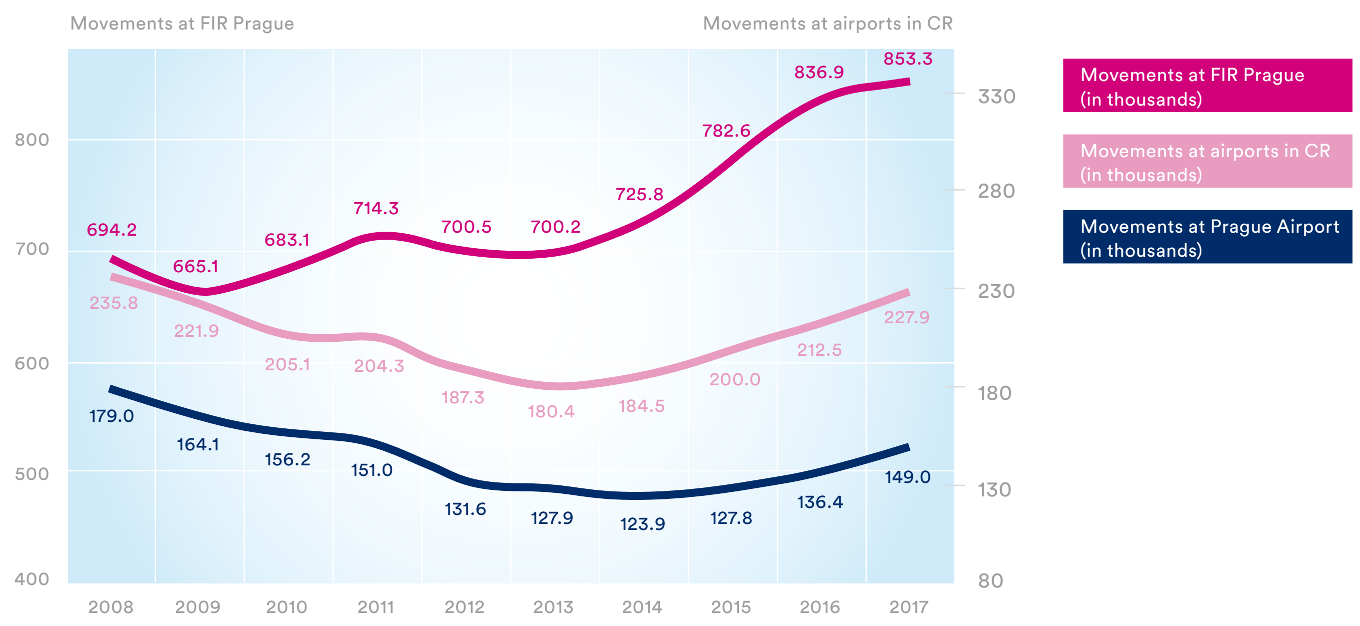
Air traffic performance indicators, expressing the landing aircraft weight factor, recorded an even higher year-on-year increase at Václav Havel Airport Prague – the number of terminal service units rose by 11.0% and the number of MTOW tons by 11.8%. The increases in both indicators at all airports where the traffic is controlled by ANS CR basically reflect the trend described above – there was a 10.6% increase in the total number of terminal service units and 11.4 % increase in the number of MTOW tons. This development is also reflected in evaluating the fulfilment of the performance plan in the third year of the second reference period (2015-2019) under the SES legislation – in 2017, the performance plan was exceeded for the first time, being implemented to 102.3% (in 2016, it was implemented to 98.3% only and the average fulfilment in the first reference period reached about 80%). The year-on-year development curves of both indicators at Czech airports show increases in all months of 2017.

As in 2017, last year at Václav Havel Airport Prague saw the trend in an increasing interest of foreign airlines in lines to/from Prague continue. However, the performances of domestic key airline companies stabilized as well – both carriers recorded significant increases in operations (CSA +10.4%; Travel Service +17.2%). Other fast growing foreign carriers at Václav Havel Airport Prague included Ryanair (a year-on year increase of 62.5%), Eurowings (+16.5%) and Vueling Airlines (+15.2%). On the contrary, out of the most important customers, the largest drops were reported by Swiss (-8.7%), Lufthansa (-5.9%) and Wizz Air (-5.2%). The trend of growing frequencies and new intercontinental flight connections continued in 2017 as well. Qatar Airways became a new carrier in Prague.

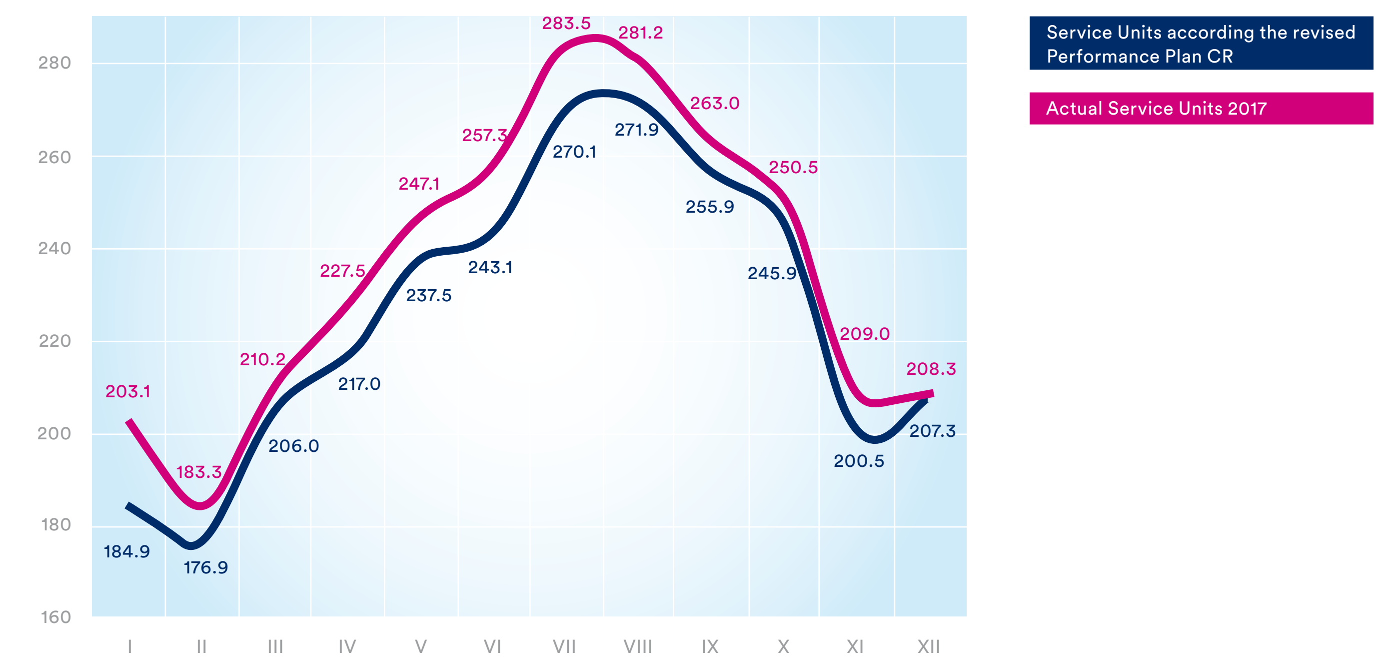
In 2017, Czech Airlines was the largest customer for services provided by ANS CR at Prague Airport (a share of 18.2% in the total volume of services provided at the airport), followed by another domestic carrier - Travel Service. The most important foreign customers for ANS CR at Prague Airport include EasyJet, Lufthansa, Ryanair, Aeroflot, British Airways, Emirates and others.

A positive fact is the continuous increase in the average maximum take-off weight of aircraft landing at airports where the traffic has been controlled by ANS CR in recent years. In 2016, the weight was 46.3 tons; in 2017, it increased to 47.9 tons per landing. At Václav Havel Airport Prague, the average maximum weight of landing aircraft increased as well; in 2016, it was 62.5 tons; in 2017, it was 64.4 tons per landing.

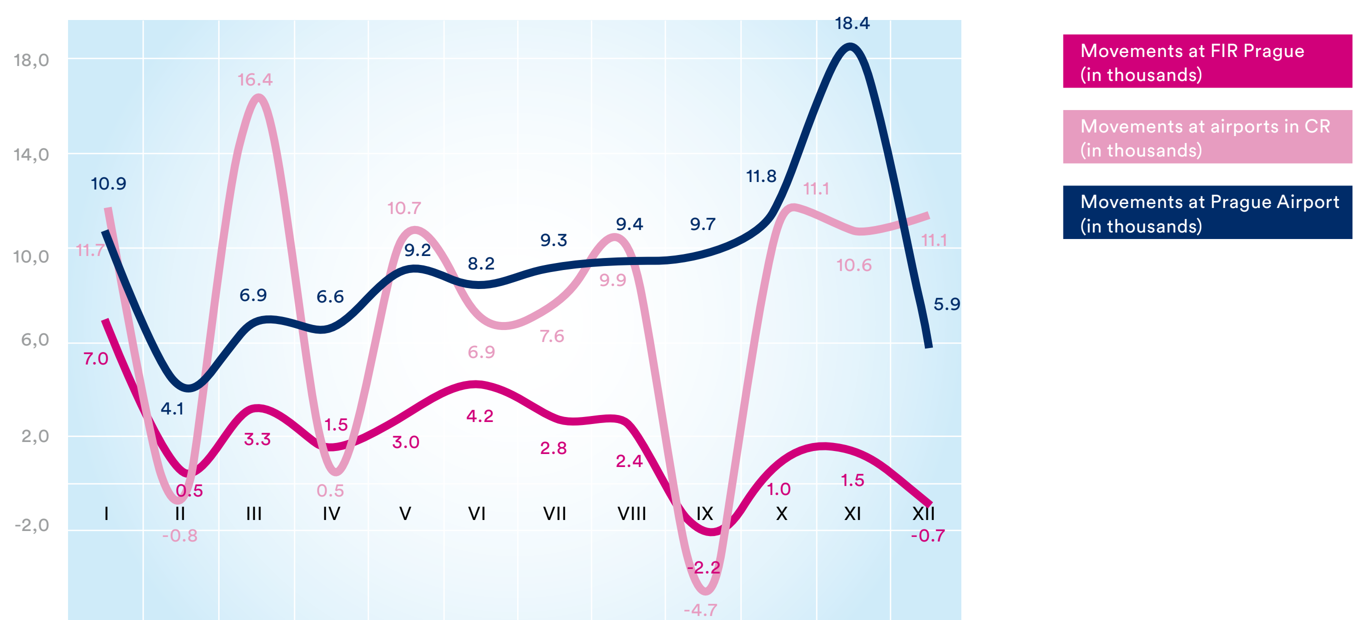
Movements at FIR Prague and airports in CR



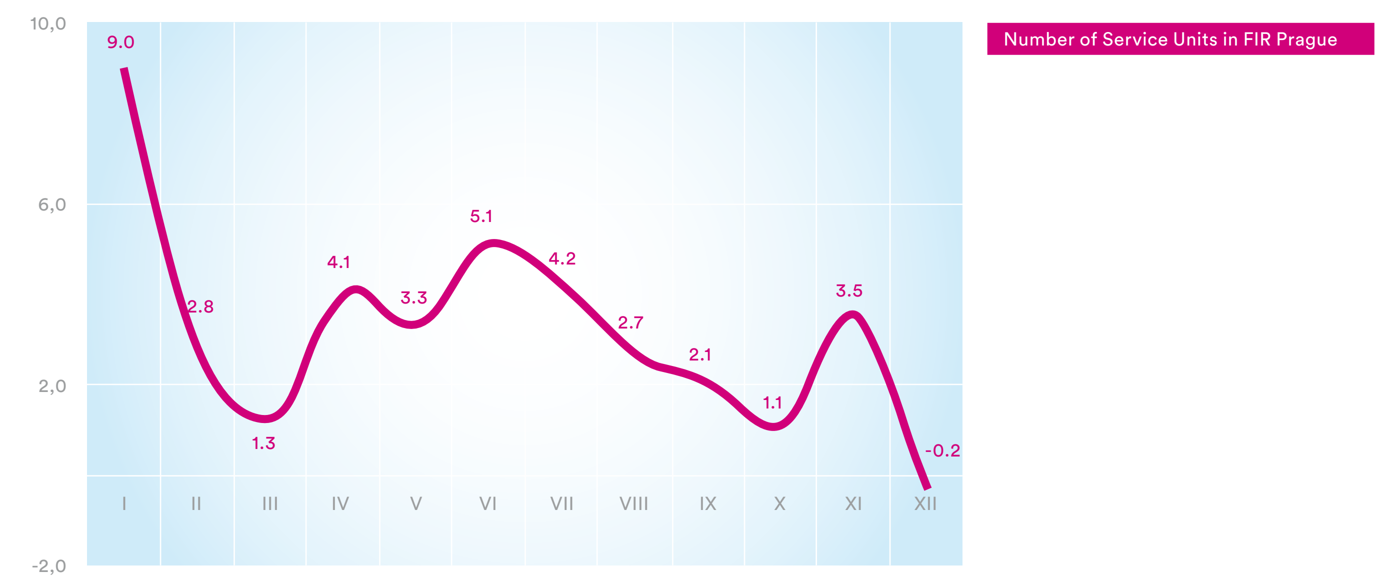
Comparison in the number of Service Units at FIR Prague (in thousands) between the value given in the revised performance plan for CR for the second reference period and the actual values achieved in individual months of 2017



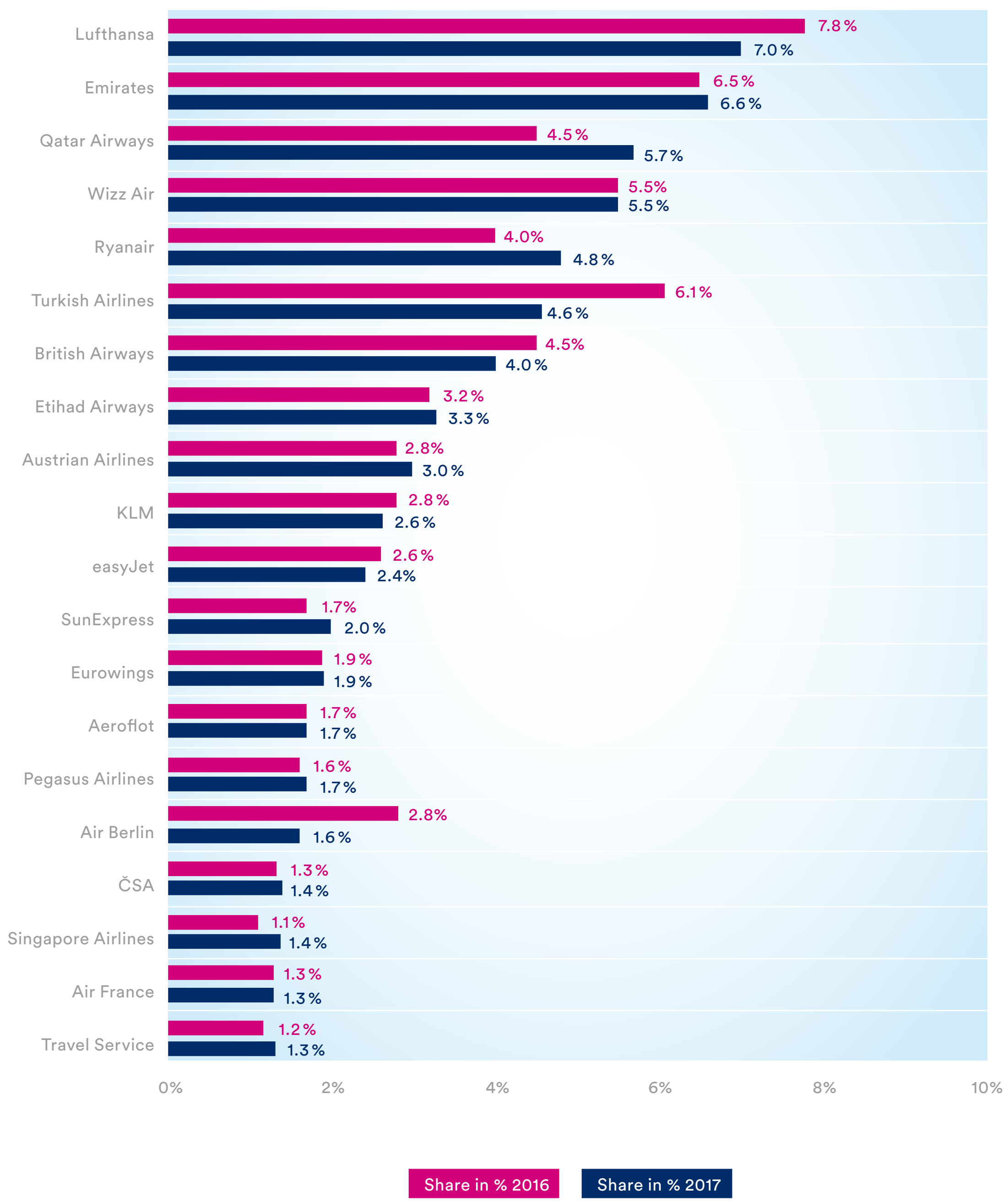
Year-on-year comparison in the number of movements at FIR Prague and at airports in CR in individual months of 2017 in %



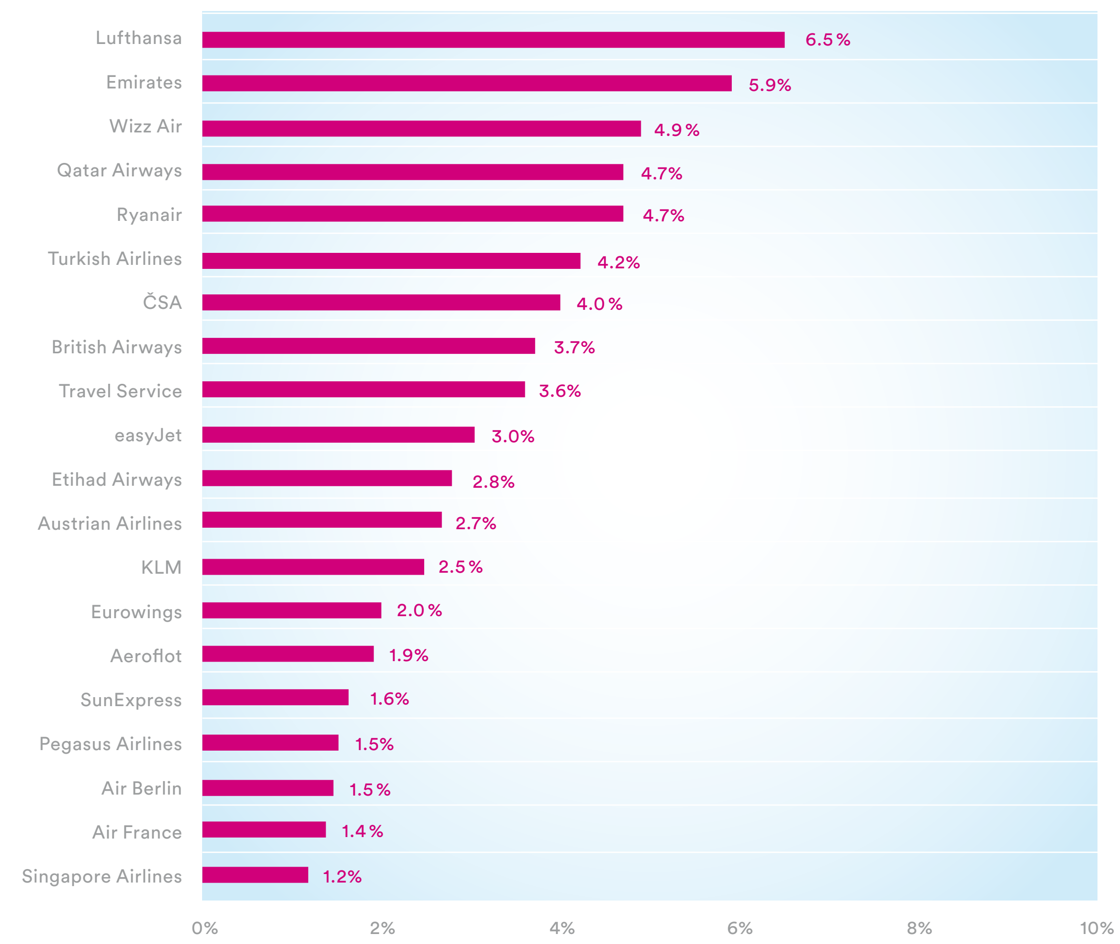
Year-on-year comparison in the number of Service Units at FIR Prague in individual months of 2017 in %



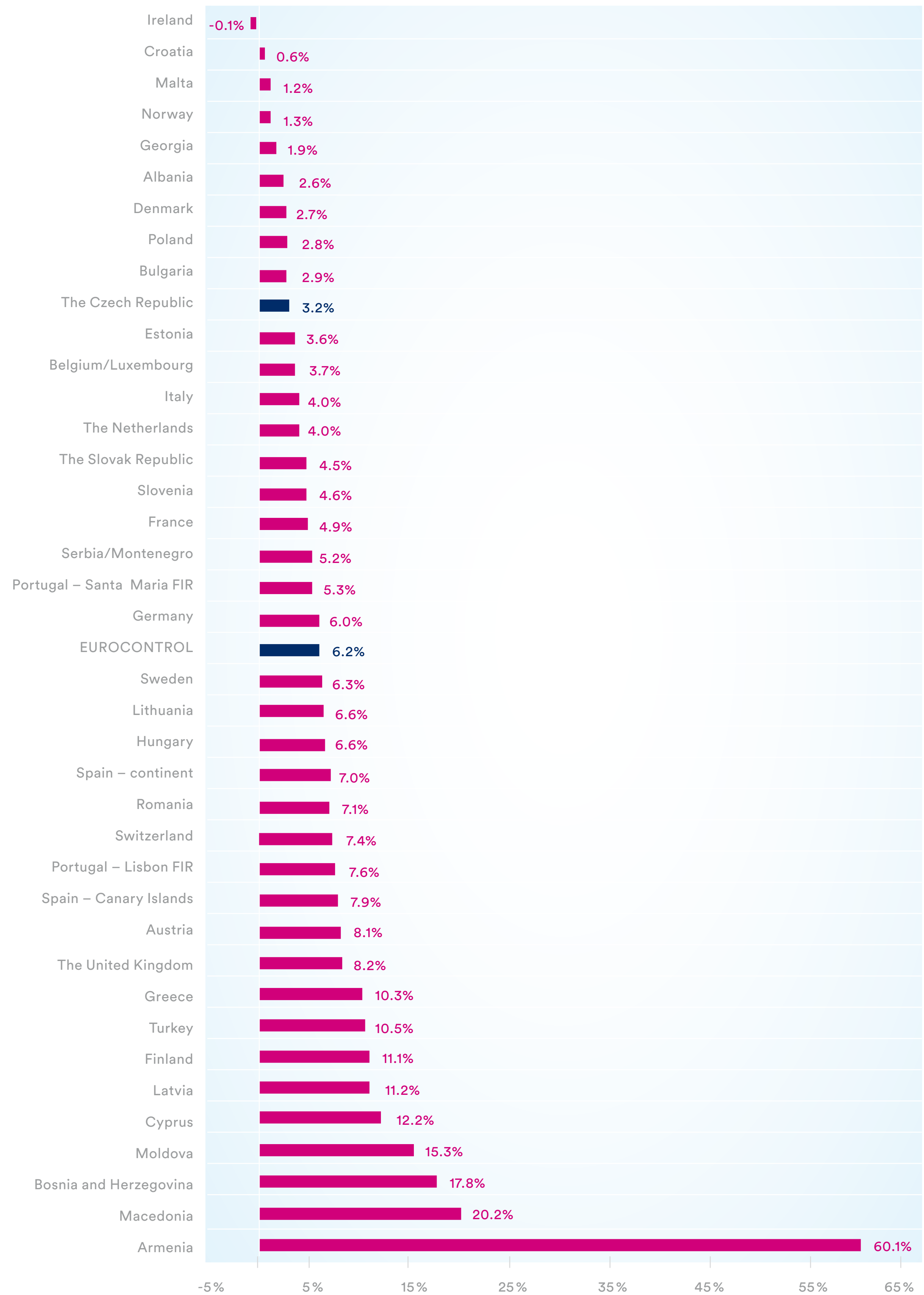
Major ANS CR customers in 2017 – users of navigation services in the airspace of CR (% share of the total volume of services provided 2016–2017)



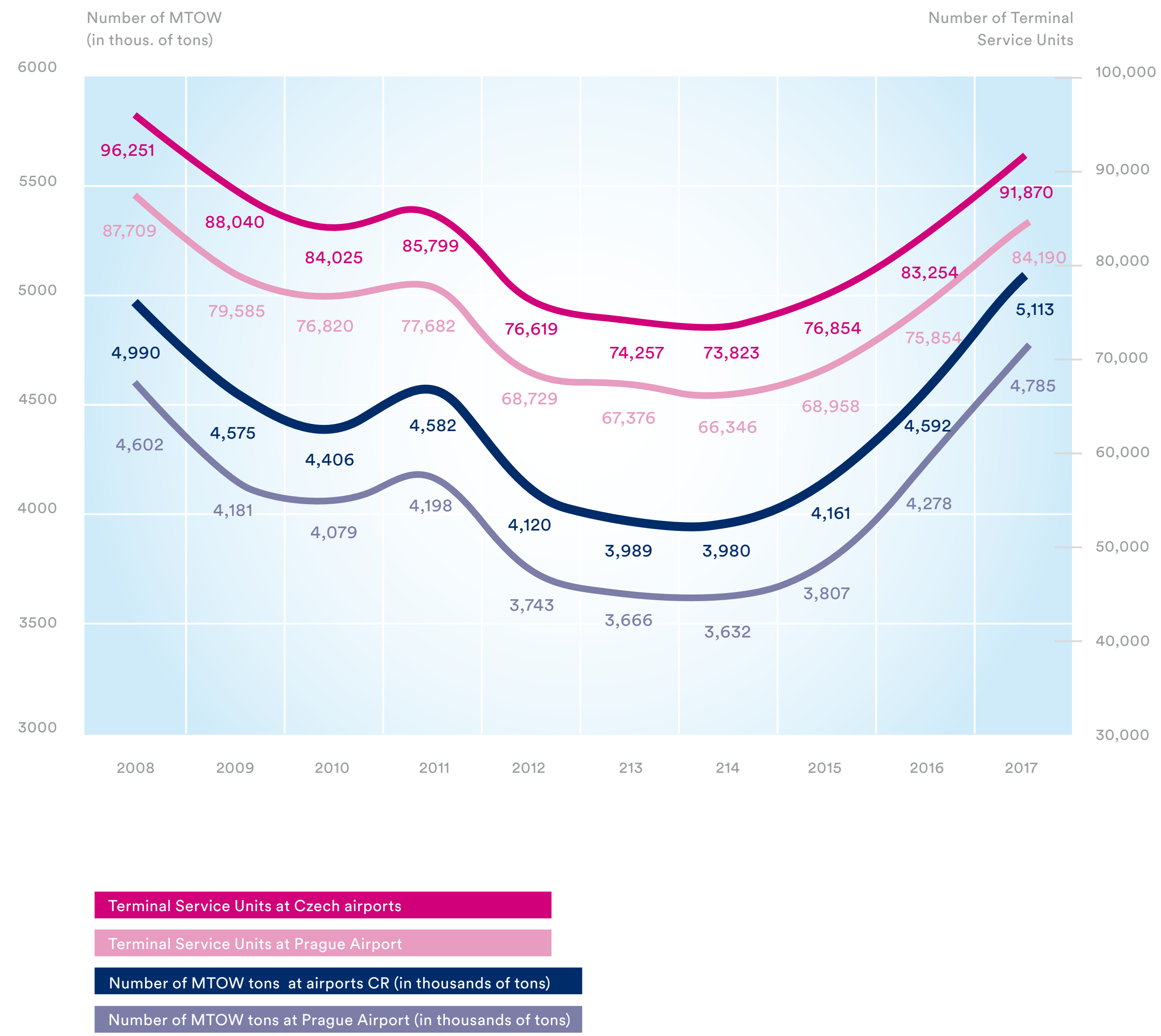
Major ANS CR customers in 2017 – users of air navigation services in the airspace of CR (% share of the total volume of en-route and terminal navigation services provided at the same time)



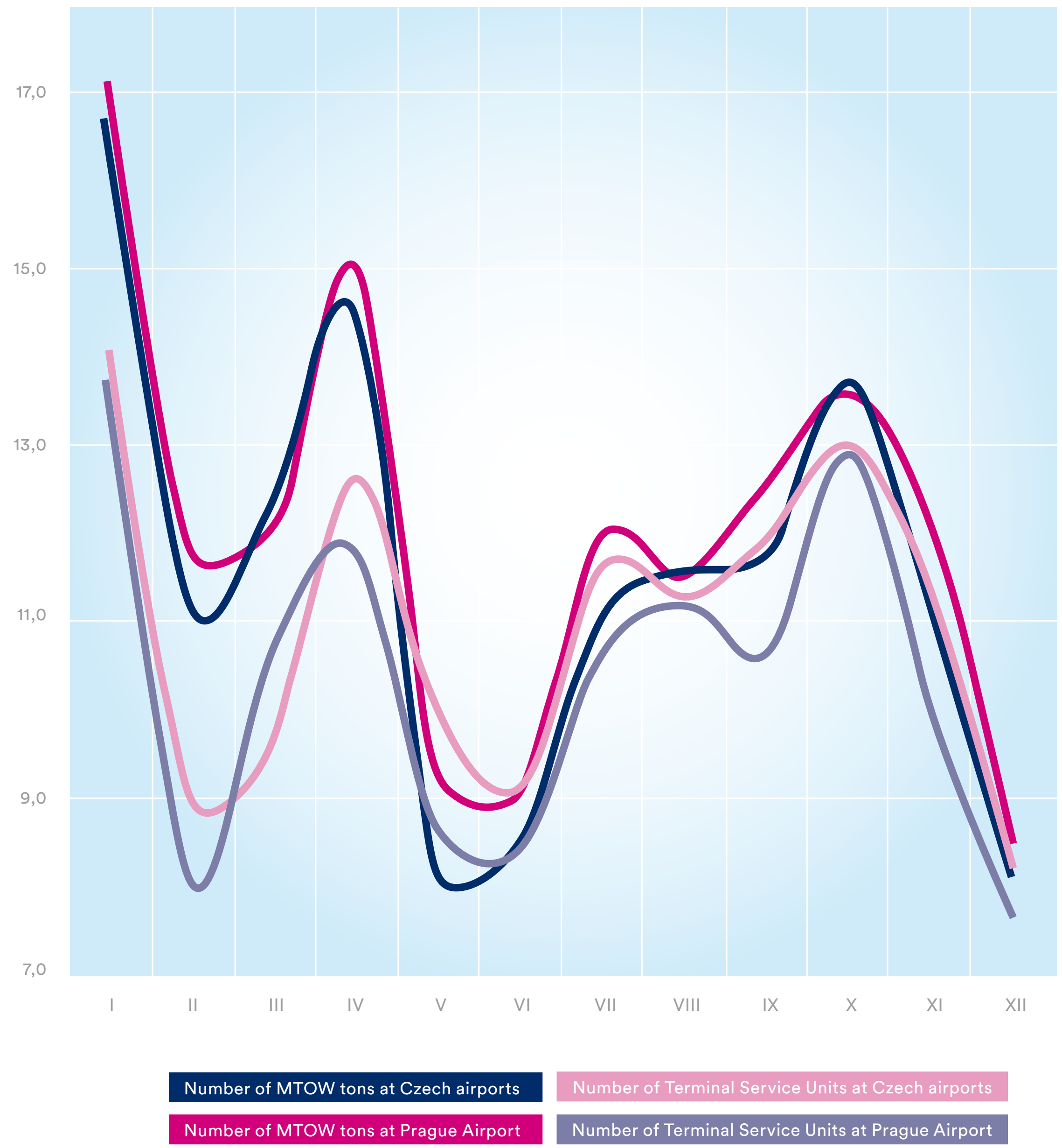
Development of performance in Service Units (charged ones) of EUROCONTROL member states 2016/2017 (%)



Number of performance units at airports in CR and at Václav Havel Airport Prague (in thousands of MTOW of Terminal Service Units)

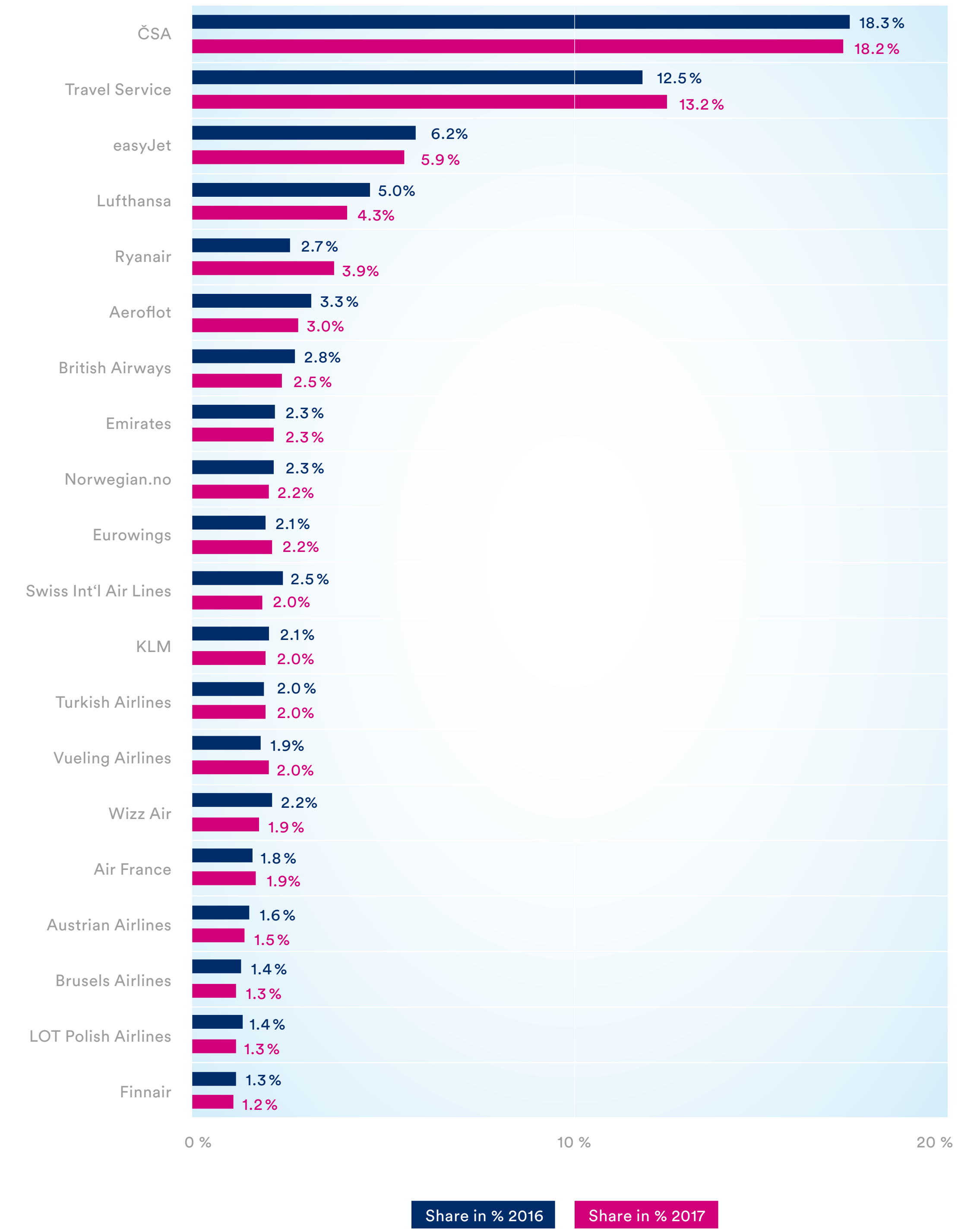


Year-on-year comparison in the number of performance units at airports in CR in individual months of 2017 in %



	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Number of MTOW tons at Czech airports	16.7	11.2	12.4	14.5	8.1	8.5	11.0	11.6	11.8	13.7	11.1	8.1
Number of MTOW tons at Prague Airport	17.1	11.8	12.1	15.0	9.3	9.0	11.9	11.5	12.5	13.6	12.1	8.5
Number of Terminal Service Units at Czech airports	13.7	8.0	10.7	11.8	8.6	8.4	10.6	11.2	10.6	12.9	10.1	7.6
Terminal Service Units at Prague Airport	14.0	9.0	9.7	12.6	10.0	9.1	11.6	11.3	11.9	13.0	11.4	8.1

Major ANS CR customers in 2017 – users of terminal navigation services at Václav Havel Prague Airport (% share in the total volume of Terminal Service Units – comparison for 2016–2017)



Charges for Air Navigation Services Provided by the ANS CR

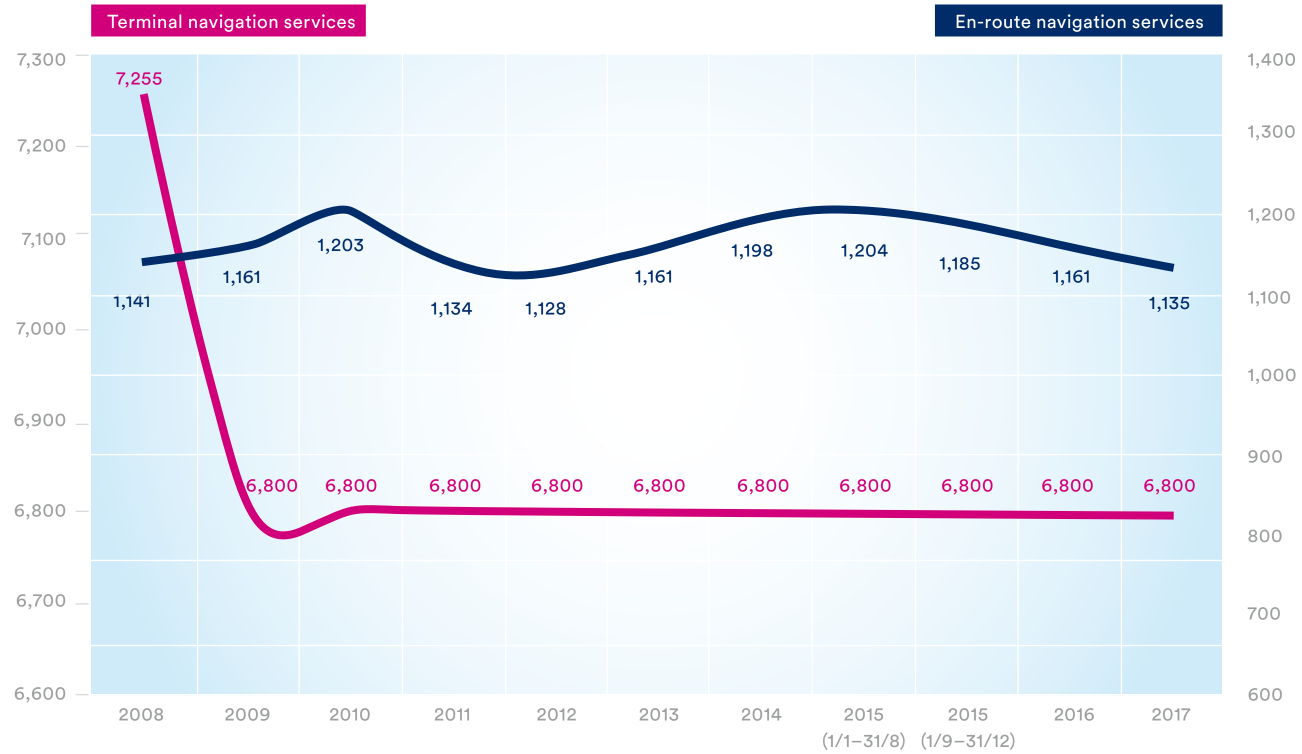
Prices for air navigation services provided in 2017 by ANS CR were, as in previous years, determined as prescribed in Commission Implementing Regulation No. 390/2013, laying down a system to monitor the performance of air navigation services, approved in the framework of the Single European Sky. The regulations include setting the prices for both types of services, i.e. en-route navigation services in the airspace of the Czech Republic and terminal navigation services provided at airports controlled in the Czech Republic. This legislation defines the process for setting the individual prices for air navigation service providers within the European Union member states, including the ANS CR, for the second reference period in the form of performance indicators and the principle of risks shared with service users. The performance plan is based on a five-year reference period, where the second reference period encompasses 2015-2019. Prices for en-route navigation services are performance indicators, and as such are approved by the national regulator (The Civil Aviation Authority of the Czech Republic) and the European Commission.

Prices for en-route navigation services are compared as performance indicators year-on-year at the Real Terms prices of 2009 – the revised approved performance plan includes a reduction in these prices for the airspace of the Czech Republic 2014-2019 by 16.1%. This gradual decrease in prices for en-route navigation services is positively assessed as a contribution to meeting European objectives in this direction with the main aim of achieving greater efficiency of the services provided within the European area and greater benefit for the users of these services.

In general, the prices are determined in accordance with the rules of the International Civil Aviation Organization (ICAO) and other applicable regulations of the European Commission, which includes Commission Implementing Regulation No. 391/2013. As in previous years, the actual calculation of charges for en-route navigation services in 2017 fell in line with rules published in the document Principles for Establishing the Cost-Base for Route Facility Charges and the calculation for the Unit Rates, issued by the European Organization for the Safety of Air Navigation (EUROCONTROL), which further elaborates the above-mentioned European Union legislation in detail.

ANS CR is committed to consistently employing a customer-oriented approach within the pricing policy of air navigation services. The most important commitment of the company is to maintain its objectives, including a planned continuous reduction in the price during the second reference period as defined by the Performance Plan of the Czech Republic, with regards to the actual development of air traffic during this period. As an integral part of the price approval process, consultations with users (organisations representing the interests of the users of air navigation services) are carried out prior to the final approval of prices. During the process of setting prices for 2017, consultations on the charges for en-route navigation services were again held at the level of the member states of EUROCONTROL. Consultations on the charges for terminal navigation services were organised by the European Commission on the premises of EUROCONTROL.

Development of the basic annual rates for air navigation services (in CZK)



Charges for En-route Navigation Services

Based on the membership of the Czech Republic in EUROCONTROL and access to the Multilateral Convention on flight charges, the billing, collection and recovery of charges for en-route navigation services are provided, effective 1 January 1996, by the Central Route Charges Office (CRCO) at EUROCONTROL, based in Brussels.

The basis for calculating the en-route navigation charge is the rate per service unit. The service unit is defined as the number of kilometres flown through the airspace of the Czech Republic, divided by 100, multiplied by the square root of 1/50th the maximum take-off weight of the aircraft (MTOW) in tons.

2017 has been defined as the third year of the second reference period, and as part of the commitment to gradually reduce the price for services, approved by the national Performance Plan for the Czech Republic, the basic unit price of the charge for en-route navigation services was set at 1,135 CZK (i.e. the global unit price of 42.10 EUR per service unit). The basic unit price was valid for the entire period of 2017. There was a year-on-year reduction in the basic unit rate of the charge by 2.2 % in comparison with the basic price of the charge valid for 2016. As in previous years, the cost base was calculated in CZK.

The global unit rate, valid for the entire period of one year, is only a reference price after conversion to the EUR currency. The actual price of the charge in EUR, which users of the service always pay for during the period of one calendar month, depends on the exchange rate of EUR to CZK during the course of the year. The price during the course of 2017 was therefore impacted on, as in previous years, by fluctuations of the Czech national currency to the EUR. In addition, its development was affected essentially by the decision to terminate forex market interventions by the Czech National Bank against strengthening the exchange rate of the Czech crown during 2017. It resulted in a gradual increase in the revised monthly price of terminal navigation services, expressed in EUR, from May 2017 to the end of the year. The graph shows the change in the actual rates for en-route navigation service charges, billed to users of the service in individual months, compared to the reference unit rate announced for 2017, depending on movements in the exchange rate.

In comparison with all the unit rates of charges for en-route navigation services for member states of EUROCONTROL, the global unit rate for charges in the airspace of the Czech Republic, announced for 2017, is assessed as the rate at the lower half of the price spectrum. An overview of the price level of unit rates for en-route navigation services of member states of EUROCONTROL is shown in the graphic display.

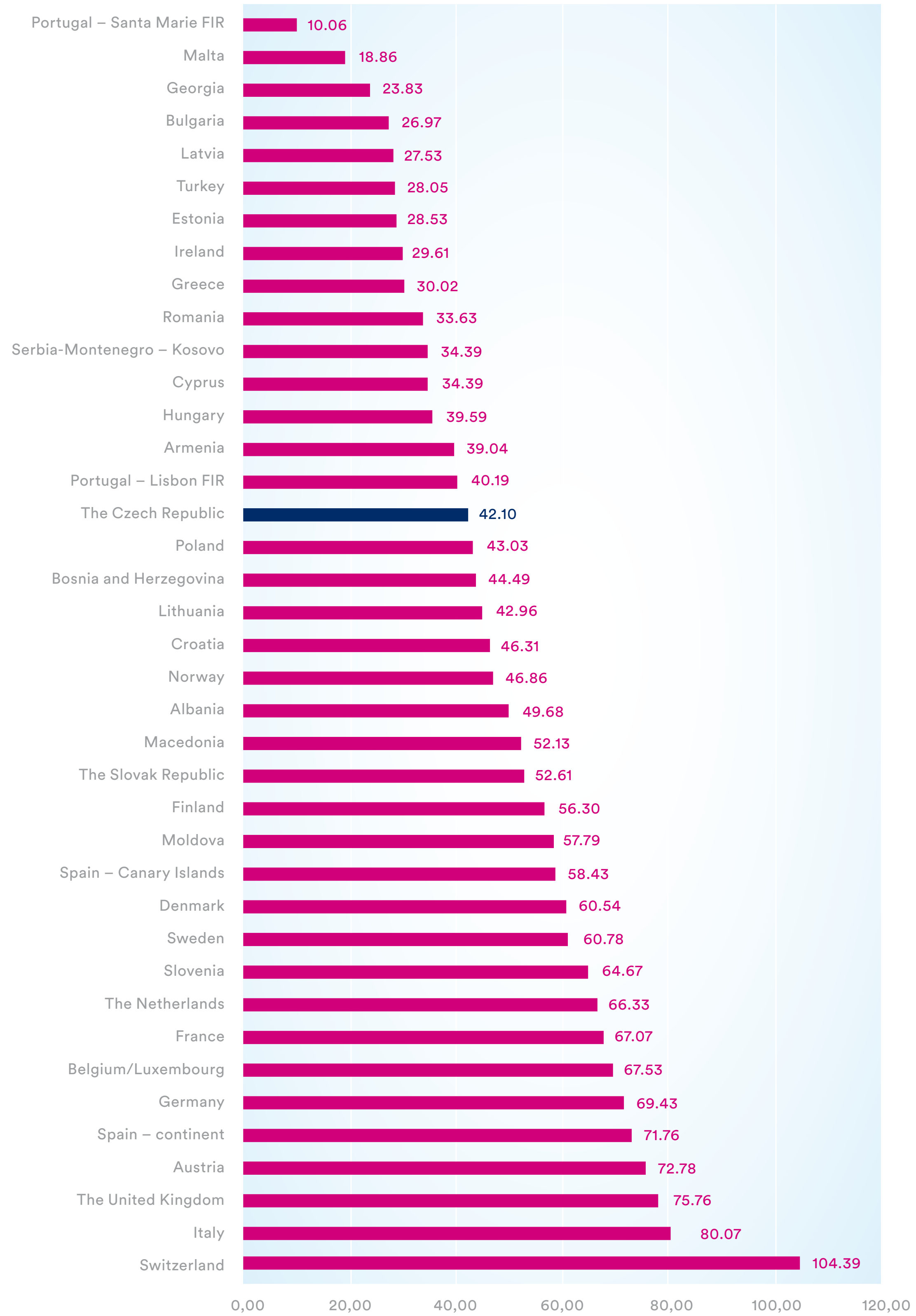
In 2017, the following categories of flights were excluded from en-route navigation service charges based on a decision by the government:

- Flights made exclusively under VFR
- Flights of aircraft up to the maximum take-off weight of and including 2 tons
- Flights of state importance (flights made exclusively for transporting heads of state, heads of government and government ministers during their official missions)
- Flights for search and rescue authorized by the competent RCC authority
- Flights of the state aircraft of contractual states of the North Atlantic Treaty Organization (NATO), Austria and Brazil, with the exception of the Czech Republic
- Flights performed exclusively for the purpose of testing and checking the ground navigation equipment
- Flights made by customs and police authorities

Development of the adjusted monthly unit rates of en-route charges depending on the EUR/CZK exchange rate

* BUR – BASIC UNIT RATE

Comparison in the price level of the unit rates in EUROCONTROL member states for en-route navigation services in 2017 (in EUR)



Charges for Terminal Navigation Services of Controlled Flights

The process for determining the price for terminal navigation services is governed by the provisions of Commission Implementing Regulation No. 391/2013. The price is set for 1 terminal service unit, which is defined as the weight factor corresponding to 1/50th of the certified MTOW of the landing aircraft, to the power of 0.7. ANS CR provides for the billing and collecting of charges for terminal navigation services for controlled flights provided at airports in Prague, Karlovy Vary, Brno and Ostrava.

The price for terminal navigation services, valid for 2017, was set at 6,800.00 CZK per terminal service unit, unchanged at this level since 2009. The performance plan for terminal navigation services in 2017 was exceeded by 2.3 %. The price for the service is set and announced in Czech crowns. In view of providing comfort to foreign customers, the total value of services provided during the course of one month is also converted into EUR on the basis of applicable rules and the daily exchange rate between CZK and EUR as announced by the Czech National Bank on the date of issuing the invoice.

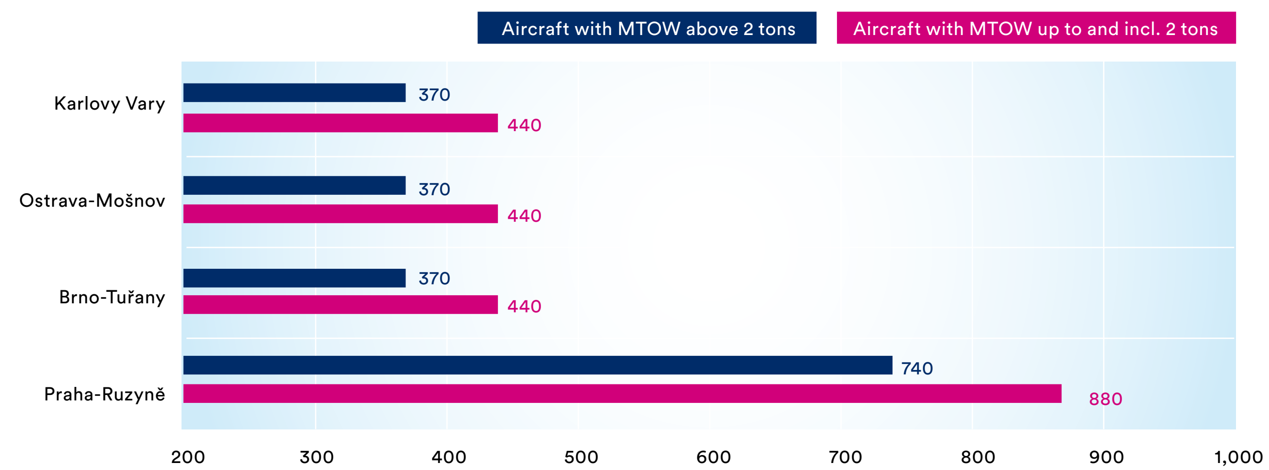
In 2017, the following categories of flights were guaranteed from terminal navigation service charges based on a decision by the government:

- Flights of aircraft up to the maximum take-off weight of and including 2 tons.
- Flights of state importance (flights made exclusively for transporting heads of state, heads of government and ministers during their official trips).
- Flights for search and rescue authorized by the competent RCC authority.
- Flights of the state aircraft of contractual states of the North Atlantic Treaty Organization (NATO), Austria and Brazil, with the exception of the Czech Republic.
- Flights performed exclusively for the purpose of testing and checking the ground navigation equipment.
- Flights carrying out air rescue service, including secondary and repatriation flights, and flights directly connected with saving human lives.
- Flights of aircraft that were forced to return to the airport of departure due to a failure or weather conditions and aircraft forced to make an emergency landing.
- Flights made by customs and police authorities.

Charges for Training Flights

In 2017, training flights conducted at TMA of the airports controlled by ANS CR were charged, as in previous years, a flat rate per 1 hour of the duration of the training flight or a proportional part thereof and 1 ton MTOW of the aircraft. The actual charge for a single training flight was set based on the exact duration of the flight in minutes. For flights of aircraft weighing up to and including 2 tons MTOW, a different basic unit rate for charges was applied than in cases of flights of aircraft with higher MTOW. Due to the potential commercial attractiveness of the higher volume of training flights conducted at regional airports by a single aircraft operator in the course of one calendar month, a system of preferential rates was applied based on reaching the limit of minimum number of training hours required, while taking into account the possibility of an attainment of the required number of training hours at all three regional airports simultaneously.

Rates for training flights charges applicable in 2017 (in CZK for 1 hour and 1 MTOW ton)



Decrease in the basic rate for training flights at regional airports depending on the number of training hours achieved by one operator for one calendar month:

Number of training hours / month	Decrease in the basic rate
0–5	0%
5–10	20%
10–20	45%
20–30	55%
more than 30	65%

Recovery of Receivables for Air Navigation Services

The basic idea of the participation of the Czech Republic in the Multilateral Agreement Relating to Route Charges, as in the case of other member states, imposes a direct responsibility on CRCO EUROCONTROL for collecting receivables from individual users of en-route navigation services provided by ANS CR in the airspace of the Czech Republic. If necessary, CRCO EUROCONTROL must also directly ensure their recovery after the due date. This collection and any subsequent recovery from individual users of terminal navigation services provided at the airports in Prague, Karlovy Vary, Brno and Ostrava are within the authority of ANS CR. As in previous years, the vast majority of the total volume of receivables for terminal navigation services in 2017 was paid by customers prior to or at its due date. The medium-term recovery rate of receivables for both types of services (en-route navigation and terminal navigation services) reached 99.6-99.9% in 2017.

In the event of any delay in the payment of tax documents for services rendered by ANS CR, a standard recovery mechanism using conventional instruments to secure receivables was applied. The company usually applies financial sanctions in the form of charging interest for late payment in accordance with applicable laws in response to the late payment of receivables by the customer, and this practice continued in 2017. In more severe cases of unpaid receivables for terminal navigation services, the company used other instruments available for recovery on a selective basis, including recovery by legal means, or through the application decision to file a claim in the insolvency proceedings, eventually through cooperation with government authorities in the field of civil aviation. In exceptional cases in 2017, ANS CR availed itself of the procedure under the relevant provisions of the Civil Aviation Act, which authorizes the company to use the institute of denial of the provision of air navigation services to customers in long-term arrears with payment of invoices for previously rendered terminal navigation services. This provision represents another effective instrument in securing long outstanding receivables with a positive impact on their return. Under the amendment to the Civil Aviation Act, with effect from November 2017, the option to deny the provision of air navigation services to customers in long-term arrears in paying their invoices for previously rendered services has been extended to en-route navigation services as well.

Supervisory Board Report

The Supervisory Board of ANS CR, composed of Magdalena Faltýsková (Chairman), Zdenek Jelínek, Stanislav Pleninger, Milan Vondra and Petr Kolomazník (Members), held a regular meeting on April 18, 2018 to discuss the annual financial statement of ANS CR for 2017, in conjunction with Section13 of Act 77/1997 Coll. on State-owned Enterprises.

The Supervisory Board took into account the Auditor's report and the assessment of the fulfilment of the indicators stipulated for the Director General.

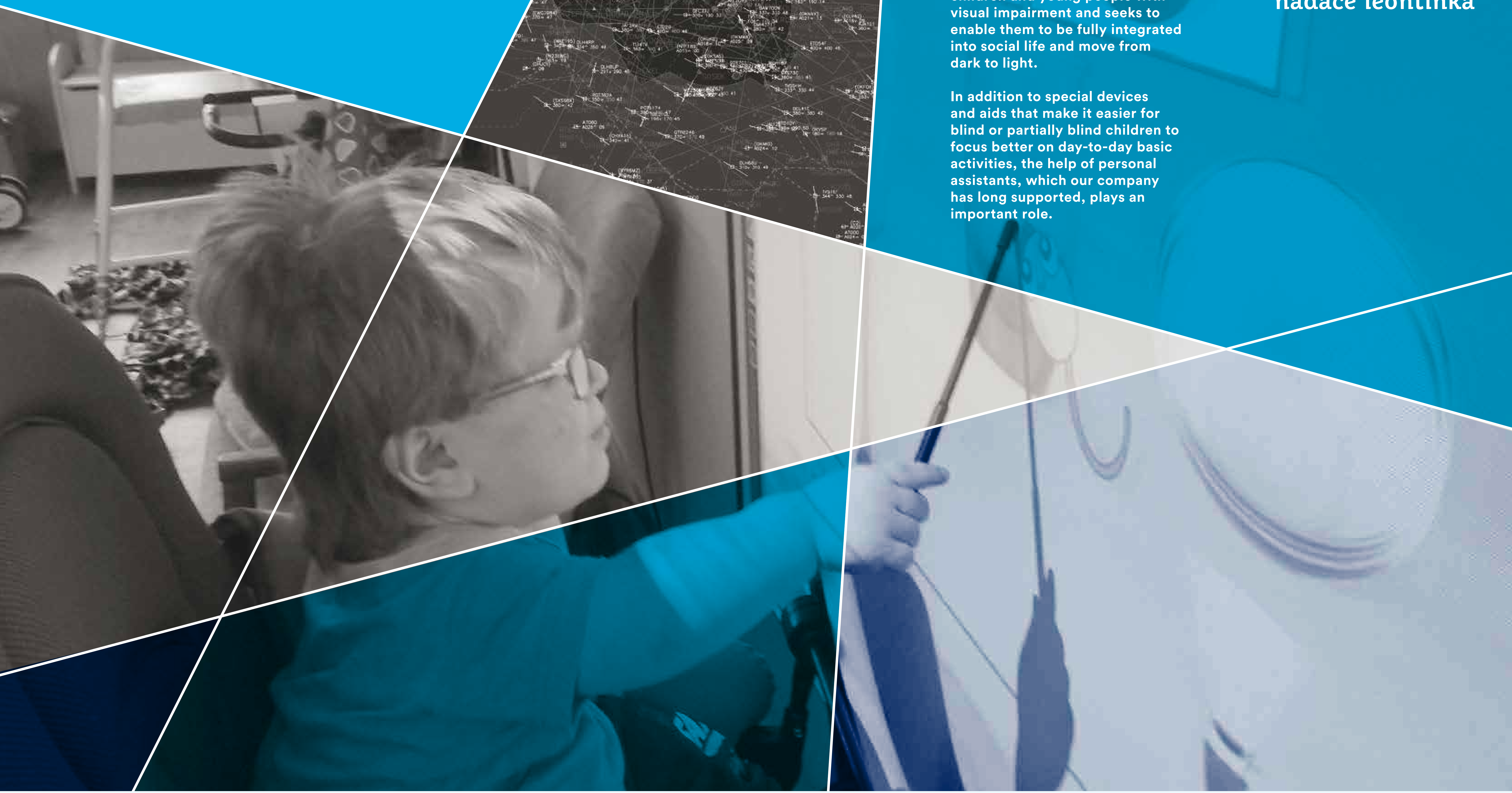
The Supervisory Board, after studying the financial statements, states that the 2017 planned economic performance indicators have been fulfilled, the company's financial situation is stable and the company has fulfilled all its obligations. Afterwards the Supervisory Board discussed the proposal for distributing the disposable profit. As a follow-up to the discussion about distributing the disposable profit, distributions to the particular funds have been recommended.

The Supervisory Board has charged the Director General with submitting the Annual Financial Statements to ANS CR's founder and has recommended their approval. The Supervisory Board has also charged the Director General to submit the proposal for distributing the disposable profit to ANS CR's founder.

ING. MAGDALENA FALTÝSKOVÁ
Chairman of the Supervisory Board

Financial Statements of ANS CR for 2017

compiled in accordance with national accounting standards



LEONTINKA FOUNDATION

nadace leontinka

The sight is the most valuable sense not only for air traffic controllers but for all of us. Leontinka Foundation helps children and young people with visual impairment and seeks to enable them to be fully integrated into social life and move from dark to light.

In addition to special devices and aids that make it easier for blind or partially blind children to focus better on day-to-day basic activities, the help of personal assistants, which our company has long supported, plays an important role.

Independent Auditor's Report

to the Founder of Air Navigation Services of the Czech Republic, state enterprise

Opinion

We have audited the accompanying financial statements of Air Navigation Services of the Czech Republic, state enterprise, based in Navigační 787, Jeneč, identification number 497 10 371, (hereafter the "Company") prepared in accordance with Czech accounting regulations, which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity and cash flow statement for the period from 1 January 2017 to 31 December 2017 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Air Navigation Services of the Czech Republic, state enterprise as at 31 December 2017 and of the costs, revenues and its profit or loss and its cash flows for the period from 1 January 2017 to 31 December 2017, in accordance with Czech accounting regulations.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under these regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2 (b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Body is responsible for this other information. Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the company obtained from the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with the applicable laws and regulations, in particular, whether the other information complies with the laws and regulations in terms of formal requirements and procedures for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with the applicable laws and regulations.

In addition, our responsibility is to report, based on our knowledge and understanding of the Company obtained from the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Statutory Body, the Supervisory Board and the Audit Committee for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting regulations and for such internal control as the Statutory Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Body is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Founder either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness of the Statutory Body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

In Prague, 20 March 2018

Audit firm:	Partner:
BDO Audit s. r. o.	Petr Slavíček
Certificate No. 018	Certificate No. 2076

Balance sheet

IN ACCORDANCE WITH NATIONAL ACCOUNTING STANDARDS

in full (in thousands of CZK) compiled as of 31 December 2017

Statement line / Content of the item		2017			2016
		Gross	Corrrection	Net	Net
TOTAL ASSETS		13,744,591	6,683,936	7,060,655	6,533,622
B.	Fixed assets	11,006,220	6,651,076	4,355,144	4,060,099
B.I.	Intangible fixed assets	3,661,174	2,340,913	1,320,261	1,308,252
B.I.1.	Research and development	3,861	3,861		
B.I.2.	Valuable rights	2,961,341	2,244,787	716,554	639,269
B.I.2.1.	Softwarwe	2,960,015	2,244,222	715,793	638,325
B.I.2.2.	Other valuable rights	1,326	565	761	944
B.I.4.	Other intangible fixed assets	119,325	92,265	27,060	37,024
B.I.5.	Prepayments for intangible fixed assets and unfinished intangible fixed assets	576,647		576,647	631,959
B.I.5.2.	Unfinished intangible fixed assets	576,647		576,647	631,959
B.II.	Tangible fixed assets	7,013,466	4,310,163	2,703,303	2,474,306
B.II.1.	Land and buildings	2,713,373	1,213,649	1,499,724	1,586,143
B.II.1.1.	Land	16,298		16,298	15,964
B.II.1.2.	Buildings	2,697,075	1,213,649	1,483,426	1,570,179
B.II.2.	Tangible movables and their groups	3,753,326	3,096,418	656,908	616,611
B.II.4.	Other tangible fixed assets	1,138	96	1,042	602
B.II.4.1.	Cultivated areas	85	85		
B.II.4.3.	Other tangible fixed assets	1,053	11	1,042	602
B.II.5.	Prepayments for tangible fixed assets and unfinished tangible fixed assets	545,629		545,629	270,950
B.II.5.2.	Unfinished intangible fixed assets	545,629		545,629	270,950
B.III.	Financial Fixed Assets	331,580		331,580	277,541
B.III.1.	Shares and ownership interests in subsidiaries	331,199		331,199	277,139
B.III.5.	Other long-term securities and shares	381		381	402
C.	Current assets	2,709,175	32,860	2,676,315	2,400,727
C.I.	Inventory	19,915	187	19,728	16,537
C.I.1.	Materiál	19,819	187	19,632	16,441
C.I.3.	Products and goods	96		96	96
C.I.3.2.	Goods	96		96	96
C.II.	Receivables	1,083,655	32,673	1,050,982	893,272
C.II.1.	Long-term receivables	53,870		53,870	
C.II.1.5.	Receivables – other	53,870		53,870	
C.II.1.5.4.	Other receivables	53,870		53,870	
C.II.2.	Short-term receivables	1,029,785	32,673	997,112	893,272
C.II.2.1.	Trade receivables	610,839	25,209	585,630	565,044
C.II.2.4.	Receivables – other	418,946	7,464	411,482	328,228
C.II.2.4.3.	State tax assets	92,924		92,924	40,303
C.II.2.4.4.	Short-term prepayments	3,538		3,538	2,989
C.II.2.4.5.	Accrued assets	1,579		1,579	7,298
C.II.2.4.6.	Other receivables	320,905	7,464	313,441	277,638
C.III.	Current financial assets	21,705		21,705	
C.III.2.	Other current financial assets	21,705		21,705	
C.IV.	Cash	1,583,900		1,583,900	1,490,918
C.IV.1.	Cash on hand	1,897		1,897	1,424
C.IV.2.	Bank accounts	1,582,003		1,582,003	1,489,494
D.	Assets accruals and deferrals	29,196		29,196	72,796
D.1.	Accrued expenses	29,196		29,196	72,796

Statement line / Content of the item		2017	2016
TOTAL LIABILITIES		7,060,655	6,533,622
A.	Equity	6,048,727	5,778,635
A.I.	Share capital	1,087,503	1,087,503
A.I.1.	Share capital	1,082,822	1,082,822
A.I.3.	Changes in share capital	4,681	4,681
A.II.	Share premium and capital funds	298,950	244,911
A.II.2.	Capital funds	298,950	244,911
A.II.2.1.	Other capital funds	248,475	248,475
A.II.2.2.	Differences from revaluation of assets and liabilities (+/-)	50,475	-3,564
A.III.	Funds from profits	4,144,771	3,932,405
A.III.1.	Other reserve funds	320,000	320,000
A.III.2.	Statutory and other funds	3,824,771	3,612,405
A.IV.	Profit or loss brought forward (+/-)	130,086	130,000
A.IV.1.	Retained profit brought forward	130,086	130,000
A.V.	Profit or loss of the current accounting period	387,417	383,816
B+C	External sources	1,011,854	754,781
B.	Provisions	6,531	
B.2.	Provisions for income tax	2,998	
B.4.	Other provisions	3,533	
C.	Liabilities	1,005,323	754,781
C.I.	Long-term liabilities	134,585	116,176
C.I.8.	Deferred tax liability	119,160	116,176
C.I.9.	Liabilities – other	15,425	
C.I.9.3.	Other liabilities	15,425	
C.II.	Short-term liabilities	870,738	638,605
C.II.3.	Short-term prepayments received	1,141	998
C.II.4.	Trade payables	141,470	21,934
C.II.8.	Liabilities – other	728,127	615,673
C.II.8.3.	Payables to employees	184,151	159,636
C.II.8.4.	Payables for social security and health insurance	54,583	47,433
C.II.8.5.	State – tax liabilities and subsidies	401,855	338,877
C.II.8.6.	Accrued payables	76,199	35,775
C.II.8.7.	Other liabilities	11,339	33,952
D.	Liabilities accruals and deferrals	74	206
D.2.	Deferred income	74	206

Profit and loss statement

IN ACCORDANCE WITH NATIONAL ACCOUNTING STANDARDS

in full (in thousands of CZK) compiled as of 31 December 2017

Statement line / Content of the item				2017	2016
I.	Income from sales of products and services			3,879,380	3,798,607
A.	Operational consumption			586,572	540,342
	A.2.	Consumption of material and energy		65,650	74,860
	A.3.	Services		520,922	465,482
D.	Personnel costs			2,245,227	2,146,096
	D.1.	Payroll costs		1,753,652	1,675,622
	D.2.	Costs for social security, health insurance and other costs		491,575	470,474
		D.2.1.	Costs for social security and health insurance	423,115	404,503
		D.2.2.	Other costs	68,460	65,971
E.	Valuation adjustments in the operational area			534,149	505,507
	E.1.	Valuation adjustments to tangible and intangible fixed assets		536,144	508,424
		E.1.1.	Valuation adjustments of tangible and intangible fixed assets – permanent	536,144	508,424
	E.2.	Valuation adjustments of inventory		-6	-13
	E.3.	Valuation adjustments of receivables		-1,989	-2,904
III.	Other operating revenues			84,486	108,420
	III.1.	Income from the sale of fixed assets		357	20,507
	III.2.	Income from the sale of material		1,126	1,079
	III.3.	Other operating income		83,003	86,834
F.	Other operating expenses			237,529	253,104
	F.1.	Net book value of sold fixed assets		40	1,209
	F.2.	Net book value of sold material		66	68
	F.3.	Taxes and fees		3,291	2,407
	F.4.	Operational provisions and comprehensive deferred costs		3,533	
	F.5.	Other operating costs		230,599	249,420
*	OPERATING PROFIT AND LOSS (+/-)			360,389	461,978
VI.	Interest revenues and similar revenues			1,123	17,016
	VI.2.	Other interest revenues and similar revenues		1,123	17,016
VII.	Other financial revenues			226,675	76,183
K.	Other financial costs			103,789	75,595
*	FINANCIAL PROFIT AND LOSS (+/-)			124,009	17,604
**	PRETAX PROFIT AND LOSS (+/-)			484,398	479,582
L.	Income tax			96,981	95,766
	L.1.	Income tax payable		93,997	97,819
	L.2.	Income tax deferred (+/-)		2,984	-2,053
**	PROFIT AND LOSS AFTER TAXES (+/-)			387,417	383,816
***	PROFIT AND LOSS FOR THE ACCOUNTING PERIOD (+/-)			387,417	383,816
*	NET TURNOVER FOR THE ACCOUNTING PERIOD			4,191,664	4,000,226

Cash flow statement

IN ACCORDANCE WITH NATIONAL ACCOUNTING STANDARDS

in full (in thousands of CZK) compiled as of 31 December 2017

				2017	2016
P.	Cash at the beginning of the period			1,490,918	1,754,014
Z.	Pretax net profit/loss on ordinary activities			484,398	479,582
	A.1.	Adjustments for non-cash movements		399,094	469,206
		A.1.1	Depreciation of fixed assets	536,144	508,424
		A.1.2	Change in allowances, provisions and transitory accounts	1,538	-2,904
		A.1.3	Profit (loss) from the sale of fixed assets	-317	-19,298
		A.1.5	Net interest costs	-1,123	-17,016
		A.1.6	Possible adjustments related to other non-cash transactions	-137,148	0
A.*	Net cash from operating activities before taxation, before changes in working capital and extraordinary items			883,492	948,788
	A.2.	Changes in working capital		137,294	125,395
		A.2.1	Change in receivables from operating activities	56,043	-57,974
		A.2.2	Change in short-term payables from operating activities	106,140	185,748
		A.2.3	Change in inventories	-3,184	-2,379
		A.2.4	Change in short-term financial assets excluding monetary resources	-21,705	0
A.**	Net cash from operating activities before taxation and extraordinary items			1,020,786	1,074,183
	A.3.	Costs from interest payments		0	0
	A.4.	Interest received excluding investment companies and funds		1,123	17,016
	A.5.	Income tax paid from ordinary activities and additional assessment		-87,211	-77,437
A.***	Net cash from operating activities			934,698	1,013,762
	B.1.	Expenses connected to acquiring fixed assets		-670,709	-1,102,450
	B.2.	Proceeds from the sale of fixed assets		357	20,507
B.***	Net cash from investing activities			-670,352	-1,081,943
C.2.	Impact of changes in equity on cash resources			-171,364	-194,915
C.***	Net cash from financial activities			-171,364	-194,915
F.	Net change in cash resources			92,982	-263,096
R.	Cash at the end of the period			1,583,900	1,490,918

Summary of changes in equity

IN ACCORDANCE WITH NATIONAL ACCOUNTING STANDARDS

at 31 December 2017

Changes / balances	Share capital	Other capital funds	Assets revaluation differences	Reserve fund	Founder's fund	Development fund	Other funds created from profits	Cumulative profit and loss	Total equity
Balance sheet line	A.I.	A.II.2.1.	A.II.2.2.	A.III.1.	A.III.2. (part)	A.III.2. (part)	A.III.2. (part)	A.IV.1. + A.V.	A.
Balances on 1 January 2016	1,087,503	248,475	-2,566	303,796	0	3,414,850	38,041	500,633	5,590,732
Revaluation of equity investment for 2016 equivalence			-998						-998
Allocation to funds from the disposable profit of 2015				16,204	129,715	158,312	66,402	-370,633	0
Transfer of resources from the founder's fund to the state budget in 2016					-129,715				-129,715
Use of resources from funds created from profit in 2016							-65,200		-65,200
Profit and loss for 2016								383,816	383,816
Status at 31 December 2016	1,087,503	248,475	-3,564	320,000	0	3,573,162	39,243	513,816	5,778,635
Revaluation of equity investment for 2017 equivalence			54,039						54,039
Allocation to funds from the disposable profit of 2016					100,479	211,238	72,013	-383,730	0
Transfer of resources from the incorporation fund to the state budget in 2017					-100,479				-100,479
Use of resources from funds created from profit in 2017							-70,885		-70,885
Profit and loss for 2017								387,417	387,417
Status at 31 December 2017	1,087,503	248,475	50,475	320,000	0	3,784,400	40,371	517,503	6,048,727

Annex to the financial statements for 2017

1 General information

1.1 ESTABLISHMENT AND DESCRIPTION OF THE COMPANY

Name of the entity:	Air Navigation Services of the Czech Republic
Legal form:	State Company
Abbreviated name:	ANS CR
Date of establishment:	ANS CR was founded on 1 January 1995 under resolution of the Minister of Transport issued on 28 December 1994, Ref. 4283/94-KM. This decision transferred all assets that had been handled by the allowance organization ANS CR up until 31 December 1994, including all rights and obligations, to the company. The state company is registered in the Commercial Register of the Municipal Court in Prague, Section A, File 10771
Headquarters:	Navigační 787, 252 61 Jeneč
Identification number:	49710371
Core business:	Air navigation services, including aerodrome services, in the airspace of the Czech Republic and at airports Prague, Brno, Ostrava and Karlovy Vary
Share capital:	1,087,503 thous. CZK

1.2 MAIN OWNERS OF THE COMPANY

Air Navigation Services of the Czech Republic is a state-owned company. The position and legal status of the state company are governed by Act 77/1997 Coll. The founder of the company is the state. It acts in the name of the founder, the Ministry of Transport, whose responsibility includes the core business of the company.

The accompanying financial statements for ANS CR have been prepared in a similar way to that of an independent company. The consolidated Financial Statements have been prepared for the whole group by the parent company – ANS CR, in accordance with national accounting standards. The companies included in the consolidation are the Czech Aviation Training Centre and Czech Aviation Training Centre India. Information pursuant to section 39b of Decree 500/2002 Coll. will be presented in the consolidated financial statements.

1.3 CHANGES AND AMENDMENTS TO THE COMMERCIAL REGISTER DURING THE LAST REPORTING PERIOD

In 2017, no changes to the company's entry in the Commercial Register were made.

1.4 ORGANIZATIONAL STRUCTURE

The head of the company is the Director General, who is the statutory body. There are four departments directly subordinate to the Director General. The company is organizationally divided into specialized divisions each headed by a division director. The divisions are divided into specialized sections each headed by a qualified manager. The company is furthermore divided into control centres led by supervisors. The total number of these organizational units was 18 as of 31 December 2017.

The company has no organizational units abroad.

1.5 STATUTORY AND SUPERVISORY BODIES OF THE COMPANY AS OF 31 DECEMBER 2017

Company Management – Statutory Body	
Director General:	Jan Klas
First Deputy Director General:	Jan Štindl
Second Deputy Director General:	Petr Fajtl

Change in Deputy Director Generals from Jan 1, 2018	
First Deputy Director General:	Petr Fajtl
Second Deputy Director General:	Miroslava Mezerová
Third Deputy Director General:	Jana Navrátilová

Supervisory Board	
Chairperson:	Magdalena Faltýsková
Deputy Chairperson:	Milan Feranec
Members:	Roman Kubíček
	Kolomazník
	Libor Štefánik
	Milan Vondra

Pursuant to the provisions of section 44c, paragraph 1c) of an amendment to Act 93/2009 Coll., on Auditors, as amended, ANS CR has the legal obligation to establish an Audit Committee for ANS CR. The amendment took effect on 1 January 2016. The committee has 3 members, who were appointed by the statutory body of ANS CR on the recommendation of the Supervisory Board, dated 28 November 2016.

Audit Committee	
Chairperson:	Ivan Hayek
Deputy Chairperson:	Eva Dekastellová
Member:	Eva Ondřichová

2 Basic for the preparation of the financial statements

Company accounting is prepared, and the financial statements compiled in accordance with Act 563/1991 Coll., on accounting, as amended, Decree 500/2002 Coll., which implements certain provisions of Act 563/1991 Coll., on accounting, as amended, for entities that are businesses performing double-entry bookkeeping and Czech accounting standards for businesses.

Its accounting respects general accounting principles, specifically the principle for valuating assets and liabilities, the principle of accounting accruals, the principle of prudence, and the assumption of the entity's ability to continue its activities. Accounting was prepared with the aid of computer technology. Its EUS software was developed by the British company Ifield Computer Consultancy (ICC).

3 General accounting principles, policies and accounting changes and variances

The valuation methods applied by the company in preparing the financial statements for 2017 and 2016 are as follows:

3.1 INTANGIBLE FIXED ASSETS

Intangible fixed assets (IFA) are assets valued at more than 60K CZK on an individual basis with an estimated useful life of greater than one year in respect to the principle of significance and of a true and fair view of the asset. Intangible fixed assets are stated at cost, which includes the purchase price and related costs.

The acquisition cost of an intangible fixed asset increases when the technical evaluation of that asset exceeds 40K CZK. Intangible assets not considered fixed within the company are included directly in costs at acquisition as a service provided. Projects and studies that are not intangible fixed assets where the price is more than 60K CZK (without VAT) are deferred for a period of five years.

Accounting depreciation – depreciation is calculated based on the acquisition cost and estimated useful life of the asset. Based on the recommendations of document "Principles for establishing the cost-base for route facility charges and the calculation of the unit rates", depreciation is calculated uniformly using the linear method.

Estimated lifetime for the defined groups of IFA in years:	
Software	4–10 years
Other IFA (audio-visual works, projects, studies, trademarks, research and development)	3–6 years

3.2 TANGIBLE FIXED ASSETS

Tangible fixed assets (TFA) are assets valued at more than 40K CZK on an individual basis with an estimated useful life of greater than one year in respect to the principle of significance and of a true and fair view of the asset. Tangible fixed assets are stated at cost, which includes the purchase price, shipping costs, customs duties and other related costs. Until the acquired asset is put into use, interest and other financial costs related to the acquisition of the fixed asset are also capitalized in the cost of these assets at the discretion of the entity. Tangible fixed assets acquired by delimitation are valued at replacement cost and posted to other capital funds.

Small tangible fixed assets, specifically computer equipment and furniture with an acquisition price between 3,000 CZK and 40,000 CZK are depreciated for a period of 4 or 10 years. Other small tangible fixed assets with an acquisition price between 3,000 CZK and 40,000 CZK are posted to Account 501 and recorded on off-balance sheet account 796. Small tangible assets with an acquisition price between 1,000 CZK and 3,000 CZK are also posted to account 501 and recorded on off-balance sheet account 796.

Valuation at replacement cost is also calculated for assets recently identified in the bookkeeping and requiring a corresponding entry in the relevant accumulated account for allowances. The replacement cost of such assets is determined by professional estimation.

Where the sum technical evaluation for an individual tangible fixed asset exceeds 40K CZK for the tax year, the acquisition cost of that asset increases.

Accounting depreciation – depreciation is calculated based on the acquisition cost and estimated useful life of the asset. Based on the recommendations of document "Principles for establishing the cost base for route facility charges and the calculation of the unit rates", depreciation is calculated strictly uniformly using the linear method.

Estimated lifetime for the defined groups of TFA in years:	
Lands	Not depreciated
Buildings and structures	30–50 years
Machinery and equipment	4–15 years
of which – electronic and communications equipment	4–10 years
of which – energy and other equipment	7–15 years
Masts, towers constructions, lines	20 years
Transport equipment	5–20 years
of which – cars	5 years
of which – aircraft	10–20 years
Inventory	3–10 years
of which – furniture	10 years
of which – office equipment, computer equipment and accessories	3–10 years

Tax depreciation – tax depreciation is carried out in accordance with section 31 (section 32) and section 32a of Act 586/1992 Coll., on income taxes, as amended. The company applies linear depreciation for purposes of calculating income tax.

3.3 FINANCIAL ASSETS

Valuation – shares were valued at acquisition cost. At the time of compiling the annual financial statements, the shares were valued at equivalence. The equivalence method is the acquisition cost of participation adjusted to a value equivalent to the degree of the company's equity participation.

3.4 CURRENT FINANCIAL ASSETS

Monetary resources consist of valuables, cash and in bank accounts.

3.5 INVENTORIES

Valuation – purchased inventory is valued at acquisition cost using the weighted arithmetic average method upon removal from stores. The acquisition cost of inventories include costs for acquisition including related costs (shipping costs, commissions, etc.). Based on stocktaking, allowances for inventories were created at the balance sheet date.

3.6 RECEIVABLES

Valuation – receivables are posted at their creation at nominal value.

Provisioning – the value of bad debts is reduced using allowances, which were made for all receivables as follows:

- 100% for receivables with a due date of 31 December 2016 and older
- 50% for receivables with a due date in the period from 1 January 2017 to 30 June 2017

Allowances are separately recorded for receivables owed by entities in bankruptcy proceedings, in addition to those owed by individual debtors whose aggregate sum is less than 30K CZK.

3.7 LOANS

The company did not draw any loans in 2017.

3.8 PROVISIONS

In 2017, the company created a provision for the current income tax for 2017 and for untaken vacations. The company did not create any other provisions in 2017.

3.9 CONVERSION DATA OF FOREIGN CURRENCIES INTO CZECH CURRENCY

For the valuation of assets and liabilities (debts) at the time of a transaction, the company uses the daily exchange rate announced by CNB during the previous working day pursuant to section 24 of the Accounting Act.

At the time of compiling the financial statements for 2017, the receivables, liabilities, and shares in commercial companies, securities and derivatives, valuables and currency values (financial assets) denominated in a foreign currency were converted using the exchange rate announced by CNB and valid on 31 December 2017.

Realized and unrealized exchange rate gains and losses are posted in financial revenues or financial costs for the year.

3.10 DERIVATES

During the course of 2017, the company had disposition of financial derivatives, which were negotiated for hedging currency risks with an expected movement in exchange rates after the relaxation of intervention by the Central Bank. At the balance sheet date, the derivatives are valued at their fair value. The manner for recognizing gains or losses from valuing derivatives at their fair value depends on whether the derivative is designated as a hedging instrument and on the nature of the item being hedged.

3.11 LEASING

No assets were acquired through financial leasing.

3.12 EQUITY

The registered capital of the company is stated at the amount recorded in the Commercial Register of the Municipal Court. Investments exceeding the registered capital are reported as other capital funds, which consist of non-monetary investments in excess of the registered capital.

In accordance with the mandates of Act 77/1997 Coll., as amended, the company has created the following funds from profit. These are a reserve fund, a fund for cultural and social needs, and a founder's fund. Creating these funds and drawing on them is regulated by the State Enterprise Act, or Decree 310/1995 Coll. Besides these funds, the company can create under the same act additional funds from disposable profits. In the case of ANS CR, this involves a development fund and a fund for other social spending. The development fund serves as a source of financing for developing and supporting the company's investments. The fund for other social spending serves as a source of financing for benefits granted to employees under collective agreements, which are not regulated by Decree 310/1995 Coll.

3.13 TAXES, INCOME TAX

Income tax expenses are calculated using the statutory tax rate from the accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxable revenues (e.g. creating and posting other provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). Additionally, items reducing the tax base (donations), deductions (tax losses, costs of research and development projects), and discounts on income tax are taken into account. In the event that the financial statements precede the final calculation of income tax, the entity creates an income tax provision.

Deferred tax – deferred tax is calculated using the liability method, which means that the deferred tax will be applied at a later stage and therefore the income tax rate applicable in the period in which this tax is applied, is used in the calculation. If this rate is unknown, the tax rate applicable for the following reporting period is used. Temporary differences resulting in a deferred tax asset or liability (debt) is assessed within the company in a broader context where a deferred tax liability (debt) is always posted, but a deferred tax asset only with respect to the precautionary principle, which means after assessing its applicability.

Deferred tax is calculated from temporary differences between the tax and accounting base of assets and liabilities. Within the company the following temporary differences come into consideration:

- Differences between the book and tax carrying value of fixed assets (a book carrying value higher than the tax carrying value creates a deferred tax liability, and in the opposite case a deferred tax asset)
- The difference between tax and book allowances (a deferred tax asset is created if tax allowances are lower than book allowances and the tax allowances are expected to create up to 100% the value of receivables)

3.14 USE OF ESTIMATES

The compilation of the financial statements requires company management to make estimates and assumptions that affect the reported amounts of assets and liabilities (debts) at the balance sheet date and the reported amounts of revenues and costs during the reporting period. Company management has made these estimates and assumptions on the basis of all the relevant information available. Nevertheless, given the nature of estimates, the actual results in the future may differ from these estimates.

3.15 COSTS AND REVENUES ACCOUNTING

Revenues and costs are recognized in the period to which they relate.

3.16 SUBSIDIES

In accordance with Czech Accounting Standard no. 17, the company recognizes the unquestionable right to a subsidy charged to the relevant account of account group 37 – Other receivables and credited to the relevant account of account group 34 – Taxes and subsidies. The use of subsidies to cover costs or other financial detriments is debited to the relevant account of account group 34 – Taxes and subsidies and credited to other operating or financial revenue accruals.

Subsidies received for the acquisition of fixed assets reduces the acquisition cost.

Subsidies are provided from the European Commission arising from participation in the implementation of projects related to the development of air navigation services. The main European initiative aimed at the development of air navigation services is the initiative of Single European Sky ATM Research (SESAR).

3.17 SUBSEQUENT EVENTS

The impact of events that occurred between the balance sheet date and the date of compiling the financial statements is reflected in the reporting if these events provide additional information about facts that existed at the date of the balance sheet. Where important events occurred between the balance sheet date and the date of compiling the financial statements which take into account facts that occurred after the balance sheet date, the effects of these events are described in an attachment to the financial statements but are not recorded in the financial statements.

3.18 CHANGES IN VALUATION, DEPRECIATION AND ACCOUNTING METHODS COMPARED TO THE PREVIOUS ACCOUNTING PERIOD

No changes occurred during fiscal year 2017 in the valuation, depreciation and accounting methods used compared to the previous accounting period.

4 Additional information on the balance sheet and profit and loss statement

4.1 FIXED ASSETS

4.1.1 Intangible fixed assets (IFA)

2017 (CZK thousands)	Software	Other IFA	Total
ACQUISITION COST (PC)			
Balance at 1 January 2017	2,658,191	127,562	2,785,753
Additions	316,158	69	316,227
Disposals	14,334	3,119	17,453
Balance at 31 December 2017	2,960,015	124,512	3,084,527
ACCUMULATED DEPRECIATION			
Balance at 1 January 2017	2,019,866	89,594	2,109,460
Depreciation 2017	238,690	10,216	248,906
Disposals	14,334	3,119	17,453
Balance at 31 December 2017	2,244,222	96,691	2,340,913
NET BOOK VALUE 2017 (DP)	715,793	27,821	743,614
NET BOOK VALUE 2016 (DP)	638,325	37,968	676,293

Significant items of intangible fixed assets

Item	Year of acquisition	PC (CZK thous.)	DP 2017 (CZK thous.)
EUROCAT 2000 PU IATCC system	2007	727,286	72,195
ESUP IATCC system	2007	529,582	149,832
IDP system for IATCC	2007	427,642	141,540

The most important additions and disposals of intangible assets – The most significant additions to intangible assets in 2017 included the technical evaluation of the above three systems in the amount of 247,884K CZK.

The most significant disposal of intangible assets was the elimination of the SLM Netflow system at an acquisition cost of 9,579K CZK, with a net book value of 0 CZK at the date of disposal.

Depreciation of intangible fixed assets – the depreciation of intangible fixed assets charged to costs in 2017 amounted to 248, 906K CZK, and in 2016 to 237, 819K CZK.

Allowances for intangible fixed assets – No allowances were created for IFA.

Unfinished IFA and prepayments for IFA – the total volume of unfinished IFA registered in the company at 31 December 2017 amounted to 576,647K CZK, and in 2016 to 631,959K CZK. The main volume of unfinished intangible assets is represented by upgrading existing air traffic control systems, and further payments for the newly acquired TopSky air traffic control system within the Neopteryx project.

4.1.2 Tangible fixed assets (TFA)

(CZK thousands)	Land and buildings	Machinery and equipment	Means of transport	Inventory	Other TFA	Total
ACQUISITION COST (PC)						
Balance at 1 January 2017	2,705,450	3,183,801	223,816	197,379	160,196	6,470,642
Additions	9,511	218,012	4,959	752	9,210	242,444
Disposals	1,587	229,659	2,161	2,508	9,333	245,248
Balance at 31 December 2017	2,713,374	3,172,154	226,614	195,623	160,073	6,467,838
ACCUMULATED DEPRECIATION						
Balance at 1 January 2017	1,119,307	2,711,254	107,802	192,248	136,676	4,267,287
Depreciation 2017	95,065	159,214	21,266	2,158	9,480	287,183
DP of disposed TFA 2017	865	22	0	0	55	942
Movements of assets	1,588	229,659	2,161	2,508	9,333	245,249
Balance at 31 December 2017	1,213,649	2,640,831	126,907	191,898	136,878	4,310,163
DEPRECIATED PRICE 2017 (DP)	1,499,725	531,323	99,707	3,725	23,195	2,157,675
DEPRECIATED PRICE 2016 (DP)	1,586,143	472,547	116,014	5,131	23,520	2,203,355

Significant items of tangible assets

Item	Year of acquisition	PC (CZK thous.)	DP 2017 (CZK thous.)
Building IATCC Jeneč	2005	908,376	556,197
Technical unit building, Prague Airport	1992	498,169	296,796
Calibration for Cessna 560XL	2011	152,492	71,392
Aviation Schools Building (CANI)	1983	148,632	88,532
Building service with TWR, Ostrava Airport	2016	113,887	110,132

The most important additions of fixed assets include the SR3 mobile radar at an acquisition cost of 14,378K CZK, VCS central control radio equipment at LKTB at an acquisition cost of 7,101K CZK, and VCS central control radio equipment at LKMT at an acquisition cost of 5,346K CZK.

The most significant disposals of fixed assets include the removal of the RMCDE data centre at an acquisition cost of 20,022K CZK, the PSS-P3D passive radar at an acquisition cost of 17,776K CZK, and several system servers.

Depreciation of tangible fixed assets charged to costs – the depreciation of TFA charged to costs in 2017 amounted to 287,238K CZK, and in 2016 to 270, 605K CZK. Total amount of small tangible assets not included in the balance sheet – the total amount of tangible assets not included in the balance sheet as of 31 December 2017 is 74,412K CZK. As of 31 December 2016 – 73,476K CZK. Allowances for tangible fixed assets – No allowances were made for TFA.

Unfinished TFA – The total volume of unfinished TFA registered in the company at 31 December 2017 amounted to 545,629K CZK, and in 2016 to 270,950K CZK. The main volume of unfinished TFA is represented by the L410 flight simulator, at an acquisition cost of 246,896K CZK, acquired from a subsidiary for the needs of the Training and Education Department. The regulations for the leaseback of the given assets of the subsidiary were subsequently set. At the time of the transfer, the simulator was encumbered with a lien for an investment loan at 150M CZK; drawn by the subsidiary. Subsequently, the assets were relieved from the lien and the subsidiary guarantees the loan in full with its other assets. In addition, unfinished TFA include ESUP HW system renewal, HW for the new system of the Neopteryx project, etc.

4.1.3 Specified assets of the company

In accordance with the provisions of Act 77/1997 Coll., on state enterprises, special asset items are recorded in the bookkeeping – specified assets. These are assets that are indispensable to the entity in terms of carrying out the activities for which the entity (company) was established. These assets are registered in the Commercial Register. The company may handle specified assets only with the approval of the founder. During the course of 2017, the specified assets were increased by a new operations building, including an air traffic control tower at Ostrava-Mošnov airport and the land under the building.

The following specified assets were therefore on the books of the company at 31 December 2017:

NAME OF SPECIFIED ASSETS	Inventory number	Acquisition price
Building IATCC Jeneč	2016743	908,376
Operations building of the technical block at Prague Airport	51062	498,169
Operations building with control tower at Ostrava Airport	2021876	113,887
Operations building with control tower at Brno Airport	52012	88,042
Operations building located at Prague South	51150	60,019
Calibration aircraft L 410 UVP E OK-WYI	2020151	43,841
Operations building with control tower at Karlovy Vary	54004	42,648
Operations building located at Buchtův kopec	52011	33,215
Land under the building of the technical block at Prague Airport	2563	1,349
Land under the operations building with control tower at Ostrava Airport	648	337
Land under the operations building with control tower at Karlovy Vary Airport	3882	261
Land under the operations building with control tower at Brno Airport	2258	122
Land under the building of IATCC Jeneč	569	45
Land under operations building Prague South	34890	2
Land under operations building Buchtův kopec	130	2
ACQUISITION PR ICE OF SPECIFIED ASSETS AT 31 DECEMBER 2017 (CZK thous.)		1,790,313
DEPRECIATED PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2017 (CZK thous.)		1,080,828

4.1.4 Assets leased under finance and operating leases

The company has no assets leased under finance leases. Furthermore, the company had 63 cars and trucks leased under operating leases at the date of the financial statements. In 2017, 8,551K CZK was paid for operating leases, and in 2016 – 8,278K CZK.

4.2 FINANCIAL FIXED ASSETS

With regard to the liberalization of the market in the provision of air navigation services, ANS CR has further expanded, as one of its strategies, its commercial activities, particularly in the provision of consulting services in the ATM field and in the provision of air navigation services abroad.

In line with this strategy, i.e. the expansion of commercial activities, the acquisition of the Czech Aviation Training Centre (CATC), located at K letišti 934, 161 00 Prague 6, was carried out on 1 October 2012. The purchase price for a 100 % stake in CATC Centre was 280M CZK, based on an assessment of the sale compiled by an independent expert appointed by the court. ANS CR has therefore considerably expanded its range of services because it has many years of experience with training courses in aviation. Acquiring CATC has given the company the opportunity to provide comprehensive training and education for all licensed personnel in civil aviation.

The company's equity in CATC reached 331,199K CZK as of 31 December 2017. The company's profit or loss for the accounting period of 2017 amounted to 53,681K CZK. As of 31 December 2017, receivables due CATC amounted to 119K CZK. Payables owed by CATC as of 31 December 2017 amounted to 453K CZK.

Shares in controlled and managed entities	Book value in CZK thousands at 31 December of the year (equivalence revaluation)			
	2016	Movements	Revaluation	2017
Czech Aviation Training Centre, s.r.o.	277,139	0	54,060	331,199

Based on a notarial deed dated 17 October 2014, the company FABCE, Aviation Services, Ltd., based in Zgornji Brnik 130N,

SI-4210 Brnik, Slovenia, was established. The shareholders in the company are the providers of air navigation services in the Czech Republic, Slovakia, Austria, Hungary, Slovenia and Croatia, which are associated in the Central European Functional Airspace "FAB CE". The goal of this company is to coordinate the actions of the stakeholders in order to meet the objectives of the EU in the context of the "Single European Sky – SES" policy. ANS CR has a 1/6 stake in this service company (6K EUR).

Other fixed securities and shares	Book value in CZK thousands as of 31 December of the year			
	2016	Movements	Revaluation	2017
FABCE, Aviation Services, Ltd.	402	0	-21	381

The company held no other financial fixed assets in 2017. Likewise, in 2017 as in previous years, the company did not register any financial fixed assets pledged as collateral.

4.3 INVENTORY

The total amount of inventory at 31 December 2017 reached 19,915K CZK, at 31 December 2016 – 16,731K CZK. The main volume of inventory consists of spare parts for aviation safety technology and calibration of aircraft. Allowances for inventories were decreased by 6K CZK and their volume amounted to 187K CZK at the end of 2017 and to 194K CZK in 2016.

4.4 RECEIVABLES

4.4.1 Trade receivables

(CZK thousands)	2017	2016
TOTAL TRADE RECEIVABLES		
Gross receivables	610,839	592,241
Net receivables	585,630	565,044
ALLOWANCES created under Act 593/92 Coll., on provisions, section 8 and section 8(a)		
Bankruptcy proceedings	10,872	11,120
20 % from 2013	0	1,606
100 % for the 1st half of 2014	305	327
100 % for the 2nd half of 2014	3,080	1,765
50 % for the 1st half of 2015	xxx	43
100 % for the 1st half of 2015	74	xxx
50 % for the 2nd half of 2015	736	xxx
50 % for the 1st half of 2016	1,189	xxx
ALLOWANCES created under Act 593/92 Coll., on provisions, section 8 and section 8(c)		
100 % from 2013	0	0
100 % from 2014	0	19
100 % from 2015	32	376
100 % from 2016	202	xxx
ALLOWANCES non-tax deductible		
from 2013	0	6,424
50 % for the 1st half of 2014	0	0
100 % for the 2nd half of 2014	0	0
50 % for the 1st half of 2015	xxx	43
50 % for the 2nd half of 2015	736	1,765
100 % for the 2nd half of 2015	0	2,085
50 % for the 1st half of 2016	1,189	1,625
100 % for the 2nd half of 2016	3,061	xxx
50 % for the 1st half of 2017	3,733	xxx

4.4.2 Age structure of trade receivables

OVERDUE TRADE RECEIVABLES (CZK thousands)	2017	2016
Receivables due from 31 December 2011 and older	7,599	7,859
Receivables due from 1 January 2012 to 31 December 2012	3,248	4,503
Receivables due from 1 January 2013 to 31 December 2013	10	4,514
Receivables due from 1 January 2014 to 31 December 2014	4,624	5,237
Receivables due from 1 January 2015 to 31 December 2015	1,800	2,801
Receivables due from 1 January 2016 to 30 June 2016	xxx	3,262
Receivables due from 1 January 2016 to 31 December 2016	5,642	xxx
Receivables due from 1 January 2017 to 30 June 2017	7,308	xxx

4.4.3 State – tax receivables and receivables for social security and health insurance

In 2017, the company recorded tax receivables for the state in the amount of 183,563K CZK. This amount corresponds to prepayments made for income tax in the amount of 90,639K CZK, which, in accordance with accounting principles, was compensated with a reserve created for corporate tax in the amount of 93,637K CZK, in addition to surplus VAT deductions in the amount of 92,518K CZK and tax deductions abroad in the amount of 406K CZK. The company records no receivables for social security and health insurance.

4.4.4 Accrued assets

Accrued assets amounting to 1,579K CZK were created in relation to re-invoicing for services.

4.4.5 Other receivables

The total volume of other receivables amount to 367,311K CZK. These particularly include receivables from grants to SESAR projects in the amount of 241,517K CZK. The amount of the receivable corresponds to the company's claims from participating in the projects SESAR 2020 and SESAR Deployment, while maintaining the given budget for individual projects. The amount of the receivables is reduced by the partial payments received for the projects. In addition, a receivable amounting to 126,192 K CZK was created for the revaluation of derivatives. An allowance for other receivables amounting to 7,464K CZK was entered into the books.

4.5 SHORT-TERM FINANCIAL ASSETS AND CASH

SHORT-TERM FINANCIAL ASSETS (CZK thousands)	2017	2016
Other short-term financial assets	21,705	0
Cash resources	1,583,900	1,490,918
Of which – cash	1,897	1,424
– bank accounts	1,582,003	1,489,494
TOTAL SHORT-TERM FINANCIAL ASSETS	1,605,605	1,490,918

Other short-term financial assets are represented by a deposit bill of exchange for 1M USD with the date of payment in January 2018.

4.6 ACCRUALS AND DEFERRALS

ACCRUALS AND DEFERRALS (CZK thousands)	2017	2016
Accrued costs	29,196	72,796

Accrued costs mainly include insurance, software support, membership fees, subscriptions to professional publications, and costs from purchasing airline tickets for business conducted abroad in the following year.

4.7 EQUITY

4.7.1 Changes in equity

A summary of changes in equity is reported in a separate statement. Changes in equity occurred in 2017 only in connection with settling profit or loss and the revaluation of equity holdings.

4.7.2 Registered capital

There were no changes in registered capital in 2017.

4.7.3 Items equity

In accordance with Act 77/1997 Coll., as amended, the company has the obligation to create the following funds from profit. These consist of the reserve fund, a fund for cultural and social needs, and the founder's fund. In addition to these funds, the company may also create other funds from disposable profit in accordance with this act. With regard to ANS CR, these are the development fund and a fund for other social spending.

Based on the founder's approval of the annual financial statements for 2016, the disposable profit after tax for 2016, amounting to 383,816K CZK, and was divided as follows:

- No allocation was made to the reserve fund as the company has already met the statutory requirement in previous years; the reserve fund stood at 320,000K CZK at 31 December 2017,
- 63,013K CZK was allocated to the fund for cultural and social needs; this fund therefore stood at 27,684K CZK at 31 December 2017,
- 9,000K CZK was allocated to the fund for other social spending; this fund therefore stood at 4,411K CZK at 31 December 2017,
- 211,238 K CZK was allocated to the development fund; this fund therefore stood at 3,784,400 K CZK at 31 December 2017,
- No allocation from profit was made to the bonus fund; this fund stood at 8,276K CZK as of 31 December 2017,
- Based on a decision of the founder and in accordance with Act 77/1997 Coll., State Enterprises, an allocation of 100,479K CZK was made to the founder's fund, and a subsequent transfer of the same amount was made to the account of the founder. At 31 December 2017 the fund stood at 0 CZK.

4.7.4 Proposal for the distribution of disposable after-tax profit for 2017

Based on the financial statements for 2017, a disposable after-tax profit of 387,417 K CZK was recorded. In accordance with Act 77/1997 Coll., the company proposes to make allocations to the fund for cultural-social needs, i.e. the statutory allocation plus a supplementary allocation in a similar amount as last year. Furthermore, the company proposes to make an allocation to the fund for other social spending in the same amount as the previous year and to the development fund in an amount similar to that in the previous year. The rest of the disposable after-tax profit will be posted as retained earnings. No allocations are proposed for the reserve fund or the bonus fund. The company's Supervisory Board will assess the detailed proposal for the distribution of disposable profit for 2017 and the founder of the company will approve it based on their observations.

4.8 PROVISIONS

Provisions for income tax for 2017 were created in the amount of 93,637K CZK. Total prepayments for income tax for 2017 amount to 90,639K CZK, which exceeds the volume of provisions by 2,998K CZK. In addition, a provision for untaken vacation was created in 2017, amounting to 3,533K CZK. The company created no other provisions in 2017.

4.9 PAYABLES

4.9.1 Trade payables

TRADE PAYABLES (CZK thousands)	2017	2016
LONG-TERM TRADE PAYABLES		
Long-term trade payables	0	0
SHORT-TERM TRADE PAYABLES		
Suppliers with due payables	132,438	9,922
Suppliers with overdue payables	1,064	4,029
Other payables	7,968	7,983
TOTAL PAYABLES		
Total payables	141,470	21,934

Overdue payables include invoices from the 4th quarter of 2017, which were paid no later than January 2018.

4.9.2 Payables to the state and social security and health insurance institutions

PAYABLES TO THE STATE AND SOCIAL SECURITY AND HEALTH INSURANCE INSTITUTIONS (CZK thousands)	2017		2016	
	Total	Due	Total	Due
SOCIAL SECURITY AND HEALTH INSURANCE				
Social security premiums	19,653	0	16,303	0
Health insurance premiums	34,930	0	31,130	0
Total social security and health insurance	54,583	0	47,433	0
PAYABLES TO THE STATE (CZK thousands)	2017		2016	
	Total	Due	Total	Due
TAX LIABILITIES				
Income tax on employment	54,274	0	46,604	0
Corporate income tax	0	0	0	0
Value added tax	0	0	0	0
Other taxes	9	0	10	0
Total tax liabilities	54,283	0	46,614	0
TOTAL PAYABLES TO THE STATE AND SOCIAL SECURITY AND HEALTH INSURANCE INSTITUTIONS	108,866	0	94,047	0

Payables for social security and health insurance recorded at 31 December 2017 consist of statutory withholdings arising from the payment of salaries for the month of December 2017 and therefore concern payables that are due. Likewise, the liability for income tax on employment is connected to the payment of salaries for December 2017. Other taxes consist of 9K CZK due for road tax.

Balance sheet item C.II.8.5 also reports account 346 balances – clearing subsidies charged to other operating income accruals when accounting for costs. At 31 December 2017 the balance was 347,572K CZK.

4.9.3 Advances received

ADVANCES RECEIVED (CZK thousands)	2017	2016
Long-term advances received	0	0
Short-term advances received	1,141	998
TOTAL ADVANCES RECEIVED	1,141	998

4.9.4 Estimated accounts payable

These are estimated payable items expensed to costs in 2017. These particularly include accruals for energy consumption, service maintenance for systems and equipment, data and telecommunications services, protecting buildings and other accruals - 76,199K CZK in total.

4.9.5 Payables to employees and other liabilities

Payables to employees recorded at 31 December 2017 consist of the payment of salaries for the month of December 2017, which is completed in January of the following year, and therefore involves a due payable. Other liabilities mainly consist of settling pension and life insurance for company employees. Other liabilities included the revaluation of derivatives amounting to 15,426K CZK.

4.10 BANK LOANS AND BONDS

In 2017, the company did not take out any loans for its business activities and likewise did not issue any bonds in 2017 or in the past.

4.11 ACCRUALS AND DEFERRALS

ACCRUALS AND DEFERRALS (CZK thousands)	2017	2016
Accrued costs	0	0
Deferred revenues	74	206
TOTAL ACCRUALS AND DEFERRALS	74	206

4.12 DERIVATIVES

At 31 December 2017, the company had contracts concluded for hedging derivatives for the EUR/CZK currency pair. They are based on the company´s strategy prepared for hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of Czech National Bank.

The company did not do any hedge accounting in 2017. Profits and losses realized from the revaluation of derivatives to fair value were recorded in the profit or loss for the current period. The positive or negative real values of derivatives were reported at 31 December 2017 in other receivables or other liabilities.

The following table indicates the nominal values and positive or negative values of outstanding hedging derivatives as of 31 December 2017:

DERIVATIVES (CZK thous.)	2017		2016	
	Fair value		Fair value	
	positive	negative	positive	negative
Forwardy	54,358	-229	1,146	0
Swap	0	0	0	-723
Option structures	71,834	-15,197	0	-24,622

4.13 INCOME TAX

INCOME TAX (CZK thousands)	2017	2016
Due tax	93,997	97,819
Deferred tax	2,984	-2,053
TOTAL TAX COSTS	96,981	95,766

4.14 DEFERRED TAX

Deferred tax is based on temporary differences between tax and book values of assets and liabilities. The deferred tax for 2017 was calculated using the 2017 income tax rate of 19 %.

DEFERRED TAX – differences from (CZK thousands)	2017	2016
Depreciated price of fixed assets (tax DP – accounting DP)	-636,043	-617,165
Allowances for receivables	8,719	5,517
Allowances for inventories	187	194
Receivables resulting from contractual fines	-21	0
Basis for deferred tax asset / debt	-627,158	-611,454
Tax rate	19,%	19,%
NET DEFERRED TAX	-119,160	-116,176

4.15 ASSETS AND DEBTS NOT REPORTED IN THE BALANCE SHEET

As of 31 December 2017, the company had no assets or debts not reported in the balance sheet.

4.16 SALES OF GOODS, PRODUCTS AND SERVICES

Revenue items (CZK thousands)	Revenues from domestic customers		Revenues from foreign customers		Total revenues	
	2017	2016	2017	2016	2017	2016
Air navigation services	297,872	275,905	3,447,404	3,408,225	3,745,276	3,684,130
of which – en-route navigation services	89,675	89,913	3,045,804	3,042,702	3,135,479	3,132,615
– terminal navigation services	206,596	184,168	400,961	364,080	607,557	548,248
– training flights	1,601	1,824	639	1,443	2,240	3,267
Other income	62,260	64,633	71,844	49,844	134,104	114,477
TOTAL REVENUE	360,132	340,538	3,519,248	3,458,069	3,879,380	3,798,607

5 Employees, management and statutory bodies

The average number of employees and managers and staff costs for the financial year 2017 and 2016 are as follows:

(CZK thousands)	Employees		Company management		Total	
	2017	2016	2017	2016	2017	2016
Number (FTE)	931	898	18 + 7	19 + 7	949 + 7	917 + 7
Wage costs + bonuses	1,659,618	1,590,267	94,034	85,355	1,753,652	1,675,622
Social security and health insurance premiums	407,610	389,892	15,505	14,611	423,115	404,503
Other personnel expenses	63,846	61,221	4,614	4,750	68,460	65,971
TOTAL STAFF COSTS	2,131,074	2,041,380	114,153	104,716	2,245,227	2,146,096

The term company management means the Director General of the company, division directors, section deputies and the supervisor of the separate centre. Capital insurance and contributions to pension and life insurance were paid for the members of the management in accordance with the collective agreement. The members of the management were also granted the use of official vehicles for private purposes.

The Supervisory Board of the company has six members, four are appointed by the founder, and two are elected from employees. Members of the Supervisory Board did not receive any compensation for discharging their positions in 2017.
The Audit Committee has three members. The Audit Committee members receive compensation for discharging their positions.

6 Information on affiliated companies

The Air Navigation Services of the Czech Republic (hereinafter “company”) is a state enterprise. The founder of the company is Ministry of Transport of the Czech Republic, nábřeží Ludvíka Svobody 1222/12, 110 15 Prague 1.

In addition to companies with equity participation, affiliated companies are those with the equity participation of the Czech Republic through state authorities (ministries). All transactions between the company and affiliated companies were conducted under normal market conditions.

An affiliated company is the subsidiary Czech Aviation Training Centre, Ltd. (hereinafter CATC), of which the company has a 100 % stake.

The volume of business costs from transactions with affiliated companies in 2017 amounted to 142,886K CZK. These are transactions where the volume is greater than 1 million CZK for one supplier in 2017. These suppliers – affiliated companies – according to this definition are the Czech Hydrometeorological Institute, the Czech Civil Aviation Authority, Prague Airport, Czech Aeroholding Inc., FABCE Ltd., CATC, Czech Airlines Handling Inc., and the Institute of Aviation Medicine and Czech Telecommunications Authority. The total volume of payables of the company (only those due) to the affiliated companies stated here was 8,318K CZK at 31 December 2017.

The volume of company revenue from transactions with affiliated companies in 2017 amounted to 45,004K CZK. These were transactions where the volume is greater than 1 million CZK for one customer in 2017. The customers – affiliated companies – according to this definition are the Ministry of Transport, the Ministry of Defence, CATC, the Czech Hydrometeorological Institute and the Czech Civil Aviation Authority. The total volume of receivables for the company from the affiliated companies stated here was 5,514K CZK at 31 December 2017.

In 2017, ANS CR obtained full compensation from the state budget for costs incurred by the company in connection with the provision of services for flights exempted from charges in the aggregate amount of 63,236K CZK. This compensation is provided to ANSPs in accordance with European Commission Regulation 1794/2006 of 6 December 2006 as amended, laying down a common charging scheme for air navigation services on the basis of CR Government Resolution 1404 of 11 February 2005.

7 Subsidies

ANS CR is involved in development programmes in the ATM sector. One such programme is the SESAR Deployment Programme, where selected projects are co-funded by the European Union in the form of grant-aided projects through the Innovation and Networks Executive Agency (INEA). These grant-aided projects are focused on implementing new technologies in air traffic operation services, so a substantial part of the projects is co-funded with investment.

In addition, the company participates in eight SESAR Horizont 2020 programmes, from which subsidies are granted to cover the company´s operating costs expended in connection with the aim of the subsidy.

(CZK thousands)	Total expected amount of subsidy to be drawn by ANS CR
Subsidy from SESAR H 2020 programmes	1,477
Subsidy from SESAR Deployment programmes	11,558

The balance of receivables, in respect of these subsidies, is specified in Clause 4.4.5. of this Annex, the balances of related liabilities in Clause 4.9.2. hereof. The amount of revenue entered into the books in connection with the subsidies is specified in Clause 9 hereof.

8 Research and development costs

Neither in 2017 nor in the previous year did the company outlay costs for research and development.

9 Significant items of the profit and loss statement

Other operating revenues in 2017 amounted to 84,486K CZK. In 2016, these revenues were 108,419K CZK. The most significant item of other operating revenues is compensation costs for exempted flights amounting to 63,236K CZK. Furthermore, a proportion of subsidies granted in the framework of the SESAR project amounting to 8,795K CZK was posted to other operating revenues. In 2016, other operating revenues consisted of items of a similar nature and the sale of idle assets (land at Jinonice).

Other operating costs in 2017 amounted to 237,529K CZK. In 2016, costs amounted to 253,104 K CZK. The structure of other operating costs remains unchanged year-on-year. The most significant item in other operating costs is the payment of the membership fee of the Czech Republic to the budget of the European Agency for the Safety of Air Navigation (EUROCONTROL), followed by the reimbursement of the costs of the state supervisory authority, and finally, the costs for property and liability insurance.

10 The assumed continuation of the company

ANS CR is a stable, reliable and predictable part of civil aviation in the Czech Republic, actively supporting its further dynamic development, while at the same time being a self-assured element of European integration and liberalization processes in the ATM environment. Being part of this framework will further increase its overall value and competitiveness. The Single European Sky, referred to as SES, is an important initiative of the European Commission in the field of air transport. The main goal of SES is to improve safety standards for air operations, ensuring the sustainable development of the air transport system and improvements in the overall performance of air traffic management and air navigation services for general air traffic in Europe, and to meet the requirements of all airspace users.

In 2017, we saw the third year of the successful implementation of the performance plan drawn up in accordance with the policies of SES for the second reference period, i.e. for 2015-2019. The performance plan sets out the parameters of the sustainable development of the company for the purpose of providing cost effective air navigation services, while maintaining the financial stability of the company. The objectives set out for the company in the performance plan were met in the second year of the second reference period. The financial situation is stable. The company has long been able to settle all its obligations related to ensuring its activities and all its obligations to the state budget. The Financial Statements at 31 December 2017 have therefore been compiled with the assumption of the company continuing to operate for an unlimited period of time.

11 Information on audit fees

INFORMATION ON AUDIT FEES (CZK thousands)	2017	2016
Statutory audit	300	300
Consultancy	118	247

From 2014 up until 30 June 2015, the company received audit services from HAYEK Ltd., holding. Since the second half of 2015, these services have been provided to the company by BDO Audit s. r. o.

12 Events that occurred after the balance sheet date

No significant subsequent events not recorded in the financial statements have occurred since the reference date of the financial statements that would have a significant impact on the amount of assets and liabilities of the company.

13 Risk management

Credit risks – as of 31 December 2017, the company was not exposed to any significant credit risks. Financial assets consist primarily of cash deposits at banks and receivables. Cash deposits are made at reputable banking institutions. Risks associated with trade receivables are limited thanks to the large number of customers for air navigation services. The risks associated with receivables are further reduced by the effective recovery system used by the European Agency for the Safety of Air Navigation (EUROCONTROL).

Currency risks – the company is protected against significant fluctuations in the exchange rate on the date of billing services thanks to the mechanism of the monthly conversion of the reference unit price of air navigation services by the current exchange rate. The sensitivity of the company's exposure to currency (exchange rate) risks is reduced through this mechanism.

In addition, the company had contracts concluded for derivatives for hedging the EUR/CZK exchange rate. The largest part of the derivatives is based on the company´s strategy for hedging prepared in relation to hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of Czech National Bank. Information on their valuation at the balance sheet date is included in Clause 4.12.

14 Liabilities not stated in the books

Litigation – no litigation was brought against the company as of 31 December 2017 that could have a significant impact on the financial statements.

Environmental liabilities – all standards related to environmental protection are complied with and no proceedings are being taken against the company relating to environmental protection that could have a significant impact on the financial statements.

Bank guarantees – during 2017, the company provided bank guarantees to foreign customers in connection with the commercial activities of the Aviation School (CANI). An overview of the bank guarantees is as follows:

BANK GUARANTEES FOR	Guarantee valid	Amount and currency
Prishtina Int. airport, Kosovo	16 Oct 2015–15 Nov 2018	12,762 EUR
Sakaeronavigatsia Ltd., Gruzie	26 Feb 2016–7 Feb 2017	3,756 EUR
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Hercegovina	16 Nov 2016–20 March 2017	114,150 EUR
Sakaeronavigatsia Ltd., Georgia	17 March 2017–31 Dec 2017	6,434 EUR
Uzaeronavigatsia Ltd., Uzbekistan	3 Apr 2017–30 Nov 2017	7,000 EUR
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Hercegovina	28 Apr 2017–28 Apr 2020	759,489 EUR

15 Cash flow statement

The cash flow statement has been prepared using the indirect method and is published in a separate statement. Considered as cash resources are cash, including valuables, and cash equivalents in accounts, including overdrafts. Company assets do not include any cash equivalents. In order to increase the informative value of the report, changes in receivables and payables from operating activities have been adjusted to take into account changes in these receivables and payables related to subsidized projects, in which the parent company participates and which have had no impact on profit or loss, not even on cash flows amounting to 53,519K CZK. The "other non-cash transaction" item consists mainly of the revaluation of financial derivatives to fair value and revenues from subsidies posted at the amount corresponding to the cost expended.

Consolidated Financial Statements of ANS CR for 2017

compiled in accordance with national accounting standards

CIVIL AVIATION SECONDARY SCHOOL PRAGUE – RUZYNE

Aviation mechanic, electrician mechanic or commercial aviation operator – these are branches of study the Civil Aviation Secondary School Prague – Ruzyne includes in its portfolio as the only secondary school in the Czech Republic. All subjects are closely interconnected with the practice and they change in accordance with the changes in air transport and therefore it is necessary to modernize the equipment of the school.

SOŠ CIVILNÍHO LETECTVÍ PRAHA-RUZYNĚ

Independent Auditor‘s Report

to the Founder of Air Navigation Services of the Czech Republic, state enterprise

Opinion

We have audited the accompanying consolidated financial statements of Air Navigation Services of the Czech Republic, state enterprise, based in Navigační 787, Jeneč, identification number 497 10 371 (hereafter the “Company”), prepared in accordance with Czech accounting regulations, which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity and cash flow statement for the period from 1 January 2017 to 31 December 2017 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Air Navigation Services of the Czech Republic, state enterprise as at 31 December 2017 and of the costs, revenues and its profit or loss and its cash flows for the period from 1 January 2017 to 31 December 2017, in accordance with Czech accounting regulations.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under these regulations are further described in the Auditor’s Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2 (b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the consolidated financial statements and auditor’s report thereon. The Statutory Body is responsible for this other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge of the company obtained from the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with the applicable laws and regulations, in particular, whether the other information complies with the laws and regulations in terms of formal requirements and procedures for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:
- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with the applicable laws and regulations.

In addition, our responsibility is to report, based on our knowledge and understanding of the Company obtained from the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Statutory Body, the Supervisory Board and the Audit Committee for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Czech accounting regulations and for such internal control as the Statutory Body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Body is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Founder either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes aur opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identity and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness of the Statutory Body’ s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

In Prague, 20 March 2018

Audit firm:	Partner:
BDO Audit s. r. o.	Petr Slavíček
Certificate No. 018	Certificate No. 2076

Consolidated balance sheet

IN ACCORDANCE WITH NATIONAL ACCOUNTING STANDARDS

in full (in thousands of CZK) compiled as of 31 December 2017

Statement line	Content of the item	2017	2016
	TOTAL ASSETS	7,246,986	6,745,129
B.	Fixed assets	4,151,141	4,187,153
B.I.	Intangible fixed assets	1,322,843	1,310,305
B.I.2.	Valuable rights	718,226	640,940
B.I.2.1.	Softwarwe	717,465	639,996
B.I.2.2.	Other valuable rights	761	944
B.I.4.	Other intangible fixed assets	27,510	37,149
B.I.5.	Prepayments for intangible fixed assets and unfinished intangible fixed assets	577,107	632,216
B.I.5.2.	Unfinished intangible fixed assets	577,107	632,216
B.II.	Tangible fixed assets	2,831,885	2,880,684
B.II.1.	Lands and buildings	1,506,187	1,592,837
B.II.1.1.	Land	16,298	15,964
B.II.1.2.	Buildings	1,489,889	1,576,873
B.II.2.	Tangible movables and their groups	1,012,595	855,315
B.II.4.	Other tangible fixed assets	1,042	602
B.II.4.3.	Other tangible fixed assets	1,042	602
B.II.5.	Prepayments for tangible fixed assets and unfinished tangible fixed assets	312,061	431,930
B.II.5.2.	Unfinished intangible fixed assets	312,061	431,930
B.III.	Financial Fixed Assets	381	402
B.III.5.	Other long-term securities and shares	381	402
B.V.	Negative consolidated difference	-3,968	-4,238
C.	Current assets	3,065,103	2,483,992
C.I.	Inventory	39,032	35,709
C.I.1.	Material	38,936	35,613
C.I.3.	Products and goods	96	96
C.I.3.2.	Goods	96	96
C.II.	Receivables	1,085,682	910,696
C.II.1.	Long-term receivables	54,274	256
C.II.1.1.	Trade receivables	404	
C.II.1.5.	Receivables – other	53,870	256
C.II.1.5.2.	Long-term prepayments		113
C.II.1.5.4.	Other receivables	53,870	143
C.II.2.	Short-term receivables	1,031,408	910,440
C.II.2.1.	Trade receivables	597,592	578,984
C.II.1.4.	Receivables – other	433,816	331,456
C.II.2.4.3.	State tax assets	92,924	40,303
C.II.2.4.4.	Short-term prepayments	4,144	3,697
C.II.2.4.5.	Accrued assets	23,213	9,818
C.II.1.5.4.	Other receivables	313,535	277,638
C.III.	Current financial assets	21,705	
C.III.2.	Other current financial assets	21,705	
C.IV.	Cash	1,918,684	1,537,587
C.IV.1.	Cash on hand	2,170	1,683
C.IV.2.	Bank accounts	1,916,514	1,535,904
D.	Assets accruals and deferrals	30,742	73,984
D.1.	Accrued expenses	30,742	73,984

Statement line	Content of the item	2017	2016
	TOTAL LIABILITIES	7,246,986	6,745,129
A.	Equity	5,964,734	5,774,330
A.I.	Share capital	1,087,503	1,087,503
A.I.1.	Share capital	1,082,822	1,082,822
A.I.3.	Changes in share capital	4,681	4,681
A.II.	Share premium and capital funds	248,468	248,094
A.II.2.	Capital funds	248,468	248,094
A.II.2.1.	Other capital funds	248,870	248,475
A.II.2.2.	Differences from revaluation of assets and liabilities (+/-)	-402	-381
A.III.	Funds from profits	4,144,771	3,932,405
A.III.1.	Other reserve funds	320,000	320,000
A.III.2.	Statutory and other funds	3,824,771	3,612,405
A.IV.	Profit or loss brought forward (+/-)	122,003	123,308
A.IV.1.	Retained profit brought forward	122,003	123,308
A.V.	Profit or loss of the current accounting period	361,989	382,848
A.V.1.	Profit or loss of the current accounting period without shareholding equivalence or minority shares (+/-)	361,989	382,848
A.VI.	Consolidated reserve fund		172
B+C	External sources	1,271,871	964,882
B.	Provisions	10,266	
B.2.	Provisions for income tax	2998	
B.4.	Other provisions	7268	
C.	Liabilities	1,261,605	964,882
C.I.	Long-term liabilities	304,661	277,897
C.I.2.	Liabilities to banks	124,770	119,629
C.I.3.	Long-term prepayments received	39,828	30,453
C.I.8.	Deferred tax liability	124,638	127,815
C.I.9.	Liabilities – other	15,425	
C.I.9.3.	Other liabilities	15,425	
C.II.	Short-term liabilities	956,944	686,985
C.II.2.	Liabilities to banks	26,140	26,140
C.II.3.	Short-term prepayments received	3,999	1,036
C.II.4.	Trade payables	142,450	27,138
C.II.8.	Liabilities – other	784,355	632,671
C.II.8.3.	Payables to employees	187,142	162,639
C.II.8.4.	Payables for social security and health insurance	56,142	48,774
C.II.8.5.	State – tax liabilities and subsidies	445,179	348,207
C.II.8.6.	Accrued payables	84,271	39,079
C.II.8.7.	Other liabilities	11,621	33,972
D.	Liabilities accruals and deferrals	10,381	5,850
D.2.	Deferred income	10,381	5,850
E.	Minority equity		67
E.1.1.	Minority share capital		536
E.1.4.	Minority retained profit or loss brought forward		-394
E.1.5.	Minority profit or loss of the current period		-75

Consolidated profit and loss statement

IN ACCORDANCE WITH NATIONAL ACCOUNTING STANDARDS

in full (in thousands of CZK) compiled as of 31 December 2017

Statement line / Content of the item			2017	2016
I.	Income from sales of products and services		4,070,634	3,982,331
II.	Income from sales of goods		72	37
A.	Operational consumption		673,357	624,411
	A.2.	Consumption of material and energy	78,825	88,679
	A.3.	Services	594,532	535,732
C.	Activation (-)			-339
D.	Personnel costs		2,319,417	2,210,775
	D.1.	Payroll costs	1,809,572	1,723,149
	D.2.	Costs for social security, health insurance and other costs	509,845	487,626
		D.2.1. Costs for social security and health insurance	440,159	420,691
		D.2.2. Other costs	69,686	66,935
E.	Valuation adjustments in the operational area		577,653	535,721
	E.1.	Valuation adjustments to tangible and intangible fixed assets	579,997	537,697
		E.1.1. Valuation adjustments to tangible and intangible fixed assets – permanent	572,142	537,697
		E.1.2. Valuation adjustments of tangible and intangible fixed assets – temporary	7,855	
	E.2.	Valuation adjustments to inventories	-6	-13
	E.3.	Valuation adjustments to receivables	-2,338	-1,963
KR	Clearing of negative (liability) consolidated difference		269	269
III.	Other operating revenues		85,168	113,163
	III.1.	Income from the sale of fixed assets	357	20,535
	III.2.	Income from the sale of material	1,126	1,079
	III.3.	Other operating income	83,685	91,549
F.	Other operating costs		253,328	262,948
	F.1.	Net book value of sold fixed assets	40	1,228
	F.2.	Net book value of sold material	66	68
	F.3.	Taxes and fees	3,381	2,420
	F.4.	Operational provisions and comprehensive deferred costs	7,268	
	F.5.	Other operating costs	242,573	259,232
*	OPERATING PROFIT AND LOSS (+/-)		332,388	462,284
VI.	Interest revenues and similar revenues		1,199	17,124
	VI.2.	Other interest revenues and similar revenues	1,199	17,124
J.	Interest costs and similar costs		1,779	1,052
	J.2.	Other interest costs and similar costs	1,779	1,052
VII.	Other financial revenues		226,809	84,147
K.	Other financial costs		105,643	83,019
*	FINANCIAL PROFIT AND LOSS (+/-)		120,586	17,200
**	PRETAX PROFIT AND LOSS (+/-)		452,974	479,484
L.	Income tax		90,985	96,711
	L.1.	Income tax payable	93,997	97,819
	L.2.	Income tax deferred (+/-)	-3,012	-1,108
**	PROFIT AND LOSS AFTER TAXES (+/-)		361,989	382,773
	Profit and loss for the accounting period excluding equity interest equivalence (+/-)		361,989	382,773
	of which: Profit and loss excluding minority equity interests		361,989	382,848
		Minority profit and loss		-75
	CONSOLIDATED PROFIT AND LOSS FOR THE ACCOUNTING PERIOD		361,989	382,848

Consolidated cash flow statement

IN ACCORDANCE WITH NATIONAL ACCOUNTING STANDARDS

at 31 December 2017

			2017	2016
P.	Cash at the beginning of the period		1,537,587	1,800,087
Z.	Pre-tax profit and loss on ordinary activities		452,974	479,484
	A.1.	Adjustments for non-cash movements	448,305	505,363
		A.1.1 Depreciation of fixed assets	572,411	537,428
		A.1.2 Change in allowances, provisions and transitory accounts	12,779	-1,940
		A.1.3 Profit (loss) from the sale of fixed assets	-317	-19,298
		A.1.5 Net interest costs	580	-16,072
		A.1.6 Possible adjustments related to other non-cash transactions	-137,148	5,245
A.*	Net cash from operating activities before taxation, before changes in working capital and extraordinary items		901,279	984,847
	A.2.	Change in working capital	173,831	129,143
		A.2.1 Change in receivables from operating activities	38,593	-40,132
		A.2.2 Change in short-term payables from operating activities	160,259	171,755
		A.2.3 Change in inventories	-3,316	-2,480
		A.2.4 Change in short-term financial assets excluding monetary resources	-21,705	
A.**	Net cash from operating activities before taxation and extraordinary items		1,075,110	1,113,990
	A.3.	Costs from interest payments	-1,779	-973
	A.4.	Interest received excluding investment companies and funds	1,199	17,124
	A.5.	Income tax paid from ordinary activities and additional assessment	-87,211	-77,437
A.***	Net cash from operating activities		987,319	1,052,704
	B.1.	Expenses connected to acquiring fixed assets	-449,731	-1,212,263
	B.2.	Proceeds from the sale of fixed assets	357	20,507
B.***	Net cash from investing activities		-449,374	-1,191,756
	C.1.	Change in long and short-term liabilities	14,516	71,467
	C.2.	Impact of changes in equity on cash resources	-171,364	-194,915
C.***	Net cash from financial activities		-156,848	-123,448
F.	Net change in cash resources		381,097	-262,500
R.	Cash at the end of the period		1,918,684	1,537,587

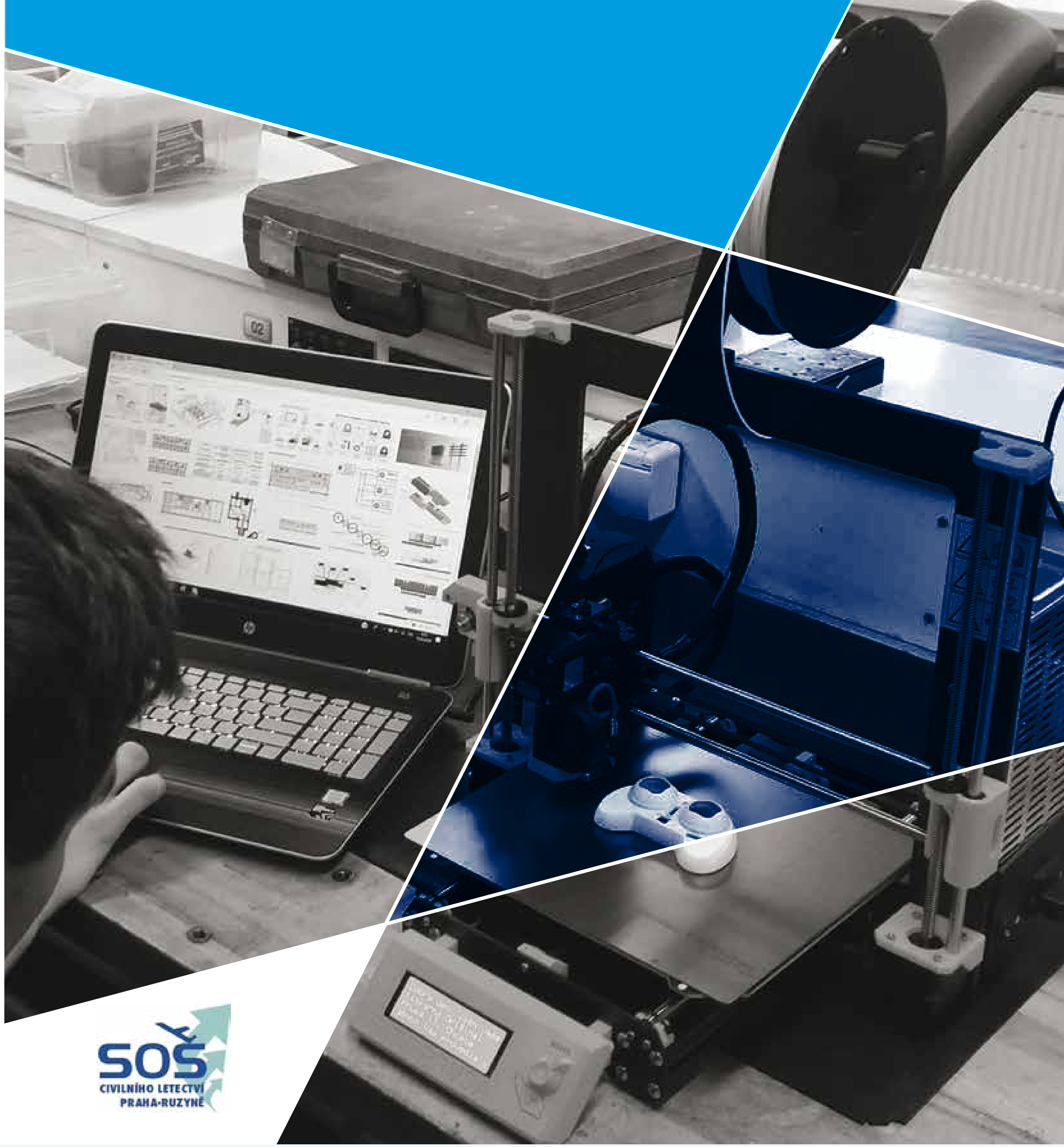
Consolidated summary of changes in equity

IN ACCORDANCE WITH NATIONAL ACCOUNTING STANDARDS

at 31 December 2017

Changes / balances	Share capital	Other capital funds	Assets revaluation differences	Reserve fund	Incorporation fund	Development fund	Other funds created from profits	Cumulative profit and loss	Consolidated reserve fund	Total equity
Balance sheet line	A.I.	A.II.2.1.	A.II.2.2.	A.III.1.	A.III.2. (část)	A.III.2. (část)	A.III.2. (část)	A.IV. + A.V.	A.VIII.	A.
Balances as of 1 January 2016	**1,087,503**	**248,475**	**-536**	**303,796**	**0**	**3,414,850**	**38,041**	**493,627**	**469**	**5,586,225**
Revaluation of equity investment and other consolidation adjustments			155					314	-297	172
Allocation to funds from the disposable profit of 2015				16,204	129,715	158,312	66,402	-370,633		0
Transfer of resources from the incorporation fund to the state budget in 2016					-129,715					-129,715
Use of resources from funds created from profit in 2016							-65,200			-65,200
Profit and loss for 2016								382,848		382,848
Status as of 31 December 2016	**1,087,503**	**248,475**	**-381**	**320,000**	**0**	**3,573,162**	**39,243**	**506,156**	**172**	**5,774,330**
Revaluation of equity investment			-21							-21
Revaluation of equity investment and other consolidation adjustments, including exchange differences and an acquisition of 5-% stake in a subsidiary		395						-423	-172	-200
Allocation to funds from the disposable profit of 2016					100,479	211,238	72,013	-383,730		0
Transfer of resources from the incorporation fund to the state budget in 2017					-100,479					-100,479
Use of resources from funds created from profit in 2017							-70,885			-70,885
Profit and loss for 2017								361,989		361,989
Status as of 31 December 2017	**1,087,503**	**248,870**	**-402**	**320,000**	**0**	**3,784,400**	**40,371**	**483,992**	**0**	**5,964,734**

Besides other things, also thanks to our company, pupils, and perhaps even the future staff, have an almost perfect flight simulator of Boeing 737, including the possibility of simulating air navigation services.



Annex to the consolidated financial statements for 2017

1 General information – specification of the consolidation group

1.1 PARENT COMPANY

Name of the entity:	Air Navigation Services of the Czech Republic
Legal form:	State Company
Abbreviated name:	ANS CR
Date of establishment:	ANS CR was established on 1 January 1995 under a resolution of the Minister of Transport issued on 28 December 1994, Ref. 4283/94-KM. This decision transferred all assets that had been handled by the allowance organization ANS CR up until 31 December 1994, including all rights and obligations to the company. The state company is registered in the Commercial Register of the Municipal Court in Prague, Section A, File 10771
Headquarters:	Navigační 787, 252 61 Jeneč
Identification number:	49710371
Core business:	Air navigation services, including aerodrome services, in the airspace of the Czech Republic and at the airports Václav Havel Airport Prague, Brno, Ostrava and Karlovy Vary
Share capital:	1,087,503K CZK

1.1.1 Main owners of the company

Air Navigation Services of the Czech Republic is a state-owned company. The founder is the Czech Republic – Ministry of Transport, nábřeží Ludvíka Svobody 1222/12, 110 15 Prague 1. The status and legal relations of the state company are governed by Act 77/1997 Coll.

The ANS is the parent company of Czech Aviation Training Centre Ltd. (CATC) and holds a 100 % stake in the company. The accompanying financial statements have been consolidated for the entire group in accordance with national accounting standards.

1.1.2 Changes and amendments to the Commercial Register during the previous reporting period

In 2017, no changes to the company´s entry in the Commercial Register were made.

1.1.3 Organizational structure

The head of the company is the Director General, who is the statutory body. There are four departments directly subordinate to the Director General. The company is organizationally divided into specialized divisions, each headed by a division director. The divisions are divided into specialized sections, each headed by a qualified manager. The company is furthermore divided into control centres led by supervisors. The total number of these organizational units was 18 as of 31 December 2017.

The company has no organizational units abroad.

1.1.4 Statutory and supervisory bodies of the company as of 31 December 2017

Company Management – Statutory Body	
Director General:	Jan Klas
First Deputy Director General:	Jan Štindl
Second Deputy Director General:	Petr Fajtl

Change in Deputy Director Generals from 1 January 2018	
First Deputy Director General:	Petr Fajtl
Second Deputy Director General:	Miroslava Mezerová
Third Deputy Director General:	Jana Navrátilová

Supervisory Board	
Chairperson:	Magdalena Faltýsková
Deputy Chairperson:	Milan Feranec
Members:	Roman Kubíček
	Petr Kolomazník
	Libor Štefánik
	Milan Vondra

Pursuant to the provisions of section 44c, paragraph 1(c) of an amendment to Act 93/2009 Coll., on Auditors, as amended, ANS CR has the legal obligation to establish an Audit Committee for ANS CR. The amendment took effect on 1 January 2016. The committee has 3 members, who were appointed by the statutory body of ANS CR on the recommendation of the Supervisory Board dated 28 November 2016.

Audit Committee	
Chairperson:	Ivan Hayek
Deputy Chairperson:	Eva Dekastellová
Members:	Eva Ondřichová

1.2 SUBSIDIARY

Name of the entity:	Czech Aviation Training Centre Ltd.
Legal form:	Limited Liability Company
Abbreviated name:	CATC
Date of establishment:	The company was registered in the Commercial Register of the Municipal Court in Prague, Section C, File No. 179521, on 2 May 2011. On 27 September 2012, Czech Airlines (then as the sole shareholder) concluded an agreement with the state company ANS CR for the transfer of the company's share for a purchase price of 280,000,000 CZK set by expert appraisal, with effect on 1 October 2012.
Headquarters:	K letišti 934, Ruzyně, 161 00 Praha 6
Identification number:	24843628
Core business:	Training for pilots and for flight, technical and operational personnel, manufacture, installation and repair of electrical machinery and instruments, electronic and telecommunication equipment
Share capital:	150,200K CZK

1.2.1 Main owners of the company

The parent company is the Air Navigation Services of the Czech Republic, state enterprise (ANS CR) with a 100 % stake in the company. The company is included in the consolidated whole of the parent company.

1.2.2 Changes and amendments to the Commercial Register during the last reporting period

An entry was made on 1 October 2017, increasing the number of directors to two. No other changes or amendments to the Commercial Register were made in 2017.

1.2.3 Organizational structure of the company

The company is headed by a chief executive officer (CEO), who is one of the directors. The company is divided into specialized departments, and the specialized departments are further divided into divisions.

In order to expand onto foreign markets, the Company established a subsidiary Czech Aerospace Training Academy India, Pvt. Ltd. (CATAI), which was registered in the Commercial Register of India on 23 December 2014. On 1 December 2016, the name of the subsidiary changed to Czech Aviation Training Centre India, Pvt. Ltd. (CATC India).

1.2.4 Statutory and supervisory bodies of the company at 31 December 2017

Company Management – Statutory Body	
Director and CEO:	Antonín Jakubše
Director:	Jan Janík

Supervisory Board	
Chairman:	Petr Fajtl
Deputy Chairman:	Miloš Kvapil
Member:	Miloslav Hala
Member:	Alice Undusová

1.3 CONSOLIDATED GROUP

Company	Headquarters	Share	Degree of influence	Consolidation method
Air Navigation Services of the Czech Republic, state enterprise (ANS CR)	Navigační 787 252 61 Jeneč	x	Consolidating entity	x
		Net earnings for 2017 (thous. CZK)		387,417
		Equity at 31 December 2017 (thous. CZK)		6,048,727
Czech Aviation Training Centre, Ltd. (CATC)	K letišti 934, Ruzyně, 161 00 Praha 6	100 %	Controlling	Full
		Net earnings for 2017 (thous. CZK)		53,681
		Equity at 31 December 2017 (thous. CZK)		331,199
Czech Aviation Training Centre India, Pvt. Ltd. (CATC India)	14-C Terrace, Sagar Apartments, 6-Tilak Marg New Delhi, India	99,999965 %	Controlling	Full
		Net earnings for 2017 (thous. CZK)		-250
		Equity at 31 December 2017 (thous. CZK)		1,600

The stake in Czech Aviation Training Centre India, Pvt. Ltd. (CATC India), which is not owned by Czech Aviation Training Centre (CATC), is 0.000035 % and corresponds to a share of 0.6 CZK in equity capital.

1.4 BASIC RULES FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Act 563/1991 Coll., on Accounting, as amended, Decree 500/2002 Coll., which implements certain provisions of Act 563/1991 Coll., on Accounting, as amended, for reporting entities that are businesses maintaining double-entry bookkeeping and Czech accounting standards for businesses as applicable for 2017, especially ČUS 20.

Consolidation was carried out by direct consolidation.

The full consolidation method for companies with controlling influence (subsidiaries) and the equity method for companies with substantial influence (associated companies) were used for the preparation of the consolidated financial statements).

1.4.1 Comparability of data and valuation principles

The financial statements of the company entering the consolidation were compiled as of 31 December 2017. Because CATC India compiles its financial statements as of 31 March, interim financial statements were compiled as of 31 December 2017 and in accordance with accounting principles.

The consolidated financial statements were prepared on the basis of historical values with the exception of financial assets held for trading and financial derivatives, which are stated at fair value.
Depreciation schedules set by individual companies in the consolidated whole and the consequent depreciation of intangible and tangible fixed assets were not adjusted for compiling the consolidated financial statements; rules for depreciation are set in a comparable manner in the subsidiary Czech Aviation Training Centre, whereas long-term assets and depreciations reported by CATC India are entirely insignificant with respect to the consolidated whole.

For the conversion of the financial statements of foreign companies included in the consolidation initially recognized in foreign currency, the exchange rate of CNB valid at 31 December 2017 has been used. The financial statements of CATC India, which has its headquarters abroad and does its accounting in INR, have been converted.

As of 31 December 2017, a different profit, amounting to 785K CZK, is reported in the individual financial statements of Czech Aviation Training Centre India, Pvt. Ltd., which relates to a decrease in personnel expenses for 2016 by that amount. Due to its insignificancy, the item was included in the profit (loss) for the current period within the consolidation adjustments, and comparative data was not adjusted in the consolidated financial statements.

1.4.2 Consolidation procedures

In preparing the consolidated financial statements of the parent company ANS CR, the following adjustments and procedures were carried out:

a) Summarization of data from the financial statements of the companies included in the consolidation using the full method.
b) Exclusion of mutual receivables and debts between companies of the consolidation. These adjustments have been reflected only by reducing balance sheet items and did not affect the consolidated net earnings.
c) Exclusion of mutual costs and revenues from the supply of services carried out between companies of the consolidated group without affecting the net earnings of the consolidated group.
d) Exclusion of mutual deliveries and transactions between companies of the consolidated group with a major impact on the net earnings of the consolidated group if:
   - for the sale and purchase of stock, recorded on the balance sheet at the end of the accounting period, their value decreases by the profit (loss) of the component price. The proceeds from the sale of stock also decrease by the amount of profit (loss) of the component price. For unused inventory, the component price is fixed at the average return on revenue calculated by the selling company.
   - for the sale and purchase of fixed assets, the profit (loss) is excluded as the difference between the sales price and carrying value on the books of the selling company. The profit (loss) margin is depreciated over the remaining depreciation period of the tangible and intangible fixed assets sold.
   - the revenue item of the consolidated profit and loss statement is reduced by the revenues received from the share of the profit of the consolidated whole and the retained earnings are increased, or the accumulated losses reduced in the consolidated balance sheet.
e) Exclusion of minority shares in the equity of controlled and managed companies where significant influence is exercised, in the breakdown of shares in the registered capital, equity funds, funds from profit, retained earnings and the current net earnings to the special items of the consolidated statements.
f) Exclusion of shares whose issuers are controlled and managed companies where significant influence is exercised, and the equity component operated and controlled by a party affiliated with the shares held by the controlling and managing party of the consolidated balance sheet.
g) Assessment of the significance of the different profit reported in the financial statements of consolidated companies with respect to the significance in consolidated financial statements and any transfer of the balance to the profit (loss) for the current period (in 2017, it amounted to 785K CZK).

1.4.3 Consolidation difference

Consolidation difference arises in the first year of inclusion in the consolidated group as the difference between the cost of investment securities and deposits of the controlled and managed companies and their appreciation according to the shareholding of the controlling company in the actual amount of equity of the controlled companies without the net earnings for the year at the date of acquisition or the date of the next increase in participation (further acquisition of securities or shares). For consolidation using the equity method, the consolidated difference is also addressed as with the full method. Consolidation differences are depreciated over 20 years using even depreciation in accordance with Czech Accounting Standard No. 20. The consolidation difference is posted to settling goodwill or settling negative goodwill to expenses or credited to income from ordinary activities.

Negative goodwill arose from the acquisition of Czech Aviation Training Centre, Ltd. on 1 October 2012, in the amount of -5,381K CZK. In 2017, a consolidation difference of 269K CZK was written off, with the net worth amounting to -3,968K CZK at 31 December 2017 and to -4,238K CZK at 31 December 2016.

2 Basic of preparation of financial statements

Company accounting is done, and the financial statements compiled in accordance with Act 563/1991 Coll., on Accounting, as amended, Decree 500/2002 Coll., which implements certain provisions of Act 563/1991 Coll., on Accounting, as amended, for entities that are businesses performing double-entry bookkeeping and Czech accounting standards for businesses.

Its accounting respects general accounting principles, specifically the principle for valuating assets and liabilities, the principle of accounting accruals, the principle of prudence, and the assumption of the entity's ability to continue its activities.

3 General accounting principles, policies and accounting changes and variances

The valuation methods applied by the company in preparing the financial statements for 2017 and 2016 are as follows:

3.1 INTANGIBLE FIXED ASSETS

Intangible fixed assets (IFA) are assets valued at more than 60K CZK on an individual basis with an estimated useful life of greater than one year in respect of the principle of significance and of a true and fair view of the asset. Intangible fixed assets are stated at cost, which includes the purchase price and related costs.

The acquisition cost of an intangible fixed asset increases when the technical evaluation of that asset exceeds 40K CZK.

Intangible assets not considered fixed in our company are included directly in costs at acquisition as if a service provided. Projects and studies that are not intangible fixed assets where the price is more than 60K CZK (without VAT), and are deferred for a period of five years.

Accounting depreciation – depreciation is calculated based on the acquisition cost and estimated useful life of the asset. Based on the recommendations of document "Principles for establishing the cost-base for route facility charges and the calculation of the unit rates", depreciation is done uniformly using the linear method.

Estimated lifetime for the defined groups of IFA in years:	
Software	4–10 years
Other IFA (audio-visual works, projects, studies, trademarks, research and development)	3–6 years

Provisioning – no allowances were made to intangible fixed assets in 2017.

3.2 TANGIBLE FIXED ASSETS

Tangible fixed assets (TFA) are assets valued at more than 40K CZK on an individual basis with an estimated useful life of greater than one year in respect of the principle of significance and of a true and fair view of the asset. Tangible fixed assets are stated at cost, which includes the purchase price, shipping costs, customs duties and other related costs. Until the acquired asset is put into use, interest and other financial costs related to the acquisition of the fixed asset are also capitalized in the cost of these assets at the discretion of the entity. Tangible fixed assets acquired by delimitation are valued at replacement cost and posted to other capital funds.

Small tangible fixed assets, specifically computer equipment and furniture with an acquisition price between 3,000 CZK and 40,000 CZK, are depreciated for a period of 4 or 10 years. Other small tangible fixed assets with an acquisition price between 3,000 CZK and 40,000 CZK are posted to Account 501, and recorded on off-balance sheet account 796. Small tangible assets with an acquisition price between 1,000 CZK and 3,000 CZK are also posted to account 501, and recorded on off-balance sheet account 796.

Valuation at replacement cost is also done for assets recently identified in the bookkeeping and requiring a corresponding entry in the relevant accumulated account for allowances. The replacement cost of such assets is determined by professional estimation.

Where the sum technical evaluation for an individual tangible fixed asset exceeds 40K CZK for the tax year, the acquisition cost of that asset increases.

Accounting depreciation for the parent company – the depreciation is calculated based on the acquisition cost and estimated useful life of the asset. Based on the recommendations of the "Principles for establishing the cost-base for route facility charges and calculation of the unit rates", depreciation is done strictly uniformly using the linear method.

Estimated useful life for defined groups of TFA in years	
Lands	Not depreciated
Buildings and structures	30–50 years
Machinery and equipment	4–15 years
of which – electronic and communications equipment	4–10 years
of which – energy and other equipment	7–15 years
Masts, towers constructions, lines	20 years
Transport equipment	5–20 years
of which – cars	5 years
of which – aircraft	10–20 years
Inventory	3–10 years
of which – furniture	10 years
of which – office equipment, computer equipment and accessories	3–10 years

Accounting depreciation for the subsidiary is calculated using the acquisition cost and estimated useful life of the asset. Depreciation is carried out in a uniform manner. A critical part of tangible assets are flight simulators classified in the second depreciation group with a depreciation period of 15 years.

Tax depreciation is applied in accordance with section 31 (32) and 32a of Act 586/1992 Coll., on Income Tax, as amended. The company applies linear depreciation for the purposes of calculating income tax.

Provisioning – allowances to tangible fixed assets are made based on auditing the assets if reasons for decreasing the book value of the assets are found.

3.3 FINANCIAL ASSETS

Valuation – securities and shares were valued at acquisition cost. At the time of compiling the annual financial statements, they were valued at fair value as opposed to equity.
Provisioning – no allowances were made to financial assets in 2017.

3.4 CURRENT FINANCIAL ASSETS

Monetary resources consist of valuables, cash in hand and cash in bank accounts.

3.5 INVENTORIES

Valuation – Purchased inventory is valued at acquisition cost. The acquisition cost of inventories includes the costs to acquire them including related costs (shipping costs, commissions, etc.)

Allowances are made based on inventory taking at the balance sheet date.

3.6 RECEIVABLES

Valuation – receivables are posted at their creation at nominal value.

Provisioning – the value of bad debts is reduced using allowances, which were made for all receivables as follows:

- 100 % for receivables with a due date of 31 December 2016 and older
- 50 % for receivables with a due date in the period from 1 January 2017 to 30 June 2017

Allowances are separately recorded for receivables owed by entities in bankruptcy proceedings, as well as those owed by individual debtors whose aggregate sum is less than 30K CZK.

3.7 LOANS

The parent company did not draw any loans in 2017.

The short-term and long-term loans of the subsidiary are monitored at their nominal value. That part of long-term loans payable within one year of the balance sheet date is also considered a short-term loan. Any balance of the current account reported in the balance sheet is also considered a short-term bank loan.

3.8 PROVISIONS

The companies of the consolidated whole create provisions for losses and risks if the title, amount and settlement date can be determined with a high probability in case material and time connections are observed, in addition to untaken vacations.

3.9 CONVERSION DATA OF FOREIGN CURRENCIES INTO CZECH CURRENCY

For the valuation of assets and liabilities (debts) at the time of a transaction, the company uses the daily exchange rate announced by the CNB during the previous working day pursuant to section 24 of the Accounting Act.

At the time of compiling the financial statements for 2017, the receivables, liabilities, and shares in commercial companies, securities and derivatives, valuables and currency values (financial assets) denominated in a foreign currency were converted using the exchange rate announced by the CNB and valid on 31 December 2017.

Realized and unrealized exchange rate gains and losses are posted in financial revenues or financial costs for the year.

3.10 DERIVATES

During the course of 2017, the parent company had the disposition of financial derivatives, which were contracted for hedging currency risks with an expected movement in exchange rates after the relaxation of intervention by the Central Bank.

During the course of 2017 or as of 31 December 2017, the subsidiary had no disposition of financial derivatives.

At the balance sheet date, the derivatives are valued at their fair value. The manner for recognizing gains or losses from valuing derivatives at their fair value depends on whether the derivative is designated as a hedging instrument and on the nature of the item being hedged.

3.11 LEASING

No assets were acquired through financial leasing. Operating lease instalments are posted to the costs of the current period.

3.12 EQUITY

The registered capital of the parent company is stated at the amount recorded in the Commercial Register of the Municipal Court. Investments exceeding the registered capital are reported as other capital funds, which consist of non-monetary investments in excess of the registered capital.

In accordance with the mandates of Act 77/1997 Coll., as amended, the company has created the following funds from profit. These are a reserve fund, a fund for cultural and social needs, and a founder's fund. Creating these funds and drawing on them is regulated by the State Enterprise Act, or Decree 310/1995 Coll. Besides these funds, the company can create under the same act additional funds from disposable profits. In the case of ANS CR, this involves a development fund and a fund for other social spending. The development fund serves as a source of financing for developing and supporting the company's investments. The fund for other social spending serves as a source of financing for benefits granted to employees under collective agreements, which are not regulated by Decree 310/1995 Coll.

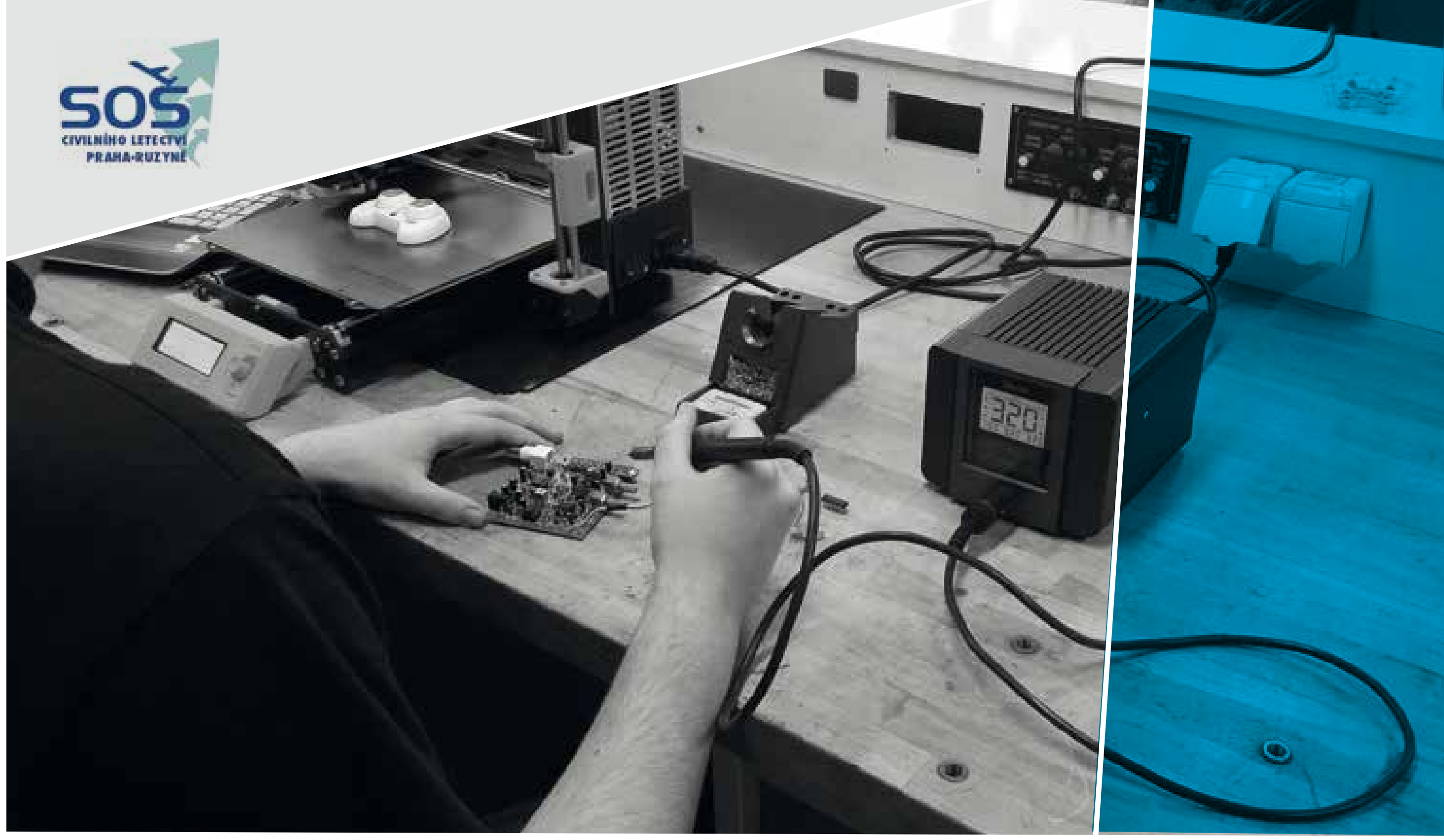
3.13 TAXES, INCOME TAX

Income tax expenses are calculated using the statutory tax rate from the accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxable revenues (e.g. creating and posting other provisions and allowances, entertainment expenses, the differences between book and tax depreciation, etc.). Additionally, items reducing the tax base (donations), deductions (tax losses, costs of research and development projects), and discounts on income tax are taken into account. In the event that the financial statements precede the final calculation of income tax, the entity creates an income tax provision.

Deferred tax
Deferred tax is calculated using the liability method, which means that the deferred tax will be applied at a later stage and therefore the income tax rate applicable in the period in which this tax is applied is used in the calculation. If this rate is unknown, the tax rate applicable for the following reporting period is used. Temporary differences resulting in a deferred tax asset or liability (debt) is assessed in our company in a broader context where a deferred tax liability (debt) is always posted, but a deferred tax asset only with respect to the precautionary principle, which means after assessing its applicability.

Deferred tax is calculated from temporary differences between the tax and the accounting base of assets and liabilities. In our company, the following temporary differences come into consideration:

- Differences between the book and tax carrying value of fixed assets (a book carrying value higher than the tax carrying value creates a deferred tax liability, and in the opposite case a deferred tax asset).
- The difference between tax and book allowances (a deferred tax asset is created if tax allowances are lower than book allowances and the tax allowances are expected to create up to 100 % the value of receivables).
- A tax loss that the company expects to apply against future profits creates a deferred tax assets.



3.14 USE OF ESTIMATES

The compilation of the financial statements requires company management to make estimates and assumptions that affect the reported amounts of assets and liabilities (debts) at the balance sheet date and the reported amounts of revenues and costs during the reporting period. Company management has made these estimates and assumptions on the basis of all the relevant information available. Nevertheless, given the nature of estimates, the actual results in the future may differ from these estimates.

3.15 COSTS AND REVENUES ACCOUNTING

Revenues and costs are recognized in the period to which they relate.

3.16 SUBSIDIES

In accordance with Czech Accounting Standard No. 17, the company recognizes the unquestionable right to a subsidy charged to the relevant account of account group 37 – Other receivables and credited to the relevant account of account group 34 – Taxes and subsidies. The use of subsidies to cover costs or other financial detriments is debited to the relevant account of account group 34 – Taxes and subsidies are credited to other operating or financial revenue accruals. Subsidies received for the acquisition of fixed assets reduces the acquisition cost.

Subsidies are provided from the European Commission arising from participation in the implementation of projects related to the development of air navigation services. The main European initiative aimed at the development of air navigation services is the initiative of Single European Sky ATM Research (SESAR).

3.17 SUBSEQUENT EVENTS

The impact of events that occurred between the balance sheet date and the compilation date of financial statements is reflected in the reporting if these events provide additional information about facts that existed at the date of the balance sheet. In the event that important events occurred between the balance sheet date and the date of compiling the financial statements which take into account facts that occurred after the balance sheet date, the effects of these events are described in an attachment to the financial statements but are not recorded in the financial statements.

3.18 CHANGES IN VALUATION, DEPRECIATION AND ACCOUNTING METHODS COMPARED TO THE PREVIOUS ACCOUNTING PERIOD

Except for the commencement of creating a provision for untaken vacation to provide a more faithful representation of liabilities, no changes occurred during fiscal year 2017 in the valuation, depreciation and accounting methods used compared to the previous accounting period.

4 Auditional information for the balance sheet and profit and loss statement

4.1 FIXED ASSETS

4.1.1 Intangible fixed assets

(Data for the consolidated whole in thousands CZK)	Software	Other IFA	Total
ACQUISITION COST (PC)			
Balance at 1 January 2017	2,666,699	127,798	2,794,497
Additions	316,659	473	317,132
Disposals	14,338	3,119	17,457
Balance at 31 December 2017	2,969,020	125,152	3,094,172
ACCUMULATED DEPRECIATION			
Balance at 1 January 2017	2,026,703	89,706	2,116,409
Depreciation 2017	239,186	10,294	249,480
Disposals	14,334	3,119	17,453
Balance at 31 December 2017	2,251,555	96,881	2,348,436
NET BOOK VALUE 2017 (DP)	717,465	28,271	745,736
NET BOOK VALUE 2016 (DP)	639,996	38,093	678,089

Significant items of intangible fixed assets

Item	Year of acquisition	PC (CZK thous.)	DP 2017 (CZK thous.)
EUROCAT 2000 PU IATCC system	2007	727,286	72,195
ESUP IATCC system	2007	529,582	149,832
IDP system for IATCC	2007	427,642	141,540

The most important additions and disposals of intangible assets – the most significant additions to intangible assets in 2017 included the technical evaluation of the three above systems in the amount of 247,884K CZK.

The most significant disposal of intangible assets was the elimination of the “SLM Netflow” system at an acquisition cost of 9,579K CZK, with a net book value of 0 CZK at the date of disposal.

Depreciation of intangible fixed assets charged to costs – the depreciation of intangible fixed assets charged to costs in 2017 amounted to 249,480K CZK, and in 2016 to 238,266K CZK.

Allowances for intangible fixed assets – no allowances were created for intangible fixed assets.

Unfinished IFA and prepayments for IFA – the total volume of unfinished IFA registered in the company at 31 December 2017 amounted to 577,107K CZK, and in 2016 to 632,216K CZK. The main volume of unfinished intangible assets is represented by upgrading existing air traffic control systems, and further payments for the newly acquired TopSky air traffic control system within the Neopteryx project.

4.1.2 Tangible fixed assets (TFA)

(Data for the entities in the group in thousands CZK)	Land and buildings	Machinery and equipment	Means of transport	Inventory	Other TFA	Total
ACQUISITION COST (PC)						
Balance at 1 January 2017	2,712,387	3,196,213	223,816	950,508	178,589	7,261,513
Additions	9,511	218,796	4,959	159,821	9,556	402,643
Disposals	1,587	229,659	2,161	2,508	10,941	246,856
Balance at 31 December 2017	2,720,311	3,185,350	226,614	1,107,821	177,204	7,417,300
ACCUMULATED DEPRECIATION						
Balance at 1 January 2017	1,119,550	2,723,155	107,802	710,547	151,705	4,812,759
Depreciation 2017	95,296	159,550	21,266	36,100	10,395	322,607
DP of disposed TFA 2017	865	22	0	0	55	942
Movements of assets	1,588	230,511	2,161	2,508	9,920	246,688
Balance at 31 December 2017	1,214,123	2,652,216	126,907	744,139	152,235	4,889,620
ALLOWANCES						
At 1 January 2017	0	0	0	0	0	0
At 31 December 2017				7,855	0	7,855
BOOK VALUE 2017 (DP)	1,506,187	533,134	99,707	355,827	24,969	2,519,824
BOOK VALUE 2016 (DP)	1,592,837	473,058	116,014	239,961	26,884	2,448,754

Significant items of tangible assets

Item	Year of acquisition	PC (CZK thous.)	DP 2017 (CZK thous.)
Building IATCC, Jeneč	2005	902,116	556,197
Technical unit building, Prague Airport	1992	497,117	296,796
Flight simulator B737 – CATC	2000	300,873	0
Full Flight simulator A320 – CATC	2007	290,744	125,317
Calibration aircraft Cessna 560XL	2011	152,492	71,392
Aviation Schools Building (CANI)	1983	148,632	88,532
Building service with TWR at Ostrava Airport	2016	112,539	110,132

The most important additions and disposals of fixed assets – the most important addition to fixed assets in 2017 was the purchase of the FFS L410 flight simulator at an acquisition cost of 154,731K CZK after VAT deduction adjustment.

The most significant disposal among fixed assets is the removal of the RMCDE data centre with an acquisition cost of 20,022K CZK, the PSS-P3D passive radar with an acquisition cost of 17,776K CZK, and some system servers.

Depreciation of tangible fixed assets charged to costs – the depreciation of TFA charged to costs in 2017 amounted to 322,662K CZK, and in 2016 to 299,431K CZK.

Total amount of small tangible assets not included in the balance sheet – the total amount of tangible assets not included in the balance sheet at 31 December 2017 is 81,674K CZK. At 31 December 2016 it was 80,340K CZK.

Allowances for tangible fixed assets – allowances were created based on the audit of assets at 31 December 2017 in the amount of the difference between the book value and the utility value of the asset, the CEET A 320 simulator in particular; the allowance amounted to 7,855K CZK.

Unfinished TFA – the total volume of unfinished TFA registered in the company at 31 December 2017 amounted to 312,061K CZK and in 2016 to 431,930K CZK. The main volume of unfinished tangible assets is represented by the ESUP HW system renewal, the HW for the new system of the Neopteryx project, etc.

4.1.3 Specified assets of the company

In accordance with the provisions of Act 77/1997 Coll., on state enterprises, special asset items are recorded in the bookkeeping – specified assets. These are assets that are indispensable to the entity in terms of carrying out the activities for which the entity (company) was established. These assets are registered in the Commercial Register. The company may handle specified assets only with the approval of the founder.

During the course of 2017, the scope of specified assets was extended by a new operations building, including the air traffic control tower at Ostrava Airport and the land under the building. The following specified assets were recorded in the company bookkeeping at 31 December 2017:

NAME OF SPECIFIED ASSETS	Inventory number	Acquisition price
Building IATCC Jeneč	2016743	908,376
Operations building of the technical block at Prague Airport	51062	498,169
Operations building with control tower at Ostrava Airport	2021876	113,887
Operations building with control tower at Brno Airport	52012	88,042
Operations building located at Prague South	51150	60,019
Calibration aircraft L 410 UVP E OK-WYI	2020151	43,841
Operations building with control tower at Karlovy Vary Airport	54004	42,648
Operations building located at Buchtův kopec	52011	33,215
Land under the building of the technical block at Prague Airport	2563	1,349
Land under the operations building with control tower at Ostrava Airport	648	337
Land under the operations building with Karlovy Vary Airport	3882	261
Land under the operations building with control tower at Brno Airport	2258	122
Land under the building of IATCC Jeneč	569	45
Land under operations building Prague South	34890	2
Land under operations building Buchtův kopec	130	2
ACQUISITION PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2017 (CZK thousands)		1,790,313
DEPRECIATED PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2017 (CZK thousands)		1,080,828

4.1.4 Assets leased under finance and operating leases

Group companies have no fixed assets leased under finance leases. At the date of the financial statements, the parent company had 63 cars and trucks leased under operating leases. In 2017, it paid 8,551K CZK for operating leases, in 2016 – 8,278K CZK.

Since July 2015, the subsidiary has had two cars leased under operating leases. In 2017, it paid 198K CZK for leasing automobiles under operating leasing.

4.1.5 Fixed assets pledged

The subsidiary has pledged assets. Specifically, this is the Flight Simulator Training Device Boeing 737 – 800W, serial number MPS-C305. The value of the mortgage contract is 33,000K CZK. In addition, the company pledges its assets as security for an investment loan amounting to 150,000K CZK. The pledge consists of the L410 flight simulator until its sale to the parent company. After the sale, the pledge shall pass to the FFS A320 held by the company.

4.2 FINANCIAL FIXED ASSETS

With regard to the liberalization of the market in the provision of air navigation services, ANS CR has further expanded, as one of its strategies, its commercial activities, particularly in the provision of consulting services in the ATM field and in the provision of air navigation services abroad.

Based on a notarial deed dated 17 October 2014, the company FABCE, Aviation Services, Ltd., based in Zgornji Brnik 130N, SI-4210 Brnik, Slovenia, was established. The shareholders in the company are the providers of air navigation services in the Czech Republic, Slovakia, Austria, Hungary, Slovenia and Croatia, which are associated in the Central European Functional Airspace "FAB CE". The goal of this company is to coordinate the actions of the stakeholders in order to meet the objectives of the European Union in the context of the "Single European Sky – SES" policy. ANS CR has a 1/6 stake in this service company (6K EUR).

Other fixed securities and shares	Book value at 31 December of the year (CZK thousands)			
	2016	Movements	Revaluation	2017
FABCE, Aviation Services, Ltd.	402	0	-21	381

The company held no other financial fixed assets in 2017. Likewise in 2017 as in previous years, the company did not register any financial fixed assets pledged as collateral.

4.3 INVENTORY

The total amount of inventory of the entities in the group at 31 December 2017 was 39,032K CZK, at 31 December 2016 – 35,709K CZK. The main volume of inventory consists of spare parts for aviation safety technology.

4.4 RECEIVABLES

4.4.1 Trade receivables

(CZK thousands)	2017	2016
TOTAL TRADE RECEIVABLES		
Gross receivables	635,925	612,191
Net receivables	597,592	578,984
TOTAL ALLOWANCES CREATED	38,333	33,207

Figures for receivables and allowances made for receivables for entities in the group after excluding intercompany transactions.

4.4.2 State – tax receivables and receivables for social security and health insurance

In 2017, the company recorded tax receivables for the state in the amount of 183,563K CZK. This amount corresponds to prepayments made for income tax in the amount of 90,639K CZK, which, in accordance with accounting principles, was compensated with a reserve created for corporate tax in the amount of 93,637K CZK, as well as with surplus VAT deductions in the amount of 92,518K CZK and tax deductions abroad in the amount of 406K CZK. The company records no receivables for social security and health insurance.

4.4.3 Accrued assets

The highest item is an accrual amounting to 17,920K CZK for revenues from the Agreement for the L 410 Flight Simulator Operation and for Training made with Aircraft Industries; according to the Agreement, as amended, the revenues relate to 2017 in terms of material and time.

4.4.4 Other receivables

Other long-term receivables include positive fair values of open derivatives amounting to 53,870K CZK. Short-term other receivables are 313,535K CZK. These especially include receivables from grants to SESAR projects in the amount of 241,518K CZK. The amount of the receivable corresponds to the company's claims from participating in the projects SESAR 2020 and SESAR Deployment while maintaining the given budget for individual projects. The amount of the receivables is reduced by the partial payments received for the projects. Positive fair values determined as a result of the valuation of financial derivatives to fair value amounted to 72,323K CZK at 31 December 2017. In addition, an allowance for other receivables was created, amounting to 7,464K CZK.

4.5 SHORT-TERM FINANCIAL ASSETS

Other short-term financial assets are represented by a deposit bill of exchange for 1M USD with the date of payment in January 2018.

4.6 CASH RESOURCES

CASH RESOURCES (CZK thousands)	2017	2016
Cash	2,170	1,683
Bank accounts	1,916,514	1,535,904
TOTAL CASH RESOURCES	1,918,684	1,537,587

4.7 ACCRUALS AND DEFERRALS

ACCRUALS AND DEFERRALS (CZK thousands)	2017	2016
Accrued costs	30,742	73,984

Accrued costs mainly include insurance, software support, membership fees, subscriptions to professional publications and the costs of purchasing airline tickets for business conducted abroad in the following year. These items are therefore posted to the costs in the period they were incurred in.

4.8 EQUITY

4.8.1 Changes in equity

A summary of changes in equity is reported in a separate statement. Changes in equity occurred in 2017 only in connection with settling net earnings and the revaluation of equity holdings and in connection with consolidation adjustments.

4.8.2 Registered capital

There were no changes in the registered capital in 2017.

4.8.3 Items equity

In accordance with Act 77/1997 Coll., as amended, the parent company has the obligation to create the following funds from profit. These consist of a reserve fund, a fund for cultural and social needs, and a founder's fund. In addition to these funds, the company may also create other funds from disposable profit in accordance with this act. In the case of ANS CR, these are the development fund and fund for other social spending.

4.9 MINORITY INTERESTS

The ownership situation of the consolidated whole in 2017 was unlike that in 2016. In 2017, the consolidated whole had 100 % stake in all consolidated entities, so no minority interests were reported at 31 December 2017.

4.10 PROVISIONS

Provisions for income tax for 2017 were created in the amount of 93,637K CZK. Total prepayments for income tax for 2017 amount to 90,639K CZK, which exceeds the volume of provisions by 2,998K CZK. In addition, a provision for untaken vacation was created in 2017, amounting to 5,663K CZK. In addition, a provision for the costs associated with revenues reported in 2017, relating to the operation of the L 410 flight simulator, was created.

4.11 PAYABLES

4.11.1 Trade payables

TRADE PAYABLES (CZK thousands)	2017	2016
LONG-TERM TRADE PAYABLES		
Long-term trade payables	0	0
SHORT-TERM TRADE PAYABLES		
Suppliers with due payables	133,146	15,061
Suppliers with overdue payables	1,336	4,094
Other payables	7,968	7,983
TOTAL PAYABLES		
Total payables	142,450	27,138

Overdue payables include invoices from the 4th quarter of 2017, which were paid no later than January 2018.

4.11.2 Payables to the state and social security and health insurance institutions

PAYABLES TO THE STATE AND SOCIAL SECURITY AND HEALTH INSURANCE INSTITUTIONS (CZK thousands)	2017		2016	
	Total	Due	Total	Due
SOCIAL SECURITY AND HEALTH INSURANCE				
Social security premiums	20,680	0	17,125	0
Health insurance premiums	35,462	0	31,649	0
Total social security and health insurance	56,142	0	48,774	0
TAX LIABILITIES				
Income tax on employment	54,928	0	47,247	0
Corporate income tax	0	0	0	0
Value added tax	42,618	0	7,260	0
Other taxes	61	0	10	0
Total tax liabilities	97,607	0	54,517	0
TOTAL PAYABLES TO THE STATE AND SOCIAL SECURITY AND HEALTH INSURANCE INSTITUTIONS	153,749	0	103,291	0

Payables for social security and health insurance recorded at 31 December 2017 consist of statutory withholdings arising from the payment of salaries for the month of December 2017 and therefore concern payables that are due. Likewise, the liability for income tax on employment is connected to the payment of salaries for December 2017. The VAT liability is a tax obligation (deduction) of the subsidiary for the tax period of December 2017, again currently due.

Balance sheet item C.II.8.5 also reports account 346 balances – Clearing subsidies charged to other operating income accruals when accounting for costs. At 31 December 2017 the balance was 347,572K CZK.

4.11.3 Advances received

ADVANCES RECEIVED (CZK thous)	2017	2016
Long-term advances received	39,828	30,453
Short-term advances received	3,999	1,036
TOTAL ADVANCES RECEIVED	43,827	31,489

4.11.4 Estimated accounts payable

These are estimated payable items expensed to costs in 2017. They particularly include accruals for energy consumption, service maintenance for systems and equipment, data and telecommunications services, building security and other accruals.

4.11.5 Other liabilities and payables to employees

Payables to employees recorded at 31 December 2017 consist of the payment of salaries for the month of December 2017, which is done in January of the following year, and therefore involves a due payable. Other liabilities mainly consist of settling pension and life insurance for company employees.

4.12 PAYABLES TO LOAN INSTITUTIONS

In 2017, the parent company did not take out any loans for its business activities and likewise did not issue any bonds in 2017 or in the past.

The subsidiary drew the following bank loans:

(CZK thousands)	Loan framework	Quarterly amount to pay off principal	Principal paid off at 31 Dec. 2017	Draw down/ balance at 31 Dec. 2017	Interest expense in 2017	Interest rate	Maturity of loan at date
LONG-TERM BANK LOANS							
ČSOB a.s. – loan for Flight Simulator FFSIM L410 in CZK	150,000	5,357	21,428	127,334	1,479	1,16 %	12/2023
ČSOB a.s. – loan for Flight Simulator FTD B737NG in CZK	33,000	1,178	9,424	23,576	285	1,06 %	12/2022
TOTAL BANK LOANS	183,000	6,535	30,852	150,910	1,764		

PAYMENT OF PRINCIPAL IN YEARS	to 2017	2018	2019	2020	2021+	TOTAL
ČSOB a.s. – FFSIM L410	21,428	21,428	21,428	21,428	64,288	150,000
ČSOB a.s. – FTD B737NG	9,424	4,712	4,712	4,712	9,440	33,000
ČSOB, a. s.	30,852	26,140	26,140	26,140	73,728	183,000

4.13 ACCRUALS AND DEFERRALS

ACCRUALS AND DEFERRALS (CZK thous.)	2017	2016
Accrued costs	0	0
Deferred revenues	10,381	5,850
TOTAL ACCRUALS AND DEFERRALS	10,831	5,850

Deferred revenues include mainly courses and training for pilots and cabin staff carried out the following year. These items are therefore charged to revenues in the period in which they are relevant.

4.14 DERIVATIVES

At 31 December 2017, the company had contracts concluded for hedging derivatives for the EUR/CZK currency pair. They are based on the company´s strategy prepared for hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of Czech National Bank.

The company did not do any hedge accounting in 2017. Net earnings realized from the revaluation of derivatives to fair value were recorded in the net earnings for the current period. The positive or negative fair value of derivatives is reported at 31 December 2017 in other receivables or other liabilities.

The following table indicates the nominal values and positive or negative fair values of outstanding derivatives as of 31 December 2017:

DERIVATIVES (CZK thous.)	2017		2016	
	Fair value		Fair value	
	positive	negative	positive	negative
Forward	54,358	-229	1,146	0
Swap	0	0	0	-723
Option structures	71,834	-15,197	0	-24,622

4.15 INCOME TAX

INCOME TAX (CZK thousands)	2017	2016
Due tax	93,637	97,819
Deferred tax	-,3,012	-1,108
TOTAL TAX COSTS	90,985	96,711

4.16 DEFERRED TAX

The deferred tax calculation is based on the income tax rate valid for the period in which the tax receivable or liability is applied. A deferred tax liability is reported as part of long-term liabilities in the balance sheet.

Deferred tax (CZK thousands)	2017	2016
Depreciated price of fixed assets (tax DP – accounting DP)	-128,368	-147,083
Allowances for fixed assets	1,493	0
Allowances for receivables	1,704	1,275
Allowances for inventories	36	37
Revaluation of inventories – acquisitions	-2,283	-2,282
Provisions beyond the scope of Act 593/1992 Coll.	710	0
Estimated accrued items	190	0
Receivables resulting from contractual fines	-4	0
Tax losses from previous years	1,884	20,238
Net deferred tax	-124,638	-127,815

4.17 ASSETS AND DEBTS NOT REPORTED IN THE BALANCE SHEET

As of 31 December 2017, entities in the group had no assets or debts not reported in the balance sheet.

4.18 SALES OF GOODS, PRODUCTS AND SERVICES

Revenue items (CZK thousands)	Revenues from domestic customers		Revenues from foreign customers		Total revenues	
	2017	2016	2017	2016	2017	2016
Air navigation services	297,872	275,905	3,447,404	3,408,225	3,745,276	3,684,130
of which – en route navigation services	89,675	89,913	3,045,804	3,042,702	3,135,479	3,132,615
– terminal navigation services	206,596	184,168	400,961	364,080	607,557	548,248
– training flights	1,601	1,824	639	1,443	2,240	3,267
Other income	152,379	147,749	172,979	150,452	325,358	298,201
TOTAL REVENUE	450,251	423,654	3,620,383	3,558,677	4,070,634	3,982,331

5 Employees, management and statutory bodies

The average number of employees and managers and staff costs for the financial year 2017 and 2016 are as follows:

(CZK thousands)	Employees		Statutory and supervisory bodies, management		Total	
	2017	2016	2017	2016	2017	2016
Number (FTE)	983	946	24 + 11	21 + 14	1 007 + 11	967 + 14
Wage costs + bonuses	1,707,916	1,629,288	101,656	93,861	1,809,572	1,723,149
Social security and health insurance premiums	422,883	404,597	17,276	16,094	440,159	420,691
Other personnel expenses	65,072	62,185	4,614	4,750	69,686	66,935
TOTAL STAFF COSTS	2,195,871	2,096,070	123,546	114,705	2,319,417	2,210,775

The term management of the parent company means the Director General of the company, division directors, section deputies and the supervisor of the separate centre. Capital insurance and contributions to pension and life insurance were paid for members of management in accordance with the collective agreement. The members of the management were also granted the use of official vehicles for private purposes.

The Supervisory Board of the company has six members, four are appointed by the founder, and two are elected from among the employees. Members of the Supervisory Board did not receive any compensation for discharging their positions in 2017. The Audit Committee has 3 members. The Audit Committee members receive compensation for discharging their positions.

The term management of the subsidiary means company directors and company management. The term supervisory body of the company means members of the Supervisory Board. Members of the Supervisory Board receive remuneration for their work.

6 Information on affiliated companies

The Air Navigation Services of the Czech Republic (hereinafter “company”) is a state enterprise. The founder of the company is the Czech Republic – Ministry of Transport, nábřeží Ludvíka Svobody 1222/12, 110 15 Prague 1.

In addition to companies with equity participation, affiliated companies are those with the equity participation of the Czech Republic through state authorities (ministries). All transactions between the company and affiliated companies were conducted under normal market conditions.

The volume of business costs from transactions with affiliated companies in 2017 amounted to 139,869K CZK. These are transactions where the volume is greater than 1 million CZK for one supplier in 2017. These suppliers – affiliated companies – according to this definition are the Czech Hydro-meteorological Institute, the Czech Civil Aviation Authority, Václav Havel Airport Prague, Czech Aeroholding Inc., FABCE Ltd., Czech Airlines Handling Inc., the Institute of Aviation Medicine and Czech Telecommunications Authority. The total volume of payables of the company (only those due) to the affiliated companies stated here was 8,100K CZK at 31 December 2017.

The volume of company revenue from transactions with affiliated companies in 2017 amounted to 40,718K CZK. These were transactions where the volume is greater than 1 million CZK for one customer in 2017. The customers – affiliated companies – according to this definition are the Ministry of Transport, the Ministry of Defence, CATC, the Czech Hydro-meteorological Institute and the Czech Civil Aviation Authority. The total volume of receivables for the company from the affiliated companies stated here was 5,039K CZK at 31 December 2017.

In 2017, ANS CR obtained full compensation from the state budget for costs incurred by the company in connection with the provision of services for flights exempted from charges in the aggregate amount of 63,236K CZK. This compensation is provided to ANSPs in accordance with European Commission Regulation 1794/2006 of 6 December 2006 as amended, laying down a common charging scheme for air navigation services on the basis of CR Government Resolution 1404 of 11 February 2005.

7 Subsidies

ANS CR is involved in development programmes in the ATM sector. One programme is the SESAR Deployment Programme, where selected projects are co-funded by the European Union in the form of grant-aided projects through the Innovation and Networks Executive Agency (INEA). These grant-aided projects are focused on implementing new technologies in air traffic operation services, so a substantial part of them is co-funded with investment.

In addition, the company participates in eight SESAR Horizont 2020 programmes, from which subsidies are granted to cover the company´s operating costs expended in connection with the aim of the subsidy.

(CZK thousands)	Total expected amount of subsidy to be drawn by ANS CR
Subsidy from SESAR H 2020 programmes	1,477
Subsidy from SESAR Deployment programmes	11,558

The balance of receivables in respect of these subsidies is specified in Clause 4.4.5. of this Annex, the balances of related liabilities in Clause 4.9.2. hereof. The amount of revenue entered into the books in connection with the subsidies is specified in Clause 9 hereof.

8 Research and development costs

Neither in 2017 nor in the previous year did the company outlay costs for research and development.

9 Significant items of the profit and loss statement

Other operating revenues amounted to 85,168K CZK in 2017. In 2016, these revenues were 113,163K CZK. The most significant volumes were items for the parent company, consisting of compensation for costs for exempted flights amounting to 63,236K CZK. Furthermore, a proportion of subsidies was granted in the framework of the SESAR projects amounting to 8,795K CZK. In 2016, other operating revenues mainly consisted of compensation and the sale of redundant assets.

Other operating costs in 2017 amounted to 253,328K CZK, they amounted to 262,948K CZK in 2016. Again, they were primarily items of the parent company. The structure of other operating costs remains unchanged year-on-year. The most significant item in other operating costs is the payment of the membership fee of the Czech Republic to the budget of the European Agency for the Safety of Air Navigation (EUROCONTROL), followed by the reimbursement of the costs of the state supervisory authority, and finally the costs for property and liability insurance.

10 Information on audit fees

INFORMATION ON AUDIT FEES (CZK thousands)	2017	2016
Audit of financial statements	594	686

In 2014, up until 30 June 2015, entities in the group received audit services from HAYEK Ltd., holding. Since the second half of 2015, these services have been provided to the entities in the group by BDO Audit s. r. o.

11 Events that occurred after the balance sheet date

No significant subsequent events not recorded in the financial statements have occurred since the reference date of the financial statements that would have a significant impact on the amount of assets and liabilities of entities in the group.

12 Risk management

Credit risks – as of 31 December 2017, the company was not exposed to any significant credit risks. Financial assets consist primarily of cash deposits at banks and receivables. Cash deposits are made at reputable banking institutions. Risks associated with trade receivables are limited thanks to the large number of customers for air navigation services. The risks associated with receivables are further reduced by the effective recovery system used by the European Agency for the Safety of Air Navigation (EUROCONTROL).

Currency risks – the company is protected against significant fluctuations in the exchange rate on the date of billing services thanks to the mechanism of the monthly conversion of the reference unit price of air navigation services by the current exchange rate. The sensitivity of the company's exposure to currency (exchange rate) risks is reduced through this mechanism.

In addition, the company had contracts concluded for derivatives for hedging EUR/CZK exchange rate. The largest part of the derivatives is based on the company´s strategy for hedging prepared in relation to hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of the Czech National Bank. Information on their valuation at the balance sheet date is included in Clause 4.14.

13 Liabilities not stated in the books

Litigation – no litigation was brought against entities in the group as of 31 December 2017 that could have a significant impact on the financial statements.

Environmental liabilities – all standards related to environmental protection are complied with and no proceedings are being taken against entities in the group relating to environmental protection that could have a significant impact on the financial statements.

Bank guarantees – during 2017, the parent company provided bank guarantees to foreign customers in connection with the commercial activities of the Aviation School (CANI). An overview of the bank guarantees is as follows:

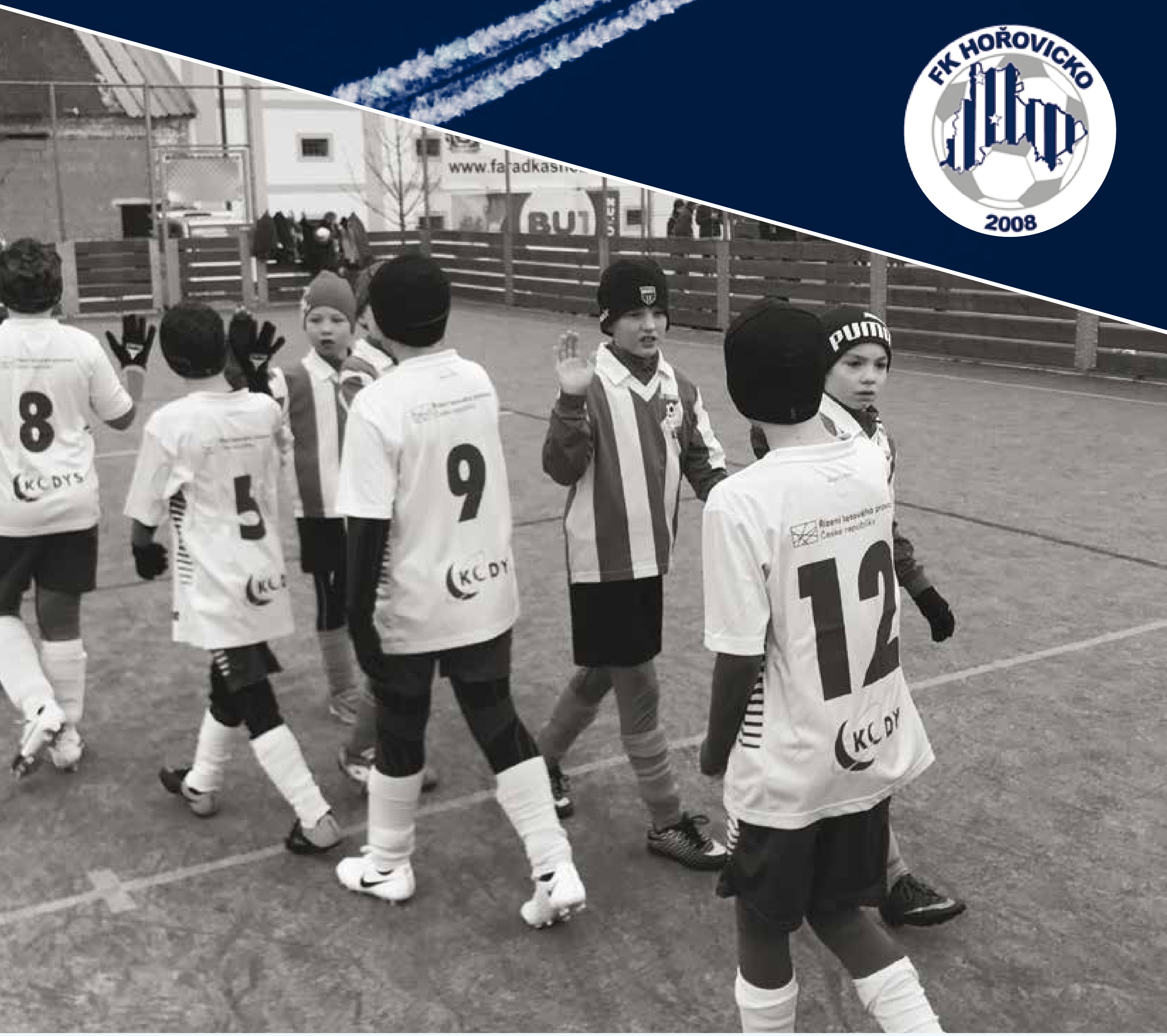
BANK GUARANTEES FOR	Guarantee valid	Amount and currency
Prishtina Int. airport, Kosovo	16 Oct 2015–15 Nov 2018	12,762 EUR
Sakaeronavigatsia Ltd., Georgia	26 Feb 2016–7 Feb 2017	3,756 EUR
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Hercegovina	16 Nov 2016–20 March 2017	114,150 EUR
Sakaeronavigatsia Ltd., Georgia	17 March 2017–31 Dec 2017	6,434 EUR
Uzaeronavigatsia Ltd., Uzbekistan	3 Apr 2017–30 Nov 2017	7,000 EUR
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Hercegovina	28 Apr 2017–28 Apr 2020	759,489 EUR

14 Cash flow statement

The cash flow statement has been prepared using the indirect method and is published in a separate statement. Considered as cash resources are cash, including valuables, and cash equivalents in accounts, including overdrafts. Company assets do not include any cash equivalents. In order to increase the informative value of the report, changes in receivables and payables from operating activities have been adjusted to take into account changes in these receivables and payables related to subsidized projects, in which the parent company participates and that had no impact profit or loss even in cash flows in the amount of 53,519K CZK. The "other non-monetary operations" item consists mainly of the revaluation of financial derivatives to fair value and revenues from subsidies posted at the amount corresponding to the cost expended.

FOOTBALL CLUB HOŘOVICKO

The support of after-school activities and talent development has a permanent place in the corporate sponsorship program. The company supports a number of clubs dedicated to the development of children's and youth's movement activities (football, hockey, volleyball, basketball, floorball, tennis, table tennis, dancing or rowing).



Individual Financial Statements of ANS CR for 2017

compiled in accordance with international accounting standards (IFRS)

Independent Auditor's Report

to the Founder of Air Navigation Services of the Czech Republic, state enterprise

Opinion

We have audited the accompanying financial statements of Air Navigation Services of the Czech Republic, state enterprise, based in Navigační 787, Jeneč, Czech Republic, identification number 497 10 371, (hereafter the "Company"), which comprise the statement of financial position as of 31 December 2017, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period from 1 January 2017 to 31 December 2017 and summary of significant accounting policies and other explanatory information. The management of Air Navigation Services of the Czech Republic, state enterprise, has prepared these financial statements based on the financial reporting requirements as defined by Art. 12 – Transparency of Accounts of Regulation No. 550/2004 of the European Parliament and of the Council dated 10 March 2004 on the provision of air navigation services in the Single European Sky which requires the providers of air navigation services to prepare their financial accounts in compliance with the International Accounting Standards adopted by the EU or endeavour to achieve such compliance to the maximum possible extent.

In our opinion, the financial statements present fairly, in all material respect s, the financial position of Air Navigation Services of the Czech Republic, state enterprise, as of 31 December, 2017, and its financial performance and cash flows for the period from 1 January 2017 to 31 December 2017 in accordance with the financial reporting requirements as defined by Art. 12 of Regulation No. 550/2004 of the European Parliament and of the Council dated 10 March 2004 on the provision of air navigation services in the Single European Sky.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under these regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2, Summary of Bask Accounting Policies and Procedures in the Notes to the Financial Statements, which describes the basis of accounting used in the preparation of the financial statements. The financial statements were prepared to assist Air Navigation Services of the Czech Republic, state enterprise, in meeting the requirements of EUROCONTROL (European Organisation for the Safety of Air Navigation) as the regulatory body and, as a result, the financial statements may not be suitable for another purpose.

Other Matters

Air Navigation Services of the Czech Republic, state enterprise, has also prepared a separate set of financial statements as of 31 December 2017 in accordance with the Czech accounting regulations, on which we issued a separate auditor's report to the founders of Air Navigation Services of the Czech Republic, state enterprise, dated 20 March 2018.

Responsibilities of the Statutory Body, the Supervisory Board and the Audit Committee for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting regulations and for such internal control as the Statutory Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Body is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Founder either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness of the Statutory Body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

In Prague, 20 March 2018

Audit firm:

BDO Audit s. r. o.
Certificate No. 018

Partner:

Petr Slavíček
Certificate No. 2076

Individual statement of financial situation

IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

for the year ended 31 December 2017

Notes in annex	TEXT	Year ending at	
		31 Dec. 2017	31 Dec. 2016
	FIXED ASSETS		
3.1.2.	Lands, buildings and equipment (tangible assets)	2,703,303	2,474,306
	of which: Lands, buildings and equipment in use	2,157,674	2,203,356
	of which: Unfinished tangible assets	545,629	270,950
3.1.1.	Intangible assets	1,320,261	1,308,252
	of which: Intangible assets in use	743,614	676,293
	of which: Unfinished intangible assets	576,647	631,959
3.1.3.	Investments in subsidiaries and entities in the group	280,784	280,784
3.1.	TOTAL FIXED ASSETS	4,304,348	4,063,342
	CURRENT ASSETS		
3.2.	Inventories	19,728	16,537
3.3.	Trade receivables and other receivables	1,080,178	966,068
3.4.	Money and cash in bank accounts	1,605,605	1,490,918
	TOTAL CURRENT ASSETS	2,705,511	2,473,523
	TOTAL ASSETS	7,009,859	6,536,865
	EQUITY		
3.6.2.	Share capital	1,087,503	1,087,503
3.6.3.	Reserve fund	320,000	320,000
	Other funds of the company	4,032,875	3,821,637
	Retained profit	517,183	513,495
3.6.	TOTAL EQUITY	5,957,561	5,742,635
	PROVISIONS		
3.8.	Other provision	3,533	
	LONG-TERM LIABILITIES		
3.7.1.	Deferred tax liability	134,585	116,176
	SHORT-TERM LIABILITIES		
3.9.	Trade payables and other payables	914,180	678,054
	TOTAL EQUITY AND LIABILITIES	7,009,859	6,536,865

Individual statement of profit and loss and other comprehensive result

IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

for the year ended 31 December 2017

Notes in annex	TEXT	Year ending at	
		31 Dec. 2017	31 Dec. 2016
4.2.1.	Revenues	3,879,380	3,798,607
4.1.1.	Consumption of material and services	-586,572	-540,342
4.1.2.	Personnel costs	-2,245,227	-2,146,096
3.1.	Depreciation and amortization	-536,144	-508,424
4.2.1.	Other operating revenues	84,380	107,143
4.1.3.	Other operating costs	-235,428	-248,910
	Operating profit and loss	360,389	461,978
4.2.2.	Financial revenues	136,638	41,803
4.1.4.	Financial costs	-12,629	-24,199
	Financial profit and loss	124,009	17,604
	Pretax profit	484,398	479,582
3.7.	Income tax	-96,981	-95,766
	Profit for the period	387,417	383,816
	Other comprehensive results for the period		
	Total comprehensive results for the period	387,417	383,816

Individual statement of equity changes

IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

for the year ended 31 December 2017

	Share capital	Reserve fund	Founder's fund	Other capital funds, Development fund	Retained profit	Total
Status at 1 January 2016	1,087,503	303,796	0	3,663,325	500,313	5,554,937
Allocation to the reserve fund		16,204			-16,204	0
Allocation to the founder's fund			129,715		-129,715	0
Use of the founder's fund			-129,715			-129,715
Allocation to other capital funds				158,312	-158,312	0
Other uses of retained earnings					-66,403	-66,403
Profit for the period					383,816	383,816
Status at 31 December 2016	1,087,503	320,000	0	3,821,637	513,495	5,742,635
Allocation to the reserve fund						0
Allocation to the founder's fund			100,479		-100,479	0
Use of the founder's fund			-100,479			-100,479
Allocation to other capital funds				211,238	-211,238	0
Other uses of retained earnings					-72,012	-72,012
Profit for the period					387,417	387,417
Status at 31 December 2017	1,087,503	320,000	0	4,032,875	517,183	5,957,561

Individual cash flow statement

IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

for the year ended 31 December 2017

	Year ending at	
	31 Dec. 2017	31 Dec. 2016
Cash flows from operating activities		
Receipts from customers (buyers)	3,856,065	3,791,947
Payments to suppliers	-721,176	-760,014
Payments to employees and deductions for employees	-2,186,114	-2,022,950
Cash flows generated from operations	948,775	1,008,983
Income tax paid	-87,211	-77,437
Interest received	2,249	17,016
Net cash resources from operating activities	863,813	948,562
Cash flows from investing activities		
Expenses connected to acquiring fixed assets	-670,709	-1,102,450
Income connected to selling fixed assets	357	20,507
Net cash flows from investing activities	-670,352	-1,081,943
Cash flows from financing activities		
Transfer of cash from the founder's fund to the founder	-100,479	-129,715
Net increase in cash and cash equivalents	92,982	-263,096
Cash and cash equivalents at the beginning of the period	1,490,918	1,754,014
Cash and cash equivalents at the end of the period	1,583,900	1,490,918

Annex to individual financial statements for 2017

1 General information

1.1 ESTABLISHMENT AND DESCRIPTION OF THE COMPANY

Name of the entity:	Air Navigation Services of the Czech Republic
Legal form:	State Company
Abbreviated name:	ANS CR
Date of establishment:	ANS CR was established on 1 January 1995 under a resolution of the Minister of Transport issued on 28 December 1994, Ref. 4283/94-KM. This decision transferred all assets that had been handled by the allowance organization, ANS CR, up until 31 December 1994, including all rights and obligations to the company. The state company is registered in the Commercial Register of the Municipal Court in Prague, Section A, File 10771
Headquarters:	Navigační 787, 252 61 Jeneč
Identification number:	49710371
Core business:	Air navigation services, including aerodrome services, in the airspace of the Czech Republic and at the airports Prague, Brno, Ostrava and Karlovy Vary
Share capital:	1,087,503K CZK
Employees:	The average number at 31 December 2017 was 949

1.2 MAIN OWNERS OF THE COMPANY

Air Navigation Services of the Czech Republic is a state-owned company. The position and legal status of the state company are governed by Act 77/1997 Coll. The founder of the company is the state. It acts in the name of the founder, the Ministry of Transport, whose responsibility includes the core business of the company.

The accompanying financial statements have been prepared in a similar way to that of an independent company. The consolidated Financial Statements have been prepared for the whole group by the parent company, ANS CR, in accordance with national accounting standards. The companies included in the consolidation are the Czech Aviation Training Centre and Czech Aviation Training Centre India. Information pursuant to section 39b of Decree 500/2002 Coll. will be presented in the consolidated financial statements.

1.3 CHANGES AND AMENDMENTS TO THE COMMERCIAL REGISTER DURING THE LAST REPORTING PERIOD

In 2017, no changes to the company's entry in the Commercial Register were made.

1.4 ORGANIZATIONAL STRUCTURE

The head of the company is the Director General, who is the statutory body. There are four departments directly subordinate to the Director General. The company is organizationally divided into specialized divisions, each headed by a division director. The divisions are divided into specialized sections, each headed by a qualified manager. The company is furthermore divided into control centres led by supervisors. The total number of these organizational units was 18 as of 31 December 2017.

The company has no organizational units abroad.

1.5 STATUTORY AND SUPERVISORY BODIES OF THE COMPANY AS OF 31 DECEMBER 2017

Company Management – Statutory Body	
Director General:	Jan Klas
First Deputy Director General:	Jan Štindl
Second Deputy Director General:	Petr Fajtl
Change in Deputy Director Generals from Jan 1, 2018	
First Deputy Director General:	Petr Fajtl
Second Deputy Director General:	Miroslava Mezerová
Third Deputy Director General:	Jana Navrátilová
Supervisory Board	
Chairperson:	Magdalena Faltýsková
Deputy Chairperson:	Milan Feranec
Members:	Roman Kubíček
	Petr Kolomazník
	Libor Štefánik
	Milan Vondra

Pursuant to the provisions of section 44c, paragraph 1c) of an amendment to Act 93/2009 Coll., on Auditors, as amended, ANS CR has the legal obligation to establish an Audit Committee for ANS CR. The amendment took effect on 1 January 2016. The committee has 3 members, who were appointed by the statutory body of ANS CR on the recommendation of the Supervisory Board dated 28 November 2016.

Audit Committee	
Chairperson:	Ivan Hayek
Deputy Chairperson:	Eva Dekastellová
Member:	Eva Ondřichová

2 Review of basic accounting policies

Separate financial statements of ANS CR for the year ending 31 December 2017/2018 have been compiled in accordance with the terms of their preparation in Regulation (EC) 550/2004, Article 12, 10 March 2004, for the provision of air navigation services in the Single European Sky. Company accounting is conducted in accordance with national accounting standards and in accordance with Act 563/1991 Coll., on Accounting, as amended. These individual financial statements have been compiled in accordance with the above regulation with the aim to achieve maximum compliance with International Financial Reporting Standards as adopted by the European Community (IFRS), not to achieve full compliance with them.

The financial statements have been prepared under historical cost convention. The principal accounting rules and procedures are set out below. The financial statements have been prepared on the going concern principle. The amounts shown in these financial statements are presented in Czech Crowns (CZK), rounded to the nearest thousand.

2.1 INTANGIBLE ASSETS

Intangible assets are recorded at cost less accumulated depreciation. Intangible assets costing less than 60,000 CZK are initially recorded as expenses. Intangible assets costing more than 60K CZK and with a usable life longer than one year are depreciated linearly monthly without interruption, where the length of depreciation is based on the estimated useful life. No allowances for intangible assets were created in 2017.

Estimated useful life of intangible assets in years:	
Software	4–10 years
Other intangible assets	3 – 6 years

2.2 LAND, BUILDINGS AND EQUIPMENT

Land is stated at cost and not depreciated. Buildings and equipment are stated at cost less accumulated depreciation. Depreciation is based on the recommendations of Document "Principles for establishing the cost base for route facility charges and the calculation of the unit rates" issued by the European Agency for the Safety of Air Navigation, completed strictly in a uniform, linear manner, taking into account the expected service and economic life of the individual assets. Allowances for tangible fixed assets were created in 2017.

Estimated useful life for land, buildings and equipment in years:	
Lands	Not depreciated
Buildings and structures	30–50 years
Machinery and equipment	4–15 years
of which – electronic and communications equipment	4–10 years
of which – energy and other equipment	7–15 years
Masts, towers constructions, lines	20 years
Transport equipment	5–20 years
of which – cars	5 years
of which – aircraft	10–20 years
Inventory	3–10 years
of which – furniture	10 years
of which – office equipment, computer equipment and accessories	3–10 years

2.3 INVESTMENT IN SUBSIDIARIES AND GROUP ENTITIES

Stakes in controlled entities and subsidiaries are valuated initially at cost. Upon sale or other disposal, they are valued using the weighted arithmetic average method Allowances are created in the case of a temporary reduction in the value of financial fixed assets. No allowances for financial fixed assets were created in 2017.

2.4 CASH AND CASH IN BANK ACCOUNTS

Purchased inventories constituting materials and spare parts are initially valued at cost, upon removal; the weighted arithmetic average method is used. Cost includes the cost of acquisition, including related costs.

2.5 INVENTORIES

Purchased inventories constituting materials and spare parts are valued at the cost of acquisition or the net realizable value; whichever is lower. Upon removal the weighted arithmetic average method is used. Cost includes the cost of acquisition, including related costs.

2.6 RECEIVABLES

Receivables are initially recognized at nominal value and are subsequently reported less any allowance. The value of bad receivables is reduced by allowances created for all receivables as follows:

- 100 % for receivables with a due date of 31 December 2016 and older
- 50% for receivables with a due date within the period 1 January 2017 to 30 June 2017

Allowances are recorded separately for receivables owed by entities in bankruptcy proceedings, as well as those owed by individual debtors whose aggregate sum is less than 30K CZK.

2.7 PROVISIONS

In 2017, a provision for untaken vacation was created.

2.8 TRADE PAYABLES

Trade payables are reported at their nominal values.

2.9 CONVERSION OF FOREIGN CURRENCIES INTO CZECH CURRENCY

Assets and liabilities denominated in foreign currencies are converted into Czech crowns at the time of the transaction using the daily exchange rate of CNB and are recognized at the end of the balance sheet date using the exchange rate reported by CNB for 31 December. Exchange gains and losses resulting from settling these transactions and from the valuation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are presented in the profit and loss statement.

2.10 DERIVATES

During the course of 2017, the company had a disposition of financial derivatives, which were negotiated for hedging currency risks with an expected movement in Exchange rates after the relaxation of intervention by the Central Bank. At the balance sheet date, the derivatives are valued at their fair value. The manner for recognizing gains or losses from valuating derivatives at their fair value depends on whether the derivative is designated as a hedging instrument and on the nature of the item being hedged.

2.11 LEASING – IAS 17

Leasing contracts and their terms are assessed to determine whether the leasing relation shall be recorded as financial or operating leasing. If a leasing contract passes any substantial risks and payments to the lessor, the leasing contract is assessed as financial leasing or else it is operating leasing.

The company uses operating leasing. All leasing payments paid by the company are included in the profit/loss as a cost distributed uniformly over the term of the leasing contract.

The company rents some temporarily unexploited assets to other entities. Leasing payments received from lessees are posted to revenues, and distributed uniformly over the term of the leasing contract.

2.12 EQUITY

The registered capital of the company is stated as the amount recorded in the Commercial Register of the Municipal Court. Investments exceeding the registered capital are reported as other capital funds, which consist of non-monetary investments in excess of the registered capital. The company creates a statutory reserve fund. In addition, the company creates funds from retained earnings based on internal regulations.

2.13 INCOME TAX

Income tax consists of current tax and deferred tax. Current tax includes the tax calculated from the tax base using the tax rate for the current year and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated from temporary differences between the book value of assets and liabilities in the financial statements and their tax base is used to calculate taxable income. Deferred tax liabilities are generally acknowledged for all taxable temporary differences. Deferred tax receivables are generally acknowledged for all deductible temporary differences to the extent the taxable profit against which the deductible temporary differences can be applied, is expected to be realized.

Deferred tax receivables and liabilities are valuated using the tax rate applicable to the period the receivable will be realized, or the liability paid, based on the tax rates codified or published before the end of the accounting period.

2.14 RECOGNIZING COSTS AND REVENUES

Revenues and costs are recognized for the period to which they relate. The costs for providing air navigation services include; the costs of the daily operation of air traffic control units, costs of the operation and maintenance of surveillance infrastructure, costs of the operation and maintenance of telecommunications equipment, costs of providing aviation information services, costs of the training and further education of employees, costs of the air meteorological service, administrative costs, and costs of membership in the EUROCONTROL agency.

Revenues from providing air navigation services are recognized on the basis of unit prices set according to internationally applied principles. Unit prices are set for a period of one calendar year. Revenues from providing air navigation services are recognized as income on a monthly basis with respect to the volume of services provided. Invoicing for air navigation services for terminal services management is completed by the company. Invoicing for providing air navigation services for en-route management services are completed for the company by the EUROCONTROL agency.

2.15 EMPLOYEE BENEFITS

The company makes regular contributions to the state budget for basic pension insurance. These contributions are derived from the amount of wages paid and entered in the company's costs in the same period as the related salary basis.

Based on the signed collective agreements, the company also contributes to the supplementary pension insurance of the employee pension funds managed by the commercial entities. The contributions are defined by the provisions of the collective agreement. Also based on the collective agreements, the company contributes to private life insurance for employees and pays employees capital insurance.

2.16 USE OF ESTIMATES

The compilation of the financial statements requires the company management to make estimates and assumptions that affect the reported amounts of assets and liabilities (debts) at the balance sheet date and the reported amounts of revenues and costs during the reporting period. Company management has made these estimates and assumptions on the basis of all the relevant information available. Nevertheless, given the nature of estimates, the actual results in the future may differ from these estimates.

2.17 SUBSIDIES

Subsidies are reported in accordance with IAS 20. State subsidies are reported if there is a reasonable certainty that the requirements for subsidies are to be met and the subsidies are to be received.

State subsidies are included systematically in the profit/loss during periods when the related costs to be compensated by the subsidies are posted. With regard to subsidies for a purchase of long-term assets, the valuation of assets is decreased by the amount of the subsidy granted.

Subsidies are provided from the European Commission arising from participation in the implementation of projects related to the development of air navigation services. The main European initiative aimed at the development of air navigation services is the initiative of Single European Sky ATM Research (SESAR).

2.18 SUBSEQUENT EVENTS

The impact of events that occurred between the balance sheet date and the date of compiling the financial statements is reflected in the reporting if these events provide additional information about facts that existed at the date of the balance sheet. Where important events occurred between the balance sheet date and the date of compiling the financial statements which take into account facts that occurred after the balance sheet date, the effects of these events are described in an attachment to the financial statements but are not recorded in the financial statements.

2.19 CHANGES IN VALUATION, DEPRECIATION AND ACCOUNTING METHODS COMPARED TO THE PREVIOUS ACCOUNTING PERIOD

No changes occurred during fiscal year 2017 in the valuation, depreciation and accounting methods used compared to the previous accounting period.

3.1 FIXED ASSETS

3.1.1 Intangible assets (IA)

2017 (CZK thousands)	Software	Other IFA	Total
ACQUISITION COST (PC)			
Balance at 1 January 2017	2,658,191	127,562	2,785,753
Additions	316,158	69	316,227
Disposals	14,334	3,119	17,453
Balance at 31 December 2017	2,960,015	124,512	3,084,527
ACCUMULATED DEPRECIATION			
Balance at 1 January 2017	2,019,866	89,594	2,109,460
Depreciation 2017	238,690	10,216	248,906
Disposals	14,334	3,119	17,453
Balance at 31 December 2017	2,244,222	96,691	2,340,913
NET BOOK VALUE 2017 (DP)	715,793	27,821	743,614
NET BOOK VALUE 2016 (DP)	638,325	37,968	676,293

The most important additions and disposals of intangible assets – The most significant additions to intangible assets in 2017 included the technical evaluation of the above three systems in the amount of 247,884K CZK.

The most significant disposal of intangible assets was the elimination of the SLM Netflow system at an acquisition cost of 9,579K CZK, with a net book value of 0 CZK at the date of disposal.

Depreciation of intangible fixed assets – the depreciation of intangible fixed assets charged to costs in 2017 amounted to 248, 906K CZK, and in 2016 to 237, 819K CZK.
Allowances for intangible fixed assets – No allowances were created for intangible fixed assets.

Unfinished IFA and prepayments for IFA – the total volume of unfinished IFA registered in the company at 31 December 2017 amounted to 576,647K CZK, and in 2016 to 631,959K CZK. The main volume of unfinished intangible assets is represented by upgrading existing air traffic control systems, and further payments for the newly acquired TopSky air traffic control system within the Neopteryx project.

Significant items of intangible fixed assets

Item	Year of acquisition	PC (CZK thous.)	DP 2017 (CZK thous.)
EUROCAT 2000 PU IATCC system	2007	727,286	72,195
ESUP IATCC system	2007	529,582	149,832
IDP system for IATCC	2007	427,642	141,540

3.1.2 LAND, BUILDINGS AND EQUIPMENT (TANGIBLE ASSETS)

(CZK thousands)	Land and buildings	Machinery and equipment	Means of transport	Inventory	Other TFA	Total
ACQUISITION COST (PC)						
Balance at 1 January 2017	2,705,450	3,183,801	223,816	197,379	160,196	6,470,642
Additions	9,511	218,012	4,959	752	9,210	242,444
Disposals	1,587	229,659	2,161	2,508	9,333	245,248
Balance at 31 December 2017	2,713,374	3,172,154	226,614	195,623	160,073	6,467,838
ACCUMULATED DEPRECIATION						
Balance at 1 January 2017	1,119,307	2,711,254	107,802	192,248	136,676	4,267,287
Depreciation 2017	95,065	159,214	21,266	2,158	9,480	287,183
DP of disposed TFA 2017	865	22	0	0	55	942
Movements of assets	1,588	229,659	2,161	2,508	9,333	245,249
Balance at 31 December 2017	1,213,649	2,640,831	126,907	191,898	136,878	4,310,163
DEPRECIATED PRICE 2017 (DP)	1,499,725	531,323	99,707	3,725	23,195	2,157,675
DEPRECIATED PRICE 2016 (DP)	1,586,143	472,547	116,014	5,131	23,520	2,203,355

Significant items of tangible assets

Item	Year of acquisition	PC (CZK thous.)	DP 2017 (CZK thous.)
Building IATCC, Jeneč	2005	908,376	556,197
Technical unit building, Prague Airport	1992	498,169	296,796
Calibration for Cessna 560XL	2011	152,492	71,392
Aviation Schools Building (CANI)	1983	148,632	88,532
Building service with TWR, Ostrava Airport	2016	113,887	110,132

The most significant additions of fixed assets include: the SR3 mobile radar at an acquisition cost of 14,378K CZK, VCS central control radio equipment at LKTB at an acquisition cost of 7,101K CZK, and VCS central control radio equipment at LKMT at an acquisition cost of 5,346K CZK.

The most significant disposals of fixed assets include: the removal of the RMCDE data centre at an acquisition cost of 20,022K CZK, the PSS-P3D passive radar at an acquisition cost of 17,776K CZK, and several system servers.

Depreciation of tangible fixed assets charged to costs - the depreciation of TFA charged to costs in 2017 amounted to 287,238K CZK, and in 2016 to 270, 605KI CZK

Total amount of small tangible assets not included in the balance sheet - the total amount (at cost) of tangible assets not included in the balance sheet as of 31 December 2017 is 74,412K CZK. As of 31 December 2016 - 73,476K CZK.

Allowances for tangible fixed assets - No allowances were made for TFA.

Unfinished TFA – The total volume of unfinished TFA registered in the company at 31 December 2017 amounted to 545,629K CZK, and in 2016 to 270,950K CZK. The main volume of unfinished TFA is represented by the L410 flight simulator, at an acquisition cost of 246,896K CZK; acquired from a subsidiary for the needs of the Training and Education Department. The rules for the leaseback of the given assets of the subsidiary were subsequently set. At the time of the transfer, the simulator was encumbered with a lien for an investment loan, at 150M CZK, drawn by the subsidiary. Subsequently, the assets were relieved from the lien and the subsidiary guarantees the loan in full with its other assets. In addition, unfinished TFA include: ESUP HW system renewal, HW for the new system of the Neopteryx project, etc.

3.1.2.1 Specified assets of the company

In accordance with the provisions of Act 77/1997 Coll., on state enterprises, special asset items are recorded in the bookkeeping – specified assets. These are assets that are indispensable to the entity in terms of carrying out the activities for which the entity (company) was established. These assets are registered in the Commercial Register. The company may handle specified assets only with the approval of the founder. During the course of 2017, the specified assets were increased by a new operations building, including an air traffic control tower at Ostrava airport and the associated land.

The following specified assets were therefore on the books of the company at 31 December 2017:

NAME OF SPECIFIED ASSETS	Inventory number	Acquisition price
Building IATCC Jeneč	2016743	908,376
Operations building of the technical block at Prague Airport	51062	498,169
Operations building with control tower at Ostrava Airport	2021876	113,887
Operations building with control tower at Brno Airport	52012	88,042
Operations building located at Prague South	51150	60,019
Calibration aircraft L 410 UVP E OK-WYI	2020151	43,841
Operations building with control tower at Karlovy Vary	54004	42,648
Operations building located at Buchtův kopec	52011	33,215
Land under the building of the technical block at Prague Airport	2563	1,349
Land under the operations building with control tower at Ostrava Airport	648	337
Land under the operations building with control tower at Karlovy Vary Airport	3882	261
Land under the operations building with control tower at Brno Airport	2258	122
Land under the building of IATCC Jeneč	569	45
Land under operations building Prague South	34890	2
Land under operations building Buchtův kopec	130	2
ACQUISITION PR ICE OF SPECIFIED ASSETS AT 31 DECEMBER 2017 (CZK thous.)		1,790,313
DEPRECIATED PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2017 (CZK thous.)		1,080,828

3.1.3 Investments in subsidiaries and entities in the group

With regard to the liberalization of the market in the provision of air navigation services, ANS CR has further expanded, as one of its strategies, its commercial activities, particularly in the provision of consulting services in the ATM field and in the provision of air navigation services abroad. In line with this strategy, i.e. the expansion of commercial activities, the acquisition of Czech Aviation Training Centre (CATC), located at K letišti 934, 161 00 Prague 6 was carried out on 1 October 2012. The purchase price for a 100 % stake in CATC Centre was 280 million CZK, based on an assessment of the sale compiled by an independent expert appointed by the court. ANS CR has therefore considerably expanded its range of services due to its many years of experience with training courses in aviation. Acquiring CATC has given the company the opportunity to provide comprehensive training and education for all licensed personnel in civil aviation.

The equity of CATC reached 331,199K CZK as of 31 December 2017. The company's net earnings for the accounting period of 2017 amounted to 53,681K CZK. As of 31 December 2017, receivables due CATC amounted to 119K CZK. Payables owed by CATC as of 31 December 2017 amounted to 453K CZK.

Based on a notarial deed dated 17 October 2014, the company FABCE, Aviation Services, Ltd., based in Zgornji Brnik 130N, SI-4210 Brnik, Slovenia, was established. The shareholders in the company are the providers of air navigation services in the Czech Republic, Slovakia, Austria, Hungary, Slovenia and Croatia, which are associated in the Central European Functional Airspace "FAB CE". The goal of this company is to coordinate the actions of the stakeholders in order to meet the objectives of the EU in the context of the "Single European Sky – SES" policy. ANS CR has a 1/6th stake in this service company (6 thousand EUR).

3.2 INVENTORY

INVENTORY (CZK thous.)	at 31 December 2017	at 31 December 2016
Inventory	19,728	16,537

The main volume of inventory consists of spare parts for aviation safety technology.

3.3 TRADE RECEIVABLES AND OTHER RECEIVABLES

RECEIVABLES (CZK thous.)	at 31 December 2017	at 31 December 2016
Trade receivables	610,839	665,037
Tax receivables	92,924	40,303
Prepayments and other receivables	409,088	295,389
TOTAL RECEIVABLES		
Gross receivables	1,112,851	1,000,729
Accumulated depreciation	-32,673	-34,661
Net receivables	1,080,178	966,068

Trade receivables consist of receivables from users of air navigation services, accounting for 87 %, and 13 % for other customers.

In 2017, the company recorded tax receivables for the state in the amount of 183,563K CZK. This amount corresponds to prepayments made for income tax in the amount of 90,639K CZK, which, in accordance with accounting principles, was compensated with a reserve created for corporate tax in the amount of 93,637K CZK, as well as with surplus VAT deductions in the amount of 92,518K CZK and tax deducted abroad in the amount of 406K CZK. The company records no receivables for social security and health insurance.

The total volume of prepayments and other receivables amount to 379,892K CZK. These especially include receivables from grants to SESAR projects in the amount of 241,518K CZK. The amount of the receivable corresponds to the company's claims from participating in the projects SESAR 2020 and SESAR Deployment while maintaining the given budget for individual projects. The amount of the receivables is reduced by the partial payments received for the projects. In addition, a receivable amounting to 126,192K CZK was created for the reason of a revaluation of derivatives.

3.4 SHORT-TERM FINANCIAL ASSETS, MONEY AND CASH IN BANK ACCOUNTS

SHORT-TERM FINANCIAL ASSETS, MONEY AND CASH IN BANK ACCOUNTS (CZK thousands)	at 31 December 2017	at 31 December 2016
Other short-term financial assets	21,705	0
Cash resources	1,583,900	1,490,918
of which – cash	1,897	1,424
– bank accounts	1,582,003	1,489,494
TOTAL MONEY AND CASH	1,605,605	1,490,918

3.5 DERIVATIVES

At 31 December 2017, the company had contracts concluded for hedging derivatives for the EUR/CZK currency pair. They are based on the company´s strategy prepared for hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of the Czech National Bank.

The company did not conclude any hedge accounting in 2017. Profits and losses realized from the revaluation of derivatives to fair value were recorded in the profit or loss for the current period. The positive or negative real value of derivatives is reported at 31 December 2017 in other receivables or other liabilities.

The following table indicates the nominal values and positive or negative values of outstanding hedging derivatives as of 31 December 2017:

DERIVATIVES (CZK thousands)	2017		2016	
	Fair value		Fair value	
	positive	negative	positive	negative
Forward	54,358	-229	1,146	0
Swap	0	0	0	-723
Option structures	71,834	-15,197	0	-24,622

3.6 EQUITY

3.6.1 Changes in equity

A summary of changes in equity is reported in a separate statement. Changes in equity occurred in 2017 only in connection with settling profit or loss.

3.6.2 Registered capital

There were no changes in registered capital in 2017.

3.6.3 Equity items

Reserve fund of the company is made up of allocations from disposable profit. This fund can only be used to cover losses.

Other company funds – the company creates a development fund, with allocations to this fund provided by disposable profit. This fund is used to finance key projects of infrastructure. Other funds include the assets of calibration flights delimited from the Civil Aviation Authority (CAA) to ANS CR based on a decision of the Ministry of Transport (MT) in 2011. These delimited assets totalling 214,933K CZK are posted to equity in account 413400 – other capital funds / transfer of assets from other state organizations. Based on a decision of the founder (MT) and in accordance with Act 77/1997 Coll., on State Enterprises, a founder's fund was established. Earnings for the current period (profit after tax) are allocated to company funds after the approval of the financial statements by the founder.

3.7 INCOME TAX

INCOME TAX (CZK thous.)	at 31 December 2017	at 31 December 2016
Due tax	93,997	97,819
Deferred tax	2,984	-2,053
TOTAL TAX COSTS	96,981	95,766

3.7.1 Deferred tax liability

The deferred tax liability is based on temporary differences between tax and book values of assets and liabilities. The deferred tax for 2017 was calculated using the 2017 income tax rate of 19 %.

DEFERRED TAX – differences from (CZK thousands)	at 31 December 2017	at 31 December 2016
Depreciated price of fixed assets (tax DP – accounting DP)	-636,043	-617,165
Allowances for receivables	8,719	5,517
Allowances for inventories	187	194
Receivables resulting from contractual fines	-21	0
Basis for deferred tax asset / debt	-627,158	-611,454
Tax rate	19,%	19,%
NET DEFERRED TAX	-119,160	-116,176

3.8 PROVISIONS

A provision for untaken vacation was created in 2017, amounting to 3,533K CZK.

3.9 LIABILITIES

LIABILITIES (CZK thous.)	at 31 December 2017	at 31 December 2016
Trade liabilities	141,544	22,140
Liabilities to employees	224,522	198,879
Liabilities to the state	108,866	94,047
of which – income tax from employment	54,274	46,604
– other taxes	9	10
– social and health insurance	54,583	47,433
Advances received	1,141	998
Subsidies	347,571	292,264
Other liabilities	90,506	69,726
TOTAL LIABILITIES	914,180	678,054

Trade liabilities consist of supplier invoices not paid before maturity.

Liabilities to employees – consist of salaries for the period of December 2017, which were paid in January 2018. In addition, pursuant to Act 77/1997 Coll., the company creates a profit-based fund for cultural and social needs, which as per IFRS is reported as liability to employees. The company proceeds in a similar manner for a bonus fund and fund for other social spending.

State – liabilities, this item includes the prescribed payment of income tax from employment per employee for the pay period of December 2017. It also contains the prescribed payment of social security and health insurance per employee for the pay period of December 2017 and the levies for road tax and property transfer tax.

Other liabilities – this item includes the payment of supplementary pension and private life insurance for employees in December 2017. It also includes the status of account 389 (estimated payables - supplies not invoiced for). Other liabilities included the revaluation of derivatives amounting to 15,426K CZK.

Subsidies – this item indicates the unspent amount of compensation paid for flights exempted from charges of in the amount of 11,980K CZK and further the actual volume of unused subsidies related to the realization of the SESAR project totalling 335,591K CZK.

4 Additional information for the profit and loss statement and other comprehensive results

4.1 COSTS

4.1.1 Costs of materials, energy and services

COSTS OF MATERIALS, ENERGY AND SERVICES (CZK thous.)	at 31 December 2017	at 31 December 2016
Material consumption	28,832	36,333
Energy consumption	36,047	37,696
Consumption of other non-storable items	771	831
Repairs and maintenance	122,482	86,306
Travel costs	31,765	32,371
SW support systems	97,382	95,302
Telecommunications fees and data networks	43,733	41,333
Aviation meteorology	72,470	70,601
Other services	153,090	139,569
COSTS OF MATERIALS, ENERGY AND SERVICES TOTAL	586,572	540,342

Services cost item includes: the costs incurred for services provided by the auditing company, in 2014 and up to June 30, 2015 to provide business assurance services company HAYEK, spol. s r.o., holding. From the second half of 2015, the company provides audit services to BDO Audit, s.r.o. The cost of auditing services in 2017 reached above 418K CZK in 2016, then 547K CZK.

4.1.2 Personal costs

PERSONAL COSTS (CZK thous.)	at 31 December 2017	at 31 December 2016
Payroll costs	1,753,652	1,676,622
Statutory social insurance	423,115	404,503
Statutory social costs	67,514	64,883
Other social costs	946	1,088
TOTAL PERSONAL COSTS	2,245,227	2,146,096

4.1.3 Other operating costs

OTHER OPERATING COSTS (CZK thous.)	at 31 December 2017	at 31 December 2016
Taxes and fees	3,291	2,407
Allowances	-1,995	-,2,917
Contributions to the budget of EUROCONTROL	139,625	152,619
Liability and property insurance	24,098	25,298
Costs for the state supervisory authority	44,504	43,798
Other	25,905	27,705
OTHER OPERATING COSTS TOTAL	235,428	248,910

4.1.4 Financial costs

FINANCIAL COSTS (CZK thous.)	at 31 December 2017	at 31 December 2016
Sold securities and shares	0	0
Exchange rate losses	12,629	0
Derivatives	0	24,199
Other financial costs	0	0
FINANCE COSTS TOTAL	12,629	24,199

4.2 REVENUES

4.2.1 Operating revenues

OPERATING REVENUES (CZK thous.)	at 31 December 2017	at 31 December 2016
Air navigation services	3,745,276	3,684,130
of which – en-route services	3,135,479	3,132,615
– terminal services	607,557	548,248
– training flights	2,240	3,267
Other sales of goods and services	134,104	114,477
Total results	3,879,380	3,798,607
Other operating revenues	84,380	107,143
of which – sales of assets	317	19,298
– compensation costs for exempted flights	63,236	70,881
– other operating revenues	20,827	16,964
TOTAL OPERATING REVENUES	3,963,760	3,905,750

The year-on-year increase in operating revenues in 2017 was primarily due to the substantial recovery of operations at certain airports after years of stagnation – growing by 10.8 %. Apart from the fact that there was no major sale of assets, the year-on-year drop in other operating revenues was due to the lower volume of provisions for costs associated with providing air navigation services to flights exempted from fees in comparison with previous year, mainly as a result of a drop in the volume of these flights.

4.2.2 Financial revenues

FINANCIAL REVENUES (CZK thous.)	at 31 December 2017	at 31 December 2016
Income from interest	1,123	17,016
Exchange rate gains	0	24,575
Derivatives	134,965	0
Other financial revenues	550	212
TOTAL FINANCIAL REVENUES	136,638	41,803

5 Employees, management and statutory bodies

The average number of employees and managers and staff costs for the financial year 2017 and 2016 are as follows:

(CZK thousands)	Employees		Company management		Total	
	2017	2016	2017	2016	2017	2016
Number (FTE)	931	898	18	19	949	917
Wage costs + bonuses	1,659,618	1,590,267	94,034	85,355	1,753,652	1,675,622
Social security and health insurance premiums	407,610	389,892	15,505	14,611	423,115	404,503
Other personnel expenses	63,846	61,221	4,614	4,750	68,460	65,971
TOTAL STAFF COSTS	2,131,074	2,041,380	114,153	104,716	2,245,227	2,146,096

The term company management means the Director General of the company, division directors, section deputies and the supervisor of the separate centre. Capital insurance and contributions to pension and life insurance were paid for members of management in accordance with the collective agreement. Members of management were also granted the use of official vehicles for private purposes.

The Supervisory Board of the company has six members, four are appointed by the founder, and two are elected from among the employees. Members of the Supervisory Board did not receive any compensation for discharging their positions in 2017. The Audit Committee has three members. The Audit Committee members receive compensation for discharging their positions.

6 Information on affiliated companies

Air Navigation Services of the Czech Republic (hereinafter "company") is a state enterprise. The founder of the company is the Czech Republic – Ministry of Transport, nábřeží Ludvíka Svobody 1222/12, 110 15 Prague 1.

In addition to companies with equity participation, affiliated companies are those with the equity participation of the Czech Republic through state authorities (ministries). All transactions between the company and affiliated companies were conducted under normal market conditions.

An affiliated company is the subsidiary Czech Aviation Training Centre, Ltd. (hereinafter CATC), of which the company has a 100 % stake.

The volume of business costs from transactions with affiliated companies in 2017 amounted to 142,886K CZK. These are transactions where the volume is greater than 1 million CZK for one supplier in 2017. These suppliers – affiliated companies – according to this definition are the Czech Hydro-meteorological Institute, the Czech Civil Aviation Authority, Václav Havel Airport Prague, Czech Aeroholding Inc., FABCE Ltd., CATC, Czech Airlines Handling Inc., the Institute of Aviation Medicine and the Czech Telecommunications Authority. The total volume of payables of the company (only those due) to the affiliated companies stated here was 8,318K CZK at 31 December 2017.

The volume of company revenue from transactions with affiliated companies in 2017 amounted to 45,004K CZK. These were transactions where the volume is greater than 1 million CZK for one customer in 2017. The customers – affiliated companies – according to this definition are the Ministry of Transport, the Ministry of Defence, CATC, the Czech Hydro-meteorological Institute and the Czech Civil Aviation Authority. The total volume of receivables for the company from the affiliated companies stated here was 5,514K CZK at 31 December 2017.

In 2017, ANS CR obtained full compensation from the state budget for costs incurred by the company in connection with the provision of services for flights exempted from charges in the aggregate amount of 63,236K CZK. This compensation is provided to ANSPs in accordance with European Commission Regulation 1794/2006 of 6 December 2006 as amended, laying down a common charging scheme for air navigation services on the basis of CR Government Resolution 1404 of 11 February 2005.

7 The assumed continuation of the company

ANS CR is a stable, reliable and predictable part of civil aviation in the Czech Republic, actively supporting its further dynamic development, while at the same time being a self-assured element of European integration and liberalization processes in the ATM environment. Being part of this framework will further increase its overall value and competitiveness. The Single European Sky, referred to as SES, is an important initiative of the European Commission in the field of air transport. The main goal of SES is to improve safety standards for air operations, ensuring the sustainable development of the air transport system and improvements in the overall performance of air traffic management and air navigation services for general air traffic in Europe, and to meet the requirements of all airspace users.

In 2017, we saw the third year of the successful implementation of the performance plan drawn up in accordance with the policies of SES for the second reference period, i.e. for 2015-2019. The performance plan sets out the parameters of the sustainable development of the company for the purpose of providing cost effective air navigation services, while maintaining the financial stability of the company. The objectives set out for the company in the performance plan were met in the second year of the second reference period. The financial situation is stable. The company has long been able to settle all its obligations related to ensuring its activities and all its obligations to the state budget. The Financial Statements at 31 December 2017 have therefore been compiled with the assumption of the company continuing to operate for an unlimited period of time.

8 Subsidies

ANS CR is involved in development programmes in the ATM sector. One such programme is the SESAR Deployment Programme, where selected projects are co-funded by the European Union in the form of grant-aided projects through the Innovation and Networks Executive Agency (INEA). These grant-aided projects are focused on implementing new technologies in air traffic operation services, so a substantial part of them is co-funded with investment.

In addition, the company participates in eight SESAR Horizont 2020 programmes, from which subsidies are granted to cover the company´s operating costs expended in connection with the aim of the subsidy.

Total expected amount of subsidy to be drawn by ANS CR (CZK thousands)	
Subsidy from SESAR H 2020 programmes	1,477
Subsidy from SESAR Deployment programmes	11,558

The balance of receivables in respect of these subsidies is specified in Clause 4.4.5. of this Annex, the balances of related liabilities in Clause 4.9.2. hereof. The amount of rev-enue entered into the books in connection with the subsidies is specified in Clause 9 hereof.

9 Events that have occurred after the balance sheet date

No significant subsequent events not recorded in the financial statements have occurred since the reference date of the financial statements that would have a significant impact on the amount of assets and liabilities of the company.

10 Risk management

Credit risks – as of 31 December 2017 the company was not exposed to any significant credit risks. Financial assets consist primarily of cash deposits at banks and receivables. Cash deposits are made at reputable banking institutions. Risks associated with trade receivables are limited thanks to the large number of customers for air navigation services. The risks associated with receivables are further reduced by the effective recovery system used by the European Agency for the Safety of Air Navigation (EUROCONTROL), which ensures a repayment of receivables of more than 99%.

Currency risks – the company is protected against significant fluctuations in the exchange rate on the date of billing services thanks to the mechanism of the monthly conversion of the reference unit price of air navigation services by the current exchange rate. The sensitivity of the company's exposure to currency (exchange rate) risks is reduced through this mechanism.

In addition, the company had contracts concluded for derivatives for hedging the EUR/CZK exchange rate. The largest part of the derivatives is based on the company´s strategy for hedging prepared in relation to hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of the Czech National Bank. Information on their valuation at the balance sheet date is included in Clause 4.12.

11 Liabilities not stated in the books

Litigation – no litigation was brought against the company as of 31 December 2017 that could have a significant impact on the financial statements.

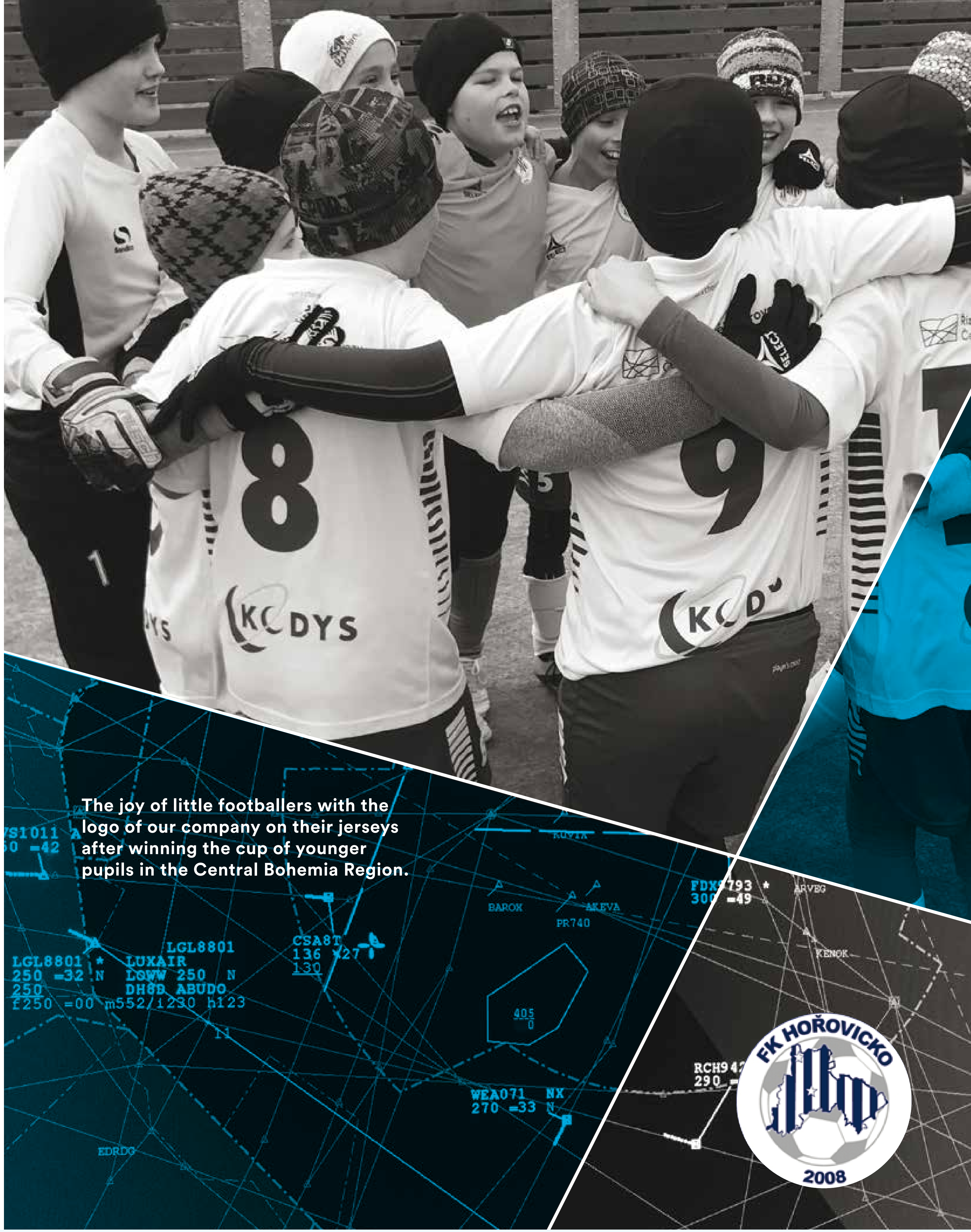
Environmental liabilities – all standards related to environmental protection are complied with and no proceedings are being taken against the company relating to environmental protection that could have a significant impact on the consolidated financial statements.

Bank guarantees – during 2017, the company provided bank guarantees to foreign customers in connection with the commercial activities of the Aviation School (CANI). An overview of the bank guarantees is as follows:

BANK GUARANTEES FOR	Guarantee valid	Amount and currency
Prishtina Int. airport, Kosovo	16 Oct 2015–15 Nov 2018	12,762 EUR
Sakaeronavigatsia Ltd., Georgia	26 Feb 2016–7 Feb 2017	3,756 EUR
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Hercegovina	16 Nov 2016–20 March 2017	114,150 EUR
Sakaeronavigatsia Ltd., Georgia	17 March 2017–31 Dec 2017	6,434 EUR
Uzaeronavigatsia Ltd., Uzbekistán	3 Apr 2017–30 Nov 2017	7,000 EUR
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Hercegovina	28 Apr 2017–28 Apr 2020	759,489 EUR

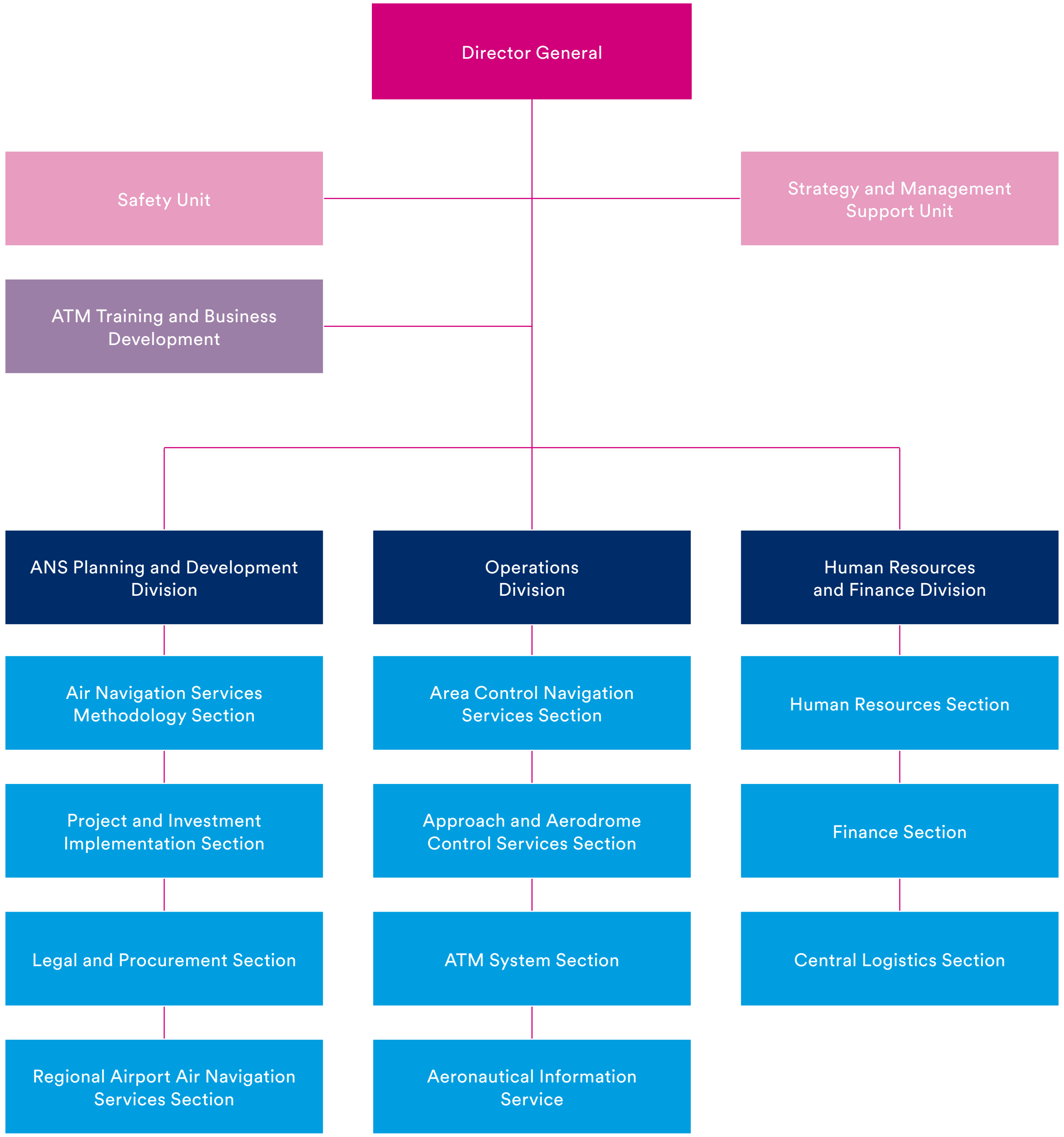
12 Cash flow statement

The cash flow statement has been prepared using the indirect method and is published in a separate statement. Considered as cash resources are cash, including valuables, and cash equivalents in accounts, including overdrafts. Company assets do not include any cash equivalents.



The joy of little footballers with the logo of our company on their jerseys after winning the cup of younger pupils in the Central Bohemia Region.

Organizational Chart of ANS CR



List of Abbreviations

ACC	Area Control Centre
ACyFT	Aircraft
AFTN	Aeronautical Fixed Telecommunication Network
AIC	Aeronautical Information Circula
AIP	Aeronautical Information Publication
ANS	Air Navigation Services
APP	Approach Control
ARO	Air Traffic Services Reporting Office
ATC	Air Traffic Control
ATCA	Air Traffic Control Association
ATCO	Air Traffic Control Officer
ATIS	Automatic Terminal Information Service
ATM	Air Traffic Management
ATMS	Air Traffic Management Systems
ATPL (A)	Airline Transport Pilot Licence (Airplanes)
ATS	Air Traffic Services
BCN	Beacon
BO	Briefing Officer
CAA	Civil Aviation Authority
CANSO	Civil Air Navigation Services Organisation
CAPA CEATS ANS	Providers Association
CAPS CEATS ANS	Providers Support
CEATS	Central European Air Traffic Services
CFL	Cleared Flight Level
CISM	Critical Incident Stress Management
CMOS	Central Monitoring and Control System
CNS	Communications/Navigation/ Surveillance
COM	Communications
CRCO	Central Route Charges Office
CPDLC	Controller-Pilot Data Link Communication
CTA	Control Area
CTR	Control Zone
DCT	Direct Routes
CZATCA	Czech Air Traffic Control Association
DG	Director General
DME	Distance Measuring Equipment
DPS	Data Processing Systems
E2000	EUROCAT 2000 – ATM System
EATMP	European Air Traffic Management Programme
EC	European Commission
ECAC	European Civil Aviation Conference
ESUP	EUROCAT Support
EUROCONTROL	European Organisation for the Safety of Air Navigation
FAT	Factory Acceptance Test
FIR	Flight Information Region
FL	Flight Level
FTO	Flight Training Organisation
FUA	Flexible Use of Airspace
GHG	Greenhouse Gas
HMI	Human-Machine Interface
IATA	International Air Transport Association
IATCC	Prague National Integrated Air Traffic Control Centre
ICAO	International Civil Aviation Organization
IDP	Information Display Processor
IFR	Instrument Flight Rules
ILS	Instrument Landing System
IPT	IP Telephone Exchange
IR	Instrument Rating
ISO	International Standards Organization
ISQMS	Integrated Safety and Quality Management System
JAA	Joint Aviation Authorities
JAR	Joint Aviation Requirements
L	Rules and Regulations in the Czech Language
LIS	Astronautical Information Service

LKKV	Karlovy Vary Airport
LKMT	Ostrava – Mošnov Airport
LKPR	Prague Airport
LKTB	Brno –Tuřany Airport
LLZ	Localizer
LNS	Air Navigation Services
LTS	Air Telecommunication Service
MSSR	Monopulse Secondary Surveillance Radar
MTOW	Maximum Take-Off Weight
NAV	Navigator
NAVCOM	Navigation/Communication
NDB	Nondirectional Radio Beacon
NM	Network Manager
NMOC	Networg Manager Operation Centre
NOTAM	Notice to Airmen
OJT	On-the-job Training
OPMET	Operational Meteorological Information
PRE-OJT	Pre-On-the-job Training
RCC	Rescue Coordination Centre
RCOM	Radiocommunication
RIS	Radiocommunications Radar and Information Systems
RMCDE	Radar Message Conversion and Distribution Equipment
RRR	Radar Record and Replay
RSR	En-route Surveillance Radar
RVSM	Reduced Vertical Separation Minimum
RWY	Runway
SAT	Site Acceptance Test
SC	Senior Controller
SES	Single European Sky
SID	Standard Departure Chart – Instrument
SIMU	Simulator
SMC	Surface Movement Control
SSR	Secondary Surveillance Radar
STAR	Standard Arrival
SU	Service Unit
TAR	Terminal Area Surveillance Radar
TMA	Terminal Control Area
TWR	Aerodrome Control Tower
UAC	Upper Area Control Centre
UHF	Ultra High Frequency
UIR	Upper Flight Information Region
VCS	Voice Communication System
VFR	Visual Flight Rules
VHF	Very High Frequency
VOR	VHF Omnidirectional Radio Range
WS	Watch Supervisor
Incident	Event in air operation other than an air accident
Instructor	Air traffic controller responsible for proposal and requirements for new ATS systems and procedures. Checks their practical application. Prepares training documentation for ATS personnel.

Contact Information

Business Name: Air Navigation Services of the Czech Republic (ANS CR)
Headquarters: Navigační 787, 252 61 Jeneč, Czech Republic
Company ID number: 49710371
Tax ID number: CZ699004742
Registration in the Commercial Register: Municipal Court in Prague, Section A, File No. 10771
Bank account: ČSOB Praha 5, bank account number: 88153/0300
E-mail: ans@ans.cz
Internet: http://www.rlp.cz
Online operating and economic indicators: http://www.rlp.cz/rlp-prezentace/cs-index.html

Important Telephone Numbers:

Switchboard:	+ 420 2 2037 1111
Secretariat of the General Director:	+ 420 2 2037 3201
Secretariat of the Operations Unit Executive Director:	+ 420 2 2037 2619
Secretariat of the Finance and Administration Unit Executive Director:	+ 420 2 2037 2236
Secretariat of the ATM Training and Business Unit Executive Director:	+ 420 2 2037 2165
Secretariat of the Strategy and Management Support Unit Director:	+ 420 2 2037 2228
Secretariat of the Safety Unit Director:	+ 420 2 2037 2050
Spokesperson:	+ 420 2 2037 2093

IATCC Jeneč

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