



JSC BELGRADE NIKOLA TESLA AIRPORT

ANNUAL BUSINESS REPORT

In accordance with Article 53 of the Capital Market Act (Official Gazette of RS No. 31/2011) and in accordance with the Regulations on the content, form and manner of publication of annual, semi-annual and quarterly reports of public companies (Official Gazette of RS No. 14/2012) published by the Commission for Securities.

2013

Content of the report:

1. Financial statements
 - Balance Sheet
 - Income Sheet
 - Cash Flow Statement
 - Statement on changes in capital
 - Statistical Annex
 - Notes to the financial statements

2. Report on company operations

3. Independent Auditors' Report

4. Note

5. Statements by responsible persons



JSC BELGRADE NIKOLA TESLA AIRPORT
11180 BELGRADE 59
Register no. 07036540
TIN 100000539



FINANCIAL STATEMENTS FOR 2013

1. BALANCE SHEET ON 31/12/2013
2. INCOME SHEET FOR 2013
3. CASH FLOW STATEMENT FOR 2013
4. STATEMENT ON CHANGES IN CAPITAL FOR 2013
5. STATISTICAL ANNEX FOR 2013
6. NOTES TO THE FINANCIAL STATEMENTS FOR 2013

Belgrade, February 19, 2014

The Republic of Serbia
Serbian Business Registers Agency
Register of financial statements
and solvency data

Application for registration
of the financial statements

DATA ON THE TAXPAYER

Business name: JSC Belgrade Nikola Tesla Airport
Registration No: 07036540 TIN 100000539 Municipality Surčin
City of Belgrade zip code 11271
Street 11180 Beograd number 59

TYPE OF FINANCIAL STATEMENTS

full annual financial report for 2013

CLASSIFICATION

In accordance with Article 6 of the Law on Accounting and Auditing, based on data from the financial statements for 2013, the taxpayer has been classified as a large legal entity.

HOW TO SUBMIT INFORMATION ON IDENTIFIED GAPS / CERTIFICATE OF REGISTRATION

Method of delivery: to the registered address of the taxpayer

Name
Municipality
Place zip code
Street number

DETAILS OF THE PERSON RESPONSIBLE FOR THE PREPARATION OF FINANCIAL STATEMENTS

Name and surname 2206954715234 – Zorka Latinović
Place: Belgrade
Street: 11180 Beograd Number: 59
E-mail: zorka.latinovic@beg.aero
Tel: 064 8485 188

STATEMENT: I guarantee the accuracy of the data entered

Legal representative of the taxpayer

Handwritten signature

Name Velimir
Surname Radosavljević
Personal
Identification Number 0809958710163

Application number: 587797

BALANCE SHEET on 31/12/2013

in thousand RSD

Group of accounts, account	POSITION	ADP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	ASSETS				
	A. NON-CURR. ACT. PROPER. (002+003+004+005+009)	001		21,573,986	21,196,730
00	I. NON-PAID UP SUBSCRIBED CAPITAL	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLE INVESTMENTS	004	17	9,278	7,723
	IV. REAL ESTATES, PLANTS , EQUIPMENT AND BIOLOGICAL AGENCIES (006+007+008)	005	17	21,404,994	21,020,173
020,022,023,026, 027(part), 028(part), 029	1. Property, plants and equipment	006	17	21,383,764	20,999,029
024, 027(part), 028 (part)	2. Investment property	007	17	20,964	20,794
021, 025, 027(part), 028(part)	3. Biological agencies	008	17	266	350
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		159,714	168,834
030 to 032, 039(part)	1. Share in capital	010	18	3	103
033 to 038, 039 (part), minus 037	2. Other long-term financial investments	011	18a	159,711	168,731
	B. TURNOVER PROPERTY (013+014+015)	012		2,605,578	3,717,145
10 to 13, 15	I. STOCKS	013	19	140,585	160,014
14	II. NON-CURRENT ASSETS INTENDED FOR SALE AND ASSETS OF OPERATION DISCONTINUED	014		-	-
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		2,464,993	3,557,131
20, 21 and 22 except 223	1. Receivables	016	20	881,414	1,446,716
223	2. Receivables of amount paid above income-tax	017		94,656	26,244
23 minus 237	3. Short-term financial investments	018	21	538,172	1,696,340
24	4. Cash and cash equivalents	019	22	896,778	214,383
27 and 28 except 288	5. VAT and prepayments and accrued income	020	23	53,973	173,448
288	V. DEFERRED TAX LIABILITIES	021		-	-
	G. BUSINESS PROPERTY (001+012 +021)	022		24,179,564	24,913,875
29	D. LOSS ABOVE CAPITAL AMOUNT	023			
	Dj. TOTAL ASSETS (022+023)	024		24,179,564	24,913,875
88	E. OFF-BALANCE ASSETS	025	35	566,762	484,704
	OBLIGATIONS				
	A. CAPITAL (102+103+104+105+106-107+108- 109-110)	101		22,119,154	22,598,763

30	I. CORE CAPITAL	102	24	20,573,610	20,573,610
31	II. NON-PAID UP SUBSCRIBED CAPITAL	103		-	-
32	III. RESERVES	104	25	1,529,339	1,297,787
330 and 331	IV. REVALUATION RESERVES	105		-	-
332	V. NON-REALISED INCOMES FROM SECURITIES	106		-	-
333	VI. NON-REALISED LOSSES FROM SECURITIES	107	26	-	291
34	VII. NON-DISTRIBUTED PROFIT	108	27	16,205	727,657
35	VIII. LOSS	109		-	-
037 and 237	IX. REPURCHASED OWN SHARES	110		-	-
	B. LONG-TERM RESERVES AND LIABILITIES (112+113+116)	111		1,624,547	1,875,683
40	I. LONG-TERM RESERVES	112	28	176,654	211,708
41	II. LONG-TERM LIABILITIES (114+115)	113		938,388	1,128,463
414,415	1. Long-term loans	114	29	938,388	1,025,616
41 without 414 and 415	2. Other long-term liabilities	115	30	-	102,847
	III. SHORT-TERM LIABILITIES (117+118+119+120+121+122)	116		509,505	535,512
42 except 427	1. Short term liabilities	117	31	125,368	222,822
427	2. Liabilities from assets intended for sale and assets of operation discontinued	118		-	-
43 and 44	3. Business liabilities	119	32	319,537	247,245
45 and 46	4. Other short-term liabilities	120	33	2,640	3,217
47, 48 except 481 and 49 except 498	5. Liabilities from VAT and other public revenues and accrued costs and deferred revenues	121	34	61,960	62,228
481	6. Liabilities from profit-tax	122		-	-
498	V DEFERRED TAX LIABILITIES	123	36	435,863	439,429
	G. TOTAL OBLIGATIONS (101+111+123)	124		24,179,564	24,913,875
89	D. OFF-BALANCE SHEET LIABILITIES	125	35	566,762	484,704

In Belgrade on 19.02.2014

Person responsible for preparation of the financial statements

Zorka Latinović
Zorka Latinović



Legal representative

Velimir Radesavljević
Velimir Radesavljević

Form prescribed by the Rules on the content and form of financial statements for companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette", br.114/06, 5/07, 119/08, 2/10, 101/12 and 118/12 and 3/2014)

INCOME SHEET in period from 01/01/2013 to 31/12/2013

Group of accounts, account	POSITION	ADP	Note no.	A m o u n t in thousand RSD	
				Current year	Previous year
1	2	3	4	5	6
	A. REVENUES AND EXPENDITURES FOR REGULAR BUSINESS				
	I. OPERATING REVENUES (202+203+204- 205+206)	201		6,640,524	6,374,602
60 and 61	1. Revenues from sale of goods	202	5	6,078,550	5,860,821
62	2. Revenue from consumption of own products	203	5a	83	-
630	3. Increase in value of inventories	204			
631	4. Decrease in value of inventories	205			
64 and 65	5. Other operating revenues	206	5b	561,891	513,781
	II. OPERATING EXPENDITURES (208 to 212)	207		4,771,136	4,220,731
50	1. Purchase value of sold goods	208	6	680,166	333,270
51	2. Costs of materials	209	7	425,617	491,298
52	3. Costs of salaries, salary compensations, and other personal expenses	210	8	1,200,771	1,092,467
54	4. Costs of amortization and reservations	211	9	757,417	745,182
53 and 55	5. Other operating expenditures	212	10	1,707,165	1,558,514
	III. BUSINESS REVENUE (201-207)	213		1,869,388	2,153,871
	IV. BUSINESS LOSS (207-201)	214			
66	V. FINANCIAL REVENUES	215	11	167,461	496,527
66	VI. FINANCIAL EXPENDITURES	216	12	139,655	302,063
67 and 68	VII. OTHER REVENUES	217	13	97,401	400,372
57 and 58	VIII. OTHER EXPENDITURES	218	14	1,973,220	1,819,543
	IX. PROFIT FROM REGULAR OPERATING BEFORE TAX (213-214+215-216+217-218)	219	15	21,375	929,164
	X. LOSS FROM REGULAR OPERATING BEFORE TAX (214-213-215+216-217+218)	220			
69 - 59	XI. NET PROFIT OF OPERATIONS DISCONTINUED	221			
59 - 69	XII. NET LOSS OF OPERATIONS DISCONTINUED	222			
	B. PROFIT BEFORE TAX(219-220+221-222)	223	15	21,375	929,164
	V. LOSS BEFORE TAX(220-219+222-221)	224			
	G. PROFIT TAX				
721	1. Period tax expenditure	225	15	8,736	56,116
722	2. Deferred period tax expenditure	226	36	-	145,391
722	3. Deferred period tax revenue	227	36	3,566	-
723	D. Paid-up personal receiving to employer	228		-	-

	D. NET PROFIT (223-224-225-226+227-228)	229	27	16,205	727,657
	E. NET LOSS (224-223+225+226-227+228)	230			
	Ž. NET PROFIT FOR MINORITY INVESTORS	231			
	Z. NET PROFIT FOR OWNERS OF PARENT LEGAL ENTITY	232			
	I. PROFIT PER SHARE				
	1. Basic profit per share	233	16		
	2. Diluted profit per share	234			

In Belgrade on 19.02.2014

Person responsible for preparation
of the financial statements


Zorka Latinović



Legal representative


Velimir Radosavljević

Form prescribed by the Rules on the content and form of financial statements for companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette", br. 114/06, 5/07, 119/08, 2/10, 101/12 and 118/12 and 3/2014)

CASH FLOW STATEMENT in period from 01/01/2013 till 31/12/2013

<i>POSITION</i>	<i>ADP</i>	Amount (in thousand RSD)	
		Current year	Previous year
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
A. CASH FLOWS FROM BUSINESS ACTIVITY			
I. Cash inflow from business activities (1 to 3)	301	6,134,762	5,771,242
1. Sale and received advance payments	302	5,442,570	5,171,538
2. Interests received from business activity	303	7,310	3,429
3. Other inflows from regular operations	304	684,882	596,275
II. Cash outflow from business activities (1 to 5)	305	4,833,682	4,145,035
1. Payments for suppliers and given advance payments	306	3,215,259	2,662,306
2. Salaries, salary compensations and other personal expenses	307	1,211,491	1,095,511
3. Paid interest	308	54,601	68,473
4. Income-tax	309	77,149	39,111
5. Payment from other public revenues	310	275,182	279,634
III. Net cash inflow from business activities (I - II)	311	1,301,080	1,626,207
IV. Net cash outflow from business activities (II - I)	312		
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
I. Cash inflow from investment activity (1 to 5)	313	1,241,620	1,142,816
1. Sale of shares and portions (net inflows)	314	0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	315	650	5,868
3. Other financial investments (net inflows)	316	1,163,898	1,008,008
4. Interests received from investment activities	317	77,072	128,940
5. Dividends received	318	0	0
II. Cash outflows from investment activities (1 to 3)	319	1,174,299	1,427,784
1. Purchase of shares and portions (net outflows)	320		
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	321	1,174,299	1,427,784
3. Other financial investments (net outflows)	322	0	0
III. Cash net inflow from investment activities (I - II)	323	67,321	
IV. Cash net outflow from investment activities (II - I)	324	0	284,968
V. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 3)	325	0	0
1. Core capital increase	326	0	0
2. Long-term and short-term loans (net inflows)	327	0	0
3. Other long-term and short-term liabilities	328	0	0
II. Cash outflow from financing activities (1 to 4)	329	685,006	1,235,223
1. Redemption of own shares and portions	330		
2. Long-term and short-term loans and other liabilities (net outflows)	331	98,760	103,420
3. Financial leasing	332	90,140	87,249
4. Paid-up dividends	333	496,106	1,044,554
III. Cash net inflow from financing activities (I - II)	334		
IV. Cash net outflow from financing activities (II - I)	335	685,006	1,235,223
G. OVERALL CASH INFLOW (301+313+325)	336	7,376,382	6,914,058
D. OVERALL CASH OUTFLOW ((305+319+329)	337	6,692,987	6,808,042
D. NET CASH INFLOW ((336-337)	338	683,395	106,016
E. NET CASH OUTFLOW (337-336)	339		
Z. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	340	214,383	73,304
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	341	13,585	39,913
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	342	14,585	4,850
J. CASH AT THE END OF ACCOUNTING PERIOD (339+340+341-342)	343	896,778	214,383

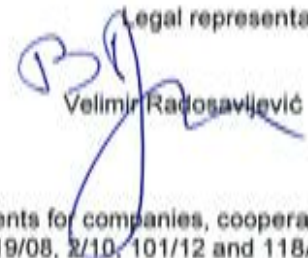
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STATEMENT ON CHANGES IN CAPITAL
in the period from 01.01.2013 to 31/12/2013

in thousand RSD

No.	Description	Core capital (30 without 309)	Other capital (309)	Non-paid subscribed capital (31)	Issue premium (320)
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
1	Balance on 01/01 of the previous year of 2012	20,573,610	0	0	0
2	Correction of materially significant errors and changes of accounting policies in previous year-increase	0	0	0	0
3	Correction of materially significant errors and changes of accounting policies in previous year-decrease	0	0	0	0
4	Corrected initial balance on January 1st of the previous year of 2012 (1+2-3)	20,573,610	0	0	0
5	Total increase in the previous year	0	0	0	0
6	Total decrease in the previous year	0	0	0	0
7	Balance on 31/12 of the previous year of 2012 (4+5-6)	20,573,610	0	0	0
8	Correction of materially significant errors and changes of accounting policies in current year-increase	0	0	0	0
9	Correction of materially significant errors and changes of accounting policies in current year-decrease	0	0	0	0
10	Corrected initial balance on January 1st of the current year 2013 (7+8-9)	20,573,610	0	0	0
11	Total increase in the current year	0	0	0	0
12	Total decrease in the current year	0	0	0	0
13	Balance on 31/12 of the current year of 2013 (10+11-12)	20,573,610	0	0	0

No.	Description	Reserves (321 and 322)	Reserves (330 and 331)	Non-realized profits from securities (332)	Non-realized losses from securities (333)
	1	6	7	8	9
1	Balance on 01/01 of the previous year of 2012	761,355	0	0	260
2	Correction of materially significant errors and changes of accounting policies in previous year-increase	0	0	0	0
3	Correction of materially significant errors and changes of accounting policies in previous year-decrease	0	0	0	0
4	Corrected initial balance on January 1st of the previous year of 2012 (1+2-3)	761,355	0	0	260
5	Total increase in the previous year	536,432	0	0	31
6	Total decrease in the previous year	0	0	0	
7	Balance on 31/12 of the previous year of 2012 (4+5-6)	1,297,787	0	0	291
8	Correction of materially significant errors and changes of accounting policies in current year-increase	0	0	0	0
9	Correction of materially significant errors and changes of accounting policies in current year-decrease	0	0	0	0
10	Corrected initial balance on January 1st of the current year 2013 (7+8-9)	1,297,787	0	0	291
11	Total increase in the current year	231,552	0	0	0
12	Total decrease in the current year	0	0	0	291
13	Balance on 31/12 of the current year of 2013 (10+11-12)	1,529,339	0	0	0

No.	Description	Non-distributed profit (34)	Loss below capital amount (35)	Repurchase of own shares and portions (037 and 237)	Total (2+3+4+5+6+7+8-9+10-11-12)	Loss above capital amount (29)
	1	10	11	12	13	14
1	Balance on 01/01 of the previous year of 2012	1,580,293	0	0	22,914,998	
2	Correction of materially significant errors and changes of accounting policies in previous year-increase	0	0	0	0	
3	Correction of materially significant errors and changes of accounting policies in previous year-decrease	0	0	0	0	
4	Corrected initial balance on January 1st of the previous year of 2012 (1+2-3)	1,580,293	0	0	22,914,998	
5	Total increase in the previous year	727,657			1,264,058	
6	Total decrease in the previous year	1,580,293			1,580,293	
7	Balance on 31/12 of the previous year of 2012 (4+5-6)	727,657	0	0	22,598,763	
8	Correction of materially significant errors and changes of accounting policies in current year-increase	0	0	0	0	
9	Correction of materially significant errors and changes of accounting policies in current year-decrease	0	0	0	0	
10	Corrected initial balance on January 1st of the current year 2013 (7+8-9)	727,657	0	0	22,598,763	
11	Total increase in the current year	16,205			247,757	
12	Total decrease in the current year	727,657			727,366	
13	Balance on 31/12 of the current year of 2013 (10+11-12)	16,205	0	0	22,119,154	

In Belgrade on 19.02.2014

Person responsible for preparation of the financial statements

Zorka Latinović
Zorka Latinović



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Legal representative
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**STATISTICAL ANNEX
for 2013**

I GENERAL DATA ON LEGAL ENTITY OR INTREPRENEUR

DESCRIPTION	ADP	Current year	Previous year
1	2	3	4
1. Number of operating months	601	12	12
2. Size designation (from 1 to 3)	602	4	4
3. Property designation (from 1 to 5)	603	4	4
4. Number of foreign (natural or legal) persons who have a share in capital	604	67	53
5. Average number of employees at the end of the month (an integer)	605	468	453

II GROSS CHANGES IN INTEGIBLE INVESTENTS AND REAL-ESTATES, PLANTS, EQUIPMENT AND BIOLOGICAL AGENCIES

In thousand RSD

Group of accounts, account	Description	ADP	Gross	Value correction	Net (coll.4-5)
1	2	3	4	5	6
01	1. Intangible investments				
	1.1 Balance at the beginning of the year	606	- 32,643	24,920	7,723
	1.2 Increase in supply during the year	607	4,592	XXXXXXXXXXXX	4,592
	1.3 Decrease during the year	608	0	XXXXXXXXXXXX	3,037
	1.4 Revaluation	609	0	XXXXXXXXXXXX	0
	1.5 Balance at the end of year (606+607-608+609)	610	37,236	27,957	9,278
02	2 Real-estates, plants, equipment and biological agencies				
	2.1 Balance at the beginning of the year	611	23,026,109	2,005,936	21,020,173
	2.2 Increase of supply during the year	612	1,112,516	XXXXXXXXXXXX	1,112,516
	2.3 Decrease during the year	613	9,849	XXXXXXXXXXXX	727,793
	2.4 Revaluation	614	98	XXXXXXXXXXXX	98
	2.5 Balance at the end of the year (611+612-613+614)	615	24,128,874	2,723,880	21,404,994

III STOCK STRUCTURE

In thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
10	1. Stock of materials	616	98,434	102,152
11	2. Unfinished production	617	0	0
12	3. Finished products	618	0	0
13	4. Goods	619	33,681	54,072
14	5. Assets held for sale	620	0	0
15	6. Prepayments	621	8,470	3,790
	7. TOTAL (616+617+618+619+620+621=013+014)	622	140,585	160,014

IV CORE CAPITAL STRUCTURE

In

thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
300	1 Share capital	623	20,573,610	20,573,610
	In which: foreign capital	624	909,587	720,491
301	2 Shares of a limited liability company	625		
	In which: foreign capital	626		
302	3 Stakes of the members of partnership and limited partnership	627		
	In which: foreign capital	628		
303	4 State capital	629		
304	5 Socially-owned capital	630		
305	6 Cooperative share	631		
309	7 Other core capital	632		
30	TOTAL (623+625+627+629+630+631+632=102)	633	20,573,610	20,573,610

V SHARE CAPITAL STRUCTURE

- number of shares as an integer
- In thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
	1 Ordinary shares			
	1.1 Number of ordinary shares	634	34,289,350	34,289,350
Part 300	1.2 Nominal value of ordinary shares - total	635	20,573,610	20,573,610
	2 Preference shares			
	2.1 Number of preference shares	636	0	0
Part 300	2.2 Nominal value of preference shares - total	637	0	0
300	3 TOTAL – nominal value of shares (635+637=623)	638	20,573,610	20,573,610

VI RECEIVABLES AND LIABILITIES

in thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
20	1. Trade receivables (balance at the end of year 639<=016)	639	867,394	1,415,905
43	2. Business liability (balance at the end of year 640<=119)	640	319,537	247,245
Part 228	3. Receivables during the year from insurance companies for damages (debit transactions without opening balance)	641	5,359	1,201
27	4. Value added tax – input tax (annual amount per tax return)	642	595,889	542,386
43	5. Business liabilities (credit transactions without opening balance)	643	4,872,351	4,658,742
450	6. Net salaries and wages (credit transactions without opening balance)	644	488,426	448,723
451	7. Liability for tax on salaries and wages for the employees (credit transactions without opening balance)	645	68,850	70,863
452	8. Contributions on salaries and wages for the employees (credit transactions without opening balance)	646	131,010	112,954
461, 462 and 723	9. Liability for dividends, profit sharing and personal income of the employer (credit transactions without opening balance)	647	496,106	1,043,861
465	10. Liabilities to natural persons for compensation under the contract (credit transactions without opening balance)	648	13,991	1,943
47	11. VAT liabilities (annual amount per tax return)	649	826,173	717,664
	12. Checksum (from 639 to 649)	650	8,685,086	9,261,487

VII OTHER COSTS AND EXPENSES

in thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	253,435	236,539
520	2. Salaries and wages (gross)	652	688,286	632,540
521	3. Taxes and contributions on salaries and wages paid by the employer	653	123,201	112,954
522,523,524,525	4. Costs of wages to natural persons on contract basis (gross)	654	320,013	274,121
526	5. Costs of compensation for members of management and supervisory board (gross)	655	9,902	12,447
529	6. Other personal expenses and fees	656	59,369	60,405
53	7. Costs of production services	657	1,165,454	1,051,935
533, part 540 and part 525	8. Rental costs	658	20,992	4,716
Part 533, part 540 and part 525	9. Land rental costs	659	158	158
536, 537	10. Search and development costs	660	0	4,857
540	11. Depreciation costs	661	729,133	670,773
552	12. Insurance premium	662	30,104	26,575
553	13. Costs of payments	663	6,080	5,619
554	14. Membership fees	664	4,919	4,227
555	15. Tax costs	665	75,223	75,853
556	16. Contribution costs	666	0	0
562	17. Interest expenses	667	54,111	72,051
Part 560, part 561 and 562	18. Interest expenses and part of financial expenses	668	54,111	72,051
Part 560, part 561 and part 562	19. Interest expenses on loans from banks	669	53,905	68,453
Part 579	20. Expenditures for humanitarian, cultural, health, educational, and religious purposes, for the protection of the Environment and sporting purposes	670	20,786	18,679

21 Checksum (from 651 to 670)	671	3,669,182	3,404,953
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VIII OTHER INCOMES

in thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
60	1. Revenues from sales of goods	672	703,801	360,063
640	2. Income from premiums, subsidies, grants, allowances, compensations and tax levies	673	0	0
641	3. Income from conditional grants	674	868	320
Part 650	4. Revenues from land lease	675	1,425	1,308
651	5. Income from membership fees	676	0	0
Part 660, part 661, 662	6. Interest income	677	95,022	126,098
Part 660, part 661 and part 662	7. Interest income on accounts and deposits with banks and other financial institutions	678	67,199	123,242
Part 660, part 661 and part 669	8. Dividends and profit share	679	0	0
	9. Checksum (672 to 679)	680	868,316	611,031

IX OTHER DATA

in thousand RSD

Description	ADP	Current year	Previous year
1	2	3	4
1 Excise duties (according to the annual accounts for excise)	681	0	0
2 Collected customs duties and other import charges (the total annual amount as calculated)	682	3,395	1,263
3 Capital subsidies and other government grants for construction and purchase of fixed assets and intangible assets	683	0	0
4 State subsidies for premiums, allowances and cover of operational costs	684	0	0
5 Other state subsidies	685	0	0
6 Received foreign grants and other grants in cash or in kind from foreign legal entities and individuals	686	0	0
7 Personal income of entrepreneurs from net profit (only for entrepreneurs)	687	0	0
8 Checksum (from 681 to 687)	688	3,395	1,263

X DEFERRED NET NEGATIVE EFFECTS OF FOREIGN CURRENCY CLAUSE AND EXCHANGE DIFFERENCES

in thousand RSD

Description	ADP	Current year	Previous year
1	2	3	4
1 Opening balance of deferred net effect of foreign currency clause	689		
2 Deferred net effect of foreign currency clause	690		
3 Proportionate share of abolished deferred net effect of foreign currency clause	691		
4 The remaining amount of deferred net effect of foreign currency clause (Ser.no.1 + ser.no.2- ser.no.3)	692		
5 Opening balance of deferred net effect of exchange rate differences	693		
6 Deferred net effect of exchange rate differences	694		
7 Proportionate share of abolished deferred net effect of exchange rate differences	695		
8 The remaining amount of deferred net effect of exchange rate differences (ser.no.5+ser.no.6-ser.no.7)	696		

XI DEFERRED NET POSITIVE EFFECTS OF FOREIGN CURRENCY CLAUSE AND EXCHANGE DIFFERENCES

in thousand RSD

Description	ADP	Current year	Previous year
1	2	3	4
1 Opening balance of deferred net effect of foreign currency clause	697		
2 Deferred net effect of foreign currency clause	698		
3 Proportionate share of abolished deferred net effect of foreign currency clause	699		
4 The remaining amount of deferred net effect of foreign currency clause (Ser.no.1 + ser.no.2- ser.no.3)	700		
5 Opening balance of deferred net effect of exchange rate differences	701		
6 Deferred net effect of exchange rate differences	702		
7 Proportionate share of abolished deferred net effect of exchange rate differences	703		
8 The remaining amount of deferred net effect of exchange rate differences (ser.no.5+ser.no.6-ser.no.7)	704		

In Belgrade on 19.02.2014

Person responsible for preparation of the financial statements

Zorka Latinovic
Zorka Latinovic



Legal representative

Velimir Radosavljevic
Velimir Radosavljevic

Form prescribed by the Rules on the content and form of financial statements for companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette", br.114/06, 5/07, 119/08, 2/10, 101/12 and 118/12 and 3/2014)



JSC BELGRADE NIKOLA TESLA AIRPORT
11180 BELGRADE 59
Register no. 07036540
TIN 100000539

NOTES FOR FINANCIAL STATEMENT FOR THE YEAR 2013

Belgrade, February 19, 2014

1. FOUNDING AND OPERATION OF THE COMPANY

1.1. General data of the company

The Joint Stock Company Airport Nikola Tesla Belgrade (hereinafter: the Company) has been established for provision of airport services (aircraft landing, take-off, taxing and parking and aircraft, passenger and cargo handling). Apart from the basic activity, Airport Nikola Tesla JSC Belgrade, as side activities, provides other services at airport complex, satisfying the needs of service users, domestic and foreign air carriers.

Whilst operation of the Airport dates back to March 25, 1928, at the location on Bežanijska kosa, operation on the current location (Surčin) started in 1962.

By a Decision of the Government of Republic of Serbia from 1992, the Airport was re-registered as Javno preduzeće (public company) Aerodrom „Beograd” and in 2006, also by a decision of the Government it got the name JP Aerodrom „Nikola Tesla”

The Government of Republic of Serbia on 17/06/2010 made the Decision no. 023-4432/2010, on change of legal form of JP Aerodrom "Nikola Tesla" Beograd from a public company into closed joint stock company. The change of legal form is registered with the Registers Agency on 22/06/2010 by the Rescript no.BD 6B460/2010.

After the change of legal form the company continued its business under the full name Akcionarsko društvo Aerodrom "Nikola Tesla" Beograd.

By the Rescript of the Registers Agency no: BD 7651/2011 dated on 24/01/2011, Akcionarsko društvo Aerodrom Nikola Tesla Beograd was registered as an open joint stock company.

<i>Head-office</i>	Belgrade 59, 11180 Surčin
<i>Register number</i>	07036540
<i>Tax identification number</i>	100000539
<i>Activity code and name</i>	5223-Air-traffic services

According to the classification criteria from the Law on accounting and audit AD Aerodrom "Nikola Tesla" Beograd is classified as a large legal person.

On 31/12/2013 the Company had 481 employees (averagely during 2013-468 employees, and on 31/12/2012 464 employees (averagely during the period I-XII 2012-453 employees).

1.2. Management structure

The Company has established two-tier management system. The Bodies of the Company are the Assembly, the Supervisory Board and the Executive Board.

The Assembly comprises of the company Shareholders entitled to participate in Assembly work. The Shareholder, in possession of 10% of ordinary shares (34,289 shares) is entitled to participate in Assembly work.

The Supervisory Board has 7 members assigned by the Assembly of the Company. The Supervisory Board may form different experts committees with at least three members, whereof one is a member of the Supervisory Board.

The Executive Board has 4 executive directors including the General Director. The Executive directors are assigned by the Supervisory Board of the Company.

1.3. Ownership

After change of legal form into a closed joint stock company, the Central depository and clearing house registered on 07/07/2010, 34,289,350 shares, 100% in ownership of Republic of Serbia.

The Government of Republic Serbia, on 09/12/2010 made the Decision no. 023-9103/2010-1, by which citizens of Republic of Serbia, the employees and former employees of the Company have acquired the right to 16.85% of ownership of the Company. After transfer of the right to free of charge shares to citizens, employees and former employees, Republic of

Serbia owns 28,511,988 ordinary shares, which represents 83.15% of the total share capital of the Company.

By the Decision on admission of shares to Prime Listing 04/4 no. 478/11 dated on 28/01/2011, the shares of the Company are accepted on 'A' Listing of the Belgrade Exchange Market. Stock trade on the Belgrade Exchange Market commenced on 07/02/2011.

On 25/01/2011, based on data of the central depositing and clearing house, the Company had **4,822,137 shareholders** and on 31/12/2012 it had 3,082,981 shareholders. The biggest shareholders on 31/12/2012 are Republic of Serbia (83.06%). On 31.12.2013 the largest portion of shares is still with the Republic of Serbia (83.06%), then domestic and foreign natural persons (10.63%), custody persons (3.17%) and domestic and foreign legal persons (3.14%).

2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis for composition and presentation of financial statements

Financial statements for year 2013 have been prepared in accordance with the Law on Accounting and Auditing and approved at the meeting of the Supervisory Board on 26.02.2014.

Legal entities and entrepreneurs in Serbia are required to maintain books of account, recognition and evaluation of assets and liabilities, income and expenses, and to submit and disclose financial statements in accordance with the Law on Accounting and Auditing (hereinafter the Law published in the " Official Gazette of the RS", No. 62/2013). A company as large legal entity is required to apply International Financial Reporting Standards ("IFRS "), which in terms of the Law include: Framework for the Preparation and Presentation of Financial Statements (" Framework"), International Accounting Standards ("IAS "), international Financial Reporting Standards ("IFRS ") and related interpretations in accounting standards (" IFRIC"), subsequent amendments to those standards and related interpretations approved by the International Accounting standards Board ("Board") of which the translation is determined and published by the Ministry in charge of finance and that were in force on 31 December 2002.

Amendments to IAS, as the new IFRS and related interpretations issued by the International Accounting Standards Board ("IASB") and the Committee on International Financial Reporting Interpretations Committee ("IFRIC"), between 31 December 2002 to 1 January 2009, were officially adopted by the Resolution of the Minister of Finance of the Republic of Serbia ("Ministry") and published in the Official Gazette of RS, no. 77 on the 25 October, 2010.

However, to the date of these financial statements, not all amendments to IAS / IFRS and IFRIC interpretations were translated that were effective for annual periods beginning on or after 1 January 2009. In addition, the accompanying financial statements are presented in the format prescribed by the accounting framework and content of accounts of companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette" br.114/2006, 5/2007-correction, 119/2008, 2/2010, 101/2012 and 118/2012), which under the law defines the complete set of financial statements that differ from those defined in IAS 1 "Presentation of Financial Statements", and also differ in some respects from the presentation of certain items required under this standard. Standards and Interpretations effective in the current period which have not been officially translated and adopted as standards and interpretations which are not yet in effect are disclosed in Notes 2.2 and 2.3.

In addition, the accounting regulations of the Republic of Serbia differ from IFRS in the following provision:

- According to the Ministry, the participation of employees in the profit is recorded as a reduction of retained earnings, and not at the expense of the result of the current period, as required by IAS 19 "Employee Benefits".

Accordingly, and given the potentially material effects of the deviations of the accounting regulations of the Republic of Serbia from IAS and IFRS may have on the accuracy and fairness of the financial statements, the accompanying financial statements can not be regarded as financial statements prepared in accordance with IFRS and ISA.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies presented below.

In the preparation of these financial statements, the company applied the accounting policies described in Note 3.

The financial statements are expressed in thousands of RSD. The Dinar (RSD) is the official reporting currency of the Republic of Serbia.

2.2 Standards and Interpretations effective in the current period which have not been officially translated and adopted

At the date of these financial statements, the following standards and amendments to standards have been issued by the International Accounting Standards and Interpretations have been published by the Committee on International Financial Reporting Interpretations, but not officially adopted by the Republic of Serbia for annual periods beginning 1 January 2013:

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments improving disclosure of the fair value and liquidity risk (as revised in March 2009, effective for annual periods beginning on or after January 1, 2009.)
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Additional Exemptions for First-time Adopters Amendments relating to the assets in the oil and gas industry and determining whether an arrangement contains a lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010.)
- Amendments to various standards and interpretations resulting from the annual improvement project of IFRS published on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with a view to removing inconsistencies and clarifying wording (amendments are effective for annual periods beginning on or after January 1, 2010., and the amendment to IFRIC on or after 1 July 2009),
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after July 1, 2009.)
- Amendments to IFRS 2 "Share-based Payment": Amendments resulting from the annual improvement project of IFRS (revised April 2009., Effective for annual periods beginning on or after July 1, 2009.) And amendments relating to payment transactions actions of groups based on cash (revised in June 2009., effective for annual periods beginning on or after January 1, 2010.)
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods beginning on or after 1 July 2009. and IAS 39 "Financial Instruments: Recognition and Measurement" - Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009.)
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009.)
- "Conceptual Framework for Financial Reporting 2010 "being an amendment to the" Framework for the Preparation and Presentation of Financial Statements "(effective date on or after September 2010.),
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Limited Exemption from Comparative disclosures prescribed in IFRS 7 of first-time Adopters (effective for annual periods beginning on or after 1 July 2010.)
- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for persons under the (significant) control or influence government and

clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011.)

- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010.)
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May, 2010. (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2011.)
- Amendments to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" Prepaid Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011.).
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011.)
- Amendments to IFRS 7 "Financial Instruments: Disclosures"-Transfers of Financial Assets (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets for tax (effective for annual periods beginning on or after 1 January 2012.)
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013)
- IFRS 11 " Joint Arrangements " (effective for annual periods beginning on or after January 1, 2013)
- IFRS 12" Disclosure of Interest in Other Entities" (effective for annual periods beginning on or after January 1, 2013)
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after January 1, 2013)
- IAS 27 (as revised in 2011) "Separate Financial Statements" - (effective for annual periods beginning on or after January 1, 2013)
- IAS 28 (as revised in 2011.) "Investments in Associates and Joint Ventures" - (effective for annual periods beginning on or after January 1, 2013)
- Amendments to IFRS 1 "First- time Adoption of International Financial Reporting Standards" - State loans at an interest rate lower than the market (effective for annual periods beginning on or after January 01, 2013)
- Amendments to IFRS 7 " Financial Instruments : Disclosures" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2013)
- Amendments to IFRS 10 , IFRS 11 and IFRS 12 "Consolidated Financial Statements , Joint Arrangements and disclosures of interests in other entities: Guidelines on the application of the interim " (effective for annual periods beginning on or after January 1, 2014 when available).
- Amendments to IAS 1 "Presentation of Financial Statements " - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012.)
- Amendments to IAS 19 " Employee Benefits" - improving the accounting for compensation upon termination of employment (effective for annual periods beginning on or after January 1, 2013.)
- Annual improvements for the period since 2009. Till 2011. Issued in May 2012. Related to different projects of IFRS (IFRS 1 , IAS 1 , IAS 16 , IAS 32 and IAS 34) primarily to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after January 1, 2013)
- IFRIC 20 " Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after January 1, 2013) .

2.3 Standards and Interpretations which have not yet come into force

At the date of authorization of these financial statements the following standards, amendments and interpretations were in issue but not yet effective:

- IFRS 9 "Financial Instruments" and subsequent amendments (effective date is not yet determined)
- IFRS 14 , "Accounts regulatory accruals" (effective for annual periods beginning on or after 01 January 2016)
- Amendments to IFRS 10, IFRS 12 and IFRS 27 - exemption from consolidation according to IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2014 when available).
- Amendments to IAS 19 "Employee Benefits" - Defined benefit plans: contributions for employees (effective for annual periods beginning on or after July 1 of 2014),
- Amendments to IAS 32 "Financial Instruments : Presentation" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IAS 36 - "Property value depreciation" Disclosure of the recoverable amount of non financial assets (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IAS 39 "Financial instruments " -restoring products and continued hedge accounting (effective for annual periods beginning on or after January 1, 2014).
- Annual improvements for the period from 2010 to 2012 issued in December 2013, resulting from the annual improvement project of IFRS (IFRS 2 , IFRS 3 , IFRS 8 , IFRS 13, IAS 16 , IAS 24 and IAS 38) to eliminate conflicts and clarifying wording (effective for annual periods beginning on or after July 1 of 2014),
- Annual improvements for the period from 2011 to 2013 issued in December 2013, resulting from the annual improvement project of IFRS (IFRS 1 , IFRS 3 , IFRS 13 , IAS 40) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after July 1 of 2014),
- IFRIC 21 " tax" (effective for annual periods beginning on or after January 1, 2014).

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES

Significant accounting policies applied on the financial statements, being the subject of these Notes, are primarily based on the Rulebook on accounting and accounting policies of the Company. If certain accounting aspects are not clearly set out in the Rulebook, applied accounting policies are based on applicative legal, professional and internal regulations.

3.1 Incomes and outcomes

Incomes are disclosed according to invoice value, decreased by discounts given, acknowledged complaints and VAT.

Incomes are recognized in a moment when service is provided or goods are delivered, i.e. when all risks of performed operations are transferred to buyer. For services that are provided for longer period, incomes are recognized in proportion with operation performance.

Outcomes are recognized concurrently with recognition of incomes for which the outcomes arose (concept of causality of incomes and outcomes).

Costs of current maintenance of fixed assets are covered from current incomes.

3.2. Costs of borrowings

Costs of borrowings refer to interests and other costs arising in connection with resource borrowing. According to the relevant provisions of IAS 23, the costs of borrowing that can be directly ascribed to acquisition, assets build-up to be enabled for usage, are included in

purchase value or cost value of such assets. Other costs of borrowing are recognized as outcomes of period from which they originate.

3.3. Conversion of foreign exchange amount

Incomes and outcomes according to exchange rate differences and effects of currency clause are registered in balance sheet of the relevant period.

Incomes and outcomes from exchange rate differences are established according to two basis, as follows:

- during the year on the basis of realised (paid) receivables and liabilities in foreign currency at official middle exchange rate of the National Bank of Serbia, on the date of operation change, as realised positive or negative exchange rate differences or realised effects of currency clause, and
- on the date of balance draw up, as a result of application of exchange rates on balance positions (receivables and liabilities on balance date), disclosed in foreign currency, as non-realised positive or negative exchange rate differences or non-realised effects of currency clause at official middle exchange rate of the National Bank of Serbia, on the date of operation change as follows:

	<u>31/12/2013</u>	<u>31/12/2012</u>
EUR middle exc. rate of NBS	RSD 114.6421	RSD 113.7183
USD middle exc. rate of NBS	RSD 83.1282	RSD 86.1763
CHF middle exc. rate of NBS	RSD 93.5472	RSD 94.1922
GBP middle exc. rate of NBS	RSD 136.9679	RSD 139.1901

For liabilities, for which the contract defines type of exchange rate (liabilities for long-term loans from the EIB, the obligations of the mortgage loans from Piraeus Bank and Finance lease liabilities of Hypo Leasing), conversion into dinars is done at an agreed exchange rate, which applies to date of the transaction.

The indicated outstanding liabilities were also converted per contracted Euro rate, on the balance date, as follows:

	<u>31/12/2013</u>	<u>31/12/2012</u>
For EIB and housing loans from Piraeus Bank:	RSD 114.9860	RSD 114.0595
For liabilities of financial leasing from Hypo leasing:	RSD 116.3617	RSD 115.9927

In the period I-XII 2013 based on realised and non/realised exchange rate differences and currency clause total negative net effect on business result of the Company is achieved in the amount of RSD 13,104 thousand, as follows:

- Based on realised exchange rate differences, positive net effect in the amount of RSD 4,053 thousand, and
- Based on non-realised exchange rate differences, negative net effect in the amount of RSD 9,051 thousand.

3.4. Real estates, plants, equipment, biological and intangible investments

Initial valuing of real estates, plants, equipment, biological resources and intangible investments is performed upon purchase value. Resource built-up in own setting is recognized upon cost price providing they do not exceed market value. Purchase value consists of invoice value of obtained resources increased by all costs incurred up to their utilization. (IAS 16 Properties, plants and equipment).

After initial recognition, properties, plants and equipment are registered at cost of revaluing reserves, which represents their fair value at the date of revaluing, decreased for total amount of correction value against amortization and total amount of correction value against loss from depreciation (IAS 36 Property value depreciation).

3.5. Amortisation of properties, plants, equipment and intangible investments

Amortisation is calculated for each resource individually according to estimated value of the resource at the beginning of the year, i.e. according to purchase value of the resources activated during the year, by application of proportional method. Calculating of amortization begins on the next day after putting resources into operation.

Amortization rate is based on projected economic service life of properties, plants and equipment and intangible investments.

In the period I-XII 2013 the same amortization rates were applied as in 2012.

DESCRIPTION	31.12.2013
Building facilities	%
Water and electricity facilities	1,50-10,00
Roads, airports and parking lots	2,00-12,50
Equipment	
New specific equipment	5,00-33,33
Equipment for road traffic	6,67-33,33
Equipment for PTT and TV	10-33,33
Equipment for air traffic	6,67-20,00
Measuring and control devices and specific devices	5,00-50,00
Laboratory equipment, teaching aids and medical devices	14,29
Electronic, calculating machines and computers	11,11-33,33
Furniture and equipment for general purposes	10,00-50,00
Equipment under financial leasing	6,67-25,00
Intangible assets	
Software and licenses	10,00-50,00

3.6. Investment property

Initial valuing of investment real estate is carried out per purchase value. After initial recognition, valuing of investment real estate is carried out per value in accordance with IAS 40- investment real estates.

Profit or loss incurred due to change of fair value of investment real estate to lower or higher position is disclosed at cost of other outcomes or in favour of other incomes in accounting period. Such assessment does not affect basis for calculating of amortization according to tax regulations.

3.7. Stocks

Stocks are disclosed per purchase value, i.e. cost value or net sale value, depending on the fact which one is lower.

Net sale value is price for sale of stocks in nominal operation conditions after price decrease by sale costs.

Calculation of stock output is determined by the method of average weighed purchase price.

3.8. Taxes and contributions

Current taxes

Income tax represents amount calculated and paid in accordance with taxing regulations of Republic of Serbia. Final amount of income-tax duty is determined by application of 10% rate on tax basis determined in tax balance of the Company. Tax basis disclosed in tax balance includes income disclosed in official balance sheet which is corrected for fixed differences defined by taxing regulations of Republic of Serbia. Profit tax rate applied after January 1, 2013 is 15%.

Company conducts a significant number of transactions, according to the Law on Corporate Income Tax with related parties on the basis of explanation from the Ministry of Finance on the connection between income tax payers entities with Serbia, No.430-00-40/2014-04 of 03/02/2014. The Company will initiate the preparation of studies on transfer pricing and the same will be incorporated in the income tax in 2013, for which for the first time this year, the legal deadline for submission is June 29, 2014. Depending on the results of studies on transfer pricing obligations for income taxes of the Company may be higher than the reported in the accompanying income statement for 2013, which will affect the final net profit of the Company in 2013. If due to the foregoing, the net income of the Company is altered, the Company will be required to make the changes also of the underlying financial statements for 2013.

Deferred tax

Deferred tax effects arise as a consequence of difference between basis for amortization calculation according to accounting and tax regulations. Also, this difference accrues on basis of existence of equipment with purchase value in the moment of purchase lower than average gross salary in RS, on basis of non-used tax loan for investments in real estate, plants and equipment and in other cases when there is time difference between tax liability arising and tax payment due date. Deferred tax liabilities are recognized for all chargeable temporary differences, while deferred tax resources are recognized in extent in which it is possible for chargeable profits to be available for usage of deducting temporary differences.

Deferred tax resources and liabilities are calculated at the tax rate whose use is expected in the period when the asset is realized or the liability settled. On 31 December 2013, deferred tax resources and liabilities are calculated at the rate of 15% (December 31, 2012: 15%).

Deferred income taxes are charged or credited in the income statement, except when it relates to items that are directly credited or charged to capital, and in this circumstance the deferred tax is also recognized within the capital.

Taxes and contributions independent of results

Taxes and contributions independent of results include real estate and other taxes and contributions in line with republic, tax and general regulations. These taxes and contributions are disclosed within other business expenditures.

3.9. Benefits for employees

Taxes and contributions for salaries and reimbursements

In line with regulations applicative in Republic of Serbia, the Company pays contributions to state funds which provide social security of employees. Such obligations include contributions for employees at cost of employer in amounts calculated at rates proscribed by relevant regulations. The company is, also obliged to suspend contributions from gross salaries of employees and pay that, in name of employees, to those funds. Contributions at

cost of employer and contributions at cost of employees are booked as expenditures of related period.

Restructuring

Process of restructuring of the Company has started in 2004 and it has been finished in 2009.

Reserving for terminal wages and jubilee bonuses in line with IAS-19

Based on Art.66 of the Collective Bargaining Agreement (26/03/2012) the Company is obliged to pay to the employees:

- Terminal wage for retirement in amount of 4 average month salaries at the employer's in the very month before payment of terminal wage (Art.67), and
- Jubilee awards for total time spent in employment with the employer in the amount of the average monthly salaries and wages paid by the employer for the month preceding the month in which the employee is entitled to jubilee awards (Article 72) as follows:

- 10 years – one average month salary in Republic of Serbia
- 20 years – two average month salaries in RS
- 30 years - three average month salaries in RS
- 35 years for women and men- four average month salaries in RS.

Due to previously mentioned obligations at the end of every business year the Company makes assessment of reserving for terminal wages and jubilee bonuses in line with IAS-19- Reimbursements for employees.

Changes in reserves in the current period are given in Note 28.

3.10. Liabilities for loans and financial leasing

The Company has obligations per loans with payment linked with exchange rate of EUR. The loans are agreed with fix interest rates (Note 29).

Obligations per interests for long-term loans with due date in current and subsequent years are not disclosed in balance sheet, but in Note 29, there is list of interests in detail, per due dates.

The Company declared leased equipment in balance sheet at current value of minimal leasing instalments at the beginning of leasing period, according to the provisions of IAS 17- Leasing. Corresponding liabilities toward lessors are registered in balance sheet as liabilities per financial leasing.

Expenditures of interests per financial leasing are registered in balance sheet on corresponding expenditure invoices, after fulfilment of obligations on related basis. All future instalments of financial leasing will not be declared in balance sheet, but in the Note 30 it is disclosed amount of liabilities for interest per financial leasing.

3.11. Information on business segments

The Company performs business activity as single business segment, provision of airport services. Accordingly, information relating to sales income per products and services, geographical information on income from sales, represent disclosure at company level (Note 5).

3.12. Financial instruments and aims of financial risk management

Financial instruments represent financial resources and financial obligations independent of their duration.

Financial resources and obligations are registered in balance sheet of the Company, from the moment of contractual binding to instrument.

Financial resources are no more recognized from the moment when the Company loses control over contracted rights on those instruments, which occurs when beneficial interest on instrument is realized, expired, abandoned or assigned. Financial obligation is no more recognized when the Company fulfils its obligation or when contractual obligation is annulled or expired.

Due to market risks, affecting on changes on financial resources and obligations, management of the Company regularly and thoroughly follow movements, which can create risks, and take measures necessary for risk management.

Risks arising in operating with financial resources and obligations are:

-market risk, -credit risk, -liquidity risk, -cash flow risk.

In purpose of simpler recognition of risks that follow financial instruments and risk management, the Company has categorized financial instruments as follows:

A: Financial resources

1. Long-term financial investments, as follows:
 - Long-term time deposits
 - Participation in capital of the banks which are mostly in liquidation process and, in compliance with regulations and applied accounting standards correction of their value is performed in the entirety.
 - Share in capital of foreign legal persons, for which correction of the value was carried out in line with the contract
 - Long-term housing loans given to employees are disclosed at fair value by discounting with application of market interest rate.
2. Receivables, disclosed in nominal value-decreased by the correction of value, which is carried out based on estimation of possibility to recover them, as follows:
 - Receivables from foreign buyers
 - Short-term financial investments
 - Other receivables (no claims for overpaid tax).
3. Cash and cash equivalents (cash on current accounts and cash account)

B: Financial obligations

- Long-term loans
- Financial leasing
- Other long-term liabilities
- Part of long-term loans with due date in next year (current maturities)
- Part of long-term leasing with due date in next year (current maturities)
- Part of other long-term liabilities with due date in next year (current maturities)
- Short term liabilities (without received advancements, liabilities for gross salaries, liabilities for VAT and income tax.)

Within these categories there are categories defined in details, where monitoring of movements is organized and necessary actions are taken in order to avoid or diminish risks. Summaries of financial instruments, per structure and risks related to management thereof, are given in the Note 37, concurrently for the current and the previous year.

4. SUMMARY OF IMPORTANT ACCOUNTING EVALUATIONS

4.1. Amortisation and amortisation rate

Revision of useful duration is made at the end of business year and correction of amortisation rate is based on that estimation. Considering that this correction does not represent change of accounting policy, there is no backward correction.

4.2. Correction of values of uncollectible receivables

Value correction is booked at cost of income statement for all receivables and investments not collected within period of 60 days after due date and assessed by management as uncollectible. The Company carried out value correction of individual uncollected receivables, which were older than 60 days on 31/12/2013 and which were estimated as uncollectible by Management, in total amount of RSD 1,934,288 thousand. The Summary of receivables older than 60 days is given in Notes 20 and 37 (within the explanation of credit risk).

Collecting of previously corrected receivables is booked in favour of incomes.

During the analysed period corrected receivables for goods, services and default interests from previous years are collected in the amount RSD 18,221 thousand and recorded as revenues of the current period.

Uncollected receivables are written off according to court decision, pursuant to settlement agreement between contractual parties or according to decision of the relevant body of the Company.

The list of changes in correction of value is given in Note No. 22a.

4.3 Litigations

During measurement and recognition of reserving and establishing level of exposure to potential obligation referring to current litigation the management of the Company makes certain assessments. The assessments are necessary for establishment of possibility of negative outcome and determination of amount necessary for payment against final court decision (verdict, court settlement and similar). Due to uncertainty of assessment procedure, real expenses may differ from expenses determined during assessment. Due to that fact the assessments are corrected when the Company reach new information, mainly with support of internal professional sectors or external advisers and therefore on 31/12/2013 reserving was made in the amount of RSD 2,080 thousand at the expense of the Company and the release of reserves amounting to 47,502 thousand in favour of the Company's revenue. The net effect of these changes on the performance of the Company is positive and amounts to 45,422 thousand. The list of reserving changes for litigations in the current year compared with the previous year is presented in Note 28.

4.4. Fair value

Fair value of financial instruments without active trade is determined by application of appropriate estimation methods. Management of the Company makes assessment of risks and in cases when it is estimated that property value from business books will not be realised, it makes correction of value.

4.5 Reconciliation of receivables and indebtedness

The Company makes reconciliation of its receivables and obligation annually, with balance on 10/31 of the current year, or several times during the year for certain clients, if there is a need.

5. BUSINESS REVENUES - ADP 202	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
<i>Revenues from sale of goods and ser. in domestic market</i>		
Revenues from sale of goods in domestic market	3,248	2,582
Passenger service	700,193	873,535
Security fee	215,912	219,251
Landing	83,458	119,729
Aircraft handling *	102,168	131,667
Infrastructure	54,862	74,119
Air-bridges	23	567
Lighting	28,875	23,933
Aircraft abode tax	2,669	2,995
Aircraft de-icing services	16,677	15,320
Commercial usage of apron *	75,356	69,013
Usage of the CUTE system	31,872	32,199
Service on special request *	10,248	9,965
Renting of advertisement space	33,936	57,160
Public services	139,085	140,127
Cargo-custom services	98,471	104,533
DCS services*	45	242
Lost and found services *	0	10
Use of parking	35,621	34,512
Other services *	16,977	16,327
	1,649,696	1,927,786
<i>Revenues from sale of goods and ser. in foreign market</i>		
Revenues from sale of goods-kerosene (re-export) *	700,553	357,482
Passenger service	1,419,806	1,363,464
Security fee	327,951	305,955
Landing	512,856	501,488
Aircraft handling *	613,375	577,993
Infrastructure	318,106	318,876
Air-bridges	117,563	103,238
Lighting	56,787	47,112
Aircraft abode tax	23,914	20,020
Aircraft de-icing services	57,846	66,983
Commercial usage of apron *	83,555	76,838
Usage of the CUTE system	27,116	29,525
Service on special request *	0	169
Renting of advertisement space	2,456	2,698
Public services	30,573	25,714
Cargo-custom services	45,445	44,686
DCS services*	30,829	29,162
Lost and found services *	16,771	21,557
Other services *	43,352	40,075
	4,428,854	3,933,035
Total sale revenues	6,078,550	5,860,821

*revenues from services of Ground Handling Department

Revenues generated by foreign companies registered in the Republic of Serbia as a "branch" are in Note 5 shown as income from sales of goods and services in foreign markets.

5. BUSINESS REVENUES - ADP 202 (continued)

Revenues from sale of goods and services per geographic regions	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Serbia	1,649,696	1,927,786
Germany + Eurojet and European	701,847	681,217
Montenegro	548,555	632,167
Austria	310,676	424,666
Switzerland	323,189	311,735
Russia	265,559	161,627
Turkey	625,640	296,242
France	22,480	144,464
Italy	145,972	161,625
Abu Dhabi	54,444	0
Hungary +Cityline	487,885	378,035
Romania	35,374	37,780
Tunisia	50,702	41,101
Greece+Aegean	50,550	61,489
Norway	84,580	94,525
Poland	42,042	44,497
Dubai	245,379	114,238
Qatar	47,501	5,112
Slovenia+Solin air	60,117	70,512
Other	325,962	272,003
	6,078,550	5,860,821

Revenues from sale of goods and services per buyers	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD.
Air Serbia-Serbia	1,145,905	1,392,156
Deutsche Lufthansa-Germany	604,637	601,145
Montenegro Airlines-Montenegro	548,695	632,167
Branch Austrian Airlines-Austria	304,297	322,415
Swiss Air-Switzerland	323,189	311,735
Turkish Airlines-Turkey	416,274	211,664
Aeroflot-Russia	265,559	161,627
Adria Airways-Slovenia	33,799	43,856
Alitalia-Italy	145,972	161,625
Air France-France	22,480	144,464
German wings-Germany	54,797	61,353
Norwegian-Norway	84,580	94,525
Niki-Austria	6,579	102,251
Wizz Air-Hungary	481,829	369,653
LOT-Poland	42,042	44,497
Pegasus-Turkey	164,121	39,892
Tunis Air-Tunis	50,702	41,101
Fly Dubai-Dubai	245,379	114,238
Branch and Olympic Air-Greece	50,440	61,121

Qatar airways-Qatar	47,501	26,656
Etihad Airways PJSC-Abu Dhabi	54,444	0
NIS AD-Serbia	53,136	50,713
JAT Tehnika-Serbia	33,418	29,999
Parking service-Serbia	28,376	28,775
Alma Quatro*Air Media-Serbia	16,654	27,756
Dufry doo Beograd-Serbia	52,554	54,462
Mondial Bodrum-for consultancy services-Turkey	45,445	44,686
Other domestic buyers- Serbia	319,653	343,925
Other foreign buyers	438,093	342,364
	6,078,550	5,860,821

5 a. REVENUES FROM CONSUMPTION OF OWN PRODUCTS - ADP 203	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Revenues from consumption of own products (self-manufactured furniture)	83	0
	83	0

5 b. OTHER BUSINESS REVENUES - ADP 206	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Revenues from prevention from insurance companies	868	320
Revenues from lease to domestic legal persons	551,980	499,209
Revenues from lease to foreign legal persons	9,043	14,252
	561,891	513,781

5 b. OTHER BUSINESS REVENUES - AOP 206 - cont'd	I-XII 2013	I-XII 2012
Rental income per buyer	in thousand RSD	in thousand RSD
Dufry doo Beograd	431,590	393,985
Air Serbia Ground Service	8,815	8,811
Aviogenex	7,161	7,192
Air Serbia ad	5,779	5,781
Other domestic buyers	98,635	83,460
Foreign buyers	9,043	14,252
	561,023	513,461

6. PURCHASE VALUE OF SOLD GOODS - ADP 208	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Purchase value of sold retail goods	807	650
Purchase value of sold kerosene - re-export	679,359	332,620
	680,166	333,270

7. COSTS OF MATERIALS - ADP 209	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Costs of fixed materials	104,391	178,875
Costs of other materials	67,791	75,884
Costs of fuel	91,220	86,894
Costs of heating oil	38,699	36,817
Costs of electric power	123,516	112,828
	425,617	491,298

8. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EARNINGS - ADP 210	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Gross salaries and salary reimbursements - employees	655,688	600,228
Gross salaries and salary reimbursements - management	32,598	32,312
Taxes and contributions at the cost of employer	123,201	112,954
Costs of reimbursement per service contract and royalties	1,563	931
Costs of reimbursement for youth organizations (gross earnings of temporary employees)	317,773	272,838
Costs of reimburs. for natural persons -cont.on add.work	677	352
Costs of reimbursements for members of BoD, SB and SA	9,902	12,447
Transport of employees	39,100	41,352
Costs of business trips	9,946	9,032
Terminal wages and jubilee bonuses	3,809	4,164
Other personal expenditures	6,514	5,857
	1,200,771	1,092,467

9. COSTS OF AMORTIZATION AND RESERVING - ADP 211	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Costs of amortization	729,133	670,773
Costs of reserving for reimbursements and other benefits	26,204	38,409
Costs of reserving for litigations	2,080	36,000
	757,417	745,182

10. OTHER BUSINESS EXPENDITURES - ADP 212	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Costs of services of employees engaged through OZB	1,072,023	921,533
Costs of forwarding, transport, PTT and inform. check-in services	81,128	74,162
Costs of maintenance services	140,073	185,408
Costs of leasing	26,838	11,261
Costs of advertising and promotion	36,279	29,102
Costs of research	-	4,857
Costs for water, drainage and public services	34,020	31,211
Costs of other production services	47,268	40,238
Costs of occupational health JAT/Air Serbia	13,481	14,942
Costs of cleaning services	54,272	51,829
Costs of other non-production services	57,461	51,029
Costs of representation	12,787	11,096
Costs of insurance	30,104	26,575
Costs of payment system	6,080	5,619
Membership fees	4,919	4,227
Property tax and other reimbursements	75,223	75,853
Other intangible costs	15,209	19,572
	1,707,165	1,558,514

In the course of 2013 for provision of the services by OZB Commerce Ltd. Belgrade, there were engaged in an average 759 employees (during 2012 there was an average of 661 employees engaged).

11. FINANCIAL REVENUES - ADP 215	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Revenues from interest	95,022	126,098
Revenues from realized exchange rate differences	68,613	361,008
Revenues from non-realized exchange rate differences	1,201	9,389
Revenues from effects of contracted currency clause-realized	990	32
Revenues from effects of contr. currency. clause-non-real.	1,635	-
	167,461	496,527
12. FINANCIAL EXPENDITURES - ADP 216	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Expenditures from interest	54,111	72,051
Negative exchange rate differences-realized	73,111	107,465
Negative exchange rate differences - non-realized	11,790	101,811
Expend. from effects of contracted currency clause-realized	545	6,958
Expend. from effects of contracted currency clause-non-realized	98	13,778
	139,655	302,063
13. OTHER REVENUES - ADP 217	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Revenues from sale of equipment and materials	2,015	5,249
Revenues of collected, corrected receivables from buyers	18,221	191,976
Revenues of collected, corrected receivables from Gold Bank	1,335	-
Revenues from cancel. of reser. for litigations & emp. benefits	47,502	24,570
Revenues from indemnity from legal and natural persons	7,877	3,104
Revenues from value reconciliation of investment property	170	6,319
Revenues from charged corrected receivables for housing loans	2,607	2,234
Effects of contracted risk protection-reval. of housing loans	2,509	9,482
Revenues from value correction of housing loans-assess.	2,720	97,693
Revenues from cancellation of IV housing loans due to transfer to currency clause	3,324	53,887
Other non-mentioned revenues	9,121	5,858
	97,401	400,372
14. OTHER EXPENDITURES - ADP 218	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Loss from sale of equipment	1,602	161
Costs from disclosed deficits	157	154
Expenditures from direct write-off of receivable	45	114
Expenses for humanitarian, religion and scientific purposes	20,786	18,443
Other non-mentioned expenditures	9,858	14,384
Cancellation of receivables for housing loans due to transfer to currency clause	5,334	70,202
Impairment of receivables for housing loans - assessment	687	211
Costs from value correction of receivables for services and interest	1,934,288	1,715,732
Other expenditures from devaluation	463	142
	1,973,220	1,819,543

In 2013, Management of the Company after the evaluation of collectability of receivables made a decision to correct receivables from buyers in the amount of RSD 1,934,288 thousand (2012: 1,715,732 thousand), where the major part of the correction in the amount of RSD 1,927, 331 thousand relates to buyer Air Serbia ad Belgrade.

15. PROFIT TAX - ADP 225, 226 and 227		
a) Components of profit tax	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Period tax expenditure ADP 225	8,736	56,116
Deferred period tax expenditure ADP 226	145,391	-
Deferred period tax revenue ADP 227	-	3,566
	5,170	201,507

b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Profit before tax	21,375	929,164
Profit tax calculated at rate of 10%	92,916	166,725
Tax effect of expenditures not acknowledged in tax balance	19,314	12,967
Tax credit for investment in fixed assets of the current period	(56,115)	(89,846)
Tax credit for investment in fixed assets of the previous years	-	-
Other	-	-
	8,736	56,116

c) Realized, non-utilized and non-recognized tax credit (TC)				
Year of origination of tax credit	Year of expiry	Amount of transfer, TC	Utilized TC	in thousand RSD Outstanding transferred TC
2003	2013	64,510	8,332	56,178
2004	2014	121,717	-	121,717
2005	2015	106,634	-	106,634
2006	2016	161,173	1,709	159,464
2007	2017	34,140	986	33,154
2008	2018	58,616	953	57,663
2012	2022	156,179	-	156,179
2013	2023	194,539	4,303	190,236
Balance of tax credit (TC)		897,608	16,283	881,225

16. PROFIT PER SHARE - ADP 233		
	I-XII 2013	I-XII 2012
	in thousand RSD	in thousand RSD
Net profit for owners in RSD thousand	16,205	727,657
Average weighted number of shares	34,289,350	34,289,350
Basic profit per share in RSD	0.47	21.22

17. PROPERTIES, PLANTS, EQUIPMENT AND INTANGIBLE PROPERTY -ADP 004,006,007,008										in RSD thousand	
DESCRIPTION	Land	Constructing facilities	Equipment	Current investm. and advancements	Total ADP 006	Investment property ADP 007	Livestock unit ADP 008	Intangible investments ADP 004			
Purchase value											
Initial balance 01/01/2013	9,034,813	10,403,813	2,793,873	772,466	23,004,955	20,794	350			32,543	
Correction of initial balance based on assessment											
Balance after correction 01/01/2013	9,034,813	10,403,813	2,793,873	772,466	23,004,955	20,794	350			32,543	
Purchase during the year	-	-	-	1,106,743	1,106,743	-	-	-	-	4,592	
Transfer from current investments	-	-	632,456	(632,456)	-	-	-	-	-	-	
Alienation, disbursement and sale	-	(288)	(9,548)	-	(9,836)	-	(84)	-	-	-	
Other	-	-	-	5,772	5,772	170	-	-	-	-	
Final balance 31/12/2013	9,034,813	10,403,525	3,416,781	1,252,525	24,187,544	20,964	266			37,235	
Value correction											
Initial balance 01/01/2013	-	1,959,118	824,127	12,691	2,005,936	-	-	-	-	24,920	
Correction of initial balance based on assessment											
Balance after correction 01/01/2013	-	1,959,118	824,127	12,691	2,005,936	-	-	-	-	24,920	
Amortization in current year	-	360,872	335,224	-	726,096	-	-	-	-	3,837	
Alienation, disbursement and sale	-	(128)	(8,034)	-	(8,162)	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Final balance 31/12/2013	-	1,559,862	1,151,327	12,691	2,723,880	-	-			27,957	
Net current value 31/12/2013	9,034,813	8,843,663	2,265,454	1,239,834	21,383,754	20,964	266			9,278	
Net current value 31/12/2012											
Investments in progress and advances on 31.12.2013 in amount of RSD 1,239,834 thousand mainly relate to the reconstruction and expansion of finger halls A and C in amount of RSD 608,908 thousand, reconstruction of apron C in the amount of RSD 254,582 thousand, rehabilitation of roadway in amount of RSD 96,200 thousand, construction of transformer station T1 in amount of RSD 81,819 thousand and the	9,034,813	9,234,695	1,969,745	799,775	20,999,829	20,794	350			7,723	

Renovation and construction of a system room with technical block in amount of RSD 46,919 thousand.

18. PARTICIPATION IN CAPITAL - ADP 010	31.12.2013	31.12.2012
	thousand RSD	thousand RSD
<i>Participation in bank capital</i>		
Privredna banka ad Beograd	392	101
<i>Minus: Correct. Of val. Of particip. In cap. of banks in bankruptcy</i>	(392)	-
	-	101
<i>Participation in capital banks in liquidation</i>		
Union banka AD Beograd- in liquidation	667	667
Beogradska banka AD Beograd-in liquidation	18,988	18,988
Beobanka AD Beograd-in liquidation	38	38
	19,693	19,693
Minus: Correct. Of val. Of particip. In cap. of banks in liquidation	(19,693)	(19,693)
	-	-
<i>Participation in capital of other foreign legal entities</i>		
Mondijal-Bodrum -Turkey	358,598	358,598
Societe International de Telecommunications Aeronautiques Swisse (SITA)	3	2
Minus: Correct. of val. of particip. in cap. of Mondijal Bodrum-Turkey	(358,598)	(358,598)
	3	2
	3	103

Due to start of bankruptcy proceedings against Privredna Banka ad Beograd, the Company has estimated that on 31.12.2013, there has been an impairment of securities – share in capital of Privredna banka Beograd, due to which it has made the elimination of accumulated unrealized losses on these securities available for sale, at the burden of the income statement for 2013.

18.a. OTHER LONG-TERM FINANS.INVEST-ADP 011	31.12.2013	31.12.2012
	thousand RSD	thousand RSD
Resources for membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	4,985	4,413
Long-term time deposits	-	4,088
Long-term loans given to employees	337,550	353,063
Receivables from sold social flats	1,321	1,381
Receivables for repurchase of solidarity flats	3,475	3,824
	347,331	366,769
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	(442)	(348)
Current maturities of long-term time deposits	-	(4,088)
Current maturities of long-term loans given to employees	(17,851)	(16,523)
Balancing of long-term loans given to employees to fair values	(169,327)	(177,079)
	159,711	168,731

Long-term loans to employees stated on 31.12.2013 in the amount of RSD 342,346 thousand (including the current dues amounting to RSD 17,851 thousand and the effect of fair value in the amount of RSD 169,327 thousand) relate to approved loans to employees for meeting the housing needs for a period of 20-40 years.

19. STOCKS AND GIVEN LOANS - ADP 013	31.12.2013	31.12.2012
	thousand RSD	thousand RSD
Basic materials	90,011	89,691
Spare parts	5,898	6,919
Tools and small inventory	2,586	5,642
Goods in warehouse	33,639	54,036
Goods in retail trade	43	36
Given advancements	8,470	3,790
Correction of values of stock materials and spare parts	(62)	(100)
	140,585	160,014

20. RECEIVABLES, ADP 016	31.12.2013	31.12.2012
	thousand RSD	thousand RSD
Receivables from buyers in the country	4,714,148	3,380,099
Receivables from buyers abroad	423,705	407,133
Receivables from buyer in the country for default interest	36,718	22,046
Receivables from banks for time and a vista funds	6,758	25,013
Receivables from employees	1,836	1,367
Other receivables	6,301	4,174
Total receivables-gross	5,189,466	3,839,832
Value corr. of receivables from buyers in the country from prev. years	(2,343,899)	(644,605)
Value correction of receivables from buyers in the country from current period	(1,911,915)	(1,713,472)
Value corr. of receivables from foreign buyers from previous years	(9,171)	(11,501)
Exchange rate differences for value corr. foreign buyers prev. years	29	(945)
Value corr. of receiv. from foreign buyers from current period	(5,703)	(804)
Value corr. of receivables from buyers for default interests prev. years	(18,496)	(17,906)
Value corr. of receivables from buyers for default interests current per	(16,670)	(1,456)
Correction of values of other receivables	(2,427)	(2,427)
Total correction of values - devaluation	(4,308,052)	(2,393,116)
Net receivables (receivables corrected for value corrections)	881,414	1,446,716

Receivables on 31.12.2013 in the amount of RSD 5,189,466 thousand include receivables from domestic and foreign customers for goods, services, interest and other receivables, of which the largest amount relates to receivables from Air Serbia ad Beograd and for services and default interest in the amount of RSD 4,310,952 thousand.

The total value correction of receivables as of 31.12.2013 in the amount of RSD 4,308,052 thousand relates to:

- o Value correction of receivables from previous years amounting to RSD 2,373,764 thousand, of which RSD 2,118,124 thousand relates to Air Serbia ad Beograd,
- o Value correction of receivables in the current year in the amount of RSD 1,934,288 thousand, of which RSD 1,927,331 thousand relates to Air Serbia ad Beograd.

21. SHORT-TERM FINANCIAL INVESTMENTS ADP 018	31.12.2013	31.12.2012
	thousand RSD	thousand RSD
Short-term loans given to employees	37,200	36,246
Short-term time deposits	483,005	1,639,674
Current maturities of long-term time deposits	-	4,088
Current maturities of long-term loans given to employees	17,851	16,523
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	442	348
Short-term loans - gross	538,498	1,696,879
Balancing of loans given to employees to fair values	(326)	(539)
Net short-term loans (corrected for value correction)	538,172	1,696,340
<i>Display of short-term time deposits from banks</i>	31.12.2013	31.12.2012
	thousand RSD	thousand RSD
Komercijalna banka a.d, Belgrade	-	1,432,851
Hypo Alpe Adria banka a.d, Belgrade	133,005	206,823
UniCreditbank a.d., Belgrade	150,000	-
Piraeus banka a.d, Belgrade	200,000	-
	483,005	1,639,674

Short-term deposits as of 31.12.2013 are shown in the amount of RSD 483,005 thousand relating to foreign currency and dinar deposits, not to exceed six months, that after the expiry are re-deposited in domestic banks at an interest rate of foreign currency deposits in the range of 2.5 to 2.9 %, and the RSD deposits in the range of 9.13 -10%.

22. CASH AND CASH EQUIVALENTS - ADP 019	31.12.2013	31.12.2012
	thousand RSD	thousand RSD
Current account - RSD	33,288	68,217
Current account - foreign currency	859,667	145,445
Foreign currency GOLD BANKA (in liquidation) (bankruptcy proceeding compl.)	-	58,012
Treasury	218	43
Other funds	3,605	678
Total cash - gross	896,778	272,395
Correction of value of foreign currency funds GOLD BANK	-	(58,012)
Net cash (Cash corrected for value correction)	896,778	214,383

In the course of 2013 bankruptcy of Gold Bank was completed. The current account of AD airport Nikola Tesla was credited for an amount of RSD 1,335 thousand from the liquidation proceeds of Gold Bank, which was posted to the income statement of the Company. Receivables from Gold Bank in 2013 are written off from the records of the Company, at the expense of previously recorded value correction of receivables of foreign funds from Gold Bank.

22a CHANGES ON VALUE CORRECTION until 31/12/2013		in RSD thousand				
	Cash and cash equivalents (Note 22)	Long-term financial investments (Note 18)	Stock materials and spare parts (Note 19)	Receivables from buyers (Note 20)	Short-term financial investments (Note 21)	Total
Initial balance 01/01/2012	53,559	329,130	265	871,959	2,091	1,257,024
Correction at cost of current period	-	-	-	1,715,732	-	1,715,732
Devaluation of long-term financial investments and securities	-	-	-	-	-	-
Charged, corrected receivables	-	(867)	-	(191,976)	(1,367)	(194,210)
Value reconciliation	-	(97,582)	-	-	100	(97,482)
Write-off	-	(53,602)	-	(3,514)	(285)	(57,401)
Exchange rate differences	4,453	-	-	945	-	5,398
Other	-	-	(185)	(30)	-	(215)
Final balance 31/12/2012	58,012	177,079	100	2,393,116	539	2,628,846
Correction at cost of current period	-	-	-	1,934,268	-	1,934,268
Devaluation of long-term financial investments and securities	-	-	-	-	-	-
Charged, corrected receivables	(1,335)	(2,245)	-	(18,221)	(362)	(22,163)
Value reconciliation	-	(2,195)	-	-	161	(2,034)
Write-off	(56,643)	(3,312)	-	(978)	(12)	(60,945)
Exchange rate differences	(34)	-	-	29	-	(5)
Other	-	-	(38)	(182)	-	(220)
Final balance 31/12/2013	-	169,327	62	4,308,052	326	4,477,767

23. VAT AND PREPAYMENTS AND ACCRUED INCOME ADP 020	31.12.2013	31.12.2012
	in thousand RSD	in thousand RSD
Deferred VAT + overpaid VAT	22,149	51,437
Costs of insurance paid in advance for 2014	12,622	12,687
Other costs paid in advance for 2014	11,503	1,220
Accrued revenues related to 2013	7,699	1,442
Reimbursement for constructing land Phases 3 and 4	0	106,662
	53,973	173,448

24. SHARE CAPITAL - ADP 102			
<i>Share capital 01/25/2011(transition to open joint-stock company)</i>	Value in RSD thousand	Number of shares	% of participation
Republic of Serbia	17,107,193	28,511,988	83.15%
Employee and ex-employee of the Company	574,004	956,673	2.79%
Citizens of Republic of Serbia	2,892,413	4,820,689	14.06%
	20,573,610	34,289,350	100.00%

<i>Share capital 31/12/2012</i>	Value in RSD thousand	Number of shares	% of participation
Republic of Serbia	17,089,037	28,481,728	83.06%
Domestic natural persons	2,289,446	3,815,744	11.13%
Domestic legal entities	150,958	251,596	0.73%
Foreign natural persons	5,131	8,551	0.02%
Foreign legal entities	291,282	485,470	1.42%
Custody entities	747,757	1,246,261	3.63%
	20,573,610	34,289,350	100.00%

<i>Share capital 31.12.2013</i>	Value in RSD thousand	Number of shares	% of participation
Republic of Serbia	17,089,007	28,481,679	83.06%
Domestic natural persons	2,177,793	3,629,655	10.59%
Domestic legal entities	132,967	221,612	0.65%
Foreign natural persons	8,789	14,648	0.04%
Foreign legal entities	513,208	855,346	2.49%
Custody entities	651,846	1,086,410	3.17%
	20,573,610	34,289,350	100.00%

25. RESERVES ADP 104	31.12.2013	31.12.2012
	thousand RSD	thousand RSD
Legal reserves	0	0
Statutory reserves	1,529,339	1,297,787
	1,529,339	1,297,787

26. NON-REALISED LOSSES FROM SECURITIES ADP 107	31.12.2013	31.12.2012
	In thousand RSD	In thousand RSD
Initial balance on 01/01	291	260
Increase due to decrease of fair value (shares in Privredna banka Beograd)	0	31
Reduction for impairment of securities	-291	0
	<u>-</u>	<u>291</u>

27. NON-DISTRIBUTED PROFIT - ADP 108	31.12.2013	31.12.2012
	In thousand RSD	In thousand RSD
Initial balance on 01/01	727,657	1,580,293
Part of the profit distributed to the Establisher (dividend), under Decision of the Shareholders Assembly on profit distribution for 2012 (the Decision no. 21-13/1 of 27/06/2013)	(363,997)	(820,281)
Part of the profit distributed to the OTHER SHAREHOLDERS (dividend), under Decision of the Shareholders Assembly on profit distribution for 2012 (the Decision no. 21-13/1 of 27/06/2013)	(74,221)	(167,252)
Part of the profit distributed for reserves of the Company, under Decision of the Shareholders Assembly on profit distribution for 2012 (the Decision no. 21-13/1 of 27/06/2013)	(231,551)	(536,432)
Part of the profit distributed for participation of employees, under Decision of the Shareholders Assembly on profit distribution for 2012 (the Decision no. 21-13/1 of 27/06/2013)	(57,888)	(56,328)
Profit from current operations	16,205	727,657
Total balance at the end of the considered period	<u>16,205</u>	<u>727,657</u>

28. LONG-TERM RESERVES ADP 112	31.12.2013	31.12.2012
	In thousand RSD	In thousand RSD
Reserves for terminal pays for employees	48,501	39,167
Reserves for jubilee bonuses	66,217	55,842
Reserves for litigations	61,936	116,699
	<u>176,654</u>	<u>211,708</u>

Changes on reserves	In thousand RSD			
	Terminal wages	Jubilee bonuses	Litigations	Total
Balance on 01/01/2012	36,102	24,654	107,118	167,874
Reserves during the year	4,771	33,638	36,000	74,409
Cancellation during the year	-31	-120	-24,419	-24,570
Pay off during the year	(1,675)	(2,330)	(2,000)	(6,005)
Balance on 31/12/2012	<u>39,167</u>	<u>55,842</u>	<u>116,699</u>	<u>211,708</u>
Balance on 01/01/2013	39,167	55,842	116,699	211,708
Reserves during the period I-XII 2013	10,660	15,544	2,080	28,284
Cancellation during the year	-	-	(47,502)	(47,502)
Pay off during the year	(1,326)	(5,169)	(9,341)	(15,836)
Balance on 31/12/2013	<u>48,501</u>	<u>66,217</u>	<u>61,936</u>	<u>176,654</u>

29. LONG-TERM LOANS ADP 114	31.12.2013	31.12.2012
	In thousand RSD	In thousand RSD
In the country	0	4,100
Abroad	1,033,947	1,120,405
Current maturities	(95,559)	(98,889)
	938,388	1,025,616

<i>Receivables from long-term loans</i>	Principal		Non-booked	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RSD thousand	in RSD thousand	in RSD thousand	in RSD thousand
up to one year	95,559	98,889	44,969	48,933
from one year up to two years	95,559	94,789	40,659	44,607
from two years up to three years	95,559	94,789	36,349	40,331
from three years up to four years	95,559	94,789	32,038	36,056
from four years up to five years	95,559	94,789	27,728	31,780
from five years up to ten years	455,539	473,945	68,647	94,769
over ten years	100,613	172,515	10,744	11,487
	1,033,947	1,124,505	261,134	307,963

	Annual interest rate	Due date	Outstanding amount 31/12/2013 (EUR)	31/12/2013 in RSD thousand	31/12/2012 in RSD thousand
a) Long-term loans in the country					
Piraeus banka a.d, Belgrade	4.50%	26/05/2013	0	0	4,100
a) Long-term loans abroad					
European Investment Bank	4,07-5,16%	2025	8,991,935	1,033,947	1,120,405
Total long-term loans (a+b)			8,991,935	1,033,947	1,124,505
Current maturities of long-term loans:					
a) In country			0	-	(4,100)
b) Abroad				(95,559)	(94,789)
Total current receivables of long-term loans (a+b):				(95,559)	(98,889)
				938,388	1,025,616

Long-term loans abroad on 31.12.2013 in the amount of RSD 1,033,947 thousand (€ 8,991,935), relate to the remaining obligations under the Agreement on financing of the project Emergency Road Repair concluded on 13.12.2001 between EIB and the Republic of Serbia. By the said Agreement, the Company was granted a loan of € 13 million for investment and rehabilitation of airport infrastructure. The loan was granted with repayment until 2025, with an interest rate of 5.16% for the first tranche of 3.000.000,00 Euros, 4.85% for the second tranche of 3.000.000,00 EUR and 4,07% for the third tranche of 7.000.000,00 euros. The repayment of the first tranche of the loan shall be made in 31 equal semi-annual instalments starting from 05.12.2007, the second tranche is repayable in 30 equal semi-annual instalments starting from 20.02.2009, while the third tranche began to be repaid from 20.06.2010 in 32 equal semi-annual instalments.

30. OTHER LONG-T. LIABIL, ADP 115	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
Liabilities from financial leasing	29,809	120,118
Other long-term liabilities (reimbur. for construction land-Phase 3 and 4)	-	106,662
	29,809	226,780
Current maturities of other long term liabilities	(29,809)	(123,933)
	-	102,847

Other long-term liabilities in the amount of RSD 106,662 thousand are fully booked out, because the contract with the Agency for Building Land and Construction of Belgrade was terminated, as the Company has abandoned the project of construction of the phase III and IV of finger halls A and C (reconstruction and extension of airport T-2)

<i>Liabilities from financial leasing</i>	sum of minimal leasing installments		current value of minimal leasing installments	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<i>Due on</i>	in RSD thousand	in RSD thousand	in RSD thousand	in RSD thousand
-				
up to one year	30,056	97,106	29,809	90,006
from one year up to three years	-	30,796	-	30,112
	30,056	127,902	29,809	120,118
Future costs of financing - interests	(247)	(7,784)		
Current value of min. leasing installments	29,809	120,118	29,809	120,118
Current maturities of financial leasing			(29,809)	(90,006)
			0	30,112

Obligations under finance leases reported as of 31/12/2013 in the amount of RSD 29,809 thousand as a whole applies to the remaining liabilities toward Hypo Alpe Adria Leasing, related to the procurement of special airport equipment. The above obligation will be settled in full by the end of 2014.

31. SHORT-TERM FINANCIAL LIABILITIES - ADP 117	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
<i>Current maturity</i>		
Long-term loans	95,559	98,889
<i>Other long-term liabilities</i>	29,809	123,933
	125,368	222,822

32. BUSINESS LIABILITIES - ADP 119	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
<i>Received advance payments</i>	36,769	35,657
Suppliers in country	152,855	157,912
<i>Suppliers abroad</i>	127,078	47,362
Other operating liabilities	2,835	6,314
	319,537	247,245

33. OTHER BUSINESS LIABILITIES - ADP 120	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
<i>Liabilities for salaries</i>	239	278
Liabilities for interests	-	-
<i>Liabilities for dividend-net</i>	-	-
Liabilities for participation in profit-net	3	3
<i>Other short-term liabilities</i>	2,398	2,036
	2,640	3,217

34. LIABILITIES FOR VAT, OTHER PUBL. EXPENDITURES AND ACCRUED COSTS AND DEFERRED REVENUES ADP 121	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
<i>Liabilities for VAT</i>	6,691	-
Liabilities for customs and other duties	860	791
<i>Calculated costs</i>	37,743	31,503
Calculated revenues of future periods	14,920	24,791
<i>Other accrued costs and deferred revenues</i>	941	3,178
Taxes, contributions and other duties	805	1,965
	61,960	62,228

35. OFF-BALANCE REGISTER ADP 125	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
Received blank bills - pieces	1,313	1,169
Given blank bills - pieces	182	174
Received guarantees - RSD	199,056	200,406
Received guarantees – foreign currency	362,592	279,200
Given guarantees - RSD	4,500	4,500
Given guarantees – foreign currency	0	0
Solidarity funds from employees' salaries	612	597
Total off-balance assets and liabilities	566,762	484,704

36. DEFERRED TAX LIABILITIES-ADP 123		
	<u>31.12.2013</u>	<u>31.12.2012</u>
	in RSD thousand	in RSD thousand
Current accounting value of fixed property on balance date	11,139,624	11,230,203
Current value of fixed property for taxing purposes on balance date	8,233,112	8,298,506
Difference between accounting and tax current value of fixed property	2,906,512	2,931,697
PERMANENT DIFFERENCE - for equipment below average gross value on balance date	759	1,379
Temporary difference on balance date	2,905,753	2,930,318
Deferred tax liability on balance date (15% of temporary differences)	435,863	439,548
Deferred tax liability (15% of security)	0	0
Balance of the account 498000 before booking	439,429	294,038
Difference for accounting on deferred tax liabilities	-3,566	145,510
Difference for the booking on deferred tax liabilities	0	0
Deferred tax liabilities, booked on result increase/decrease	-3,566	145,510
Deferred tax resources based on estimation of utilization of tax loan-result increase	0	0
Deferred tax resources based on reserves for terminal wages-result increase	0	0
Deferred tax resources based on unpaid taxes	0	119
	3,566	-145,391
Balance of deferred tax liabilities after set off with tax resources	435,863	439,429

37 FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Categories of financial instruments

In thousand RSD

Financial resources	31.12.2013		31.12.2012		net amount
	total	correction of value	total	correction of value	
1 Long-term financial investments	797,724	(548,018)	724,204	(555,370)	168,834
-Long-term time deposits	4,543	-	4,065	-	4,065
-Participation in bank capital	20,065	(20,065)	19,794	(19,693)	101
-Participation in capital of foreign legal entities	358,601	(358,598)	358,600	(358,598)	2
-Long-term housing loans given to employees	324,495	(169,327)	341,745	(177,079)	164,666
2 Receivables disclosed at nominal value	5,727,964	(4,308,378)	5,536,711	(2,393,655)	3,143,056
-Receivables from buyers	5,137,853	(4,270,459)	3,787,232	(2,371,327)	1,415,905
-Short-term financial investments	538,498	(326)	1,696,879	(539)	1,696,340
-Other receivables	51,613	(37,593)	52,600	(21,769)	30,831
3 Cash and cash equivalents	896,778	-	272,395	(58,012)	214,383
	7,332,466	(4,856,388)	6,533,310	(3,007,037)	3,526,273
Financial obligations					
1 -Long-term loans	938,388	0	938,388	1,025,516	1,025,516
2 -Financial leasing- long-term part	-	-	0	30,112	30,112
3 -Other long-t. liabilities-Direction for constructing land	0	0	0	72,735	72,735
4 -Current maturities of long-t. loans	95,559	-	95,559	98,889	98,889
5 -Current maturities of long-t. financial leasing	29,809	0	29,809	90,006	90,006
6 -Current maturities of other long-t. liabilities	-	-	0	33,927	33,927
7 -Short-term liabilities	282,768	-	282,768	211,587	211,587
	1,346,524	-	1,346,524	1,562,872	1,562,872

Basic financial instruments of the Company are cash and cash equivalents, accounts receivables, financial investments arising directly from the Company's business, as well as long-term borrowings, accounts payable to suppliers or other liabilities mainly intended to finance current operations. In the normal course of business, the Company is exposed to financial risks (market risk, credit risk and liquidity risk).

Financial risk management objectives

I MARKET RISK

In analysis of market impact on financial instrument, the Company observes risk of exchange rate change (currency risk), interest rate change risk and risk of price change.

a) Currency risk

The Company is exposed to foreign currency risk primarily through cash and cash equivalents, accounts receivable, liabilities from long-term loans, financial leases and liabilities to foreign suppliers.

Accounting values of financial resources and obligations in RSD thousand, disclosed in foreign currency on date of reporting in the Company are the following:

	in RSD thousand					
	Total assets				Total liabilities	
	31.12.2013		31.12.2012		31.12.2013	31.12.2012
	gross	net	gross	net		
EUR	1,287,382	1,102,884	2,153,412	2,029,294	1,153,769	1,266,921
USD	351,849	351,849	292,945	283,149	37,075	25,064
CHF	296	296	296	296	0	0
GBP	9	9	26	26	0	0
RSD counter value of assets and liabilities disclosed in currency -total	1,639,536	1,455,038	2,446,679	2,312,765	1,190,834	1,291,985
Value of assets and liabilities disclosed in RSD	5,692,930	1,021,040	4,086,631	1,213,508	155,690	270,887
Total	7,332,466	2,476,078	6,533,310	3,526,273	1,346,524	1,562,872

By the analysis of the currency structure of financial assets and liabilities as of 31.12.2013, along with the balance as of 31/12/2012, it can be concluded that the funds contracted currency clause indexed higher than the contracted financial obligations in foreign currencies. Financial liabilities contracted in foreign currency are generally of long-term nature, whence it follows that the Company does not operate with a high currency risk.

The Company is sensitive mainly to changes in the exchange rate of the euro (EUR) and U.S. dollar (USD).

The following table presents a sensitivity analysis of the Company to increase and decrease in RSD rate of 10%, in comparison to the foreign currency. The sensitivity analysis includes only outstanding receivables and liabilities in foreign currency and shows their change of 10% at the end of the reporting period in exchange rates. A positive number in the table indicates an increase in the current period when RSD strengthens against the currency in question. In the case of weakening of RSD by 10% compared to the foreign currency, the effect on the current period would be negative.

		in RSD thousand							
		31.12.2013							
		EUR effect		USD effect		CHF effect		GBP effect	
		10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit /		13,362		31,477		30		1	
loss			-13,362		-31,477		-30		-1

		in RSD thousand							
		31.12.2012							
		EUR effect		USD effect		CHF effect		GBP effect	
		10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit /		88,649		25,809		30		3	
loss			-88,649		-25,809		-30		-3

b) Risk of interest rate change

The Company is exposed to interest rate risk on assets and liabilities with floating interest rate.

The risk of changes in interest rates on the Company does not represent a significant risk, because the categories of financial instruments that have contractual interest are generally defined with fixed interest rate.

Variable interest rates are contracted in financial leasing.

Changes in interest rates would not materially affect the revenues and expenditures of the Company, or cash flows as a share of liabilities with a variable interest rate is insignificant in the total contractual obligations. Total remaining interest payable on financial leasing in the amount of RSD 247 thousand, are due by the end of 2014. (Note no. 30)

Financial instruments classified by categories of interest and non-interest resources are disclosed in the following summary:

Resources and obligations on interest/non-interest criteria

Financial resources-net	31.12.2013			31.12.2012			thousand RSD
	total	corr. of value	net amount	total	corr. of value	net amount	
No interest							
Participation in capital of other legal entities	378,686	(378,683)	3	378,394	(378,291)	103	
receivables from buyers	5,137,853	(4,270,459)	867,394	3,787,232	(2,371,327)	1,415,905	
other receivables	51,813	(37,593)	14,020	52,600	(21,789)	30,811	
short-term financial investments	37,200	0	37,200	36,246	0	36,246	
cash and cash equivalents	896,778	-	896,778	272,395	(58,012)	214,383	
No interest Total	6,502,130	(4,686,735)	1,815,395	4,526,867	(2,829,419)	1,697,448	
Fixed interest rate							
Long-term financial investments	329,038	(169,327)	159,711	345,810	(177,079)	168,731	
short-term financial investments	501,298	(326)	500,972	1,660,633	(539)	1,660,094	
Fixed Total	830,336	(169,653)	660,683	2,006,443	(177,618)	1,828,825	
	7,332,466	(4,856,388)	2,476,078	6,533,310	(3,007,037)	3,526,273	
Financial obligations							
No interest							
Operating liabilities	282,768	0	282,768	211,587	0	211,587	
No interest total	282,768	0	282,768	211,587	0	211,587	
Fixed interest rate							
Long term loans	938,388	0	938,388	1,025,616	0	1,025,616	
Current maturity long term obligations	95,559	0	95,559	98,889	0	98,889	
Fixed total	1,033,947	0	1,033,947	1,124,505	0	1,124,505	
Variable interest rate							
Other long term fin. liabilities	0	0	0	102,847	0	102,847	
Current maturity long term obligations	29,809	0	29,809	123,933	0	123,933	
Variable total	29,809	0	29,809	226,780	0	226,780	
	1,346,524	0	1,346,524	1,562,872	0	1,562,872	

c) Risk of price change

The Company estimates that there is no risk of price change, because financial instruments of the Company are not subject to price change on the market.

The Company in very little extent deals with securities, subject to price change in exchange market. Furthermore, the Company has no turnover of goods subject to price change. The greatest item in traffic of goods is kerosene traffic with transit goods treatment.

II CREDIT RISK

The Company estimates that the greatest of the risks affecting financial instruments is credit risk, representing the risk that debtors will not be in position to settle their debts in full and in due time, which would result in the financial loss for the Company.

Company has huge receivables of domestic and foreign buyers on 31.12.2013 (RSD 5,137,853 thousand), and the credit risk permanently exists. In order to decrease this risk the Company regularly monitors charging, analyses charging value realised in due period, charging after due date and uncollected receivables.

Higher percentage of individual share in total receivables can represent higher credit risk especially if the buyer has unstable liquidity and if due to that reason contracted payment term exceeds.

Receivables from domestic buyers for goods and services on 31.12.2013 in the amount of 4,714,148 thousand RSD, participate with 91.75% in total receivables from buyers for goods and services and mostly refer to receivables from Air Serbia, which amount to 4,277,027 thousand RSD, which makes 90.73% of total uncollected receivables from domestic buyers. Considerable participation in uncollected receivables from domestic buyers has also Jat Tehnika with 4.14% or 195.022 thousand RSD, which together makes 94.86% of totally uncollected receivables from domestic buyers.

Receivables from foreign buyers for goods and services in the amount of 423,705 thousand RSD, which makes 8.25% of total receivables from buyers for goods and services.

Increase in balance of receivables from domestic buyers on 31/12/2013 by 39.47% in comparison to the balance on 31/12/2012, indicates increase in credit risk, as most of the increase and largest part of receivables refer to one buyer (Air Serbia).

Matured receivables from domestic and foreign buyers for goods and services on 31.12.2013, due over 60 days are amounting to RSD 4,329,215 thousand (and on 31.12.2012 it was RSD 3,007,422 thousand); 98.64% or RSD 4,270,459 thousand is corrected and receivables amounting to RSD 58,756 thousand or 1.36% are not corrected, as it was estimated for them that they would be collected. Amount of RSD 2,352,841 thousand is corrected at the cost of the result of the Company for previous years, and RSD 1,917,618 thousand at the cost of the Company's result of the current 2013). The highest share in due corrected receivables for goods and services, in the amount of RSD 4,011,530 thousand or 93.94% is that of Air Serbia.

Part of the receivables for goods and services, corrected in the previous years (at the cost of the result of previous years), and insignificantly collected in 2013 in the amount of 18,221 thousand RSD was recorded in favour of the result for the company for 2013. Stated refers to collected corrected receivables from Air Serbia in the amount of 14,147 thousand RSD, to collected corrected receivables from JAT Tehnika in the amount of 227 thousand RSD, and 4,547 thousand RSD to collected and corrected receivables from other buyers.

Summary of receivables and value corrections from current and earlier years, per buyers of goods and services, (for accounts 202 and 203), on 31/12/2013 concurrently with balance on 31/12/2012, with account of corrected receivables in the period from 01/01/ to 31/12/2013 is given in the following table.

Summary of receivables and value corrections per buyers, for accounts 202 and 203, on 31/12/2013 concurrently with balance on 31/12/2012, with account of corrected receivables in the period from 01/01/ to 31/12/2013

No.	Buyer's name	31/12/2013					31/12/2012				
		Receivables per buyers in RSD thousand	% Share in total receiv.	Value correction from prev. years	Value correction from comm. period	Value correction tot. corr. value	Receivables per buyers in RSD thousand	% Share in total receiv.	Value correction in RSD thousand	Changing of dispatable receivables in period I-XII 2013	
1	Air Serbia	4,277,027	83.25	2,100,641	1,910,866	4,011,530	2,974,126	78.53	2,114,768	14,147	
2	Jat Tehnika d.o.o.	156,022	3.80	148,846	0	148,846	158,275	4.18	149,073	227	
3	International CG	41,452	0.81	41,452	0	41,452	41,452	1.09	41,452	0	
4	Jat-Katering d.o.o.	29,428	0.57	29,173	0	29,173	28,871	0.76	28,586	0	
5	Montenegro Airlines	35,962	0.70	0	0	0	75,527	1.99	0	0	
6	Alitalia	13,078	0.25	0	0	0	18,157	0.48	0	0	
7	Wizz Air	75,744	1.47	0	0	0	58,118	1.53	0	0	
8	Fly Dubai	35,885	0.70	0	0	0	38,848	1.00	0	0	
9	Deutsche Lufthansa	50,449	0.98	22	0	22	32,894	0.87	22	0	
10	Branch of Austrian Airlines	25,442	0.50	0	0	0	29,142	0.77	0	0	
11	Swiss Air	25,186	0.49	0	0	0	27,561	0.73	0	0	
12	Turkish Airlines	47,018	0.92	0	0	0	21,848	0.56	0	0	
13	Spanair	24	0.00	19	0	19	24	0.00	19	0	
14	Other domestic and fore. buyers	286,136	5.57	32,717	6,729	39,446	284,189	7.50	37,387	4,547	
I	TOTAL (ACCOUNT 202+203)	5,137,853	100.00	2,352,878	1,917,518	4,270,459	3,787,232	100.00	2,371,327	18,921	
15	Rating of correction of for buyers	0		-29	0	-29	0		0	0	
II	Balance 31/12/2013	5,137,853		2,352,841	1,917,518	4,270,459	3,787,232		2,371,327	18,921	

No.	Revision of balance of receivables from dom. and fore. buyers	31/12/2013		31/12/2012		Index	% portion of balance of dom. buyers within total receivables from buyers in domestic market on 31/12/2013
		Amount in thousand	% share in total receiv. from buyers	Amount in RSD thousand	% share in total receiv. from buyers		
I	Total buyers of goods and services (I+2)	5,137,853	100.00	4,270,459	100.00	135.66	100.00
1	Domestic market buyers	4,714,148	91.75	4,255,614	99.65	139.47	4.14
2	Foreign market buyers	423,705	8.25	14,845	0.35	164.07	94.86
I	Total buyers of goods and services (I+2)	5,137,853	100.00	4,270,459	100.00	135.66	100.00

Age distribution of receivables from buyers for goods and services is given in the following table.

Age pattern of receivables	31/12/2013	share	31/12/2012	share
	in RSD thousand		in RSD thousand	
Undue receivables from buyers	542,208	10.55%	457,879	12.09%
Due receivables, up to 60 days	266,430	5.19%	321,931	8.50%
Due, corrected receivables over 60 days	4,270,459	83.12%	2,371,327	62.61%
Due, non-corrected receivables over 60 days	58,756	1.14%	636,095	16.80%
Total receivables-gross	5,137,853	100.00%	3,787,232	100.00%
Total receivables-net (gross minus correction)	867,394		1,415,905	

Summary of due receivables which on 31.12.2013 are not over 60 days

	31.12.2013	share	31.12.2012	share
	in RSD thousand		in RSD thousand	
Air Serbia	208,232	78.16%	220,534	68.50%
Fly Dubai	17,072	6.41%	7,052	2.19%
JAT Tehnika	8,204	3.08%	4,914	1.53%
Montenegro	2,028	0.76%	25,797	8.01%
Deutsche Lufthansa	1,893	0.71%	276	0.09%
Other	29,001	10.88%	63,359	19.68%
Due receivables upto 60 days on 31.12.2013	266,430	100.00%	321,931	100.00%

Summary of overdue receivables over 60 days that are not corrected by charging of the Company, based on the assessment of recoverability is performed according to the Regulations on Accounting and the accounting policies of the Company:

	31/12/2013	share	31/12/2012	share
	in RSD thousand		in RSD thousand	
Air Serbia – Agreement on Training Center facil.	0	0.00%	593,286	93.27%
JAT-Tehnika	34,229	58.26%	1,453	0.23%
Montenegro	0	0.00%	10,241	1.61%
Aviogeneks	19,883	33.84%	10,027	1.58%
Other	4,644	7.90%	21,088	3.32%
Due, non-corrected receivables over 60 days (est. likelihood of charging)	58,756	100.00%	636,095	100.00%

On 31.12.2013, the Company has not invalidated receivables older than 60 days in the amount of RSD 58,756 thousand.

Age pattern of receivables of AIR SERBIA on 31.12.2013 and 31.12.2012

Description	Receivables for services, default interest excluded 31.12.2013	Default interest receivables 31.12.2013	Total receivables, default interest included 31.12.2013	Total receivables, default interest included 31.12.2012
1	2	3	4 (2+3)	5
RECEIVABLES from Air Serbia on 31.12.2013	4,277,027	33,925	4,310,952	2,991,609
Undue receivables from Air Serbia	57,265	0	57,265	45,519
Receivables from Air Serbia, due up to 60 days	208,232	0	208,232	220,533
Receivables from Air Serbia, due over 60 days	4,011,530	33,925	4,045,455	2,725,557
Receivables from Air Serbia, due over 60 days-corrected in current year	1,910,889	16,442	1,927,331	1,646,542
Receivables from Air Serbia, due over 60 days-corrected in previous years	2,100,641	17,483	2,118,124	485,729
Total corrected receivables from Air Serbia due over 60 days	4,011,530	33,925	4,045,455	2,132,271
Total non-corrected receivables from Air Serbia due over 60 days - Agreement made with Air Serbia	0	0	0	593,286

Total receivables from Air Serbia on 31.12.2013 amount to RSD 4,310,952 thousand, of which for goods and services is RSD 4,277,027 thousand and for default interest RSD 33,925 thousand.

From total balance of due receivables over 60 days from Air Serbia in the amount of RSD 4,045,455 thousand on 31.12.2013:

- RSD 2,118,124 thousand relates to uncollected, corrected receivables for services and default interest from 2011 and 2012;
- RSD 1,927,331 thousand relates to corrected, uncollected receivables for goods, services and default interest at the cost of result of 2013, which refer to current receivables due over 60 days, estimated as uncertain to be collected in the amount of RSD 1,334,045 thousand and receivables for Agreements on assets from previous years in the amount of RSD 593,286 thousand (Flight Operations building in amount of RSD 197,088 thousand + Training Center building in amount of RSD 396,198 thousand).

III - LIQUIDITY RISK AND CASH FLOW

Liquidity is the ability of the Company to meet its obligations on the terms of their maturity.

The ultimate responsibility for liquidity risk management is on the management of the company, which has established appropriate management system for short-term, medium-term and long-term financing of the Company as well as liquidity management. By continuous monitoring of planned and actual cash flows,

the Company maintains adequate cash reserves, and also maintains adequate maturities of financial assets and liabilities.

Maturity of financial resources	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
Up to 30 days	1,443,265	1,987,736
1 - 3 months	802,701	872,277
3-12 months	70,398	497,427
1 - 5 years	31,241	25,291
over 5 years	128,473	143,542
	2,476,078	3,526,273

Maturity of financial liability	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
Up to 30 days	289,142	218,786
1 - 3 months	23,513	28,013
3-12 months	95,481	187,610
1 - 5 years	382,236	482,003
over 5 years	556,152	646,460
	1,346,524	1,562,872

Maturity of receivables for interests per loans	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
Up to 30 days	81	910
1 - 3 months	17,966	7,733
1-12 months	27,169	47,390
1 - 5 years	136,774	153,458
over 5 years	79,391	106,256
	261,381	315,747

In the Table of liquidity risk and cash flow risk, there are presented contracted cash flows, i.e. time of expected inflow and outflow of resources. The total receivables in net amount are higher than total obligations and also based on due dates liquidity is not endangered because short-term obligations are much less than short-term liquid resources.

In the pattern of short-term financial resources the most important value is of receivables from domestic and foreign buyers, cash and cash equivalents and short-term investments that are after the cash first by degree of liquidity.

Long-term financial liabilities in the amount of RSD 938,388 thousand (long-term loan from EIB) accounted for 70% of total financial liabilities.

Long-term financial liabilities due within 1 to 5 years and 5 years, are larger than the funds in this period, but it is expected that the Company from its future business will be able to obtain financing, which in addition to the settlement of current liabilities, will be sufficient to cover and so far contracted long-term loans and interest rates, so that liquidity should not be compromised even in the future.

However, despite the foregoing, there is a risk of compromising liquidity, if in the future, collection of receivables from buyers with the largest share in due receivables is not improved.

In order that Company could manage the risks of financial instruments, it is necessary to properly manage capital risk.

Capital risk management

The aim of capital risk management is provision of such a structure of capital that will secure safety in operating, liquidity and solvency. Apart from own capital, consisting of core capital, reserves and non-distributed profit, the Company also utilizes resources of other persons in the form of long-term loans and financial leasing. The Company invests free resources from current accounts in the form of short-term deposits.

Indebtedness indicators of the Company with balance at the end of the period I-XII 2013 and at the end of 2012 are the following:

	31.12.2013	31.12.2012
	in RSD thousand	in RSD thousand
1 Indebtedness (ADP 113 + ADP 117)	1,063,756	1,351,285
2 Cash and cash equivalents (ADP 019)	896,778	214,383
I GROSS INDEBTEDNESS (1-2)	166,978	1,136,902
3 Ratio of indebtedness against capital (I/5)	0.0075	0.0503
4 Short-term financial investments (ADP 018)	538,172	1,696,340
II NET INDEBTEDNESS (I-5)	(371,194)	(559,438)
5 Capital (ADP 101)	22,119,154	22,598,763
6 Ratio of indebtedness against capital (II/5)	-0.0168	-0.0248

1. Indebtedness includes long-term obligations per loans, other long-term obligations and obligations per financial leasing, as well as short-term maturities per long-term obligations.

2. The liquid assets I (first) degree in addition to cash and cash equivalents include short-term investments, that the Company may without the risk, in the shortest possible time, convert into the cash;

2. Capital includes share capital, reserves of the Company, non-realised losses per securities and non-distributed profit.

In Belgrade, 19/02/2014

Person responsible for drafting of financial statements


Zorka Latinović



Legal representative


Velimir Radosavljević

АКЦИОНАРСКО ДРУШТВО
АЕРОДРОМ "НИКОЛА ТЕСЛА"
БЕОГРАД
Бр. 1810
24. 03. 2014 год.

**BUSINESS REPORT
I-XII 2013**

BELGRADE, MARCH 2014

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1. GENERAL DATA OF THE COMPANY

1	Business name	AD AERODROM "NIKOLA TESLA" BEOGRAD
	Head office and address	11180 Belgrade 59
	Register number	07036540
	TIN	100000539
2	web site and e-mail address	www.beg.aero ; kabinet@beg.aero
3	Number and date of the Rescript on Company registration	<p style="text-align: center;">Number of registration: BD 4874/2005 Date of registration: 06/15/2005</p> <p style="text-align: center;">Number of registration: BD 7651/2011 Date of registration: 01/24/2011 <i>Note: AD Aerodrom "Nikola Tesla" was registered with Registry Agency as an open joint stock company.</i></p>
4	Activity (code and description)	5223-Air-traffic services
5	Number of employees	481 employees on 31/12/2013
6	Core capital value	RSD 20,573,610,000 on 31/12/2013
7	Name, head office of auditor who revised the last financial statement	Deloitte d.o.o, No. 8 Terazije St, Belgrade
8	Number of issued shares, ISIN number and CFI code	Number of ordinary shares 34,289,350 (on 31/12/2013) CFI code ESVUFR ISIN number RSANTBE11090
9	Organised exchange market on which the shares are exchanged	Beogradska berza ad Beograd, No. 1 Omladinskih brigada St, 11070 Novi Beograd

Ten leading shareholders on 01/04/2014

No.	Name of shareholder	Number of shares	% of participation
1)	THE REPUBLIC OF SERBIA	28,481,679	83.06
2)	RAIFFEISEN BANK AD BEOGRAD – custody account	387,421	1.13
3)	KJK FUND II SICAV SIF	325,692	0.95
4)	SOCIETE GENERALE BANKA SRBIJA– custody account	203,470	0.59
5)	UNICREDIT BANK SRBIJA AD	144,790	0.42
6)	DANSKE INVST TRANS-BALKAN FUN	142,071	0.41
7)	EAST CAPITAL (LUX)-BALKAN FUND	140,606	0.41
8)	GUSTAVIA FONDER AKTIEBOLAG	107,070	0.31
9)	UNICREDIT BANK SRBIJA AD– custody account	100,000	0.29
10)	POLUNIN DISCOVERY FUNDS	70,516	0.21

2. MANAGEMENT DATA:

Management members on the date 12/31/2013

The Supervisory Board		
No.	Name, surname and place of residence	Education, permanent employment (business name of the company and work position)
1	Snežana Paunović Peć	Bachelor of economics, Member of Parliament
2	Darko Glišić, Ub	Geodetic Engineer, President of Municipality of Ub
3	Branislav Joka, Subotica	Bachelor of Laws, Director of Prosper d.o.o. Subotica
4	Jovan Nešović, Kraljevo	Master of Science, Deputy Director of Heating Plant
5	Branislav Đorđević, Leskovac	Bachelor of Mechanical Engineering, Member of the City Council of Leskovac
6	Dragoslav Stanković, Pukovac	Economist
7	Zoran Stojković, Beograd	Bachelor of Laws, Head of Legal and Personnel Dept. in GSP

The Executive Board		
No.	Name, surname and place of residence	Education, permanent employment (business name of the company and work position)
1	Velimir Radosavljević, Beograd	Doctor of Technical Sciences- Mechanical Engineering, General Director, Chairman of Executive Board
2	Violeta Jovanović, Beograd	Master of the Economy, Executive Director
3	Dejan Milovanović, Prokuplje	Specialist Professional Engineer of Agriculture, Executive Director

Data on number of shares owned by management members are in the book of shareholders, as an official document, and are available on Internet page of the Central Securities Depository and Clearing House: www.crhov.rs

AD Aerodrom "Nikola Tesla" Beograd, as member of Chamber of Economy of Serbia, has accepted the *Corporate management Codex*, issued in the Official Gazette of the Republic of Serbia, no 1/2006, as well as on the web site of the Company www.beg.aero

3. AIR TRAFFIC TURNOVER

In the period I-XII 2013 it was achieved total air traffic turnover, as follows:

- 46,828 air movements,
- 3,543,194 passengers and
- 9,639 tons of cargo and mail.

3.1. AIR MOVEMENT TURNOVER

In the period from I-XII 2013 it was achieved the following number of air movements per traffic types:

Number of air movements per traffic types

Traffic types	Achievement 2012	Plan 2013	Achievement 2013	Index	Index	Participation 2012	Participation 2013
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Domestic air traffic	124	126	89	72	71	0.28	0.19
International air traffic- domestic carriers	19,563	19,954	20,810	106	104	43.48	44.44
International air traffic- foreign carriers	25,302	25,808	25,929	102	100	56.24	55.37
TOTAL:	44,989	45,888	46,828	104	102	100.00	100.00

The data from the table indicate total physical air traffic volume in the period from I-XII 2013, which is by 4% higher compared to period I – XII 2012 and by 3% higher than number of air movements forecasted in the Business plan for 2013. Planned number of air movements is established based on official timetable.

Foreign carriers have dominant participation in international air traffic, within carrier pattern of the total traffic in 2013, with participation of 55.37%; there are domestic carriers in international air traffic with 44.44% and at the end, domestic air traffic with participation of 0.19%.

Realization in the period I - XII 2013 compared to the previous year shows that there was a growth in the share of domestic carriers in international air traffic from 43.48% to 44.44% and the decline of foreign carriers in international air traffic from 56.24% to 55.37 %.

In international air traffic of domestic carriers total turnover of 20,810 air movements was achieved, which is by 6% higher compared to the previous year and 4% higher in comparison to the Plan for 2013.

Domestic carriers in international traffic are: Air Serbia, International CG and others.

Air Serbia with 91.72% of participation in international air traffic of domestic carriers has a dominant role. That company has scored 19,087 air movements in international traffic which is higher by 9% than in the previous year and 7% in comparison with the Business plan for 2013.

In 2013 Air Serbia carried out flights to new destinations, such as: Abu Dhabi, Adana, Ancona, Ankara, Bari, Bratislava, Bucharest, Catania, Kaunas, Krasnodar, Leiden, Ljubljana, Munich, Mytilini, Odessa, Prague, Sabina, Sankt Petersburg, Verona and Zagreb.

International CG achieved 18 air movements in 2013, while it had performed 67 air movements in the same period of the previous year.

Other carriers in international air traffic are: Princ Aviation, Pelikan, Air Pink, Verano Motors, Neonukleon, Avio Služba, with realized 1,705 air movements in 2013, participated with 8.19% in the total international air traffic of domestic carriers and had decrease of 12% in comparison to achievement in the previous year and 18% in comparison to the Business plan for 2013.

Number of air movements of foreign carriers in international traffic

Type of traffic	Achievement 2012	Plan 2013	Achievement 2013	Index	Index	Participation 2012	Participation 2013
1	2	3	4	5(4/2)	6(4/3)	7	8
Lufhansa	3,507	3,568	3,493	100	98	13.86	13.47
Wizz Air	2,366	2,347	3,141	133	134	9.35	12.11
Montenegro Airlines	2,905	2,909	2,972	102	102	11.48	11.46
Austria Airlines	2,355	2,384	2,347	100	98	9.31	9.05
Swiss International	1,455	1,460	1,421	98	97	5.75	5.48
Turkish Airlines	981	1,053	1,378	140	131	3.88	5.31
Aeroflot	732	732	1,225	167	167	2.89	4.72
Solnair	976	1,010	927	95	92	3.86	3.58
Alitalia	710	728	746	105	102	2.81	2.88
Olympic Air	631	615	544	86	88	2.49	2.10
Pegasus	102	98	532	522	543	0.40	2.05
Adria Airways	700	614	530	76	86	2.77	2.04
Cityline Hungary	515	518	522	101	101	2.04	2.01
Tarom	546	548	514	94	94	2.16	1.98
Etihad Airways	0	0	402	0	0	0.00	1.55
LOT	380	0	376	99	0	1.50	1.45
Flydubai	470	478	366	78	77	1.86	1.41
Norwegian Air Shatl	391	388	358	92	92	1.55	1.38
Qatar Airways	36	114	340	944	298	0.14	1.31
Germanwings	338	296	294	87	99	1.34	1.13
Tunis Air	220	214	260	118	121	0.87	1.00
Easyjet	0	0	234	0	0	0.00	0.90
ČSA	180	202	194	108	96	0.71	0.75
Air France	726	730	120	17	16	2.87	0.46
Freebird Airlines	0	0	100	0	0	0.00	0.39
Croatia Airlines	74	74	79	107	107	0.29	0.30
Aircairo Company	122	122	76	62	62	0.48	0.29
Nesma Airlines	130	132	68	52	52	0.51	0.26
Belavia	0	0	62	0	0	0.00	0.24
Niki Luftfahrt	1,216	1,178	60	5	5	4.81	0.23
Sky Work	290	318	60	21	19	1.15	0.23
Atlas Jet	0	0	48	0	0	0.00	0.19
Gazpromavia	6	4	32	533	800	0.02	0.12
B & H Airlines	4	0	16	400	0	0.02	0.06
Sky Airlines	108	108	10	9	9	0.43	0.04
Air One	70	308	8	11	3	0.28	0.03
Nouvel Air Tunisie	50	50	4	8	8	0.20	0.02
Aegean Airlines	2	0	4	200	0	0.01	0.02
Air Baltic	0	0	2	0	0	0.00	0.01
Malev	48	0	0	0	0	0.19	0.00
Spanair	8	0	0	0	0	0.03	0.00
Cimber Sterling	6	0	0	0	0	0.02	0.00
Others	1,946	2,508	2,064	106	82	7.69	7.96
TOTAL:	25,302	25,808	25,929	102	100	100.00	100.00

In 2013 there were 39 foreign air carriers and 2 domestic air carriers.

In international traffic of foreign carriers it was achieved 25,929 air movements, which is by 2% higher score in comparison with the previous year and at the same level as compared with the Business plan for 2013.

New foreign carriers which started to operate in 2013 are: Air Baltic (Riga), Atlas Jet (Antalya), Belavia (Bucharest and Minsk), EasyJet (Milan), Etihad Airways (Abu Dhabi) and Freebird Airlines (Antalya).

In foreign carrier pattern in 2013 Lufthansa with the participation of 13.47% has got the most significant role, than Wizz Air with 12.11% and Montenegro Airlines with 11.46%. These three companies achieved 37.05% of international traffic of foreign carriers.

There are few carriers with the participation in this type of traffic in the range from 9.05 to 3.58, such as: Austrian Airlines, Swiss International, Turkish Airlines, Aeroflot and Solinair.

Cargo traffic of express mail in 2013 was carried out by three carriers: City-line Hungary, Solinair and CSA.

Low Cost carriers in 2013, there are ten of them: EasyJet on destination Milan, Fly Dubai on route Dubai, Germanwings on destination Stuttgart, Norwegian Air Shuttle on destinations Copenhagen, Oslo and Stockholm, Wizz Air on destinations Beauvais – Paris, Brussels Charleroi, Dortmund, Eindhoven, Goteborg, Corfu, London, Malmo, Memmingen, Milhouse, Oslo, Rhodes, and Stockholm-Skavsta, Pegasus Airlines on destinations Antalya, Oslo, Sabina, and Bodrum and Air Cairo Company on destinations Borgel and Hurgada, while three low cost carriers ceased to operate: Air One on destination Milan, Air Baltic on destination Riga and Niki Luftfahrt on destinations Wien and Innsbruck.

If international air traffic is considered as a whole (domestic and foreign carriers), Air Serbia has a dominant role amid all air-carriers with participation of 40.84%.

3.2. PASSENGER TURNOVER

Total passenger turnover of 3,543,194 was achieved in 2013, which is 5% higher than the achievement in 2012 and 1% lower in comparison with the Business plan for 2013.

Passenger turnover per traffic types

Traffic type	Achievement 2012	Plan 2013	Achievement 2013	Index	Index	Participation 2012	Participation 2013
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Domestic air traffic	303	321	128	42	40	0.01	0.00
International air traffic- domestic carriers	1,395,896	1,479,650	1,402,698	100	95	41.50	39.59
International air traffic- foreign carriers	1,967,720	2,085,783	2,140,368	109	103	58.49	60.41
TOTAL:	3,363,919	3,565,754	3,543,194	105	99	100.00	100.00

The greatest participation in passenger turnover per air traffic types in 2013 is 60.41% of foreign carriers in international air traffic and domestic carriers in international air traffic with 39.59%.

The number of the passengers transported by foreign carriers in 2013 is 9% higher as compared with the previous year and 3% in comparison with the Business plan for 2013.

The number of the passengers transported by domestic carriers in international air traffic is at the same level as in the previous year and by 5% lower in comparison to the Business plan in 2013.

Passenger turnover in international air traffic per carriers with the highest number of passengers

Carriers	2012	2013	Index	Participation 2012	Participation 2013
1	2	3	4 (3/2)	5	6
Air Serbia	1,384,319	1,397,921	101	41.16	39.46
Wizz Air	345,652	461,332	133	10.28	13.02
Lufthansa	292,098	301,151	103	8.68	8.50
Montenegro	251,116	254,073	101	7.47	7.17
Swiss International	169,324	185,804	110	5.03	5.24
Other	921,107	942,785	102	27.38	26.61
TOTAL:	3,363,616	3,543,066	105	100.00	100.00

The total number of passengers in international air traffic in 2013 is 3,543,066 which is 5% higher than in 2012.

Air Serbia is the leading carrier with the greatest number of passengers in international air carrier with 39.46% and is followed by: Wizz Air with participation of 13.02%, Lufthansa with 8.50%, Montenegro Airlines with 7.17% and Swiss International with 5.24%.

Passenger turnover of air Serbia in international air traffic per destinations with the greatest number of passengers

Destinations	2012	2013	Index
1	2	3	4 (3/2)
Paris	75,966	111,093	146
Podgorica	95,505	93,740	98
Moscow	89,647	93,542	104
London Heathrow	85,212	80,802	95
Zurich	80,785	79,356	98

3.3. CARGO TURNOVER

In period I-XII 2013, 9,639 tons of cargo turnover was achieved, which is 3% higher than in the same period of the previous year and 3% compared to the Business plan for 2013.

In 2013 cargo turnover in international air traffic of domestic carriers decreased by 1% in comparison to the previous year and in comparison to the Business plan for 2013. Also in international air traffic of foreign air carriers, it is increased by 4% in comparison to the previous year and in relation to the Business plan for 2013. There has been no cargo turnover in domestic air traffic in 2013 as well as in the previous year.

Cargo turnover in tons

Type of traffic	Achievement 2012	Plan 2013	Achievement 2013	Index	Index	Participation 2012	Participation 2013
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Domestic air traffic	0	0	0	0	0	0.00	0.00
International air traffic- domestic carriers	1,789	1,789	1,774	99	99	19.11	18.40
International air traffic- foreign carriers	7,574	7,574	7,865	104	104	80.89	81.60
TOTAL:	9,363	9,363	9,639	103	103	100.00	100.00

PHYSICAL VOLUME OF TRAFFIC

	Achievement I-XII 2012		Plan I-XII 2013		Achievement I-XII 2013		Indexes	
		Part icip.		Part icip.		Part icip.	5(4/2)	6(4/3)
Type of traffic	2		3		4			
1								
1 Domestic traffic								
Air movements	124	0	126	0	89	0	72	71
Passengers	303	0	321	0	128	0	42	40
Air goods and mail (tons)	0	0	0	0	0	0	0	0
2 International traffic-domestic carriers								
Air movements	19,563	43	19,954	43	20,810	44	106	104
Passengers	1,395,896	41	1,479,650	41	1,402,698	40	100	95
Air goods and mail (tons)	1,789	19	1,789	19	1,774	18	99	99
3 International traffic-foreign carriers								
Air movements	25,302	56	25,808	56	25,929	55	102	100
Passengers	1,967,720	58	2,085,783	58	2,140,368	60	109	103
Air goods and mail (tons)	7,574	81	7,574	81	7,865	82	104	104
4 Total								
Air movements	44,989	100	45,888	100	46,828	100	104	102
Passengers	3,363,919	100	3,565,754	100	3,543,194	100	105	99
Air goods and mail (tons)	9,363	100	9,363	100	9,639	100	103	103

4. REVENUES AND EXPENDITURES

The Company performs business activity as single business segment. Accordingly, revenues and expenditures are disclosed at company level.

4.1. REVENUES

In the period I-XII 2013 JSC Airport "Nikola Tesla" achieved the total revenue in amount of RSD 6,905,386,340. Thus achieved total revenue is 5% lower in comparison to the achieved revenues in the same period of the previous year and 1% higher in comparison to the planned figures for that period.

The pattern of the achieved revenues for I-XII 2013 is shown in the table **Revenue pattern per service types**.

In the pattern of achieved revenues in 2013 Business revenues have the greatest participation of 96% of the total revenues amounting to RSD 6,640,524,155. The achieved revenues are 4% higher than the same in the same period of the previous year and 1% lower than the planned figures for I-XII 2013.

Within business revenues, RSD 1,914,656,238, which is 28% of total achieved revenues, regard to air services. These revenues are at the same level compared and the planned figures in 2013.

It is important to note that based on the decision of the Government of the Republic of Serbia No. 05 No.11-1039/2013 dated 02/12/2013 were approved discounts for JAT Airways (Air Serbia) as follows:

From 01.02.2013 on a passenger service for all flights performed from Terminal 2 in the amount of 4.5 EUR per departing passenger,

From 01.01.2013 on handling services at the rate of 63% while in the same period last year it was 44.5% discount.

From 01.01.2013 on landing at the rate of 75% while in the same period last year was 60.5%.

Revenues from **passenger service and security fees** were achieved in the amount of RSD 2,663,862,149 for I-XII 2013, which is 39% of the total achieved revenues and as compared with the revenues from passenger service in the same period of the previous year these revenues are 4% lower and 1% lower than the planned figures for the same period.

In the period I-XII 2013 the revenues from **service rendering in cargo-customs warehouse** were achieved in the amount of RSD 129,044,930 and are by 1% lower than revenues on this basis in the same period in 2012 and by 3% lower than the planned figures for the same period.

In the period I-XII 2013 the revenues from **other services** are 3% lower than in the same period of the previous year and 5% than the planned figures for I-XII 2013 and were achieved in the amount of RSD of 667,185,808. The greatest participation in these revenues refers to: revenues from public services, revenues from the CUTE system, revenues from the commercial usage of apron, revenues from aircraft de-icing services, catering services of business class, revenues from services on special request - work-order, revenues from advertising space and DCS services.

The revenues from sales of goods mainly refer to the revenues from the sale of kerosene. In the period I-XII 2013 it was sold 7,735 tons of kerosene, while in the same period of the previous year it was sold 3,591 tons of kerosene. Achieved revenues from sale of kerosene and goods for the period I-XII 2013 are higher by 96% in comparison to the same period of 2012, while in comparison to the planned figures for the period I-XII 2013 they had decreased by 3%. Reason for increase of revenue

from kerosene in 2013 compared to the previous year is considerably larger quantity of kerosene sold to carriers: Fly Dubai 1,982 t (341 t in 2012), Turkish Airlines 1,499 t (0 t in 2012), Aeroflot 1,033 t (0 t in 2012) while Montenegro Airlines remains important buyer with 2,045 t (2,798 t in 2012). The air carrier Iran Air again started to use the service since October 2013.

Other business revenues (group 64 and 65) in the period I-XII 2013 are achieved in the amount of RSD 561,891,328 the larger part of which refers to revenues from renting of **business facilities** in the amount of RSD 561,023,368 which is 9% higher than in the same period of 2012 and 3% than the planned figures for the same period. The greatest portion of these revenues refers to renting of business facilities to Dufry Company. In this group of revenues are also revenues from donations in equipment in the amount of RSD 867,960.

Financial revenues (group 66) in the period I-XII 2013 are disclosed in amount of RSD 167,461,304 and are lower by 66% in comparison to the same period of the previous year because the realised exchange rate differences are significantly lower in this year than in the same period of the last year and significantly affected the total amount of financial revenues.

In the pattern of financial revenues for I-XII 2013 the greatest part refers to revenues from interests in the amount of RSD 95,021,849, then realised exchange rate differences in amount of RSD 69,602,877 and non-realised exchange rate differences in amount of RSD 2,836,579.

Other revenues (group 67 and 68) in the period I-XII 2013 were achieved in the amount of RSD 97,400,881 and are lower by 76% in comparison to the same period in 2012. The reasons for disclosed decrease of these revenues is in the fact that in 2013 the revenues from collected write-offs are considerably lower, which have in previous years been placed on value correction of receivables (2013 in the amount of RSD 14,909,785, and IN 2012 in the amount of RSD 188,514,552), then the lower income from fair value adjustment of housing loans due to significantly lower cancellation of previously recorded value correction for claims for housing loans for employees which were transferred to currency clause in 2013 (in 2013 only for three employees, while in the year 2012, 51 employees were transferred to the foreign currency clause).

Other income in the period January to December 2013 mainly relate to revenues due to cancellation of long-term reserving for litigation in the amount of RSD 47,502,525 (most relate to PTT Serbia in the amount of RSD 33,866,280), collected write-offs and revenues of compensation from insurance companies.

Planned euro exchange rate for year 2013 established by Revised Business Plan for 2013 amounts to RSD 115.00, and the realized average middle euro exchange rate for the period January-December 2013 amounted to RSD 113.08.

Major buyers, from the point of participation in revenues from sale in 2013 are: Air Serbia RSD 1,145,905,478, Deutsche Lufthansa RSD 604,636,907 and Montenegro Airlines RSD 546,695,004.

REVENUE PATTERN

1	Type of service	Description	Realization		Plan	Realization		Index
			2012	4		2013	6	
	2	3			5			
	Air services domestic carriers							
	612000+612300	Landing	119,728,778		111,625,242		83,458,403	70
	612010+612310	Lighting	23,933,324		24,096,021		28,875,177	121
	612030+612330	Handling	131,666,532		126,721,760		102,167,669	78
	612040	Infrastructure	74,119,299		74,033,510		54,862,281	74
	612050	Air-bridges	566,728		633,491		23,162	4
	612020+612320	Aircraft abode tax	2,594,995		3,126,113		2,668,986	89
I	Total air services (domestic carriers):		353,009,656		340,236,136		272,055,798	77
	Air services foreign carriers							
	613010+613011	Landing	501,488,288		489,869,054		512,855,537	102
	613020+613021	Handling	577,992,722		592,967,824		613,375,303	106
	613030+613031	Lighting	47,111,976		46,709,537		56,787,055	121
	613040	Infrastructure	318,175,954		314,723,020		318,105,726	100
	613050	Air-bridges	303,238,162		305,769,334		117,563,184	114
	613000+613001	Aircraft abode tax	20,020,242		20,365,174		23,913,714	119
II	Total air services (foreign carriers):		1,568,027,345		1,570,383,944		1,642,600,530	105
III	Total air services		1,921,037,001		1,910,620,081		1,914,656,238	100
	Passenger service							
	612400 - domestic carriers - domestic traffic	Passenger service domestic carr/ traff	38,791		44,656		23,401	60
	612410 - domestic carriers - international traffic	Passenger service d. carr/intl traff	873,496,061		652,788,150		700,169,204	80
	613200 (foreign carriers)	Passeng. service intl carr	1,363,463,638		1,465,960,793		1,419,805,623	104
	612420+612430+612330-security fees		525,206,298		567,130,755		543,863,921	104
	Total passenger service		2,762,204,789		2,685,924,354		2,663,862,149	96
	CCW services							
	612500+612510	CCW services dom.market	104,532,846		106,969,277		98,471,480	94
	613300 +613310 (foreign)	CCW services foreign market	25,713,876		26,001,159		30,573,450	119
IV	Total CCW services		130,246,723		132,970,436		129,044,930	99
V	Total services in air traffic (I to IV):		4,813,488,512		4,729,514,871		4,707,563,317	98
	Other services							100

1	612100+612360+613100	DCS services	29,404,129	31,192,778	30,874,140	105	99
2	612110+612170+612180+613891+613892+613893+613895	Workorder	39,488,811	42,189,598	37,363,297	95	89
3	612130+612131+613072+612370+613071	VIP saloon	5,684,929	5,859,954	6,450,770	113	110
4	612140+612390+613090	CUTE (dom + foreign)	109,036,546	115,939,831	115,427,152	106	100
5	613080+612380	Lost and found services	21,567,619	21,445,855	16,771,463	78	78
6	6126+613120+613400+613401	Public services	142,825,222	152,905,570	141,540,190	99	93
7	612620+612821+613170	Callering services business class	30,965,825	33,273,607	36,132,306	117	109
8	612870+613810	Advertising space	57,328,963	60,214,745	33,935,508	59	56
9	612883	Commercial usage of apron	69,013,528	72,846,636	75,356,373	109	103
10	612160+613110	Aircraft de-icing service	82,303,017	60,396,172	74,523,253	91	123
11	Other non-mentioned services-dom+foreign		99,651,312	104,058,136	98,811,357	99	95
VI	Other services (1 to 11):		687,269,901	700,322,880	667,185,808	97	95
VII	Total 61-Revenues from sale of services (V+VI)		5,500,758,413	5,429,837,751	5,374,749,125	98	99
VIII	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		360,063,112	726,188,301	703,800,574	195	97
IX	Total (60++61) REVENUES FROM SALE (VII+VIII)		5,860,821,525	6,156,026,052	6,078,549,699	104	99
X	62- Revenues from self-manufactured products		0	0	83,128	0	0
XI	64 and 65 - Renting of business facilities and donations		513,780,656	543,991,924	561,891,328	109	103
XII	BUSINESS REVENUES (IX+X+XI)	60+61+62+64+65	6,374,602,181	6,700,017,977	6,640,524,155	104	99
XIII	66-FINANCIAL REVENUES						
1	exchange rate differences -realised		496,526,918	130,921,148	167,461,304	34	128
2	exchange rate differences -non-realised		126,097,682	130,921,148	95,021,849	75	73
3	exchange rate differences -non-realised		361,040,356	0	69,602,877	19	0
			9,388,680	0	2,636,579	30	0

XIV	67 and 68 OTHER REVENUES		450,371,776	27,944,734	97,400,881	24	349
XV	Total revenues (XI+XII+XIII)		7,271,500,874	6,858,883,859	6,905,386,340	95	101

4.2. EXPENDITURES

In the period I-XII 2013 **total expenditures** were achieved in the amount of RSD 6,884,010,736. Thus achieved expenditures are 9% higher than the expenditures achieved in the same period of the previous year and 35% higher than the figures in the Plan for I-XII 2013.

The purchase value of sold goods (group 50) almost completely refers to the purchase value of the sold kerosene. For **purchase value of sold kerosene** it was spent RSD 679,359,313 or 104% more than in the same period of the previous year and 4% less in comparison to the Plan for I-XII 2013. Reason for such increase of purchase value of kerosene compared with the same period previous year is in fact higher consumption of kerosene for the following airlines: Fly Dubai, Turkish Airlines, Aeroflot and Montenegro Airlines being still important buyer of kerosene. It should be mentioned also that since October 2013 Iran Air has been significant buyer of kerosene at Belgrade Nikola Tesla Airport.

As kerosene is registered both on revenues and expenditures, the real revenue of the Company is realised price difference, which amounted for the period I-XII 2013 to RSD 21,087,363. Average participation of price difference in sale value of kerosene for the period I-XII 2013 is 3.01% while in the same period in 2012 it was 6.95%.

The costs of materials (group 51) participates in total expenditures with 6% and mostly refer to: costs of electrical power, cost of kerosene, costs of basic material, diesel fuel, oil for heating, as well as cost spare parts for investment maintenance of working devices.

The most of total expenditures refers to the **costs of salaries, reimbursements and other personal earnings** (group 52), amounting for the period I-XII 2013 RSD 1,200,770,651. The costs of salaries of employees (gross II membership fees to Chambers excluded) of Belgrade "Nikola Tesla" Airport amount to RSD 811,487,818, whereas the costs for persons engaged through Youth organizations amount RSD 297,017,310 (youth organizations Fan, Beograd, Knez, Milenijum, Medijator and Europa). Apart from salaries in the group 52 there are also included reimbursements per contracts (service contracts), reimbursements per temporary and occasional jobs, part-time work contracts, reimbursements for the members of the Board of Directors and the Supervisory board and members of the Assembly of Shareholders and other personal expenditures (transport of employees, business trip wages, costs of trips and joint assistance).

The costs of **amortization and reserving** (group 54) for the period I-XII 2013 amounted to RSD 757,417,327, where the included net cost of amortization amounted RSD 729,132,624.

The most of the **costs of production services** (group 53) and **intangible costs** (group 55) refers to the **costs of services** of OZB Komerc RSD 1,072,023,227. Adding this amount to total costs for salaries, reimbursements and other personal earnings of employees (group 52) we come to the amount of RSD 2,272,793,878, which makes 33.02% of total expenditures of the period.

Pattern of the **costs of production services** includes:

- **the costs of transport services**, where the most part refers to the costs of services of OZB Komerc for Ground-handling department in the amount of RSD 319,754,060, then the costs of informing and passenger check-in, monthly support of ITT for passenger and baggage check-in, costs of services for fixed and mobile phones and others.
- **the costs of other services** mostly referring to the services of OZB Komerc for Security department in the amount of RSD 480,093,954, then the costs Dufry's services, costs of water, drainage, and the other.
- **the costs of renting** referring to costs of renting network and server infrastructure, lease of licenses and renting of business facilities.
- **the costs of advertising** mostly refer to sponsorship.

Pattern of the intangible costs includes:

- **the costs of non-production services**, where the most part refers to the costs of services of OZB Komerc for the Technical maintenance, Investment, Commercial, Financial and Legal departments in the amount of RSD 272,175,213, then the cleaning services, costs of occupational health-JAT, the services of newly-incorporated companies – agricultural operative and parking, the costs of advanced trainings and others.

The costs of insurance premiums

Taxing costs

The costs of payment operations

The costs of membership fees

The representational costs and

Other intangible costs

The costs of salaries, reimbursements and other earnings (group 52), the services of OZB Komerc and amortization realised in 2013 in total amount of RSD 3,001,926,502 make 43.61% of total expenditures and 43.47% of total revenues of JSC Belgrade "Nikola Tesla" Airport is needed to cover them.

Financial expenditures (group 56) in period I-XII 2013 are disclosed in the amount of RSD 139,654,817 and are 54% lower than in the same period of the previous year.

In the pattern of financial expenditures, expenditures realized from interest participate with 38.75%, amount RSD 54,111,212 and are 25% lower than in the same period of the previous year. The mentioned expenditures from interest refer to the interests for long-term liabilities per loans (EIB – reconstruction of the Terminal, housing loans and financial leasing).

Realised and non-realised negative exchange rate differences were achieved in the amount of RSD 85,543,605 and participate with 61.25% in the pattern of financial expenditures.

Other expenditures (group 57 and 58) in period I-XII 2013 were achieved in the amount of RSD 1,973,220,356, are 8% higher than in the same period of the previous year and mainly refer to: depreciation of receivables from domestic buyers (RSD 1,911,914,582) within which the most part refers to Air Serbia in the amount of RSD 1,910,889,177, (default interest excluded), than donations for humanitarian, medical and religious purposes (19,844,749).

Main suppliers from the point of turnover in 2013: OZB Commerce (RSD 1,283,894,806) and Sibex export import (RSD 685,365,912).

Receivables from Air Serbia

Total receivables from Air Serbia on 31.12.2013 amount to RSD 4,310,952 thousand, receivables for goods and services amount to RSD 4,277,027 and for default interest RSD 33,925 thousand:

Of total due receivables older than 60 days from Air Serbia in the amount of RSD 4,045,455 thousand as of 31.12.2013:

- RSD 2,118,124 thousand relate to uncollected corrected receivables for services and default interest from 2011 and 2012;

- RSD 1,927,331 thousand relate to the corrected uncollected receivables for services and default interest, charged to the result of 2013, relating to current receivable over 60 days, for which is assessed uncertainty of collection in the amount of RSD 1,334,045 thousand and receivables for agreements on property from the previous year in the amount of RSD 593 286 thousand (Flight Operations building in the amount of RSD 197,088 thousand and Training Centre building in the amount of RSD 396,198 thousand).

EXPENDITURE PATTERN

Account	Account name	Realization I-XII 2012		Plan I-XII 2013		Realization I-XII 2013		INDEX	
		3	2	4	5	6 (5/3)	7 (5/4)		
50	PURCHASE VALUE OF SOLD GOODS	333,270,120		706,156,123	680,165,875	204	96		
501	PURCHASE VALUE OF SOLD GOODS	333,270,120		706,156,123	680,165,875	204	96		
51	COSTS OF MATERIALS	491,298,258		573,227,067	425,616,936	87	74		
511	COSTS OF MATERIALS FOR PRODUCTION	178,875,500		198,213,078	104,390,974	58	53		
512	COSTS OF OVERHEADS	75,884,235		137,647,165	67,791,168	89	49		
513	COSTS OF FUEL AND ENERGY	236,538,524		237,366,824	253,434,794	107	107		
52	SALARIES, REIMBURSEMENTS	1,092,466,648		1,195,736,588	1,200,779,651	110	100		
520	SALARIES AND REIMBURSEMENTS-GROSS	632,539,881		705,390,673	688,266,442	109	98		
521	TAXES AND CONTRIBUTIONS AT THE COST OF EMPLOYER	112,553,949		125,875,894	123,201,376	109	98		
522	REIMBURSEMENT FOR SERVICE CONTRACTS-GROSS	930,446		2,034,100	1,563,230	168	77		
524	COSTS OF REIMBURSEMENTS PER TEMPORARY AND OCCASIONAL JOBS-GROSS	272,838,320		282,004,119	317,773,168	116	113		
525	REIMBURSEMENT FOR NATURAL PERSONS-GROSS	351,940		487,843	677,002	192	139		
526	REIMBURSEMENT MEMBERS OF BoD-GROSS	12,447,209		12,206,976	9,901,687	80	81		
529	OTHER PERSONAL EXPENDITURES	60,404,903		67,736,983	59,367,747	96	86		
53	COSTS OF PRODUCTION SERVICES	1,051,934,849		1,320,415,481	1,165,454,036	111	88		
531	COSTS OF TRANSPORTATION SERVICES	368,924,743		374,027,660	400,861,874	109	107		
532	COSTS OF MAINTENANCE SERVICES	185,408,135		330,932,082	140,072,655	76	42		
533	COSTS OF LEASE	11,250,954		15,558,538	26,838,197	238	172		
535	COSTS OF ADVERTISING	29,102,247		35,000,000	36,278,897	125	104		
536	COSTS OF MARKET RESEARCH	4,866,565		0	0	0	0		
539	COSTS OF OTHER SERVICES	452,382,206		564,887,201	561,382,414	124	99		
54	COSTS OF AMORTIZATION AND RESERVES	745,181,732		658,293,112	757,417,327	102	115		
540	COSTS OF AMORTISATION	670,773,219		658,293,112	729,132,624	109	111		
545	RESERVES FOR REIMBURSEMENTS TO EMPLOYEES	38,408,513		0	26,204,703	68	0		
549	RESERVES FOR LITIGATIONS	36,000,000		0	2,060,000	6	0		
55	INTANGIBLE COSTS	506,579,601		566,726,639	541,710,737	107	96		

550	COSTS OF NON-PRODUCTION SERVICES	363,637,280	409,134,437	387,388,878	109	97
551	COSTS OF REPRESENTATION	11,096,240	11,314,872	12,786,948	115	113
552	INSURANCE PREMIUMS	26,574,415	33,814,100	30,103,888	113	89
553	COSTS OF PAYMENT SYSTEM	5,618,860	5,722,331	6,080,015	108	106
554	COSTS OF MEMBERSHIPS	4,227,047	3,735,828	4,919,102	116	132
555	COSTS OF TAXES	75,653,281	79,612,372	75,222,826	99	94
559	OTHER INTANGIBLE COSTS	19,572,478	23,392,699	15,209,082	78	65
56	FINANCIAL EXPENDITURES	302,062,421	59,470,600	139,654,817	46	235
562	INTEREST EXPENDITURES	72,050,497	59,470,600	54,111,212	75	91
563	NEGATIVE EXCHANGE RATE DIFFERENCES	209,276,101	0	84,900,658	41	0
564	EXPENDITURE OF EXCHANGE CLAUSE RISK	20,735,823	0	642,947	3	0
57	OTHER EXPENDITURES	33,256,710	35,137,211	32,447,517	98	92
570	LOSS FROM EXPENDITURES	161,305	152,810	1,601,531	993	1048
574	SHORTAGES	153,851	0	157,258	0	0
575	PROTECTION FROM REVALUATION RISK	722	0	1,510	209	0
576	DIRECT WRITE-OFF OF RECEIVABLES	114,479	0	46,000	39	0
577	DISPOSALS	91,004	0	24,910	0	0
579	OTHER NON-MENTIONED EXPENDITURES	32,735,349	34,984,402	30,617,308	94	88
58	EXPENDITURES FROM PROPERTY DEVALORIZATION	1,786,286,491	0	1,940,772,839	109	0
582	DEVALORIZATION OF ASSETS, PLANTS AND EQUIPMENT	72,000	0	71,000	99	0
583	IMPAIRMENT OF LONG-TERM INVESTMENTS	280,583	0	1,079,293	384	0
577	IMPAIRMENT OF SHORT-TERM INVESTMENTS	1,785,933,508	0	1,939,622,546	109	0
	TOTAL EXPENDITURES	6,342,336,830	5,115,162,821	6,884,010,736	109	135

4.3. SALARIES

In the period I-XII 2013 the total sum paid for salaries amounted RSD 688,286,442 (gross I), which is 9% higher than in the same period of 2012 and 2% less than the planned amount for 2013.

Summary of paid salaries (gross I) in the period I-XII of the current year is given in the table per months:

SALARIES GROSS I

Month	Achievement 2012	Plan 2013	Achievement 2013	Index	
				5 (4/2)	6 (4/3)
1	2	3	4		
January	48,755,248	54,551,400	55,655,824	114	102
January-Christmas bonus	9,308,013	11,657,998	11,657,998	125	100
February	48,252,313	53,751,400	53,560,252	111	100
March	47,015,940	52,951,400	52,204,941	111	99
April	51,637,778	56,481,400	54,366,755	105	96
April-Eastern bonus	9,521,990	12,068,317	11,657,998	122	97
May	51,258,103	56,381,400	58,728,207	115	104
June	50,765,959	55,681,400	53,653,003	106	96
July	52,594,094	57,011,400	56,067,605	107	98
August	53,012,116	56,853,258	54,602,871	103	96
August- school supplies	1,862,883	1,982,200	1,843,122	99	93
September	51,674,935	56,311,400	54,904,441	106	98
October	51,842,607	59,735,900	55,812,185	108	93
November	52,179,962	60,235,900	56,499,367	108	94
December	52,857,940	59,735,900	57,071,873	108	96
Total salaries	611,846,996	679,682,158	663,127,324	108	98
Total Christmas bonus + sch.supp.	20,692,886	25,708,515	25,159,118	122	98
Total salaries+Christmas bonus + sch.supp.	632,539,881	705,390,673	688,286,442	109	98

We can see in the table that in the period I-XII 2013 there were paid out salaries to employees according to individual work contracts as well as single payments, as Christmas and Eastern bonuses, to each employee, in the same amount of RSD 18,000.00 net, as well as school supplies for children of employees in the amount: for elementary education RSD 6,000.00 net and for secondary education RSD 8,000.00 net.

Considering that this payment is, from the point of taxes and contributions, regarded as salary, the costs of salaries of the Company and average, paid out salary are increased by the amount of the gross II-RSD 29,774,558 (gross I amounts RSD 25,159,118).

In the period I-XII of the current year average gross I salary with the Christmas and Eastern bonuses and school supplies for children of employees in the Company amounted RSD 124,117.00 and is 7% higher than the same for the previous year. Average net salary with the Christmas and Eastern bonuses and school supplies for children of employees in the Company amounted to RSD 88,076. Course of average gross I salary in the Company is shown in the table:

AVERAGE SALARY GROSS I

Month	AD ANT
January	144,864
February	115,567
March	113,122
April	143,898
May	128,135
June	117,536
July	123,332
August	124,483
September	119,016
October	119,128
November	119,926
December	120,393
Average I-XII 2013	124,117
Average I-XII 2012	116,497
I-XII 2013/ I-XII 2012	107

4.4. FINANCIAL RESULT IN I-XII 2012

In the period I-XII 2013 net profit of the company was disclosed in the amount of RSD 16,205,167. Thus disclosed net profit is considerably lower than the net profit in the same period of the previous year.

FINANCIAL RESULT

No.	POSITION	Achievement I-XII 2012	Plan I-XII 2013	Achievement I-XII 2013	Index	
					6 (5/3)	7 (5/4)
1	2	3	4	5	6 (5/3)	7 (5/4)
1	Business revenues	6,374,602,181	6,700,017,977	6,640,524,155	104	99
2	Business expenditures	4,220,731,208	5,020,555,009	4,771,135,563	113	95
3	Business profit (1-2)	2,153,870,973	1,679,462,967	1,869,388,592	87	111
4	Financial revenues	496,526,918	130,921,148	167,461,304	34	128
5	Financial expenditures	302,062,421	59,470,600	139,654,817	46	235
6	Financial profit (4-5)	194,464,497	71,450,548	27,806,487	14	39
6a	Financial loss (5-4)					
7	Other revenues	400,371,776	27,944,734	97,400,881	24	349
8	Other expenditures	1,819,543,201	35,137,211	1,973,220,356	108	5,616
9	Other profit (7-8)					
9a	Other loss (8-7)	1,419,171,426	7,192,477	1,875,819,475	132	26,080
10	Total revenues (1+4+7)	7,271,500,874	6,858,883,859	6,905,386,340	95	101
11	Total expenditures (2+5+8)	6,342,336,830	5,115,162,821	6,884,010,736	109	135
12	Total gross profit (10-11)	929,164,044	1,743,721,038	21,375,604	2	1
13	Period tax expenditure	56,115,379		8,736,418	16	0
14	Deferred period tax expenditure	145,391,661		0	0	0
15	Deferred period tax revenue	0		3,565,981	0	0
16	Paid-up personal receiving to employer (interim dividend)	0		0	0	0
17	Net profit	727,657,104		16,205,167	2	0

In disclosing of the business result for 2013 the amount of RSD 1,927,331,438 (default interest excluded) of receivables from air Serbia is corrected and this correction is contained at the position Other expenditures.

By adding the corrected receivables from Air Serbia in the amount of RSD 1,927,331,438 to the disclosed gross profit for 2013 in the amount of RSD 21,375,604, we come to the amount of RSD 1,948,707,042 as gross profit.

5. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES, BEGAN AFTER EXPIRY OF THE REPORTED BUSINESS YEAR

Works on adaptation of waiting rooms to exit to open positions A4a - A4b

JSC Belgrade Nikola Tesla Airport has on 01/08/2014 with Company Morava from Krusevac, concluded the Agreement on Public Procurement No.17-5/2014 for works on adaptation of waiting rooms for exit to open positions A4a - A4b.

Contracted value of works is RSD 27,879,931.60 VAT excluded.

The contractor has been introduced into business on 16/01/2014. The contractual deadline for completion was 28 days after introduction into the business. The works were completed within the contracted period.

The existing hall space for passengers in arrivals in Terminalu1 which was out of use for the last 10 years is to be technologically and technically capacitated for departure of passengers to open positions. At first floor level, in finger hall A and opposite to the waiting room A4 -5, was created a space for X-ray control. After X-ray control passengers go down by vertical communications (elevator, escalator and stairs) to the waiting room. Within a single space two gate are formed of total area of app. 450m²; where from they are transported by bus transporting to the aircraft on remote positions.

Works on adaptation of waiting rooms for exit to open positions A4a - A4b are executed according to the solution with technical description and the bill of quantities of a certified designer. The works include:

- Architecture and construction and finishing works on refurbishment and modernization of the interior
- Repair, replacement and maintenance of all installations (strong and weak electricity, water and sewage, ventilation, air conditioning)
- Reconditioning of elevator and escalators
- Installation of equipment for X-ray and passengers boarding control

On 19/02/2014 the representatives of the Civil Aviation Directorate of the Republic of Serbia conducted a review of the executed works and issued a decision approving the use of waiting room for exit to open positions A4a - A4b for departure of passengers and goods by buses to open aircraft parking positions.

Works on the second phase of reconstruction and extension of the A and C waiting rooms and finger halls

JSC Belgrade Nikola Tesla Airport has concluded on 17/09/2013 with the consortium whose leading member is Company Morava from Krusevac, public procurement contract number 17-09/2013 for execution of the works on the second phase of reconstruction and extension of A and C waiting rooms and finger halls.

Contract value of the works is RSD 227,744,401.55 VAT excluded.

The contractor has been introduced into business on 07.10.2013. The contractual deadline for completion is 180 days from the date of introduction into the business.

The second of the four stages of reconstruction and extension of A and C waiting rooms and finger halls includes execution of works on extension and modernization of terminal area, in section from gate C3 to gate C6. Works are carried out in accordance with approved technical documentation, according to which the expanded area is 311.32 m², while reconstruction covers an area of 2304.12 m².

The expansion of the waiting rooms and finger halls A and C will increase terminal capacity and quality of service to passengers. Also it will provide additional space for commercial facilities.

Work is in progress to set up a new facade, all types of installation, preparation for the installation of new roofing and interior finishing works. In the most recent period it is expected to end the first sub-phase of works, which means the waiting room C5 -6 with the corresponding part finger hall C.

Procurement of Visual Docking Guidance System- VDGS

JSC Belgrade Nikola Tesla Airport concluded on 06.01.2014 with the renowned Swedish company FMT contract for procurement No. 17-3/2014 for the supply of goods, "Visual Docking Guidance System- VDGS" in the amount of € 339,699.00. The contract provides for procurement of 11 devices for aircraft visual docking guidance for parking positions C1 - C6 and A1 -A5 , as well as software that will connect all the devices to Airport Dispatch Centre. Using these devices in aircraft parking will completely eliminate the human factor as a possible cause of error and increase the accuracy and reliability of the guidance.

Currently they are working on the implementation of this system, the information about the devices are sent to relevant subjects for publication of (AIP) and within 45 days all appliances should be put into operation.

Procurement of flat plate baggage carousels

JSC Belgrade Nikola Tesla Airport on 10.12.2013 with the Chinese company CIMC TIANDA concluded contract for public procurement No. 17-79/2013 for purchase of flat plate baggage carousels in the amount of € 149,800.00. The contract provides for the procurement of 2 flat plate baggage carousels for the international arrivals hall. Production of the carousels is in due course at the factory, it is currently without delay and delivery is expected in late April. The contractual period is 180 days from the date of signing the contract.

6. DESCRIPTION OF EXPECTED DEVELOPMENT OF THE COMPANY IN THE FOLLOWING PERIOD, CHANGES IN BUSINESS POLICIES OF THE COMPANY, AS WELL AS MAIN RISKS AND THREATS, TO WHICH THE COMPANY IS EXPOSED

Plan of air traffic turnover of the Company for 2014 is made in line with business policy of the Company which foresees increase of air traffic volume as follows: air movements by 34%, passengers by 28% while the cargo is at the level of foreseen realization for 2013.

1. Description of expected development of the company in future period

At the beginning of 2013 there were some changes in the number of air-carriers and cancellations of services:

- **Adria Airways** - Belgrade – Ljubljana, cancelled route from 06.02.2014

On the other hand, it was announced introduction of two new airlines – with two new routes from Belgrade:

- **TAP Portugal** - Belgrade - Lisbon, flights start from 02.07.2014
- **Vueling Airlines** – Belgrade – Barcelona, flights start from 20.06.2014.

Airlines with which Airport already operates, as well as the national airline Air Serbia in this year plan to offer more flights and final number of routes will be submitted by airlines until the start of the summer time table.

All this will contribute to increase of air traffic volume and making Belgrade airport even more attractive both to airlines and passengers.

2. Change of business policy

The Airport has corrected prices for aircraft handling services. Air carriers are really interested in having high quality services performed quickly and at the lowest possible price. Indirectly, passengers also take advantage of such service, which makes ticket price considerably lower.

There are ongoing works on extension of finger hall C to provide better comfort for passenger.

3. Major risks and threats that the Company is exposed to

Exceptional geographic position, space capacity, navigation and exploitation conditions and communication with other means of transport enables Airport "Nikola Tesla" to become the regional centre of air traffic in South-east Europe.

Unfortunately, poorly developed road infrastructure and inadequate transport organization present a major obstacle to economic growth, increase of productivity, competitiveness and employment, as well as faster and better exchange of goods and services of the Serbia with the environment and the world. The global economic crisis has largely left an impact on the offer/demand for air services in Europe. Several airlines that had significant traffic from Belgrade airport went bankrupt in the past year, which tells us about the situation in the branch of transport.

For example a SWOT analysis shows the following strategic choices by association of strengths and weaknesses of the company with opportunities and threats in the external environment:

- STRENGTHS

- o A growing number of passengers
- o The constancy of the quality of service
- o Investments in infrastructure, equipment and training
- o About 7 million potential customers in the region gravitating toward the Airport " Nikola Tesla" Belgrade
- o Stabilization in the economic and political terms

- WEAKNESSES

- o A high seasonality
- o A little demand for business class
- o Difficult sustainability of regularity of company profits and the threat to the performance of the planned loss of business especially during the start of flights
- o A low level of living standards for the population

- OPPORTUNITIES

- o Development of existing traffic on the lines that are not serviced
- o Increase of traffic in off-season through a variety of activities and forms of cooperation (City break, budget travelers, etc.)
- o Development of traffic to the middle and far east destinations and to north America primarily to Toronto

- THREATS

- o Restrictive policies of companies affects their withdrawal from the market that have poor prospects and competitiveness
- o Strengthening other airports in the region (Skoplje, etc.)
- o Possibility of de-liberalization of the visa regime

OPERATING SYSTEMS

Business and information system - ERP

In 2014 is planned acquisition of new business - information system (ERP) and the beginning of its implementation which is designed to last two years. This system will replace avizo information system that is currently in use at the airport, but will also enable the integration of business processes, eliminate manual processes, as well as the introduction of automatic control in all fields of application. The new ERP system offers the possibility of long-term reduction in operating costs, increase productivity of work processes through systems portfolio solutions -integration of business processes etc.

Visual docking guidance system - VDGS

Based on the procurement plan 2013 was purchased Visual Docking Guidance System and its implementation is planned for the first quarter of 2014. Aircraft parking at the designated position, enables easy and quick set up of the air bridge into position for embarking / disembarking of passengers, and reduced engagement of marshaller at guidance and parking of aircraft, reduced

impact of human factors concerning errors, increase of safety , achieving savings of time and increase in traffic volume.

Expanding CUTE platform

In due course is public procurement for expansion of information system for passengers and baggage check-in - CUTE. Due to technological improvement of work processes as well as additional requirements of service users , and primarily the urgent demands of the company Air Serbia, caused by increasing volume of traffic, the CUTE system will be expanded. This system extension includes the setting up of additional cute workstations with accessories on the reconstructed gates A1 -A5 and C1 - C6, as well as additional cute positions (Loadsheet, Lost & Found, Back office, transfer counter, etc.).

Information systems AODB , FMS , FIDS

Implementation of information systems AODB, FMS, FIDS began in 2013. The primary role of the information system is the centralization, management and processing of airport data and integration of heterogeneous systems of airports into homogeneous system environment. Within the implementation of the information system AODB, FMS, FIDS it is planned to expand the system for displays of flight information, commercial contents and other information to passengers, employees and other users of airport services by replacing existing FIDS monitors as well as increasing the number of them.

Information system for the boarding coupons control - SECURITY CHECKPOINT

It is planned to purchase an information system for boarding coupons control - SECURITY CHECKPOINT, Passenger access control to security- restricted area of the Airport Nikola Tesla was introduced in July 2011, based on the decision of the Civil Aviation Directorate ordering the Belgrade Nikola Tesla Airport to exercise control of travel documents of departing passengers. By automating the passenger control process i.e. the introduction of a system for boarding coupons control, there will be greater degree of efficiency and reliability, with the possibility of errors of the agent at the checkpoint reduced to a minimum. This system is important for the ability to gather statistics on the flow of departing passengers in the hourly load on the basis of which they will be able to perform the dimensioning of certain airport facilities (the required number of devices and the number of X-ray control staff).

COMMUNICATION NETWORK AND INTELLIGENT BUILDING SYSTEMS

Restoration of Network Infrastructure

In 2014 continues with restoration of infrastructure of computer-communication network in terms of upgrading passive network structure (wiring) and the purchase and replacement of existing equipment of computer network:

- Works - completion of works under the first phase of the project: Extension and improvement of communication network and initiation of proceedings for the execution of works under the second phase of the project. Works on improving the communication network in the cargo warehouse building.
- Supply and replacement of obsolete active devices of computer networks Abnet and of third parties.

Introduction of internal security systems of computer networks

During 2014 is expected implementation of access control system and safety of computer-communication network that would significantly raise safety & operation controls of information systems in terms of data protection from unauthorized access as well as the reliability of the system. DITT plans to create and introduce new security policies in information systems work procedures.

Expansion of the server and storage environments

In 2014 it is planned to expansion of the server and storage environments that forms the airport data center. With introduction of the new systems: ips, erp, brs etc., it is necessary to provide new hardware resources and plan capacities for future expansion. Expansion of server and storage environments enabled fulfilment of all the needs for hardware resources for 2014.

The introduction of a new call center for telephony system

Plans call for the center include the extension of telephony system with new extensions that include automatic exchange call center, which main function would contain automatic sorting and routing of calls. As part of the introduction of the call center is also planned extension of IP telephony.

Drawup of technical documentation for the Wi - Fi airport network

Drawup of technical documentation for the Wi - Fi network involves project design of airport wireless IP network that would meet demands of the current international standards for this type of information systems. Such a modern Wi - Fi system includes high availability, intranet portal services (for passenger information, commerce , etc ...) as well as access and data safety.

Digitization of radio network

In 2014 is planned digitization of radio network with which will be carried out transfer of all existing analogue radio stations to digital signal. With this setting of the system airport significantly gains on the reliability of radio communications.

Restoration of the PA system

Reconstruction of the PA system implies the improvement and replacement of worn-out installation of speakers and amplifiers which currently account for public announcement system. It is a modernization of the previous system, which was superseded in the terms of use and maintenance.

Restoration of fire alarm

- Drawup of technical documentation - reconstruction of fire alarm

Drawup of technical documentation for fire alarm includes the development of the main project of reconstruction of fire alarm system that includes modernization, upgrading to IP information level of the entire system, the purchase of new detectors and indicators for fire alarm system. Realization of this project is a key factor in airport safety.

- Works on the execution of reconstruction of fire alarm system.

The works are planned for 2014 and will be implemented within the main project of reconstruction of fire alarm system.

IT OPERATIONS

Development and expansion of functionality of internet / intranet portals

Understands making the design and functionality of the web portal (website) and the development of design, functionality and modules of intranet portal.

It understands the service of redesigning and developing of additional applications on the intranet portal. (establishment of units for exchange and storage of data by departments, projects, procurements , with clearly defined user access rights, etc.).

Two important document management systems that are designed to be implemented within the intranet portal are " the registry " and " public procurements",

"The registry" should regulate and automate the flow of both internal and external documents, with automatic forwarding of document to the users it is intended for.

"Public procurements" should automate the entire process of a public procurement from creating the initial document to the conclusion of the contract, with automatic forwarding of the document to the users it is intended for and with clear statuses of documents.

It implies a redesign of the internet presentation. Previous redesign was done 4 years ago and during that time there was a need for both change and improving of the look and the design itself and for insertion of new functionalities and data to be presented. For internet presentation, speaking from the standpoint of the end user, one of the most important things is the first impression it leaves on him, but also the easy finding of necessary information and navigation.

Archiving of paper documents

During the last year the process of digitizing and microfilming of paper documents is initiated. This process is necessary to allow transfer of paper documents into electronic form and creating a database for easy storage and search of documents. In the coming year and the following years it is planned that the entire archives and documentation is transferred to digital form.

System for managing electronic work orders

In due course is testing of the system for creation and entire processing of work orders sent by any department to ITT department. The system should cover the entire life of a work order from the moment of creation to realization, and then it is moved to the history of work orders. This reduces the use and consumption of paper in the work process and significantly speeds up and simplifies the process of creating a work order and its processing, the process is automated and at any time the user has insight in to the status of the work order.

MAIN RISKS AND THREATS

- fire safety
- safety of information systems
- data security
- the transition period during transfer from old to new information systems
- reliable operation of peripheral devices in case of power failure

Urbanism

JSC Belgrade "Nikola Tesla" Airport started the process of elaboration of the Spatial plan of the region of a special-purpose, as a planning document that will be the basis for future development of the Company. Spatial plan of special purpose shall be established spatial and technological composition of facilities, based on the best global practices and internationally established standards and recommendations. The planning document will include all the necessary facilities for a modern airport management.

Facilities – execution of works

JSC Belgrade "Nikola Tesla" Airport has contracted development of technical documentation for the reconstruction and expansion of A and C waiting rooms and finger halls. The project is divided into four phases. The first three stages of design involve filling the space between the existing waiting rooms by extension of the existing finger halls. In the fourth stage of designing is the construction, on the roof of the building, of the hall for incoming passengers and vertical communication from apron to the roof hall. Works are completed on the first phase in which 4000 m² of existing terminal space was reconstructed, and added new space of 3000 m². Terminal capacity is expanded and quality of services offered to passengers increased. Additional space for commercial facilities is provided.

Works on the second phase of extension of A and C waiting rooms and finger halls are in progress. What is foreseen is reconstruction of the existing 2,300 m² of existing terminal area and the construction of new 300 m². In the fourth quarter of this year is planned beginning of execution of the works on the third phase.

Work are completed on the adaptation of waiting rooms A4a and A4b serving for departure of passengers to open parking positions. Because of the capital works and the increased traffic volume in the peak hour, a waiting room with two gates is adapted, from which passengers are transported by bus to the remote parking positions.

Works are completed on the new transformer station "Terminal 1", of installed capacity of 2 MVA. Additional power capacities are provided for reliable supply of electricity to the consumers at the airport complex.

Facilities - technical documentation

Technical documentation is being developed for construction of D check-point facility. It is necessary to increase security of border crossing to a higher level and to upgrade security control of persons and vehicles at D check-point. For that is planned construction of the facility of surface area 380 m², which will provide that all directions of circulation towards aprons and other facilities in security restrictive zone are under control.

Due to the increasing number of passengers, and to allow the unhindered flow of traffic, the construction of a new waiting area for passengers to be transported by bus to the aircraft is planned. It is anticipated that the waiting room area for open positions be approximately 650 m². During the 2014 is planned development of technical documentation for the construction of the waiting room. The construction of the waiting room is foreseen at the level of ground floor, below finger hall A, at the waiting room A8.

The preparation of documentation for the location permit for the expansion finger hall C is in progress. Location permit is a prerequisite for the development of technical documentation. Location permit will provide for extension of approximately 6,000 m² of new terminal space. The new terminal area will have four contact positions and waiting room for exit to open positions with four gates.

Infrastructure – execution of works

Works are completed on extension of the airport apron "C" for parking and handling of aircraft. It is extended for an additional 25,500 m². By extending the apron we got 4 new parking positions for

aircraft with code letters C or a combination of larger aircraft category. Dimensions and capacity of the new apron enables parking and servicing of all to date manufactured aircraft.

Upon completion of the heating season, the works on the construction of new primary branch of heating system for supply of terminal and other facilities at the airport complex will continue. Length of new primary branch of heating system is 750 m in diameter Φ 300 mm. The construction of a new heating system will reduce heat loss in the network, as well as the loss of hot water, which will lead to less consumption of water, oil fuel and electricity (and thus the pollution of the environment will be reduced).

Infrastructure - Technical documentation

The preparation of the documentation for the location permit for the reconstruction and expansion of apron B for parking and aircraft handling is in progress. Location permit is a prerequisite for the development of technical documentation. Location permit will be provided for the reconstruction of the existing apron B area of 45,000 m² and 46,000 m² of additional upgrade. The existing apron B has 7 parking positions, while after upgrading apron B will enable parking and handling of up to 20 aircraft. The dimensions and capacity of the new apron will allow the parking and handling of all aircraft produced so far. Location permit will also provide for a centralized position for De / Anti - icing on apron B.

7. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Due to market risks, which influence on financial instruments, the management of the Company vigilantly monitors risky developments and take precautionary measures for risk management.

7.1. MARKET RISK

a) Currency risk

By analysis of financial resources and obligations at the end of 2012, we can conclude that the Company operates with low currency risk. It is due to the fact that almost all long-term receivables are contracted with currency clause.

b) Risk of interest rate change

Risk of change of interest rate does not represent significant risk for the Company. Financial instruments with contracted interest are mainly defined with fixed interest rate. Therefore, change of interest rate will not considerably influence revenues and expenditures of the Company

7.2. CREDIT RISK

The Company estimates that the greatest of the risks affecting financial instruments is credit risk. The Company has huge receivables of domestic and foreign buyers and the credit risk permanently exists. In order to diminish this risk, the Company monitors charging realisation on regular basis. It analyses value of recovery in contracted term, payment default and non-recovered receivables.

Receivables from buyers refer to many clients, whereof the greatest part refers to receivables from Air Serbia.

The largest participation in due, corrected receivables older than 60 days (default interest excluded) has Air Serbia in the amount of RSD 4,045,455 thousand and at the cost of the result of the Company of current 2013 (RSD 1,927,331 thousand) and previous years (RSD 2,118,124 thousand)

7.3. LIQUIDITY RISK AND CASH FLOW

Management of liquidity risk demands special attention of the Management of the Company. Therefore the Management has established business policy mostly based on financing from own resources. Outside funds are mostly long-term resources and short-term obligations can be covered from short-term receivables. However, in spite of above stated, there is a risk of jeopardizing liquidity, if in the future period collection of receivables from buyers with highest share in due receivables is not improved.

8. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

According to the Ministry of Finance, related parties of JSC Belgrade Nikola Tesla Airport are all entities in which equity, or management bodies Republic of Serbia has a share of at least 25%.

9. ACTIVITIES OF THE COMPANY IN THE FIELD OF RESEARCH AND DEVELOPMENT

JSC Belgrade "Nikola Tesla" Airport has no activities in research and development.

10. POSSESSION OF THE COMPANY'S SHARES

JSC Belgrade "Nikola Tesla" Airport did not acquire its own shares.

Belgrade, March 2014

Chairman of the Executive Board


Velimir Radosavljević



Executive Director


Violeta Jovanović

Executive Director


Dejan Milovanović

Executive Director


Zoran Stojković



**NIKOLA TESLA AIRPORT
SHAREHOLDING COMPANY, BELGRADE**

**Financial Statements
Year Ended December 31, 2013 and
Independent Auditors' Report**

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Translation of the Independent Auditors' Report issued in the Serbian language

INDEPENDENT AUDITORS' REPORT

To the Assembly and Supervisory Board of NIKOLA TESLA AIRPORT Shareholding Company, Belgrade

We have audited the accompanying financial statements (pages 3 to 49) of Nikola Tesla Airport Shareholding Company, Belgrade (Serbian: Aerodrom "Nikola Tesla" a.d., Beograd, hereinafter the "Company"), which comprise the balance sheet as of December 31, 2013, and the related income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the statistical annex.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law on Accounting of the Republic of Serbia, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nikola Tesla Airport Shareholding Company, Belgrade as of December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with the accounting regulations of the Republic of Serbia.

(Continued)

Translation of the Independent Auditors' Report issued in the Serbian language

INDEPENDENT AUDITORS' REPORT

**To the Assembly and Supervisory Board of NIKOLA TESLA AIRPORT Shareholding Company, Belgrade
(Continued)**

Emphasis of Matter

We draw attention to the fact that the Company performs a significant number of related party transactions within the meaning of the Corporate Income Tax Law. Upon preparation of the accompanying financial statements, the Company did not present the effects of transfer prices on the calculated income tax, as it believes that the related party transactions have no material effects on the calculation of the income tax in accordance with the regulations of the Republic of Serbia. However, in accordance with the tax regulations of the Republic of Serbia, the Company is under obligation to submit the tax return for FY 2013 and other supporting documentation to the Tax Administration of the Republic of Serbia, including the study on transfer prices, until June 30, 2014. The Company's management had announced a public procurement of services for the preparation of transfer pricing report – documentation for FY 2013. Accordingly, any effects of transfer prices on the amount of the recorded income tax amount for FY were not known until the auditor's report issue date. The Company's management is of an opinion that no material consequences on the financial statements of the Company will result therefrom. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Management is responsible for the preparation of the annual business report in accordance with the requirements of the Law on Accounting of the Republic of Serbia, which is not an integral part of the accompanying financial statements. In accordance with the Law on Audit of the Republic of Serbia, our responsibility is to express an opinion on the compliance of the annual business report for the year 2013 with the financial statements for the same financial year. In our opinion, the financial information disclosed in the annual business report for 2013 is consistent with the audited financial statements for the year ended December 31, 2013.

Belgrade, April 15, 2014



A handwritten signature in blue ink, appearing to read "Aleksandar Đurđević".

Aleksandar Đurđević
Certified Auditor

NIKOLA TESLA AIRPORT, BELGRADE

INCOME STATEMENT
Year Ended December 31, 2013
(Thousands of RSD)

	Note	2013	2012
OPERATING INCOME			
Sales income	5	6,078,550	5,860,821
Own work capitalized		83	-
Other operating income	6	561,891	513,781
		<u>6,640,524</u>	<u>6,374,602</u>
OPERATING EXPENSES			
Cost of commercial goods sold		(680,166)	(333,270)
Cost of materials	7	(425,617)	(491,298)
Staff costs	8	(1,200,771)	(1,092,467)
Depreciation, amortization and provisions	9	(757,417)	(745,182)
Other operating expenses	10	(1,707,165)	(1,558,514)
		<u>(4,771,136)</u>	<u>(4,220,731)</u>
PROFIT FROM OPERATIONS		<u>1,869,388</u>	<u>2,153,871</u>
Finance income	11a	167,461	496,527
Finance expenses	11b	(139,655)	(302,063)
Other income	12	97,401	400,372
Other expenses	13	(1,973,220)	(1,819,543)
		<u>(1,848,013)</u>	<u>(1,224,707)</u>
PROFIT BEFORE TAXES		<u>21,375</u>	<u>929,164</u>
INCOME TAXES		14	
- Current income tax expenses		(8,736)	(56,116)
- Deferred tax benefit/(expense)		3,566	(145,391)
NET PROFIT		<u>16,205</u>	<u>727,657</u>
Basic/diluted earnings per share (in RSD)	15	<u>0.47</u>	<u>21.22</u>

Notes on the following pages
form an integral part of these financial statements.

These financial statements were approved by the Supervisory Board of Nikola Tesla Airport Shareholding Company, Belgrade on February 26, 2014 and submitted to the Serbian Business Registers Agency on February 28, 2014.

Signed on behalf of Aerodrom "Nikola Tesla" a.d., Beograd by:

Velimir Radosavljević
General Manager

Ljiljana Simonović
Chief Financial Officer

Zorka Latinović
Head of Accounting

NIKOLA TESLA AIRPORT, BELGRADE

BALANCE SHEET
As of December 31, 2013
(Thousands of RSD)

	Note	December 31, 2013	December 31, 2012
ASSETS			
Non-current assets			
Intangible assets	16	9,278	7,723
Property, plant and equipment	16	21,384,030	20,999,379
Investment property	16	20,964	20,794
Equity investments	17	3	103
Other long-term financial investments	18	159,711	168,731
		<u>21,573,986</u>	<u>21,196,730</u>
Current assets			
Inventories and advances paid	19	140,585	160,014
Accounts receivable	20	881,414	1,446,716
Receivables for prepaid income taxes		94,656	26,244
Short-term financial investments	21	538,172	1,696,340
Cash and cash equivalents	22	896,778	214,383
Value added tax and prepayments	24	53,973	173,448
		<u>2,605,578</u>	<u>3,717,145</u>
Total assets		<u>24,179,564</u>	<u>24,913,875</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	25	20,573,610	20,573,610
Reserves		1,529,339	1,297,787
Unrealized losses on securities		-	(291)
Retained earnings		16,205	727,657
		<u>22,119,154</u>	<u>22,598,763</u>
Long-term provisions and liabilities			
Long-term provisions	26	176,654	211,708
Long-term borrowings	27	938,388	1,025,616
Other long-term liabilities	28	-	102,847
		<u>1,115,042</u>	<u>1,340,171</u>
Current liabilities			
Short-term financial liabilities	29	125,368	222,822
Accounts payable	30	319,537	247,245
Other current liabilities	31	2,640	3,217
Value added tax, other taxes and duties payable and accruals	32	61,960	62,228
		<u>509,505</u>	<u>535,512</u>
Deferred tax liabilities		435,863	439,429
Total equity and liabilities		<u>24,179,564</u>	<u>24,913,875</u>
Off-balance sheet items	33	<u>566,762</u>	<u>484,704</u>

Notes on the following pages
form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
 Year Ended December 31, 2013
 (Thousands of RSD)

	Share Capital	Reserves	Unrealized Losses on Securities	Retained Earnings	Total
Balance, January 1, 2012	20,573,610	761,355	(260)	1,580,293	22,914,998
Unrealized losses on securities	-	-	(31)	-	(31)
Profit distribution:					
- to the shareholders	-	-	-	(987,533)	(987,533)
- to the employees	-	-	-	(56,328)	(56,328)
- transfer to reserves	-	536,432	-	(536,432)	-
Net profit for the year	-	-	-	727,657	727,657
Balance, December 31, 2012	20,573,610	1,297,787	(291)	727,657	22,598,763
Balance, January 1, 2013	20,573,610	1,297,787	(291)	727,657	22,598,763
Unrealized losses on securities	-	-	291	-	291
Profit distribution:					
- to the shareholders	-	-	-	(438,218)	(438,218)
- to the employees	-	-	-	(57,887)	(57,887)
- transfer to reserves	-	231,552	-	(231,552)	-
Net profit for the year	-	-	-	16,205	16,205
Balance, December 31, 2013	20,573,610	1,529,339	-	16,205	22,119,154

Notes on the following pages
 form an integral part of these financial statements.

CASH FLOW STATEMENT
Year Ended December 31, 2013
(Thousands of RSD)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	5,442,570	5,171,538
Interest receipts from operations	7,310	3,429
Other receipts from operations	684,882	596,275
Cash paid to suppliers	(3,215,259)	(2,662,306)
Cash paid to, and on behalf of employees	(1,211,491)	(1,095,511)
Interest paid	(54,601)	(68,473)
Income taxes paid	(77,149)	(39,111)
Other public duties paid	(275,182)	(279,634)
<i>Net cash generated by operating activities</i>	<u>1,301,080</u>	<u>1,626,207</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of intangible assets, property, plant and equipment and biological assets	650	5,868
Other financial investments (net inflows)	1,163,898	1,008,008
Interest received from investing activities	77,072	128,940
Purchase of plant and equipment	(1,174,299)	(1,427,784)
<i>Net cash generated by/(used in) investing activities</i>	<u>67,321</u>	<u>(284,968)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term and short-term borrowings and other liabilities (net outflows)	(98,760)	(103,420)
Finance lease repayment	(90,141)	(87,249)
Dividends paid and share in profit	(496,105)	(1,044,554)
<i>Net cash used in financing activities</i>	<u>(685,006)</u>	<u>(1,235,223)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	683,395	106,016
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>214,383</u>	<u>73,304</u>
Foreign exchange (losses)/ gains on translation of cash, net	(1,000)	35,063
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>896,778</u>	<u>214,383</u>

Notes on the following pages
form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***1. FOUNDATION AND ACTIVITY**

Business entity Nikola Tesla Airport, Belgrade (Serbian; Aerodrom "Nikola Tesla", a.d., Beograd, hereinafter the "Company") was established in 1992 as a company providing airport services pursuant to a special Law and was fully owned by the Republic of Serbia.

During 2006, pursuant to the Decision of the Government of the Republic of Serbia, the Public Company Aerodrom "Beograd" (Belgrade Airport) was renamed into a Public Company Nikola Tesla Airport Belgrade.

The Company's was registered to perform the following business activities: providing conditions for landing, take-off and taxing of aircraft; ground handling of aircrafts, passengers, cargo at the airport apron; enabling jet fuel supply; catering services and luggage handling in the terminal building; passenger and crew transport; cargo storage and handling; joint use of equipment and fixtures; forwarding, trade and transport; airport cleaning, sanitation and waste removal services; airport security services; special requests and other related services.

Based on the Decision on determining dates for status changes in the Public Company Belgrade Nikola Tesla Airport as of August 5, 2005, four independent companies spun off as follows: Aerodrom catering d.o.o., Beograd, Aerodrom parking d.o.o., Beograd, Aerodrom poljoprivredna operativa d.o.o., Beograd and Aerodrom čistoća terminali d.o.o., Beograd. The status change was executed as of July 1, 2005. Fixed assets were transferred to the spun-offs and the ownership was transferred to the Republic of Serbia.

As of June 17, 2010, the Government of the Republic of Serbia enacted Decision number 023-4432/2010 on the change of legal form of the Public Company Belgrade Nikola Tesla Airport into a closed shareholding company. The aforementioned change was registered with the Serbian Business Registers Agency as of June 22, 2010, Decision number BD 68460/2010. A number of 34,289,350 shares were registered with the Central Securities Depository and Clearing House at July 7, 2010 as the Republic of Serbia ownership.

Following the legal form change, the Company continued its business activities under the business name Shareholding Company Nikola Tesla Airport Belgrade (Akcionarsko društvo Aerodrom "Nikola Tesla", Beograd).

As of December 9, 2010, the Government of the Republic of Serbia enacted Decision number 023-9103/2010-1 whereby citizens of the Republic of Serbia and the Company's former and present employees were granted vested rights to 16.85% of the ownership interest in the Company. This change of legal form into an open shareholding company was registered with the Serbian Business Registers Agency under Decision numbered BG 7651/2011 dated January 24, 2011.

Pursuant to the Decision on Admission of Shares to Listing A – Prime Market 04/4 numbered 478/11 as of January 28, 2011, the Company's shares were admitted into Listing A – Prime Market of the Belgrade Stock Exchange. A total of 34,289,350 shares are registered with the Central Securities Depository and Clearing House. Trading in the Company's shares commenced at the Belgrade Stock Exchange as of February 7, 2011.

The Company's tax identification number (fiscal code) is 100000539.

The Company's registration number is 07036540.

The Company is headquartered in Belgrade, 11180, Surčin 59, Serbia.

As of December 31, 2012, the Company had 481 employees (December 31, 2012: 464 employees).

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION

2.1. Basis of Preparation and Presentation of Financial Statements

Legal entities and entrepreneurs incorporated in Serbia are required to maintain their books of account, to recognize and value assets and liabilities, income and expenses, and to present, submit and disclose financial statements in conformity with the Law on Accounting (hereinafter referred to as the "Law", Official Gazette of the Republic of Serbia no. 63/2013). As a large legal entity, the Company is required to apply International Financial Reporting Standards ("IFRS"), which as per the aforementioned law comprise the following: the Framework for the Preparation and Presentation of Financial Statements (the "Framework"), International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), as well as the related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and additional related interpretations issued by International Accounting Standards Board ("IASB"), the translations of which to the Serbian language were approved and issued by the competent Ministry of Finance and which were in effect as at December 31, 2002.

The amendments to IAS, as well as the newly issued IFRS and the related interpretations issued by the IASB and the IFRIC, in the period between December 31, 2002 and January 1, 2009, were officially adopted pursuant to a Decision enacted by the Ministry of Finance of the Republic of Serbia (the "Ministry") and published in the Official Gazette of the Republic of Serbia no. 77 of October 25, 2010.

However, until the preparation date of the accompanying financial statements, not all amendments to IAS/IFRS and IFRIC in effect for annual periods beginning on or after January 1, 2009 had been translated. In addition, the accompanying financial statements are presented in the format prescribed under the "Guidelines on the Prescribed Form and Content of the Financial Statements of Enterprises, Cooperatives and Entrepreneurial Ventures" (Official Gazette of the Republic of Serbia nos. 114/2006, 5/2007 – corrected, 119/2008, 2/2010, 101/2012 and 118/2012). Such statements represent the complete set of financial statements as defined under the law, which differ from those defined under the provisions of IAS 1, "Presentation of Financial Statements," and differ in some respects from the presentation of certain items as required under the aforementioned standard.

Standards and interpretations in issue but not yet officially translated and adopted and standards and interpretations in issue but not yet in effect are disclosed in Notes 2.2 and 2.3.

In addition, the accompanying financial statements depart from IAS and IFRS in the following respects:

- Departures from IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment" in the treatment and recording of the effects of capital valuation mostly associated with the appraisal of property, plant and equipment and investment property: Namely, pursuant to Article 27 of the particular Articles of the Law on Supplements and Amendments of the Law Regulating the Right to Free-of-Charge Shares and Cash Compensation Exercised by Citizens in the Privatization Procedure (RS Official Gazette no. 30/2010), the Company's founder was obligated to make sure that the Company undergo a change of the legal form and state its core capital in shares of certain par value based on the restated carrying value of capital until June 30, 2010. In accordance therewith and following the capital valuation, the effects of valuation of assets and liabilities were credited to revaluation reserves. Pursuant to the procedure explained in Note 5 and based on the May 31, 2010 Decision of the Company's Management Board number 04-100/1 on capital increase, and the Decision adopted by the Government of the Republic of Serbia number 023-4175/2010 as of June 4, 2010 on issuing a consent on the aforementioned Decision on the increase of core capital from own assets by transforming reserves and retained earnings into core capital of the Public Company Belgrade Nikola Tesla Airport, in its business books the Company recorded the increase in state-owned capital as of January 1, 2010 through the opening balance adjustment by reducing other capital, reserves, revaluation reserves and retained earnings. The aforementioned accounting treatment departs from the requirements of IAS 16 "Property, Plant and Equipment" setting forth the following requirements: 1) revaluation results are reflected directly on equity, within the line item of revaluation reserves i.e. they are recognized as income in the profit and loss account to the extent a revaluation decrease of the same asset previously recognized in profit or loss is reversed; and in the part which sets forth that 2) the revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognized. The abovementioned recognition of valuation effects in the accompanying financial statements made in accordance with the aforementioned acts is not in compliance with IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment."

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)****2.1. Basis of Preparation and Presentation of Financial Statements (Continued)**

- Depreciable Assets" based on which deferred tax liabilities or assets are recognized as arising from non-depreciable assets according to IAS 16 "Property, Plant and Equipment" and measured based on tax ramification that would arise from the recovery of the carrying value of the asset through its sale, regardless of the basis of measuring the asset's carrying value. In the absence of a clear interpretation of regulations with respect to the cost of land, and determining the rights of handling and ownership over the Company's land, due to the particularity of the Company's activity and regulations governing the business operation of the Republic of Serbia airports, as well as special provisions of particular Articles of the Law on Supplements and Amendments of the Law Regulating the Right to Free-of-Charge Shares and Cash Compensation Exercised by Citizens in the Privatization Procedure (RS Official Gazette no. 30/2010), it is believed that the aforementioned SIC – 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" cannot be applied in the given circumstances. Deferred tax liabilities based on land revaluation would have totaled RSD 735,072 thousand had the requirements of SIC – 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" been applied.
- The accounting regulations of the Republic of Serbia depart from IAS and IFRS in the provisions of IAS 19, "Employee Benefits" given that, pursuant to the relevant Ministry interpretation, the employee share in profit distribution is recorded as decrease in retained earnings rather than charged to the net profit.

In accordance with the aforescribed, and given the potentially material effects which the departures of accounting regulations of the Republic of Serbia from IAS and IFRS may have on the fairness presentations made in the financial statements, the accompanying financial statements cannot be treated as a set of financial statements prepared in accordance with IAS and IFRS.

The financial statements were prepared at historical cost principle, unless otherwise stipulated in the accounting policies presented hereunder. In the preparation of the accompanying financial statements, the Company adhered to the accounting policies described in Note 3.

The Company's financial statements are stated in thousands of dinars (RSD), dinar being the official reporting currency in the Republic of Serbia.

2.2. Standards and Interpretations in issue but not yet Translated and Adopted

As of the financial statements issuance date, the following standards and amendments were issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee but were not officially adopted and translated in the Republic of Serbia:

- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Amendments improving fair value and liquidity risk disclosures (revised in March 2009, effective for annual periods beginning on or after January 1, 2009);
- Amendments to IFRS 1 "First-Time Adoption of IFRS" – Additional Exemptions for First-Time Adopters. The amendments relate to assets in oil and gas industry and determining whether an arrangement contains a lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010);
- Amendments to various standards and interpretations resulting from the Annual Quality Improvement Project of IFRS published on April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording. (amendments are to be applied for annual periods beginning on or after 1 January 2010, while the amendment to IFRIC is to become effective as of July 1, 2009);
- Amendments to IAS 38 "Intangible Assets" (revised in July 2009, effective for annual periods beginning on or after July 1, 2009);

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)****2.2. Standards and Interpretations in Issue but not yet Translated and Adopted (Continued)**

- Amendments to IFRS 2 "Share-Based Payment": Amendments resulting from the Annual Quality Improvement Project of IFRS (revised in April 2009, effective for annual periods beginning on or after July 1, 2009) and amendments relating to group cash-settled share-based payment transactions (revised in June 2009, effective for annual periods beginning on or after January 1, 2010);
- Amendments IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods beginning on or after July 1, 2009 and IAS 39 "Financial Instruments: Recognition and Measurement" – Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009);
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009).

2.3. Standards and Interpretations in Issue not yet in Effect

At the date of issuance of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

- "Conceptual Framework for Financial Reporting 2010" being an amendments to "Framework for the Preparation and Presentation of Financial Statements" (effective for transfer of assets from customers received on or after September 2010);
- IFRS 9 "Financial Instruments" and subsequent amendments (effective for annual periods beginning on or after January 1, 2013);

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after July 1, 2010);

- Amendments to IFRS 1 "First-Time Adoption of IFRS" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after July 1, 2011);
- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Transfers of Financial Assets (effective for annual periods beginning on or after January 1, 2011);
- Amendments to IAS 12 "Income Taxes" – Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after January 1, 2012);
- Amendments to IAS 24 "Related Party Disclosures" – Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011);
- Amendments to IAS 32 "Financial Instruments: Presentation" – Accounting for Rights Issues (effective for annual periods beginning on or after February 1, 2010);
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the Annual quality improvement project of IFRS published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after January 1, 2011);

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)****2.3. Standards and Interpretations in Issue not yet in Effect (Continued)**

- Amendments to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" – Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011);
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after July 1, 2010).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1. Income and Expense Recognition**

Income is measured at the fair value of the consideration received or receivable for the sale of goods and services rendered in the regular course of business, net of discounts, recoveries and sales taxes.

Income from the sale of goods is recognized when the risk and rewards associated with the rights of ownership are transferred to the customer.

At the moment in which income is recognized, the related expenditure is also recognized (as per the "matching principle").

Interest income and interest expenses are credited or charged to the income statement in the accounting period to which they relate.

3.2. Maintenance and Repairs

Current maintenance and repairs of fixed assets are charged to the income statement of the respective accounting period.

3.3. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. A qualifying asset is an asset that takes a substantial period of time to get prepared for its intended use or sale.

Investment income realized from the temporary placement of funds borrowed is netted against borrowing costs intended to finance qualifying assets.

All other borrowing costs are recognized on the profit and loss account in the period to which these relate.

3.4. Foreign Exchange Translation

Transactions denominated in foreign currencies are translated into dinars at the official exchange rates in effect at the date of each transaction.

Assets and liabilities denominated in foreign currencies are translated into dinars by applying the official middle exchange rates prevailing at the balance sheet date.

Foreign exchange positive or negative effects arising upon the translation of transactions, and assets and liabilities in foreign currencies are credited or charged to the income statement as foreign exchange gains or losses.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Employee Benefits

Taxes and Contributions Made to the Employee Social Security and Insurance Funds

In accordance with regulatory requirements in the Republic of Serbia, the Company is obligated to pay contributions to tax authorities and to various state social security funds that guarantee social security insurance benefits to employees. These obligations involve the payment of taxes and contributions on behalf of the employee, by the employer, in the amounts computed by applying the specific, legally prescribed rates. The Company is also legally obligated to withhold contributions from gross salaries to employees, and on behalf of its employees, to transfer the withheld portions directly to the applicable government funds. These taxes and contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

Obligations for Retirement Benefits and Jubilee Awards

Pursuant to the Rules of Procedure effective until the Collective Bargaining Agreement was signed (March 26, 2012), the Company is obligated to pay retirement benefits to its employees in the amount of four average monthly salaries paid in the Company in the month preceding the payment of retirement benefit while jubilee awards are paid commensurately with the duration of employment with the employer as follows:

	Number of average salaries paid by the Employer 2013	Number of average salaries paid in the Republic of Serbia 2012
10 years of service	1	1
20 years of service	2	2
30 years of service	3	3
35 years of service	4	4

Costs of retirement benefits and jubilee awards are determined by applying the actuarial projected unit credit method. Actuarial gains and losses are recognized within income or expenses within the income statement of the period when realized/incurred. The assumption used in actuarial calculation of the employee benefits were as follows:

	2013	2012
Discount rate	5.21%	6%
Projected salary growth rate	0%	1%
Employee turnover rate	1.5%	1%

Based on the actuarial report on the calculation of provisions for employee benefits as of December 31, 2013, the following circumstances were stated as the basis used in computation of the above listed assumptions:

- Discount rate – as the basis for calculation the weighted average interest rate applied to EUR-denominated securities issued by the Republic of Serbia from December 2013 was used. Inflation effects were excluded upon determining the discount rate.
- Projected salary growth rate – given that in October 2013 the Republic of Serbia Government adopted a package of measures to stabilize public finances and speed up economic recovery, which stipulates reduction of public sector employee salaries if those exceeded RSD 60,000 in order to reduce the overall public sector wagebill and adjustment of salaries paid by government agencies to the economic reality. Given the aforesaid, the actuarial calculation assumes no salary growth but retention of salaries at the levels from December 2013 instead. Inflation effects were excluded upon determining the salary growth rate.
- Employee turnover rate – the Company's historical and empirical data on employee turnover were used in determining the employee turnover rate.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.6. Taxes and Contributions****Current Income Taxes**

Current income tax is payable at the legally prescribed rate of 15% on the tax base determined within the tax balance and reported in the annual corporate income tax return. The taxable base stated in the income tax return includes the profit before taxation shown in the statutory statement of income, as adjusted for differences that are specifically defined under statutory tax rules of the Republic of Serbia, less any prescribed tax credits. The income tax rate of 15% was applied after January 1, 2013.

The tax regulations of the Republic of Serbia do not envisage that any tax losses of the current period be used to recover taxes paid within a specific carryback period. However, tax losses stated in the tax balances until 2010 may be used to reduce or eliminate taxes to be paid in future periods for duration of ten years from the entitlement origination, whereas tax losses stated in the tax balance for 2011 and subsequent periods may be used to reduce or eliminate taxes to be paid in future periods for duration of no longer than five years. Tax losses incurred before January 1, 2010 are available for carryforward for duration of no longer than ten ensuing years.

The Company performs a significant number of related party transactions within the meaning of the Corporate Income Tax Law. The Company will initiate the procedure to prepare the transfer pricing study and submit it enclosed with the income tax return for FY 2013, for which for the first time the legally prescribed submission deadline is set at June 29, 2014. Accordingly, the effects of transfer prices on the amount of the reported income tax payable for the year 2013 are not known. The Company's management believes that there will be no material consequences on the Company's financial statements, which will be considered upon transfer pricing study completion.

Deferred Income Taxes

Deferred income taxes are provided using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The currently enacted tax rates or the substantively enacted rates at the balance sheet date are used to determine the deferred income tax amount. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and tax credits and losses available for carryforward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax loss/credits of the carryforwards can be utilized. As at December 31, 2013, deferred tax assets and liabilities were provided at the rate of 15% (December 31, 2012: 15%).

Deferred income taxes are either charged or credited to the income statement, except in so far as they relate to items that are directly credited or charged to capital, and in that instance, the deferred taxes are also recognized under equity.

Indirect Taxes and Contributions

Indirect taxes and contributions include property taxes, payroll taxes and contributions charged to the employer, as well as other taxes and contributions paid pursuant to republic and municipal regulations. These taxes and contributions are presented within other operating expenses.

3.7. Property and Equipment

Items of property and equipment that qualify for recognition are carried at cost. Cost comprises purchase price, after deducting trade discounts and rebates and increased by any costs directly attributable to bringing the asset to the location and condition for its intended use. Self-constructed assets are carried at cost unless their cost exceeds the market value of such assets. After recognition as an asset, an item of property and equipment is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The appraisal of the Company's property and equipment was performed at January 1, 2010 by an independent certified appraiser.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.7. Property and Equipment (Continued)**

If an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of revaluation surplus. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

3.8. Investment Property

Investment property is property held by the Company to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. An investment property is measured initially at its cost. After recognition as an investment property is carried at its fair value.

3.9. Depreciation and Amortization

Depreciation of property and equipment and amortization of intangible assets are charged individually for each asset to the asset's appraised value at the beginning of year or to cost of assets placed in use during the year by applying the straight-line method. Depreciation and amortization rates have been determined so that the cost or appraised value of property and equipment is written down in equal annual amounts over the estimated useful life of an asset. Depreciation and amortization rates applied were as follows:

	%
Buildings	
Energy and water supply facilities	1.5 – 10
Roads, airports and parking lot	2 - 12.5
Equipment	
New specialized equipment	6.67 - 33.33
Road transport equipment	6.67- 50
Telecommunication and TV equipment	9.09 - 50
Air transport equipment	6.67
Measuring and control devices and specialized devices	6.67
Laboratory equipment, teaching aids and medical devices	14.28
Electronic, computer machines and computers	11
Furniture and general purpose devices	10
Agricultural equipment	2.5
Road transport equipment obtained under finance lease arrangement	7.69 - 25

3.10. Leases

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

The Company as a Lessor

Lease income from operating leases (rentals) is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

The Company as a Lessee

Assets held under finance leases are initially recognized as the assets of the Company at the present value of the minimum lease payments, which is determined at the inception of the particular lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease liability.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.10. Leases (Continued)***The Company as a Lessee (Continued)*

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (Note 3.3).

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.11. Impairment of Tangible Assets

At each balance sheet date, the Company's management reviews the carrying amounts of its fixed and intangible assets in order to determine the indications of impairment. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is impossible to determine the recoverable value of an individual asset, the Company assesses the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is based on the higher of net selling price and value in use. The estimate of the value in use comprises the assessment of future cash inflows and outflows discounted to their present value by applying the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of assets (or cash generating unit) is below their carrying value, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense of the current period under operating expenses.

As of December 31, 2013, based on the assessment made by the Company's management, there were no indications that intangible assets, property and equipment had suffered impairment.

3.12. Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories of materials and spare parts is assigned by applying the weighted-average method. The cost comprises the amounts invoiced, cost of transport and other related costs.

Inventories of goods are recorded at their selling prices. At the end of the accounting period, their value is adjusted to cost by an apportionment of the related selling margin, calculated on an average basis, between the cost of goods sold and the inventories held at the year-end.

Provisions charged to other expenses are made where appropriate in order to reduce the value of inventories to management's best estimate of net realizable value (including slow-moving, excessive and obsolete inventories). Inventories found to be damaged or of a substandard quality are written off.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.13. Financial Instruments**

Financial assets and financial liabilities are recognized in the Company's balance sheet on the date upon which the Company becomes counterparty to the contractual provisions of a specific financial instrument.

Financial assets cease to be recognized when the Company loses control of the contractual rights governing such instruments; which occurs when the rights of use of such instruments have been realized, expired, abandoned, and/or ceded. Financial liabilities cease to be recognized when the Company fulfills the obligations, or when the contractual repayment obligation has either been cancelled or has expired.

Long-Term Financial Investments

Long-term financial investments include long-term deposits, equity investments and long-term housing loans extended to employees. Long-term housing loans are stated at fair value discounted by applying the market interest rate.

The Company has equity investments in banks undergoing liquidation and, pursuant to the applicable accounting standards, these were fully provided for.

Accounts Receivable, Short-Term Financial Investments and Other Current Receivables

Accounts receivable, short-term financial investments and other current receivables are stated at nominal value net of allowance for impairment calculated based on the management's assessment of their collectability.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash includes cash on hand and balances on current dinar and foreign currency accounts held with commercial banks and short-term deposits with up to three-month maturities.

Financial Liabilities*Classification as Debt or Equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Other Financial Liabilities

Other financial liabilities (including borrowings and accounts payable) are initially recognized at fair value net of transaction costs. Loans and other financial liabilities are subsequently measured at amortized cost using the contractually agreed interest rate which approximates the effective interest rate.

Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

The presentation of the financial statements requires the Company's management to make best estimates and reasonable assumptions that influence the assets and liabilities amounts, as well as the disclosure of contingent liabilities and receivables as of the date of preparation of the financial statements, and the income and expenses arising during the accounting period. These estimations and assumptions are based on information available to us as of the date of preparation of the financial statements. Actual results may vary from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES (Continued)**

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

4.1. Depreciation and Amortization Charge and Rates Applied

The estimate of a useful life of property, equipment and intangible assets is based on historical experience with similar assets, as well as the anticipated technical advancement and changes in economic and industrial factors. The adequacy of the estimate of the remaining useful life of property and equipment is analyzed once a year based on the current expectations.

In addition, due to the significance of non-current assets in the Company's total assets, any change in the aforementioned assumptions may lead to material effects on the Company's financial position, as well as financial result. For instance, should the Company reduce the average useful life by 10%, additional depreciation and amortization charge would increase by approximately RSD 72,913 thousand for the year ended December 31, 2013 (December 31, 2012: RSD 74,271 thousand)

4.2. Provisions for Litigations

Generally, provisions are highly judgmental. The Company estimates the likelihood of unfavorable events happening as a result of past events and assesses the amount necessary to settle such liability. Although the Company acts prudently in making such estimates, given the great extent of uncertainty, in certain cases actual results may depart from them.

4.3. Allowance for Impairment of Receivables

We calculated the allowance for impairment of doubtful receivables over 60 days past due based on the estimated losses arising from customer's default. Our assessment is based on the aging analysis of accounts receivable, historical write-offs, customer creditworthiness and changes in the terms of sale, identified upon determining the adequacy of allowance for impairment of doubtful receivables. This includes the assumptions on the future customer behavior and the resultant future collections. The management assesses that additional allowance for impairment of receivables is not necessary.

4.4. Fair Value

The fair value of financial instruments for which an active market does not exist is determined by applying adequate valuation methods. The Company applies its professional judgment in the selection of adequate methods and assumptions.

It is a policy of the Company to disclose the fair value information of those components of assets and liabilities for which published or quoted market prices are readily available, and of those for which the fair value may be materially different than their recorded amounts. In the Republic of Serbia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available. As a result of this, fair value cannot readily or reliably be determined in the absence of an active market. The Company's management assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may not have been realized, it recognizes a provision. In the opinion of management, the reported carrying amounts are the most valid and useful reporting values under the present market conditions.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

5. SALES

	Year Ended December 31,	
	2013	2012
Sales in domestic market		
<i>Goods:</i>		
- retail	3,354	2,582
<i>Services:</i>		
- airport fees for ground handling of aircraft	203,499	237,636
- ground services	887,127	1,062,227
- ground handling of aircraft in domestic traffic	161,231	190,125
- safety fee	243,088	247,239
- boarding passengers (air bridge)	11,039	13,109
- CUTE system	37,649	38,325
- use of airport infrastructure	120,289	135,732
- cargo warehouse management, storage and handling of goods	98,473	104,533
- parking service	27,000	27,343
- rent of advertising space	33,936	57,160
- aircraft defrosting services	23,542	23,309
- other services	131,508	132,963
	<u>1,978,381</u>	<u>2,269,701</u>
	<u>1,981,735</u>	<u>2,272,283</u>
Sales in foreign markets		
<i>Goods – jet fuel</i>	700,447	357,482
<i>Products and services:</i>		
- ground services	1,312,386	1,254,310
- airport fees for ground handling of aircraft	1,024,628	974,948
- boarding passengers (air bridge)	106,547	90,696
- CUTE system	77,778	70,711
- airport parking fee	22,511	18,483
- special travelling services	32,996	30,736
- safety fee	300,775	277,967
- use of airport infrastructure	338,341	327,609
- lost and found services	15,158	19,188
- aircraft defrosting services	50,981	58,994
- cargo warehouse management, storage and handling of goods	30,572	25,714
- consulting services	45,445	44,686
- other services	38,250	37,014
	<u>3,396,368</u>	<u>3,231,056</u>
	<u>4,096,815</u>	<u>3,588,538</u>
	<u>6,078,550</u>	<u>5,860,821</u>

Other income from the sales in domestic market for the year 2013 was stated in the amount of RSD 131,508 thousand and mostly relates to the income from joint costs invoiced to lessees in the amount of RSD 60,824 thousand (2012: RSD 63,837 thousand) as well as income from workorder requests of RSD 27,821 thousand (2012: RSD 26,982 thousand).

For management purposes, the Company performs its entire business activity from the same geographical region, i.e. from the Company's place of domicile. Accordingly, the Company does not disclose assets, liabilities and income and expense measurement per geographic area.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

5. SALES (Continued)

The following table presents the Company's total income per geographic area, i.e. state wherefrom foreign airline companies the Company operates with come from.

Sales of services as per geographic areas

	Year Ended December 31,	
	2013	2012
Serbia	1,649,696	1,927,786
Germany	701,847	681,217
Montenegro	548,555	632,167
Austria (*)	310,876	424,666
Switzerland	323,189	311,735
Russia	265,559	161,627
Turkey	625,840	296,242
France	22,480	144,464
Italy	145,972	161,625
Hungary	487,885	378,035
Tunisia	50,702	41,101
Greece	50,550	61,489
Norway	84,580	94,525
Abu Dhabi	54,444	-
Romania	35,374	37,780
Poland	42,042	44,497
Qatar	47,501	5,112
Dubai	245,379	114,238
Slovenia	60,117	70,512
Other countries	325,962	272,003
	<u>6,078,550</u>	<u>5,860,821</u>

* Austrian Airlines has registered a branch office of Austrian Airlines as a Republic of Serbia resident and is accounted for within domestic accounts receivable.

6. OTHER OPERATING INCOME

	Year Ended December 31,	
	2013	2012
Rental income:		
- from domestic entities	551,980	504,844
- from foreign entities	9,043	8,617
Other income	868	320
	<u>561,891</u>	<u>513,781</u>

7. COST OF MATERIALS

	Year Ended December 31,	
	2013	2012
Materials	104,391	178,875
Other materials	67,791	75,884
Fuel	91,220	86,894
Fuel oil	38,699	36,817
Electricity	123,516	112,828
	<u>425,617</u>	<u>491,298</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

8. STAFF COSTS

	Year Ended December 31,	
	2013	2012
Gross salaries:		
- employees	655,688	600,228
- management	32,598	32,312
Payroll taxes and contributions paid by the employer	123,201	112,954
Service contracts and author fees	2,240	1,283
Gross wages and benefits of temporary employees	317,773	272,838
Remunerations to the Board of Directors	9,902	12,447
Employee transport to work allowance	39,100	41,352
Business travel expenses	9,946	9,032
Retirement benefits and jubilee awards	3,809	4,164
Other staff costs	6,514	5,857
	<u>1,200,771</u>	<u>1,092,467</u>

9. DEPRECIATION, AMORTIZATION AND PROVISIONS

	Year Ended December 31,	
	2013	2012
Depreciation and amortization charge	729,133	670,773
Provisions for benefits and other payables to employees	26,204	38,409
Provisions for litigations	2,080	36,000
	<u>757,417</u>	<u>745,182</u>

10. OTHER OPERATING EXPENSES

	Year Ended December 31,	
	2013	2012
Transportation services		
- services rendered by O.Z.B. Komerc d.o.o., Beograd	319,754	294,763
- other transportation services	81,128	74,162
Maintenance	140,073	185,408
Rental costs	26,838	11,261
Marketing and advertising	36,279	29,102
Market research	-	4,857
Membership fees	4,919	4,227
Physical and technical security services (O.Z.B. Komerc d.o.o., Beograd)	479,792	378,752
Other production services	81,590	73,630
JAT occupational medical services	13,481	14,942
Employee professional training	8,765	8,774
Cleaning and maintenance (O.Z.B. Komerc d.o.o., Beograd)	123,290	124,424
Data processing services (O.Z.B. Komerc d.o.o., Beograd)	148,708	120,255
Services of the newly formed spin off Aerodrom poljoprivredna operativa d.o.o., Beograd	20,075	14,678
IT support	6,583	4,716
Other non-production services	76,487	75,848
Bank charges	6,080	5,619
Insurance premiums	30,104	26,575
Entertainment	12,787	11,096
Land taxes	36,139	36,139
Property taxes	22,619	22,916
Other indirect taxes and contributions	16,465	16,798
Other operating expenses	15,209	19,572
	<u>1,707,165</u>	<u>1,558,514</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

10. OTHER OPERATING EXPENSES (Continued)

In FY 2013 transportation services amounting to RSD 319,754 thousand, Physical and technical security service costs of RSD 479,792 thousand, cleaning and maintenance costs of RSD 123,290 thousand and data processing costs of RSD 148,708 thousand entirely relate to the services rendered by O.Z.B. Komerc d.o.o., Beograd. In 2013 the average total of 759 staff members of O.Z.B. Komerc d.o.o., Beograd were engaged on the aforesaid works (2012: 661 staff members).

11. FINANCE INCOME AND EXPENSES

a) Finance income

	Year Ended December 31,	
	2013	2012
Interest income	95,022	126,098
Foreign exchange gains	69,814	370,397
Contractually agreed hedge against risk – currency clause positive effects	2,626	32
	<u>167,461</u>	<u>496,527</u>

b) Finance expenses

	Year Ended December 31,	
	2013	2012
Interest paid	54,111	72,050
Foreign exchange losses	84,901	209,277
Contractually agreed hedge against risk – currency clause negative effects	643	20,736
	<u>139,655</u>	<u>302,063</u>

12. OTHER INCOME

	Year Ended December 31,	
	2013	2012
Revaluation of long-term housing loans	2,509	9,482
Collected receivables previously written off	19,556	191,976
Reversal of long-term provisions	47,502	24,570
Income from value adjustment of receivables and short-term financial investments	2,720	2,264
Insurance claims settled	5,359	1,154
Value adjustment of housing loans (Note 18)	2,720	97,693
Reversal of allowance for impairment of housing loans based on introduction of currency clause (Note 18)	3,324	53,887
Write-off of liabilities based on equity investment	3,284	-
Other income	10,427	19,346
	<u>97,401</u>	<u>400,372</u>

Income from value adjustment of housing loans approved to employees in 2013 amounting to RSD 2,720 thousand refers to reducing the long-term loans to fair value for the financial year 2013 by applying the discount rate of 5.75 % (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

13. OTHER EXPENSES

	Year Ended December 31,	
	2013	2012
Losses on disposal and sale of property and equipment	1,602	161
Write-off of receivables	45	114
Allowance for impairment of receivables (Note 23)	1,934,288	1,715,732
Reversal of receivables based on housing loans due to introduction of currency clause (Note 18)	5,334	70,202
Charities, humanitarian aid	20,786	18,443
Impairment of long-term investments (Note 18)	687	211
Other expenses	10,478	14,680
	<u>1,973,220</u>	<u>1,819,543</u>

In 2013, following the assessment of recoverability of receivables, the Company's management adopted a decision to provide for the accounts receivable totaling RSD 1,934,288 thousand (2012: RSD 1,715,732 thousand), where the largest portion of the allowance amount of RSD 1,927,331 thousand relates to the customer Air Serbia a.d., Beograd (former JAT Airways a.d., Beograd).

14. INCOME TAXES

a) Components of income taxes

	Year Ended December 31,	
	2013	2012
Current income tax expenses	8,736	56,116
Deferred tax (benefit)/ expense	(3,566)	145,391
	<u>5,170</u>	<u>201,507</u>

b) Numerical reconciliation between the tax expense and the product of accounting results multiplied by the applicable tax rate

	Year Ended December 31,	
	2013	2012
Profit before taxes	<u>21,375</u>	<u>929,164</u>
Income tax at the statutory tax rate of 15% (2012: 10%)	3,206	92,916
Tax effects of expenses not recognized for tax purposes	5,564	17,359
Tax effects of the change in the tax rate	-	146,567
Tax credit for capital expenditures		
- from the current year	(4,303)	(56,116)
Other	703	781
	<u>5,170</u>	<u>201,507</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

14. INCOME TAXES (Continued)

c) Table of movements on deferred tax assets and liabilities

Deferred tax liabilities relate to temporary differences between the base at which property, plant, equipment and investment property are recognized for tax purposes and their carrying values shown in the Company's financial statements.

	December 31, 2013	December 31, 2012
<i>Deferred tax liabilities</i>		
Balance, January 1	439,429	294,038
Difference between the tax purpose and accounting depreciation and amortization	(4,269)	(2,933)
Tax effects of the change in the tax rate	-	146,567
Deferred tax expenses	703	1,757
Balance, December 31	<u>435,863</u>	<u>439,429</u>

d) Realized, unused and unrecognized tax credits

Year of Inception	Year of Expiry	Tax Credit Carryforward	Tax Credits Used	Remaining Tax Credit Carryforward
2003	2013	64,510	8,332	56,178
2004	2014	121,717	-	121,717
2005	2015	106,634	-	106,634
2006	2016	161,173	1,709	159,464
2007	2017	34,140	986	33,154
2008	2018	58,616	953	57,663
2012	2022	156,179	-	156,179
2013	2023	194,539	4,303	190,236
		<u>897,508</u>	<u>16,283</u>	<u>881,225</u>

15. EARNINGS PER SHARE

	Year Ended December 31, 2013	Year Ended December 31, 2012
Net profit attributable to owners	16,205	727,657
Weighted average number of shares outstanding	<u>34,289,350</u>	<u>34,289,350</u>
Basic earnings per share (in RSD)	<u>0.47</u>	<u>21.22</u>

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December 31, 2013

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16. PROPERTY, EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

	Land	Buildings	Equipment	Livestock	Construction in Progress and Advances	Total	Investment Property	Intangible Assets
Cost								
Balance, January 1, 2012	9,034,813	10,224,960	2,175,885	422	345,229	21,781,309	14,476	28,824
Additions	-	-	-	-	1,250,311	1,250,311	-	3,819
Transfer from construction in progress	-	178,853	627,104	-	(805,957)	-	-	-
Sale, disposal and retirement	-	-	(8,117)	-	-	(8,117)	-	-
Other	-	-	-	(72)	(17,117)	(17,889)	6,318	-
Balance, December 31, 2012	9,034,813	10,403,813	2,793,872	350	772,466	23,005,314	20,794	32,643
Balance, January 1, 2013	9,034,813	10,403,813	2,793,872	350	772,466	23,005,314	20,794	32,643
Additions	-	-	-	-	1,106,743	1,106,743	-	4,582
Transfer from construction in progress	-	-	632,456	-	(632,456)	-	-	-
Sale, disposal and retirement	-	(288)	(9,548)	(84)	-	(9,920)	-	-
Other	-	-	-	-	5,172	5,172	170	-
Balance, December 31, 2013	9,034,813	10,403,525	3,416,780	266	1,252,525	24,107,909	20,964	37,235
Accumulated Depreciations/Amortization								
Balance, January 1, 2012	-	780,584	563,002	-	12,661	1,346,377	-	22,590
Charge for the year	-	388,434	280,009	-	-	668,443	-	2,330
Sale and disposal	-	-	(8,885)	-	-	(8,885)	-	-
Balance, December 31, 2012	-	1,169,118	824,126	-	12,661	2,005,935	-	24,920
Balance, January 1, 2013	-	1,169,118	824,126	-	12,661	2,005,935	-	24,920
Charge for the year	-	390,872	355,224	-	-	726,096	-	3,037
Sale and disposal	-	(128)	(8,024)	-	-	(8,152)	-	-
Balance, December 31, 2013	-	1,559,862	1,151,326	-	12,661	2,723,879	-	27,957
Net Book Value								
at December 31, 2013	9,034,813	8,843,663	2,265,454	266	1,239,834	21,384,030	20,964	9,278
at December 31, 2012	9,034,813	9,234,695	1,969,746	350	759,775	20,989,379	20,794	7,723

Translation of the Auditors' Report issued in the Serbian language

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All amounts are expressed in thousands of RSD, unless otherwise stated.

16. PROPERTY, EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS (Continued)

Increase in investment/construction in progress and advances paid of RSD 1,106,743 thousand mostly relate to the reconstruction and extension of the airside concourses A and C totaling RSD 609,908 thousand, reconstruction of apron C of RSD 294,582 thousand and reconstruction of runway of RSD 95,200 thousand.

Net book value of equipment stated as of December 31, 2013 in the amount of RSD 2,265,453 thousand includes assets acquired under finance lease arrangements of RSD 270,743 thousand.

17. EQUITY INVESTMENTS

	December 31, 2013	December 31, 2012
Equity investments in banks:		
Privredna banka a.d., Beograd	392	101
Equity investments in banks in liquidation:		
Union banka a.d., Beograd - <i>in liquidation</i>	667	667
Beogradska banka a.d., Beograd - <i>in liquidation</i>	18,988	18,988
Beobanka a.d., Beograd - <i>in liquidation</i>	38	38
	<u>19,693</u>	<u>19,693</u>
Equity investments in enterprises:		
Société International de Télécommunications Aéronautiques Swisse (SITA)	3	2
<i>Less: Allowance for impairment of equity investments in banks in liquidation</i>	<u>(20,085)</u>	<u>(19,693)</u>
	<u>3</u>	<u>103</u>

Due to the instigation of the bankruptcy proceedings over Privredna banka a.d., Beograd, the Company estimated that as of December 31, 2013 securities, i.e. equity investment held in Privredna banka a.d., Beograd was impaired and reversed accumulated unrealized losses on the aforesaid securities available for sale against the income statement for FY 2013.

18. OTHER LONG-TERM FINANCIAL INVESTMENTS

	December 31, 2013	December 31, 2012
Membership with Société International de Télécommunications Aéronautiques Swisse (SITA)	4,985	4,413
Long-term deposits	-	4,088
Long-term loans approved to employees	<u>342,346</u>	<u>358,268</u>
	<u>347,331</u>	<u>366,769</u>
Current portion of long-term investments in Société International de Télécommunications Aéronautiques Swisse (SITA)	(442)	(348)
Current portions of long-term deposits	-	(4,088)
Current portion of long-term loans approved to employees	(17,851)	(16,523)
Fair value adjustment of long-term loans to employees	<u>(169,327)</u>	<u>(177,079)</u>
	<u>159,711</u>	<u>168,731</u>

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December 31, 2013

*All amounts are expressed in thousands of RSD, unless otherwise stated.***18. OTHER LONG-TERM FINANCIAL INVESTMENTS (Continued)**

Long-term loans to employees sated at December 31, 2013 as totaling RSD 342,346 thousand (including current portions of RSD 17,851 thousand and effects of fair value adjustments of RSD 169,327 thousand) relate to housing loans approved to employees, maturing over a period from 20 to 40 years.

Depending on the terms under which these loans were approved, the Company distinguishes 5 types of receivables arising from housing loans extended, as follows:

- Receivables for housing loans approved at the annual interest rate of 0.5% that are revalued annually, totaling RSD 54,206 thousand as of December 31, 2013;
- Receivables for housing loans approved at the annual interest rate of 0.5% that are currency clause indexed, totaling RSD 98,810 thousand as of December 31, 2013;
- Receivables for housing loans approved interest-free that are revalued annually (solidarity fund apartments) and receivables for housing loans approved interest-free that are revalued semi-annually, totaling RSD 2,074 thousand as of December 31, 2013; and
- Receivables for housing loans approved at the annual interest rate of 1% that are not revalued, totaling RSD 78 thousand as of December 31, 2013.

As of April 26, 2012, pursuant to the Board of Directors Decision no. 04-52/1, the housing loan beneficiaries per loan agreements executed between 2004 and 2006 were offered amended contractually defined loan repayment terms. In the previous period, the aforesaid loan agreements were denominated in RSD and revalued by applying consumer price index. Given that such revaluation index is not officially published, the existing loan agreements were replaced with agreements containing currency clause (EUR). According to the aforesaid, and based on the assessment of receivables arising from the housing loans approved performed by the Scientific Research Center of the Faculty of Economics in Belgrade, in the financial year 2013, the Company recorded and accounted for the income from reversal of impairment allowance of housing loans due to introduction of currency clause in the total amount of RSD 3,324 thousand (Note 12), as well as expenses from reversal of receivables from housing loans extended due to introduction of the currency clause totaling RSD 5,334 thousand (Note 13). In addition, fair value adjustment of long-term loans in the year 2013, by applying the discount rate of 5.75 %. In order to securitize timely loan repayment, the employee salary garnishment was imposed and the loan agreements stipulate mortgage registration in favor of the Company upon the reception of apartments by the employees.

19. INVENTORIES AND ADVANCES PAID

	December 31, 2013	December 31, 2012
Materials	90,011	89,691
Spare parts	5,898	6,919
Small tools and fixtures	2,586	5,642
Goods in warehouse	33,639	54,036
Goods in duty free shop	43	36
Advances paid	8,470	3,790
	<u>140,647</u>	<u>160,114</u>
Less: Allowance for impairment - of materials and spare parts	(62)	(100)
	<u>140,585</u>	<u>160,014</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

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20. ACCOUNTS RECEIVABLE

	December 31, 2013	December 31, 2012
Accounts receivable:		
- domestic	4,714,148	3,380,099
- foreign	423,705	407,133
Interest receivables, domestic – penalty interest	36,718	22,046
Receivables from employees	1,836	1,366
Other receivables	13,059	29,188
	<u>5,189,466</u>	<u>3,839,832</u>
Less: Allowance for impairment of		
- domestic accounts receivable	(4,255,614)	(2,358,077)
- foreign accounts receivable	(14,845)	(13,250)
- interest receivables – penalty interest	(37,593)	(21,789)
	<u>(4,308,052)</u>	<u>(2,393,116)</u>
	<u>881,414</u>	<u>1,446,716</u>

Accounts receivable totaling RSD 5,189,466 thousand as of December 31, 2013 included receivables due from Air Serbia a.d., Beograd (former: JAT Airways a.d., Beograd) in the amount of RSD 4,277,027 thousand and penalty interest receivables of RSD 33,925 thousand. Impairment allowance of receivables due from Air Serbia a.d., Beograd made as of December 31, 2013 totaled RSD 4,011,531 thousand. In FY 2013, the Company's management enacted decision on impairment of the uncollected receivables from the former JAT Airways a.d., Beograd in the amount of RSD 1,927,331 thousand, out of which RSD 16,442 thousand pertains to interest receivables. Upon assessment of recoverability of receivables in the current year, the Company's view was that the remaining amount of receivables due from Air Serbia a.d., Beograd of RSD 265,496 thousand need not be impaired and provided for given the fact that the company JAT Airways a.d., Beograd has gained a strategic partner Etihad Airways, which substantially changed the manner of operating of the newly formed company Air Serbia a.d., Beograd. With the change in the legal name as of October 29, 2013, and subsequent change in the ownership structure, the contractual relationship between Air Serbia a.d., Beograd and the company was modified as well, which according to the management forms a reliable basis for expected collection of the remaining amount of receivables due from Air Serbia a.d., Beograd of RSD 265,496 thousand in the forthcoming period.

Other receivables stated as of December 31, 2013 as amounting to RSD 13,059 thousand (December 31, 2012: RSD 29,188 thousand) mostly, in the amount of RSD 6,758 thousand, pertain to interest receivables from banks based on short-term deposits.

21. SHORT-TERM FINANCIAL INVESTMENTS

	December 31, 2013	December 31, 2012
Short-term loans to employees	37,200	36,246
Short-term deposits	483,005	1,639,674
Current portions of long-term loans to employees	17,851	16,523
Current portions of long-term deposits	-	4,088
Current portions of long-term investments in Société Internationale de Télécommunications Aéronautiques Suisse (SITA)	442	348
	<u>538,498</u>	<u>1,696,679</u>
Less: Fair value adjustment of loans to employees	(326)	(539)
	<u>538,172</u>	<u>1,696,340</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

21. SHORT-TERM FINANCIAL INVESTMENTS (Continued)

The breakdown of short-term deposits is provided in the following table:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Komercijalna banka a.d., Beograd	-	1,432,851
Hypo Alpe Adria Bank a.d., Beograd	133,005	206,823
Piraeus banka a.d., Beograd	200,000	-
UniCreditbank a.d., Beograd	<u>150,000</u>	<u>-</u>
	<u>483,005</u>	<u>1,639,674</u>

Short-term deposits stated as of December 31, 2013 in the amount of RSD 483,005 thousand elate to foreign currency and RSD term deposits placed for a period of six months with domestic banks at interest rates ranging from 2.5% to 2.9% for foreign currency deposits and from 9.13% to 10% for RSD deposits. Deposits are re-termed following the maturity expiry.

22. CASH AND CASH EQUIVALENTS

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Current account	33,288	68,217
Foreign currency account	859,667	203,457
Cash on hand	218	43
Other cash funds	<u>3,605</u>	<u>678</u>
	896,778	272,395
<i>Less: Allowance for impairment of foreign currency assets held with banks in liquidation</i>	<u>-</u>	<u>(58,012)</u>
	<u>896,778</u>	<u>214,383</u>

NOTES TO THE FINANCIAL STATEMENTS

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23. MOVEMENTS ON ALLOWANCE FOR IMPAIRMENT ACCOUNTS

	Cash and Cash Equivalents (Note 22)	Long-Term Financial Investments (Note 18)	Inventories of Material and Spare Parts (Note 19)	Accounts Receivable (Note 20)	Short-Term Financial Investments (Note 21)	Total
Balance, January 1, 2012	53,559	329,129	285	871,959	2,091	1,257,023
Charge for the year (Note 13)	-	-	-	1,715,732	-	1,715,732
Impairment of long-term investments and securities (Note 13)	-	211	-	-	-	211
Collected receivables previously provided for (Note 12)	-	-	-	(191,976)	-	(191,976)
Value adjustments	-	(97,693)	-	-	-	(97,693)
Write-off	-	-	-	(3,514)	(285)	(3,799)
Write-off of impairment allowance based on currency clause introduction (Note 12)	-	(53,887)	-	-	-	(53,887)
Foreign exchange losses	4,453	-	-	945	-	5,398
Other	-	(681)	(185)	(30)	(1,267)	(2,163)
Balance, December 31, 2012	58,012	177,079	100	2,393,116	539	2,628,846
Charge for the year (Note 13)	-	-	-	1,934,288	-	1,934,288
Impairment of long-term investments and securities (Note 13)	-	687	-	-	-	687
Collected receivables previously provided for (Note 12)	(1,335)	-	-	(18,221)	-	(19,556)
Value adjustments	-	(2,519)	-	-	(201)	(2,720)
Write-off	(56,643)	(3,312)	-	(978)	(12)	(60,945)
Write-off of impairment allowance based on currency clause introduction (Note 12)	-	(3,324)	-	-	-	(3,324)
Foreign exchange gains	(34)	-	-	29	-	(5)
Other	-	716	(38)	(182)	-	496
Balance, December 31, 2013	-	169,327	62	4,308,052	326	4,477,767

24. VALUE ADDED TAXES AND PREPAYMENTS

	December 31, 2013	December 31, 2012
Value added tax	22,149	51,437
Accrued insurance premium	12,622	12,687
Accrued development land utility fees (Note 28)	-	106,662
Other prepayments	19,202	2,662
	53,973	173,448

25. SHARE CAPITAL

Based on the Law on Supplements and Amendments of the Law Regulating the Right to Free-of-Charge Shares and Cash Compensation Exercised by Citizens in the Privatization Procedure, the Company was bound to change its legal form by June 30, 2010 and state its core capital in shares of certain par value based on the restated carrying value of capital. During 2010, in the Conclusion of the Government of the Republic of Serbia (hereinafter the "Government") number 023-448/2010-1, the Company was suggested to choose most favorable consultant to assess the capital's market value and provide professional assistance in the preparation and implementation of the legal form transformation from a public company into a shareholding company.

NOTES TO THE FINANCIAL STATEMENTS
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25. SHARE CAPITAL (Continued)

As of June 17, 2010, the Government enacted a Decision number 023-4432/2010 on the change of the Company's legal form from a public company into a closed shareholding company.

The aforementioned change was registered with the Serbian Business Registers Agency number BD 68460/2010 as of June 22, 2010 whereby the subscribed capital totaled EUR 214,556,965 or RSD 20,573,610 thousand as of the subscription date.

As of July 7, 2010, a number of 34,289,350 shares were registered with the Central Securities Depository and Clearing House where the individual share par value totaled RSD 600 and at December 31, 2010 shares were held by the Republic of Serbia.

In accordance with the Law Regulating the Right to Free-of-Charge Shares and Cash Compensation Exercised by Citizens in the Privatization Procedure (Official gazette of the Republic of Serbia nos. 123/07 and 30/10) and based on the Government's Decision numbered 023-9103/2010-1, as of December 9, 2010, citizens of the Republic of Serbia and the Company's former and present employees were granted vested rights to 16.85% of the ownership interest in the Company.

Based on the data obtained from the Central Securities Depository and Clearing House, at January 25, 2011, the share capital structure following the ownership interest transfer was as follows:

	Value in RSD '000	Share Count	Equity Interest %
Republic of Serbia	17,107,193	28,511,988	83.15%
Present and former employees of the Company	574,004	956,673	2.79%
Citizens of the Republic of Serbia	2,892,413	4,820,689	14.06%
	<u>20,573,610</u>	<u>34,289,350</u>	<u>100.00%</u>

As of January 21, 2011, the Company's Assembly enacted Decision no. 21-2/1 on the change of legal form from a closed shareholding company into an open shareholding company. The change was duly registered with the Serbian Business Registers Agency under Decision numbered BD 7651/2011 dated January 24, 2011.

Based on the data obtained from the Central Securities Depository and Clearing House, at December 31, 2013 and 2012, the share capital structure was as follows:

	December 31, 2013			December 31, 2012		
	Value in RSD '000	Share Count	Interest %	Value in RSD '000	Share Count	Interest %
Republic of Serbia	17,089,007	28,481,679	83.06%	17,089,037	28,481,728	83.06%
Domestic private						
individuals	2,177,793	3,629,655	10.59%	2,289,446	3,815,744	11.13%
Domestic legal entities	132,967	221,612	0.65%	150,958	251,596	0.73%
Foreign private						
individuals	8,789	14,648	0.04%	5,131	8,551	0.02%
Foreign legal entities	513,208	855,346	2.49%	291,282	485,470	1.42%
Custody entities	651,846	1,086,410	3.17%	747,756	1,246,261	3.64%
	<u>20,573,610</u>	<u>34,289,350</u>	<u>100%</u>	<u>20,573,610</u>	<u>34,289,350</u>	<u>100.00%</u>

Profit Distribution

As of June 27, 2013, the Company's Assembly enacted Decision on 2012 Profit Distribution of RSD 727,657 thousand. A portion of profit, in the amount of RSD 438,218 thousand, was distributed to the shareholders (through dividend payment) whereas the employees, based on the contribution to the Company's performance and overall achievement, received RSD 57,887 thousand. The remaining RSD 231,552 thousand was transferred to the Company's reserves.

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26. LONG-TERM PROVISIONS

	December 31, 2013	December 31, 2012
Provisions for employee retirement benefits	48,501	39,167
Provisions for jubilee awards	66,217	55,842
Provisions for litigations	61,936	116,699
	<u>176,654</u>	<u>211,708</u>

The movements on long-term provisions for employee retirement benefits, jubilee awards and litigations in 2013 and 2012 are presented in the following table:

	Long-Term Provisions			
	Retirement Benefits	Jubilee Awards	Litigations	Total
Balance, January 1, 2012	36,102	24,654	107,118	167,874
Charge for the year (Note 9)	4,771	33,638	36,000	74,409
Reversal of provisions (Note 12)	(31)	(120)	(24,419)	(24,570)
Release of provisions	(1,675)	(2,330)	(2,000)	(6,005)
Balance, December 31, 2012	<u>39,167</u>	<u>55,842</u>	<u>116,699</u>	<u>211,708</u>
Balance, January 1, 2013	39,167	55,842	116,699	211,708
Charge for the year (Note 9)	10,660	15,544	2,080	28,284
Reversal of provisions (Note 12)	-	-	(47,502)	(47,502)
Release of provisions	(1,326)	(5,169)	(9,341)	(15,836)
Balance, December 31, 2013	<u>48,501</u>	<u>66,217</u>	<u>61,936</u>	<u>176,654</u>

27. LONG-TERM BORROWINGS

	December 31, 2013	December 31, 2012
Long-term borrowings		
- domestic	-	4,100
- foreign	1,033,947	1,120,405
	<u>1,033,947</u>	<u>1,124,505</u>
Current portion of long-term borrowings	(95,559)	(98,889)
	<u>938,388</u>	<u>1,025,616</u>

	Annual Interest Rate	Maturity	Outstanding Amount in EUR	Balance as of December 31, 2013	Balance as of December 31, 2012
a) Long-term domestic borrowings					
Piraeus Banka a.d., Beograd	4.5%	May 26, 2013	-	-	4,100
b) Foreign long-term borrowings					
European Investment Bank	4.07% - 5.16%	2025	8,991,936	1,033,947	1,120,405
Current portion of long-term borrowings:					
- domestic				-	(4,100)
- foreign				(95,559)	(94,789)
				<u>(95,559)</u>	<u>(98,889)</u>
				<u>938,388</u>	<u>1,025,616</u>

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All amounts are expressed in thousands of RSD, unless otherwise stated.

27. LONG-TERM BORROWINGS (Continued)

Foreign long-term borrowings stated in the balance sheet as of December 31, 2013 in the amount of RSD 1,033,947 thousand (EUR 8,991,935) refer to payables based on financing the Emergency Traffic Rehabilitation Project closed on December 13, 2001 among the European Investment Bank ("EIB"), the Republic of Serbia, the Road Directorate of the Republic of Serbia and the Company. Based on the Agreement, the Company was approved a loan of EUR 13,000,000 for the investments into and rehabilitation of airport infrastructure (studies, research and development, road and parking repair, investments in terminal, airport access area, equipment, evacuation system, luggage control and spare parts). The loan matures over the period ending 2025. The applicable interest rate is determined upon the approval of each loan tranche: the annual interest rate for the first tranche equals 5.16%, for the second tranche 4.85% and 4.07% is the rate applied to the third tranche. The repayment of the first loan tranche shall be executed in 31 equal semi-annual installments starting from December 5, 2007, the second tranche is to be repaid in 30 equal semi-annual installments starting from February 20, 2009 while the third tranche repayment started from June 20, 2010 and will be performed in 32 equal semi-annual installments.

The maturities of long-term borrowings as of December 31, 2013 and 2012 are presented in the following table:

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Up to one year	95,559	98,889
From one to two years	95,559	94,789
From two to three years	95,559	94,789
From three to four years	95,559	94,789
From four to five years	95,559	94,789
From five to ten years	455,539	473,945
Over ten years	100,613	172,515
	<u>1,033,947</u>	<u>1,124,505</u>

28. OTHER LONG-TERM LIABILITIES

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Finance lease liabilities	29,809	120,118
Other long-term liabilities	-	106,662
	<u>29,809</u>	<u>226,780</u>
Current portions of other long-term liabilities	<u>(29,809)</u>	<u>(123,933)</u>
	<u>-</u>	<u>102,847</u>

In 2013 the Company fully derecognized other long-term liabilities stated as totaling RSD 106,662 thousand as of December 31, 2012 given that the relevant agreement entered into with the City of Belgrade Directorate for Development Land and Construction since the Company withdrew from the project of construction stages 3 and 4 of the extension of A and C airside corridors (Airport T-2 reconstruction and extension) (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

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28. OTHER LONG-TERM LIABILITIES (Continued)

a) Finance Lease Liabilities

	Sum of Minimum Lease Payments		Present Value of Minimum Lease Payments	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Maturity:				
Up to one year	30,056	97,106	29,809	90,006
From one to three years	-	30,796	-	30,112
	<u>30,056</u>	<u>127,902</u>	<u>29,809</u>	<u>120,118</u>
Less: future cost of financing – interest	<u>(247)</u>	<u>(7,784)</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments	<u>29,809</u>	<u>120,118</u>	<u>29,809</u>	<u>120,118</u>
Included in the financial statements as:				
Current portion of finance lease liabilities			<u>(29,809)</u>	<u>(90,006)</u>
			<u>-</u>	<u>30,112</u>

Finance lease liabilities stated as of December 31, 2013 in the amount of RSD 29,809 thousand (less current portion of RSD 29,809 thousand) entirely refer to the liabilities to Hypo Alpe Adria Leasing for the acquisition of special mobile airport equipment. The interest rates applied to finance lease liabilities were approved in the range between 10.22% and 15.19% annually. The aforesaid liabilities mature in entirety in 2014.

29. SHORT-TERM FINANCIAL LIABILITIES

	December 31, 2013	December 31, 2012
Current portions of:		
- long-term borrowings	95,559	98,889
- other long-term liabilities	<u>29,809</u>	<u>123,933</u>
	<u>125,368</u>	<u>222,822</u>

30. ACCOUNTS PAYABLE

	December 31, 2013	December 31, 2012
Accounts payable:		
- domestic	152,855	157,912
- foreign	127,078	47,362
Advances received	36,769	35,657
Other accounts payable	<u>2,835</u>	<u>6,314</u>
	<u>319,537</u>	<u>247,245</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

31. OTHER CURRENT LIABILITIES

	December 31, 2013	December 31, 2012
Employee salaries	239	278
Liabilities arising from profit distribution	3	3
Other current liabilities	2,398	2,936
	<u>2,640</u>	<u>3,217</u>

32. VALUE ADDED TAX, OTHER DUTIES PAYABLE AND ACCRUALS

	December 31, 2013	December 31, 2012
Value added tax payable	6,691	-
Customs and other duties payable	860	791
Accrued expenses	37,743	31,503
Deferred income	14,920	24,791
Other accruals	941	3,178
Other liabilities	805	1,965
	<u>61,960</u>	<u>62,228</u>

33. OFF-BALANCE SHEET ITEMS

	December 31, 2013	December 31, 2012
Guarantees received	561,648	479,606
Guarantees issued for third-party liabilities	4,500	4,500
Other	614	598
	<u>566,762</u>	<u>484,704</u>

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital Risk Management

There is no formal framework delineating the Company's risk management. The Company's management considers capital risk and tries to relieve the risk effects, under the assumption that the Company will be able to continue its operations as a going concern, at the same time maximizing profits earned and optimizing debt to equity ratio. The Company's equity is comprised of debts, including long-term borrowings (explained in Note 27), as well as other long-term liabilities, cash and cash equivalents and equity comprised of share capital, reserves and retained earnings.

Persons in control of finances on the Company level review the equity structure on an annual basis. As part of this review, the Company's management considers the cost of capital and the risks associated with each class of capital.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Capital Risk Management (Continued)

The gearing ratios of the Company at the year-end were as follows:

	December 31, 2013	December 31, 2012
Debt a)	1,063,756	1,351,285
Cash and cash equivalents	<u>896,778</u>	<u>214,383</u>
Net debt	<u>166,978</u>	<u>1,136,902</u>
Equity b)	<u>22,119,154</u>	<u>22,598,763</u>
Debt to equity ratio	<u>0.01</u>	<u>0.05</u>

a) Debt is related to long-term borrowings, other long-term liabilities and finance lease liabilities.

b) Equity includes share capital, reserves, unrealized losses on securities and retained earnings.

Significant Accounting Policies Regarding Financial Instruments

The review of significant accounting policies, including the basis for measurement and recognition of income and expenses for each category of financial assets and financial liabilities, is set out in Note 3 to the financial statements.

Categories of Financial Instruments

	December 31, 2013	December 31, 2012
Financial assets		
Equity investments	3	103
Other long-term financial investments	159,711	168,731
Accounts receivable	867,394	1,415,905
Short-term financial investments and loans	538,172	1,696,340
Other receivables	6,114	28,088
Cash and cash equivalents	<u>896,778</u>	<u>214,383</u>
	<u>2,468,172</u>	<u>3,523,550</u>
Financial liabilities		
Long-term borrowings	938,388	1,025,616
Other long-term liabilities	-	102,847
Current portions of long-term financial liabilities	125,368	222,822
Accounts payable	<u>282,768</u>	<u>211,587</u>
	<u>1,346,524</u>	<u>1,562,872</u>

Basic financial instruments held by the Company comprise cash and cash equivalents, receivables, financial investments arising directly from the Company's business operations, as well as long-term borrowings, accounts payable and other liabilities primarily used to finance the Company's current operations. In the regular course of business, the Company is exposed to the risk enumerated and delineated in the following passages.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Financial Risk Management

Financial risks include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks are considered on time basis and are diminished by decreasing relevant exposures. The Company does not make use of any financial instruments so as to avoid the adverse effect of these risks on the Company's business operations, due to the fact that such instruments are not commonly used on the Republic of Serbia market, nor is there an organized market for such instruments in the Republic of Serbia.

Market Risk

In its business operations, the Company is exposed to financial risks inherent in fluctuations of foreign currency rates and interest rates.

The exposure to market risk is measured by means of the sensitivity analysis. There were significant changes neither in the exposure of the Company to the market risk, nor in the manner in which the Company manages or measures that risk.

Foreign Currency Risk

The Company is exposed to foreign currency risks inherent in cash and cash equivalents, accounts receivable, long-term borrowings, finance lease liabilities and accounts payable denominated in foreign currency. It does not make use of any special hedging instruments given that such instruments are uncommon in the Republic of Serbia.

The stability of economic environment in which the Company operates is greatly dependent upon the economic measures taken by the Republic of Serbia's Government including the establishment of an adequate legal and legislative framework.

The carrying values of the Company's monetary assets and liabilities denominated in foreign currency as of the reporting date were as follows:

	Assets		Liabilities	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
EUR	1,285,374	1,907,634	1,153,759	1,261,202
USD	351,569	279,084	37,075	25,064
CHF	298	298	-	-
GBP	26	26	-	-
	<u>1,637,265</u>	<u>2,187,040</u>	<u>1,190,834</u>	<u>1,286,266</u>

The Company is sensitive to the movements in the Euro (EUR), American Dollar (USD) and Swiss Franc (CHF) exchange rates. The following table gives details on the Company's sensitivity analysis to the increase/decrease of 10% in the Dinar to foreign currency exchange rate. These sensitivity rates were used to report on the foreign currency risk and represent the management's best estimate of reasonably expected fluctuations in exchange rates. The sensitivity analysis includes only the outstanding foreign currency assets and liabilities denominated in foreign currency and it adjusts their translation at the period end for the fluctuation of 10% in foreign exchange rates. The positive number from the table suggests an increase in the result of the current period, being the case when RSD value rises as opposed to the currency at issue. In case of a RSD depreciation of 10% against the foreign currency at issue, the impact on the profit for the current period would be the exact opposite of the one calculated in the previous case.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market Risk (Continued)

Foreign Currency Risk (Continued)

	December 31, 2013							
	EUR impact		USD impact		CHF impact		GBP impact	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Profit/Loss	13,161	(13,161)	31,449	(31,449)	30	(30)	3	(3)

	December 31, 2012							
	EUR impact		USD impact		CHF impact		GBP impact	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Profit/Loss	78,643	(78,643)	25,402	(25,402)	30	(30)	3	(3)

Interest Rate Risk

The Company is exposed to interest rate risk inherent in assets and liabilities with floating interest rate. This risk depends upon the financial market since the Company does not have any instruments that could alleviate its influence.

The carrying values of financial assets and liabilities at the end of the period under review are presented in the following table:

	December 31, 2013	December 31, 2012
Financial assets		
<i>Non-interest bearing</i>		
Equity investments	3	103
Other long-term financial investments	4,543	4,065
Short-term financial investments and loans	37,200	36,246
Accounts receivable	867,394	1,415,905
Other receivables	6,114	28,088
Cash and cash equivalents	896,778	214,383
	<u>1,812,032</u>	<u>1,698,790</u>
<i>Fixed interest rates</i>		
Other long-term financial investments	155,168	164,666
Short-term financial investments and loans	500,972	1,660,094
	<u>656,140</u>	<u>1,824,760</u>
	<u>2,468,172</u>	<u>3,523,550</u>
Financial liabilities		
<i>Non-interest bearing</i>		
Other long-term liabilities	-	72,735
Current portions of long-term financial liabilities	-	33,927
Accounts payable	282,768	211,587
	<u>282,768</u>	<u>318,249</u>
<i>Fixed interest rates</i>		
Long-term borrowings	938,388	1,025,616
Current portions of long-term financial liabilities	95,559	98,889
	<u>1,033,947</u>	<u>1,124,505</u>
<i>Variable interest rates</i>		
Other long-term liabilities	-	30,112
Current portions of long-term financial liabilities	29,809	90,006
	<u>29,809</u>	<u>120,118</u>
	<u>1,346,524</u>	<u>1,562,872</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market Risk (Continued)

Interest Rate Risk (Continued)

The sensitivity analysis presented in the following text has been established based on the Company's exposure to interest rate risk inherent in non-derivative instruments as of the balance sheet date. For the liabilities with variable interest rate, the analysis has been prepared under the assumption that the outstanding balance of assets and liabilities as of the balance sheet date remained constant throughout the year. The increase or decrease in interest rates of 1 percentage point represents the fluctuation reasonably anticipated by the management. Had the interest rates been 1 percentage point higher/lower and other variables remained unchanged, the Company would have incurred operating loss/realized profit in the year ended December 31, 2013 in the amount of RSD 298 thousand (December 31, 2012: RSD 1,201 thousand). Such situation is ascribed to the Company's exposure arising from the variable interest rates applied to long-term borrowings and other long-term liabilities.

Credit Risk

Managing Accounts Receivable

Credit risk relates to the exposure inherent in the possibility that the contractual party fails to act upon its commitments and cause the Company to suffer financial loss. The Company's exposure to this risk is limited to the amount of accounts receivable as of the balance sheet date. Accounts receivable are due from a large number of customers with the most considerable portion due from Air Serbia a.d., Beograd in the gross amount of RSD 4,277,027 thousand (December 31, 2012: RSD 2,974,126 thousand).

The most significant customers are presented in the following table:

	December 31, 2013	December 31, 2012
Air Serbia a.d., Beograd	4,277,027	2,974,126
JAT Tehnika, Beograd	195,022	158,275
Montenegro Airlines, Podgorica	35,982	75,526
Wizz Air, Hungary	75,744	58,118
Deutsche Lufthansa	50,449	32,894
Turkish Airlines, Istanbul	47,018	21,048
Dufry d.o.o., Beograd	46,333	37,743
Internacional CG, Beograd	41,452	41,452
Fly Dubai	35,885	38,048
JAT Katering, Beograd	29,428	28,671
Aeroflot	26,260	14,416
Austrian Airlines Branch Office, Beograd	25,442	29,142
Swiss International	25,186	27,561
Alitalia-compagnia aerea italiana S.P.A., Beograd	13,078	18,157
Norwegian Air	6,448	8,481
Air France	418	13,106
Spainair Barcelona	24	24
Other customers	206,677	210,444
	<u>5,137,853</u>	<u>3,767,232</u>
Less: Allowance for impairment of accounts receivable	<u>(4,270,459)</u>	<u>(2,371,327)</u>
	<u>867,394</u>	<u>1,415,905</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk (Continued)

Managing Accounts Receivable (Continued)

The structure of accounts receivable as of December 31, 2013 is presented in the following table:

	<u>Gross Exposure</u>	<u>Allowance for Impairment</u>	<u>Net Exposure</u>
Accounts receivable, not matured	542,208	-	542,208
Accounts receivable, matured and provided for	4,270,459	(4,270,459)	-
Accounts receivable, matured but not provided for	<u>325,186</u>	<u>-</u>	<u>325,186</u>
	<u>5,137,853</u>	<u>(4,270,459)</u>	<u>867,394</u>

The structure of accounts receivable as of December 31, 2012 is presented in the following table:

	<u>Gross Exposure</u>	<u>Allowance for Impairment</u>	<u>Net Exposure</u>
Accounts receivable, not matured	457,879	-	457,879
Accounts receivable, matured and provided for	2,371,327	(2,371,327)	-
Accounts receivable, matured but not provided for	<u>958,026</u>	<u>-</u>	<u>958,026</u>
	<u>3,787,232</u>	<u>(2,371,327)</u>	<u>1,415,905</u>

Accounts Receivable, not Matured

Accounts receivable, not matured as of December 31, 2013 in the amount of RSD 542,208 thousand (December 31, 2012: RSD 457,879 thousand) mostly refer to accounts receivable from Air Serbia a.d, Beograd, Austrian Airline Branch office and the following foreign customers: Wizz Air, Hungary, Deutsche Lufthansa and Turkish Airlines. The average days sales outstanding in 2013 counted 63 days (2012: 86 days).

Accounts Receivable, Matured and Provided for

In the previous periods, the Company calculated an allowance for impairment of matured receivables in the amount of RSD 4,270,459 thousand (2012: RSD 2,371,327 thousand), due from customers whose creditworthiness was assessed to have changed and which are most likely uncollectable.

Accounts Receivable, Matured but not Provided for

The Company did not make an allowance for impairment of receivables matured as of December 31, 2013 in the amount of RSD 325,186 thousand (December 31, 2012: RSD 958,026 thousand) whereof the amount of RSD 58,576 thousand refers to receivables over 60 days past-due

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk (Continued)**Managing Accounts Receivable (Continued)***Accounts Receivable, Matured but not Provided for (Continued)*

The aging structure of accounts receivable matured but not provided for is presented in the following table:

	December 31, 2013	December 31, 2012
Less than 30 days	163,349	186,123
From 31 to 60 days	103,081	135,808
From 61 to 90 days	4,487	17,877
From 91 to 180 days	12,412	10,599
Over 180 days	41,857	607,619
	<u>325,186</u>	<u>958,026</u>

Managing Accounts Payable

Accounts payable as of December 31, 2013 were stated in the amount of RSD 282,768 thousand (December 31, 2012: RSD 211,587 thousand) where the major portion relates to the payables arising from regular operations. Suppliers do not charge penalty against matured liabilities, whereas the Company duly settles accounts payable, as in accordance with financial risk management policies. The average days' payable outstanding in the course of 2013 counted 32 days (2012: 29 days).

Liquidity Risk

The ultimate responsibility for liquidity risk management rests with the Company's management, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserve, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Tables of Liquidity and Credit Risk

The following tables provide the details of outstanding contractual maturities of assets of the Company. The amounts presented are based on the undiscounted cash flows arising from financial assets based on the earliest date upon which the Company will be able to collect such receivables.

Maturities of Financial Assets

	December 31, 2013					
	Less than 1 Month	From 1 to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Year	Total
Non-interest bearing	1,237,602	550,910	18,974	4,546	-	1,812,032
Fixed interest rate						
- principal	205,663	243,858	49,935	29,726	126,958	656,140
- interest	2,046	1,715	250	446	4,444	8,901
	<u>1,445,311</u>	<u>796,483</u>	<u>69,159</u>	<u>34,718</u>	<u>131,402</u>	<u>2,477,073</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Liquidity Risk (Continued)

Tables of Liquidity and Credit Risk (Continued)

Maturities of Financial Assets(Continued)

	December 31, 2012					Total
	Less than 1 Month	From 1 to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Year	
Non-interest bearing	1,172,369	490,086	32,167	2,115	2,053	1,698,790
Fixed interest rate						
- principal	342,856	848,752	468,467	113,620	51,045	1,824,760
- interest	16,092	39,793	21,456	4,117	9,880	91,338
	<u>1,531,317</u>	<u>1,378,631</u>	<u>522,110</u>	<u>119,852</u>	<u>62,978</u>	<u>3,614,888</u>

The following tables present details of outstanding contractual maturities of the Company's financial liabilities. The amounts presented are based on the non-discounted cash flows from financial liabilities based on the earliest date upon which the Company's may be expected to settle such liabilities.

Maturities of Financial Liabilities

	December 31, 2013					Total
	Less than 1 Month	From 1 to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Year	
Non-interest bearing	282,768	-	-	-	-	282,768
Fixed interest rate						
- principal	-	11,498	84,061	382,236	556,152	1,033,947
- interest	-	5,560	39,274	159,713	55,806	260,353
Variable interest rate						
- principal	6,374	12,015	11,420	-	-	29,809
- interest	20	61	162	-	-	243
	<u>289,162</u>	<u>29,134</u>	<u>134,917</u>	<u>541,949</u>	<u>611,958</u>	<u>1,607,120</u>

	December 31, 2012					Total
	Less than 1 Month	From 1 to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Year	
Non-interest bearing	205,206	6,381	33,927	72,735	-	318,249
Fixed interest rate						
- principal	-	17,974	80,915	474,061	551,555	1,124,505
- interest	36	9,477	47,364	179,739	78,514	315,150
Variable interest rate						
- principal	7,501	15,001	67,504	30,112	-	120,118
- interest	1,500	2,974	10,248	1,951	-	16,673
	<u>214,243</u>	<u>51,807</u>	<u>239,978</u>	<u>758,698</u>	<u>630,069</u>	<u>1,894,695</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair Value of Financial Instruments

The following table represents the present value of financial assets and liabilities and their fair value as of December 31, 2013 and 2012.

	December 31, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Equity investments	3	3	103	103
Other long-term financial investments	159,711	159,711	168,731	168,731
Short-term financial investments and loans	538,172	538,172	1,696,340	1,696,340
Accounts receivable	867,394	867,394	1,415,905	1,415,905
Other receivables	6,114	6,114	28,088	28,088
Cash and cash equivalents	896,778	896,778	214,383	214,383
	<u>2,468,172</u>	<u>2,468,172</u>	<u>3,523,550</u>	<u>3,523,550</u>
Financial liabilities				
Long-term borrowings	938,388	938,388	1,025,616	1,025,616
Other long-term liabilities	-	-	102,847	102,847
Current portions of long-term financial liabilities	125,368	125,368	222,822	222,822
Accounts payable	282,768	282,768	211,587	211,587
	<u>1,346,524</u>	<u>1,346,524</u>	<u>1,562,872</u>	<u>1,562,872</u>

Assumptions for the Assessment of Financial Instruments' Fair Value

Given that the sufficient market experience, stability and liquidity do not presently exist for the purchase and sale of financial assets or liabilities, and given that the quoted prices, which could be used for the purposes of disclosing fair value of financial assets and liabilities are unavailable, the method here applied is that of discounted cash flows for long-term loans. In using this method of measurement, interest rates for financial instruments with similar characteristics have been used, with the aim to arrive at the relevant assessment of market values of financial instruments as of the balance sheet date. In addition, the assessment of current fair value relied also upon the assumption that the carrying values of short-term receivables and payables approximate their fair values as these are due for settlement within relatively short notice.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair Value of Financial Instruments (Continued)

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Available for sale:</i>				
- listed securities (Note 17)	-	-	-	-
Long-term loans to employees	-	-	172,693	172,693
Total	-	-	172,693	172,693

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Available for sale:</i>				
- listed securities (Note 17)	101	-	-	101
Long-term loans to employees	-	-	180,650	180,650
Total	101	-	180,650	180,751

The table above only includes financial assets as the Company has no financial liabilities subsequently measured at fair value.

All gains and losses included in other comprehensive income relate to financial assets available for sale, and are reported as unrealized gains on securities.

35. MANAGEMENT REMUNERATION

In 2012, the Company paid remunerations to key management comprised of the Supervisory Board members (in 2012: to the Board of Directors as well), Audit Committee and Shareholder Assembly members, as well as directors and other managers (2013: total of 24; 2012: total of 23) in the gross amount of RSD 43,531 thousand (2012: RSD 45,951 thousand).

	December 31, 2013	December 31, 2012
<i>Management</i>		
Salaries	32,598	32,312
Profit distribution	1,031	1,192
	<u>33,629</u>	<u>33,504</u>
Remunerations to the Supervisory Board members (in 2012: Board of Directors as well)	7,786	8,303
Remunerations to the Audit Committee	405	62
Remunerations to the Shareholder Assembly members	1,711	4,082
	<u>43,531</u>	<u>45,951</u>

36. TAXATION RISKS

The Republic of Serbia tax legislation is subject to varying interpretations and changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activity of the Company may not coincide with that of the management. Although the management believes that the tax liabilities of the Company have been adequately calculated and recorded, the risk remains that the tax authorities may have a different interpretation of the taxation issues.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

All amounts are expressed in thousands of RSD, unless otherwise stated.

37. LITIGATION

As of December 31, 2013, there were a number of legal suits filed against the Company with claims totaling RSD 318,394 thousand (without penalty interest effects). The amount of final losses on litigations may be increased by the amount of penalty interest accrued until the date of final resolution of these lawsuits, i.e. date of settlement of liabilities arising thereof. As of December 31, 2013, the Company formed provisions against the potential losses on litigations in the amount of RSD 61,936 thousand (Note 26). In the assessment of the Company's management, no additional materially significant losses in this respect are anticipated in the ensuing period.

38. EXCHANGE RATES

The official exchange rates for major currencies determined in the interbank foreign exchange market and used in the translation of balance sheet components denominated in foreign currencies into dinars were as follows:

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
USD	83.1282	86.1763
EUR	114.6421	113.7183
CHF	93.5472	94.1922
GBP	136.9679	139.1901

Popunjiva pravno lice - preduzetnik	
07036540 Matični broj	Šifra delatnosti
PiB	
Popunjiva Agencija za privredne registre	
760 1 2 3	19 20 21 22 23 24 25 26
Vrsta posla	

Naziv : Akcionarsko društvo Aerodrom Nikola Tesla Beograd

Sediste : Beograd, 11160 Beograd 69

STATISTICKI ANEKS



7005023330281

za 2013. godinu

I OPŠTI PODACI O PRAVNOM LICU ODNOŠNO PREDUZETNIKU

	O P I S	AOP	Tekuća godina	Prethodna godina
	1	2	3	4
1.	Broj meseci postovanja (oznaka od 1 do 12)	601	12	12
2.	Oznaka za veličnu (oznaka od 1 do 4)	602	4	4
3.	Oznaka za vlasništvo (oznaka od 1 do 5)	603	4	4
4.	Broj stranih (pravnih ili fizičkih) lica koja imaju udeo u kapitalu	604	67	63
5.	Prosečan broj zaposlenih na osnovu stanja krajem svakog meseca (oso broj)	605	468	453

II BRUTO PROMENE NEMATERIJALNIH ULAGANJA I NEKRETNINA, POSTROJENJA, OPREME I BIOLOŠKIH SREDSTAVA

- iznosi u hiljadama dinara

Grupa racuna, račun	O P I S	AOP	Bruto	Ispravka vrednosti	Neto (kol. 4-5)
1	2	3	4	5	6
01	1. Nematerijalna ulaganja				
	1.1. Stanje na početku godine	606	32643	24920	7723
	1.2. Povećanja (nabavke) u toku godine	607	4592	XXXXXXXXXXXX	4592
	1.3. Smanjenja u toku godine	608	0	XXXXXXXXXXXX	3037
	1.4. Revalorizacija	609		XXXXXXXXXXXX	
	1.5. Stanje na kraju godine (606+607-608+609)	610	37235	27957	9278
02	2. Nekretnine, postrojenja, oprema i biološka sredstva				
	2.1. Stanje na početku godine	611	23026109	2005936	21020173
	2.2. Povećanja (nabavke) u toku godine	612	1112516	XXXXXXXXXXXX	1112516
	2.3. Smanjenja u toku godine	613	9849	XXXXXXXXXXXX	727793
	2.4. Revalorizacija	614	98	XXXXXXXXXXXX	98
	2.5. Stanje na kraju godine (611+612-613+614)	615	24128674	2723880	21404994

STATISTICAL ANNEX
Year Ended December 31, 2013
(Thousands of RSD)

III STRUKTURA ZALIHA

- iznosi u hiljadama dinara

Grupa racuna, racun	O P I S	AOP	Tekuca godina	Prethodna godina
1	2	3	4	5
10	1. Zalihe materijala	616	98434	102152
11	2. Nedovrsena proizvodnja	617		
12	3. Gotovi proizvodi	618		
13	4. Roba	619	33681	54072
14	5. Stalna sredstva namerjena prodaji	620		
15	6. Dati avansi	621	8470	3790
	7. SVEGA (616+617+618+619+620+621=013+014)	622	140585	160014

IV STRUKTURA OSNOVNOG KAPITALA

- iznosi u hiljadama dinara

Grupa racuna, racun	O P I S	AOP	Tekuca godina	Prethodna godina
1	2	3	4	5
300	1. Akcijski kapital	623	20573610	20573610
	u tome : strani kapital	624	909587	720491
301	2. Udeli drustva sa ogranicenom odgovornoscu	625		
	u tome : strani kapital	626		
302	3. Ulozi clanova ortackog i komanditnog drustva	627		
	u tome : strani kapital	628		
303	4. Drzavni kapital	629		
304	5. Društveni kapital	630		
305	6. Zadruzni udeli	631		
309	7. Ostali osnovni kapital	632		
30	SVEGA (623+625+627+629+630+631+632=102)	633	20573610	20573610

V STRUKTURA AKCIJSKOG KAPITALA

- broj akcija kao ceo broj

- iznosi u hiljadama dinara

Grupa racuna, racun	O P I S	AOP	Tekuca godina	Prethodna godina
1	2	3	4	5
	1. Oblene akcije			
	1.1. Broj obicnih akcija	634	34289350	34289350
deo 300	1.2. Nominalna vrednost obicnih akcija - ukupno	635	20573610	20573610
	2. Prioritetne akcije			
	2.1. Broj prioriternih akcija	636		
deo 300	2.2. Nominalna vrednost prioriternih akcija - ukupno	637		
300	3. SVEGA - nominalna vrednost akcija (635+637=623)	638	20573610	20573610

STATISTICAL ANNEX
Year Ended December 31, 2013
(Thousands of RSD)

VI POTRAZIVANJE I OBAVEZE

- iznosi u hiljadama dinara

Grupa racuna, racun	O P I S	AOP	Tekuca godina	Prethodna godina
1	2	3	4	5
20	1. Potrazivanja po osnovu prodaje (stanje na kraju godine 639 ⇐ 016)	639	867394	1418906
43	2. Obaveze iz poslovanja (stanje na kraju godine 640 ⇐ 119)	640	319537	247245
deo 228	3. Potrazivanja u toku godine od drustava za osiguranje za naknadu stete (dugovni promet bez pocetnog stanja)	641	5359	1201
27	4. Porez na dodatu vrednost - prethodni porez (godisnji iznos po poreskim prijavama)	642	595889	542386
43	5. Obaveze iz poslovanja (potrazni promet bez pocetnog stanja)	643	4872351	4658742
450	6. Obaveze za neto zarade i naknade zarada (potrazni promet bez pocetnog stanja)	644	488426	448723
451	7. Obaveze za porez na zarade i naknade zarada na teret zaposlenog (potrazni promet bez pocetnog stanja)	645	68850	70863
452	8. Obaveze za doprinose na zarade i naknade zarada na teret zaposlenog (potrazni promet bez pocetnog stanja)	646	131010	112954
401, 402 i 723	9. Obaveze za dividende, ucesce u dobitku i licna primanja poslodavca (potrazni promet bez pocetnog stanja)	647	498106	1043861
465	10. Obaveze prema fizickim licima za naknade po ugovorima (potrazni promet bez pocetnog stanja)	648	13991	1943
47	11. Obaveze za PDV (godisnji iznos po poreskim prijavama)	649	826173	717664
	12. Kontrolni zbir (od 639 do 649)	650	8685086	9261487

VII DRUGI TROSKOVI I RASHODI

- iznosi u hiljadama dinara

Grupa racuna, racun	O P I S	AOP	Tekuca godina	Prethodna godina
1	2	3	4	5
513	1. Troškovi goriva i energije	651	253435	236539
520	2. Troškovi zarada i naknada zarada (bruto)	652	686286	632540
521	3. Troškovi poreza i doprinosa na zarade i naknade zarada na teret poslodavca	653	123201	112954
522, 523, 524 i 525	4. Troškovi naknada fizickim licima (bruto) po osnovu ugovora	654	320013	274121
526	5. Troškovi naknada članovima upravnog i nadzornog odbora (bruto)	655	9902	12447
529	6. Ostali licni rashodi i naknade	656	59369	60405
53	7. Troškovi proizvodnih usluga	657	1165454	1051935
533, deo 540 i deo 525	8. Troškovi zakupnina	658	20992	4716
deo 533, deo 540 i deo 529	9. Troškovi zakupnina zemljišta	659	158	158
536, 537	10. Troškovi istrazivanja i razvoja	660	0	4857
540	11. Troškovi amortizacije	661	729133	670773
552	12. Troškovi premija osiguranja	662	30104	26575
553	13. Troškovi platnog prometa	663	6080	5619

- iznosi u hiljadama dinara

Grupa računa, račun	O P I B	AOP	Tekuća godina	Prethodna godina
1	2	3	4	5
554	14. Troškovi članarina	664	4919	4227
555	15. Troškovi poreza	665	76223	75863
556	16. Troškovi doprinosa	666		
562	17. Rashodi kamata	667	54111	72051
deo 560, deo 561 i 562	18. Rashodi kamata i deo finansijskih rashoda	668	54111	72051
deo 560, deo 561 i deo 562	19. Rashodi kamata po kreditima od banaka i o/o	669	53905	68453
deo 579	20. Rashodi za humanitarne, kulturne, zdravstvene, obrazovne, naučne i verske namene, za zaštitu čovekove sredine i za sportske namene	670	20786	18679
	21. Kontrolni zbir (od 651 do 670)	671	3669182	3404953

VIII DRUGI PRIHODI

- iznosi u hiljadama dinara

Grupa računa, račun	O P I B	AOP	Tekuća godina	Prethodna godina
1	2	3	4	5
60	1. Prihodi od prodaje robe	672	703801	360063
640	2. Prihodi od premija, subvencija, dotacija, regresa, kompenzacija i povraćaja porezkih dažbina	673		
641	3. Prihodi po osnovu uslovljenih donacija	674	868	320
deo 650	4. Prihodi od zakupnina za zemljište	675	1425	1308
651	5. Prihodi od članarina	676		
deo 660, deo 661, 662	6. Prihodi od kamata	677	95022	126098
deo 660, deo 661 i deo 662	7. Prihodi od kamata po računima i depozitima u bankama i ostalim finansijskim organizacijama	678	67199	123242
deo 660, deo 661 i deo 669	8. Prihodi na osnovu dividendi i ucesca u dobitku	679		
	9. Kontrolni zbir (672 do 679)	680	868315	611031

IX OSTALI PODACI

- iznosi u hiljadama dinara

	O P I B	AOP	Tekuća godina	Prethodna godina
	1	2	3	4
1. Obaveze za akcize (prema godišnjem obracunu akciza)		681		
2. Obracunate carine i druga uvozne dažbine (ukupan godišnji iznos prema obracunu)		682	3395	1263
3. Kapitalne subvencije i druga državna dodešivanja za izgradnju i nabavku osnovnih sredstava i nematerijalnih ulaganja		683		
4. Državna dodešivanja za premije, regres i pokrivenje tekućih troškova poslovanja		684		
5. Ostala državna dodešivanja		685		
6. Primljene donacije iz inostranstva i druga bespovratna sredstva u novcu ili naturi od inostranih pravnih i fizičkih lica		686		
7. Lica primanja preduzetnika iz neto dobitka (popunjavaju samo preduzetnici)		687		
8. Kontrolni zbir (od 681 do 687)		688	3395	1263

STATISTICAL ANNEX
Year Ended December 31, 2013
(Thousands of RSD)

X RAZGRANIČENI NEGATIVNI NETO EFEKTI UGOVORENE VALUTNE KLAUZULE I KURSNIH RAZLIKA

- iznosi u hiljadama dinara

OPIS	AOP	Tekuća godina	Prethodna godina
1	2	3	4
1. Početno stanje razgraničenog neto efekta ugovorene valutne klauzule	689		
2. Razgraničeni neto efekat ugovorene valutne klauzule	690		
3. Srazmerni deo ukinutog razgraničenog neto efekta ugovorene valutne klauzule	691		
4. Preostali iznos razgraničenog neto efekta ugovorene valutne klauzule (red. br. 1 + red. br. 2 - red. br. 3)	692		
5. Početno stanje razgraničenog neto efekta kursnih razlika	693		
6. Razgraničeni neto efekat kursnih razlika	694		
7. Srazmerni deo ukinutog razgraničenog neto efekta kursnih razlika	695		
8. Preostali iznos razgraničenog neto efekta kursnih razlika (red.br. 5 + red.br. 6 - red.br. 7)	696		

XI RAZGRANIČENI POZITIVNI NETO EFEKTI UGOVORENE VALUTNE KLAUZULE I KURSNIH RAZLIKA

- iznosi u hiljadama dinara

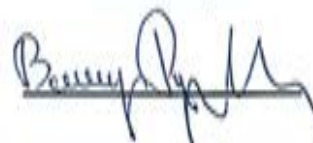
OPIS	AOP	Tekuća godina	Prethodna godina
1	2	3	4
1. Početno stanje razgraničenog neto efekta ugovorene valutne klauzule	697		
2. Razgraničeni neto efekat ugovorene valutne klauzule	698		
3. Srazmerni deo ukinutog razgraničenog neto efekta ugovorene valutne klauzule	699		
4. Preostali iznos razgraničenog neto efekta ugovorene valutne klauzule (red. br. 1 + red. br. 2 - red. br. 3)	700		
5. Početno stanje razgraničenog neto efekta kursnih razlika	701		
6. Razgraničeni neto efekat kursnih razlika	702		
7. Srazmerni deo ukinutog razgraničenog neto efekta kursnih razlika	703		
8. Preostali iznos razgraničenog neto efekta kursnih razlika (red.br. 5 + red.br. 6 - red.br. 7)	704		

U _____ dana 19.2. 2014. godine

Lice odgovorno za sastavljanje
finansijskog izveštaja



Zakonski zastupnik



Obrazac propisan Pravilnikom o sadržini i formi obrazaca finansijskih izveštaja za privredna društva, zadruge, druga pravna lica i preduzetnike ("Službeni glasnik RS", br.114/06, 5/07, 119/06, 2/10, 101/12, 118/12 i 3/2014)

Poslovni kabinet

01No / Broj:
Date / Datum:



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www.beg.aero
SITA: BEGOWXH

TRANSLATION

NOTE

The Financial Statements for 2013, Audit Reports were not adopted at the General Assembly of the Company and will be on the agenda of the annual meeting to be held in June of 2014. The General Assembly to be held in June 2014 will make a Decision on the distribution of profit / loss coverage.



Signed by:

General Director

Velimir Radosavljević



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TRANSLATION

STATEMENT


Hereby we state that, according to our best knowledge, the Annual Business Report for 2013 is drafted in line with appropriate international standards of financial reporting and that it shows true and impartial data on property, obligations, financial position and operating, profits and losses, cash flows and changes on the capital of the Company.

Signed by:

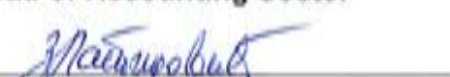
General Director


Velimir Radosavljević

Financial Director


Ljiljana Simonović

Head of Accounting Sector


Zorka Latinović

