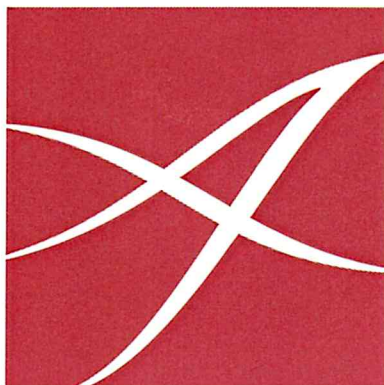


JOINT-STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT

АКЦИОНАРСКО ДРУШТВО  
АЕРОДРОМ "НИКОЛА ТЕСЛА"  
БЕОГРАД  
Бр. 32-94/1  
12.05.2016 год.



**THE QUARTERLY REPORT FOR THE PERIOD I-III 2016,  
WHICH CONTAINS DATA FOR THE FIRST THREE MONTHS  
OF THE BUSINESS YEAR**

In accordance with Article 53 of the Capital Market Act (Official Gazette of RS No. 31/2011 and 112/2015) and in accordance with the Regulations on the content, form and manner of publication of annual, semi-annual and quarterly reports of public companies published by the Commission for Securities, Joint Stock Company Belgrade Nikola Tesla Airport announces:

**2016  
YEAR**







**FINANCIAL STATEMENTS 31 March 2016**

- 1. INCOME SHEET for the period 01.01. to 31.03.2016**
- 2. BALANCE SHEET on 31 March, 2016**
- 3. REPORT ON OTHER RESULTS for the period 01.01. to 31.03.2016**
- 4. STATEMENT ON CHANGES IN CAPITAL for the period 01.01. to 31.03.2016**
- 5. CASH FLOW STATEMENT for the period 01.01. to 31.03.2016**
- 6. NOTES TO THE FINANCIAL STATEMENTS on 31 March 2016**

**05 May 2016**

**INCOME SHEET**  
**In the period from 1 January to 31 March 2016**  
**(in thousand RSD)**

INCOME SHEET

for the period from 01.01.2016 to 31.03.2016

- in thousand RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	REVENUES OF REGULAR BUSINESS				
60 to 65, excep. 62 and 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		1,759,693	1,710,115
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	21,749	31,641
600	1. Revenues from sale of goods to parent companies and subsidiaries in domestic market	1003			
601	2. Revenues from sale of goods to parent companies and subsidiaries in foreign markets	1004			
602	3. Revenues from sale of goods to other related parties in domestic market	1005			
603	4. Revenue from sale of goods to other related parties in foreign markets	1006			
604	5. Revenues from sale of goods in domestic market	1007	5	339	364
605	6. Revenue from sale of goods in foreign market	1008	5	21,410	31,277
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	7,8.9	1,560,906	1,516,625
610	1. Revenues from sale of products and services to parent com. and subsidiaries in domestic market	1010			
611	2. Revenues from sale of products and services to parent comp. and subsidiaries in foreign market	1011			
612	3. Revenues from sale of products and services to other related parties in domestic market	1012			
613	4. Revenues from sale of products and services to other related parties in foreign market	1013			
614	5. Revenues from sale of products and services in domestic market	1014	6	644,734	607,258
615	6. Revenues from sale of products and services in foreign market	1015	7	916,172	909,367
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0
65	IV OTHER OPERATING REVENUES	1017	10	177,038	161,849

**INCOME SHEET (continued)**  
**In the period from 1 January to 31 March 2016**

- in thousand RSD -

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	EXPENDITURES OF REGULAR BUSINESS				
50 to 55, 62 and 63	B. OPERATING EXPENSITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		1,217,812	1,006,470
50	I. PURCHASE VALUE OF SOLD GOODS	1019	11	22,198	31,019
62	II. REVENUES FROM ACTIVATION OF USE OF OWN PRODUCTS AND GOODS	1020		0	0
630	III. INCREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021			
631	IV. DECREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022			
51 excp.513	V. COSTS OF MATERIAL	1023	12	49,957	30,881
513	VI. COSTS OF FUEL AND ENERGY	1024	13	72,792	80,451
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	14	705,424	491,207
53	VIII. COSTS OF PRODUCTION SERVICES	1026	15	101,166	107,038
540	IX. AMORTIZATION COSTS	1027	16	205,016	184,493
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	17	0	5,000
55	XI. INTANGIVBLE COSTS	1029	18	61,259	76,381
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		541,881	703,645
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		61,598	103,648
66, excep. 662, 663 and 664	I. FINANCIAL REVENUES FROM RELATED PARTIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial revenues from parent companies and subsidiaries	1034			
661	2. Financial revenues from other related parties	1035			
665	3. Revenue from participation in profit of associated legal entities and joint ventures	1036			
669	4. Other financial revenues	1037			
662	II. INCOME REVENUE (FROM THIRD PARTIES)	1038	19	25,467	35,876

**INCOME SHEET (continued)**  
**In the period from 1 January to 31 March 2016**

- in thousand RSD -

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	20	36,131	67,772
56	DJ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		26,422	46,364
56, excp. 562, 563 and 564	I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN. EXPENDITURES (1042 + 1043 + 1044 + 1045)	1041		0	0
560	1. Financial expenditures from relation with parent companies and subsidiaries	1042			
561	2. Financial expenditures from relation with other related parties	1043			
565	3. Expenditures from participation in the loss of associated legal entities and joint ventures	1044			
566 and 569	4. Other financial expenditures	1045			
562	II. INCOME EXPENDITURES (TOWARD THIRD PARTIES)	1046	21	10,090	11,123
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	22	16,332	35,241
	E. PROFIT FROM FINANCING (1032 – 1040)	1048		35,176	57,284
	Ž. LOSS FROM FINANCING (1040 – 1032)	1049		0	0
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1050		0	0
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	23	7	499,659
67 and 68, exc. 683 and 685	J. OTHER REVENUES	1052	24	1,694	1,898,236
57 and 58, exc. 583 and 585	K. OTHER EXPENDITURES	1053	25	3,547	4,568
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054	26	575,197	2,154,938



**INCOME SHEET (continued)**  
**In the period from 1 January to 31 March 2016**

- in thousand RSD -

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	L. OPERATING LOSS BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055			
69-59	M. NET INCOME FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1056			
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057			
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	575,197	2,154,938
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059			
	P. INCOME TAX				
721	I. INCOME TAX EXPENDITURE	1060	26	64,057	260,396
part of 722	II. DEFERRED TAX EXPENDITURE	1061		13,937	
part of 722	III. DEFERRED INCOME TAX	1062	26	0	964
723	R. EARNINGS PAID BY EMPLOYER	1063			
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	27	497,203	1,895,506
	T. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET INCOME OF MINORITY SHAREHOLDERS	1066			
	II NET PROFIT OF THE MAJORITY OWNER	1067			
	III PROFIT PER SHARE		27		
	1. Basic earning per share	1068			
	2. Reduced (diluted) earning per share	1069			

**BALANCE SHEET**  
**On 31 March 2016**

BALANCE SHEET

on 31.03. 2016

- in thousands RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2015	Initial balance 01.01.2015
	<b>ASSETS</b>					
0	A. NON-PAID UP SUBSCRIBED CAPITAL	1				
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		21,636,193	21,730,626	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3	28	78,282	80,523	0
010 & part 019	1. Investments in development	4				
011, 012 & part 019	2. Concessions, patents, licences, trade marks, software and other rights	5	28	78,282	80,523	
013 & part 019	3. Goodwill	6				
014 & part 019	4. Other intangible assets	7				
015 & part 019	5. Intangible assets in progress	8				
016 & part 019	6. Advances for intangible assets	9				
2	II. REAL ESTATE, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	21,435,027	21,529,104	0
020, 021 & part 029	1. Land	11	29	9,120,668	9,120,668	
022 & part 029	2. Buildings	12	29	9,751,008	9,858,745	
023 & part 029	3. Plants and equipment	13	29	2,418,329	2,482,528	
024 & part 029	4. Investment property	14	29	26,073	26,073	
025 & part 029	5. Other property, plants and equipment	15	29	3,619	3,619	
026 & part 029	6. Property, plants and equipment in progress	16	29	60,877	20,236	
027 & part 029	7. Investments in some. else's property, plant and equipment	17				
028 & part 029	8. Advances for property, plants and equipment	18	29	54,453	17,235	
3	III. BIOLOGICAL AGENCIES (0020 + 0021 + 0022 + 0023)	19		105	120	0
030, 031 & part 039	1. Forests and perennal plants	20				
032 & part 039	2. Livestock unit	21	29	105	120	
037 & part 039	3. Biological agencies in progress	22				
038 & part 039	4. Advances for biological agencies	23				
04. except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		122,779	120,879	0
040 & part 049	1. Shares in subsidiaries	25				
041 & part 049	2. Shares in associated companies and joint ventures	26				
042 & part 049	3. Shares in other legal entities and other securities available for sale	27	30	1	1	
part 043, part 044 & part 049	4. Long-term investments to parent companies and subsidiaries	28				
part 043, part 044 & part 049	5. Long-term investments to other related parties	29				
part 045 & part 049	6. Long-term investments in the country	30				
part 045 & part 049	7. Long-term investments abroad	31				
046 & part 049	8. Securities hold to maturity	32				
048 & part 049	9. Other long-term financial investments	33	31	122,778	120,878	



**BALANCE SHEET (cont'd.)  
On 31 March 2016**

- in thousands RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2015	Initial balance 01.01.2015
1	2	3	4	5	6	7
	<b>ASSETS</b>					
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		0	0	0
050 & part 059	1. Receivables from parent company and subsidiaries	35				
051 & part 059	2. Receivables from other related parties	36				
052 & part 059	3. Receivables from sale on trade credit	37				
053 & part 059	4. Receivables from sale per contracts on financial leasing	38				
054 & part 059	5. Receivables based on guarantees	39				
055 & part 059	6. Disputed and doubtful receivables	40				
056 & part 059	7. Other long-term receivables	41				
288	V. DEFERRED TAX ASSETS	42				
	<b>G. TURNOVER PROPERTY (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)</b>	<b>43</b>		<b>6,906,155</b>	<b>6,540,995</b>	<b>0</b>
Class 1	<b>I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)</b>	<b>44</b>		<b>145,159</b>	<b>141,272</b>	<b>0</b>
10	1. Material, spare parts, tools and small inventory	45	32	109,317	94,820	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	9,035	12,301	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	26,807	34,151	
20	<b>II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)</b>	<b>51</b>		<b>1,642,460</b>	<b>1,701,939</b>	<b>0</b>
200 & part 209	1. Buyers in the country – parent companies and subsidiaries	52				
201 & part 209	2. Buyers abroad – parent companies and subsidiaries	53				
202 & part 209	3. Buyers in the country – other related parties	54				
203 & part 209	4. Buyers abroad – other related parties	55				
204 & part 209	5. Buyers in the country	56	35	1,031,203	1,069,267	
205 & part 209	6. Buyers abroad	57	36	611,257	632,672	
206 & part 209	7. Other receivables from sale	58				
21	<b>III RECEIVABLES FROM SPECIFIC OPERATIONS</b>	<b>59</b>				
22	<b>IV OTHER RECEIVABLES</b>	<b>60</b>	<b>37</b>	<b>117,003</b>	<b>90,631</b>	
236	<b>V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET</b>	<b>61</b>				
23 except 236 and 237	<b>VI SHORT-TERM INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)</b>	<b>62</b>		<b>3,812,547</b>	<b>3,876,640</b>	<b>0</b>
230 & part 239	1. Short-term loans and invest. – parent com. and subsidiaries	63				
231 & part 239	2. Short-term loans and investments – other related parties	64				
232 & part 239	3. Short-term credits and loans in the country	65	38	51,925	77,841	
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	39	3,760,622	3,798,799	
24	<b>VII CASH AND CASH EQUIVALENTS</b>	<b>68</b>	<b>41</b>	<b>1,174,601</b>	<b>704,127</b>	
27	<b>VIII VALUE ADDED TAX</b>	<b>69</b>				
28 except 288	<b>IX PREPAYMENTS AND ACCRUED INCOME</b>	<b>70</b>	<b>42</b>	<b>14,385</b>	<b>26,386</b>	
	<b>D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)</b>	<b>71</b>		<b>28,542,348</b>	<b>28,271,621</b>	<b>0</b>
88	<b>F. OFF-BALANCE SHEET ASSETS</b>	<b>72</b>	<b>62</b>	<b>353,967</b>	<b>320,491</b>	

**BALANCE SHEET (cont'd.)**  
**On 31 March 2016**

- in thousands RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2015	Initial balance 01.01.2015
1	2	3	4	5	6	7
	<b>LIABILITIES</b>					
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401	43	26,195,187	25,697,984	0
30	I CORE CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402		20,573,610	20,573,610	
300	1. Share capital	403	44	20,573,610	20,573,610	
301	2. Shares of limited liability companies	404				
302	3. Stakes	405				
303	4. State capital	406				
304	5. Social capital	407				
305	6. Cooperative shares	408				
306	7. Share issue premium	409				
309	8. Other core capital	410				
31	II NON-PAID SUBSCRIBED CAPITAL	411				
047 and 237	III REPURCHASED OWN SHARES	412				
32	IV RESERVES	413	45	2,842,810	2,842,810	
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLES, PROPERTY, PLANTS AND EQUIPMENT	414	45	148,390	148,390	
33 except 330	VI. NON-REALISED INCOMES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance of group account 33 except 330)	415	45	12,788	12,788	
33 except 330	VII. NON-REALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (debit balance of group account 33 except 330)	416				
34	VIII NON-DISTRIBUTED PROFIT (0418 + 0419)	417	46	2,617,589	2,120,386	0
340	1. Non-distributed profit of previous years	418	46	2,120,386	144,356	
341	2. Non-distributed profit of the current year	419	46	497,203	1,976,030	
	IX. SHARE WITHOUT RIGHT OF CONTROL	420				
35	X.LOSS (0422 + 0423)	421		0	0	0
350	1. Loss of previous years	422				
351	2. Loss of the current year	423				
	B. LONG-TERM RESERVES AND LIABILITIES (0425 + 0432)	424		1,024,382	1,017,814	0
40	I LONG-TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47	223,124	225,020	0
400	1. Reserves for costs within guarantee period	426				
401	2. Reserves for restoration of natural resources	427				
403	3. Reserves for restructuring costs	428				
404	4. Reserves for retirement and other employee benefits	429	48,49	110,078	110,239	
405	5. Reserves for litigations	430	48,49	113,046	114,781	
402 и 409	6. Other long-term reserves	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		801,258	792,794	0
410	1. Liabilities that may be converted into capital	433				
411	2. Liabilities toward parent companies and subsidiaries	434				
412	3. Liabilities toward other related parties	435				

**BALANCE SHEET (cont'd.)**  
**On 31 March 2016**

- in thousands RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2015	Initial balance 01.01.2015
1	2	3	4	5	6	7
	<b>LIABILITIES</b>					
413	4. Liabilities from securities for a period longer than one year	436				
414	5. Long-term credits and loans in the country	437				
415	6. Long-term credits and loans abroad	438	50;51	801,258	792,794	
416	7. Liabilities base on financial leasing	439				
419	8. Other long-term liabilities	440			0	
498	V. DEFERRED TAX LIABILITIES	441	26	102,245	88,308	
42 to 49 (excep. 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,220,534	1,467,515	0
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		90,133	101,380	0
420	1.Short-term loans from parent companies and subsidiaries	444				
421	2. Short-term loans from other related parties	445				
422	3. Short-term credits and loans in the country	446				
423	4. Short-term credits and loans abroad	447				
427	5. Liabilities on fixed assets and assets from discontinued operations intended for sale	448				
424, 425, 426 and 429	6. Other short-term financial obligations	449	52	90,133	101,380	
430	II RECEIVED PRIPAYMENT, DEPOSITS AND BAILS	450	53	71,057	62,361	
43 except. 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		151,971	240,783	0
431	1. Suppliers – parent com. and subsidiaries in the country	452				
432	2. Suppliers – parent com. and subsidiaries abroad	453				
433	3. Suppliers – other related parties in the country	454				
434	4. Suppliers – other related parties abroad	455				
435	5. Suppliers in the country	456	54	110,769	204,483	
436	6. Suppliers abroad	457	55	2,327	10,916	
439	7. Other business liabilities	458	56	38,875	25,384	
44, 45 и 46	IV OTHER SHORT-TERM LIABILITIES	459	57	715,983	858,225	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	39,816	25,809	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59;60	51,940	96,616	
49 except. 498	VII ACCRUALS AND DEFERRED INCOME	462	61	99,634	82,341	
	D. LOSS OVER CAPITAL (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) ≥ 0	463				
	DJ. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 – 0463) ≥ 0	464		28,542,348	28,271,621	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	353,967	320,491	



STATEMENT ON OTHER COMPREHENSIVE RESULT in the period 1 January to 31 March 2016

STATEMENT ON OTHER RESULTS					
for the period from 01.01.2016 to 31.03.2016					
- in thousand RSD -					
Group of accounts, account 1	POSITION 2	ADP 3	Note No. 4	Amount	
				Current year 5	Previous year 6
	A. NET RESULTS FROM OPERATIONS				
	I. NET PROFIT (ADP 1064)	2001	27	497,203	1,895,506
	II. NET LOSS (ADP 1065)	2002			
	B. OTHER COMPREHENSIVE PROFITS AND LOSS				
	a) Items that will not be reclassified in income sheet in future periods				
	1. Changes in the revaluation of intangible assets, property, plant and equipment				
330	a) increase in revaluation reserves	2003			
	b) decrease in revaluation reserves	2004		0	133
	2. Actuarial gains and losses on defined benefit plans				
331	a) gains	2005			
	b) losses	2006			
	3. Gains or losses on investments in equity capital instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses on shares in other comprehensive profit or loss of associated companies				
333	a) gains	2009			
	b) losses	2010			
	b) Items that can subsequently be reclassified in income sheet in future periods				
	1. Gains or losses based on recalculation of financial statements of foreign operations				
334	a) gains	2011			
	b) losses	2012			
	2. Gains or losses on hedging instruments of net investment in a foreign operation				
335	a) gains	2013			
	b) losses	2014			
	3. Gains or losses on risk hedging instruments of cash flow				
336	a) gains	2015			
	b) losses	2016			
	4. Gains or losses on securities available for sale				
337	a) gains	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE PROFIT				
	(2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019			
	II. OTHER GROSS COMPREHENSIVE LOSS				
	(2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020		0	133
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021			
	IV. NET OTHER COMPREHENSIVE PROFIT				
	(2019 – 2020 – 2021) ≥ 0	2022			
	V. NET OTHER COMPREHENSIVE LOSS				
	(2020 – 2019 + 2021) ≥ 0	2023		0	133
	<b>B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD</b>				
	I. TOTAL NET COMPREHENSIVE PROFIT				
	(2001 – 2002 + 2022 – 2023) ≥ 0	2024		497,203	1,895,373
	II. TOTAL NET COMPREHENSIVE LOSS				
	(2002 – 2001 + 2023 – 2022) ≥ 0	2025		0	0
	<b>G. TOTAL NET COMPREHENSIVE PROFIT OR LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 &gt; 0</b>	2026		0	0
	1. Attributable to majority owners of capital	2027			
	2. Attributable to owners who do not have control	2028			

STATEMENT ON CHANGES IN CAPITAL  
In the period from 1 January to 31 March 2016

У складу са Државног билана

Serial No.	DESCRIPTION	Capital components										Components of other result							Total capital (line 15) ± 0	ADP (line 15) ± 0	Loss above capital (line 16) ± 0								
		30	31	32	35	0471/237	34	390	331	332	333	334/335	336	337	14	15	16	17											
		ADP	Non-paid subscribed capital	Reserves	ADP	Loss	ADP	Repurchased own shares	Non-distributed profit	ADP	Revaluated reserves	ADP	Actual gains and losses	Gains or losses from investments in equity capital instruments	ADP	Gains or losses from other profit or loss of companies	ADP	Profit and loss based on operations and conversion of financial statements	ADP	Gains or losses on risk hedging instrument of cash flow	ADP	Gains or losses on securities available for sale	ADP						
1	Opening balance on 01.01.2015																												
1	a) debit balance of account	4001	4019	4037	4055	4073	4091	4109	4127	4145	4163	4181	4199	4217	4235	4253	4271	4289	4307	4325	4343	4361	4379	4397	4415	4433	4451	4469	
	b) credit balance of account	4002	20,573,610	4020	4038	1,534,430	4056	4074	4092	2,839,860	4110	4128	5177	4146	0	4164	0	4182	0	4200	0	4218	0	4236	0	4254	0	4272	0
	Correction of materially significant errors and changes of accounting policies	4003	0	4039	0	4057	0	4093	0	4111	0	4129	0	4147	0	4165	0	4183	0	4201	0	4219	0	4237	0	4255	0	4273	0
2	a) corrections on the debit side of the account	4003	0	4039	0	4057	0	4093	0	4111	0	4129	0	4147	0	4165	0	4183	0	4201	0	4219	0	4237	0	4255	0	4273	0
	b) corrections on the credit side of the account	4004	0	4040	0	4058	0	4094	0	4112	0	4130	0	4148	0	4166	0	4184	0	4202	0	4220	0	4238	0	4256	0	4274	0
	Updating of opening balance on 01.01.2015	4005	0	4041	0	4059	0	4095	0	4113	0	4131	0	4149	0	4167	0	4185	0	4203	0	4221	0	4239	0	4257	0	4275	0
3	a) corrected debit balance of account (1a + 2a - 2b) ± 0	4005	0	4041	0	4059	0	4095	0	4113	0	4131	0	4149	0	4167	0	4185	0	4203	0	4221	0	4239	0	4257	0	4275	0
	b) corrected credit balance of account (1b - 2a + 2b) ± 0	4006	20,573,610	4024	4042	1,534,430	4060	4078	4096	2,839,860	4114	4132	5177	4150	0	4168	0	4186	0	4204	0	4222	0	4240	0	4258	0	4276	0
	Changes in the previous 2015	4007	0	4043	0	4061	0	4097	0	4115	179	4133	1343	4151	0	4169	0	4187	0	4205	0	4223	0	4241	0	4259	0	4277	0
4	a) Turnover on the debit side of the account	4007	0	4043	0	4061	0	4097	0	4115	179	4133	1343	4151	0	4169	0	4187	0	4205	0	4223	0	4241	0	4259	0	4277	0
	b) Turnover on the credit side of the account	4008	0	4044	0	4062	0	4098	0	4116	0	4134	8954	4152	0	4170	0	4188	0	4206	0	4224	0	4242	0	4260	0	4278	0
	Balance at the end of prev. year on 31.12.2015	4009	0	4045	0	4063	0	4099	0	4117	0	4135	0	4153	0	4171	0	4189	0	4207	0	4225	0	4243	0	4261	0	4279	0
5	a) debit balance of account (3a + 4a - 4b) ± 0	4009	0	4045	0	4063	0	4099	0	4117	0	4135	0	4153	0	4171	0	4189	0	4207	0	4225	0	4243	0	4261	0	4279	0
	b) credit balance of account (3b - 4a + 4b) ± 0	4010	20,573,610	4028	4046	2,842,810	4064	4082	4100	2,120,386	4118	4136	12,788	4154	0	4172	0	4190	0	4208	0	4226	0	4244	0	4262	0	4280	0
	Correction of materially significant errors and changes of accounting policies	4011	0	4047	0	4065	0	4101	0	4119	0	4137	0	4155	0	4173	0	4191	0	4209	0	4227	0	4245	0	4263	0	4281	0
6	a) corrections on the debit side of the account	4011	0	4047	0	4065	0	4101	0	4119	0	4137	0	4155	0	4173	0	4191	0	4209	0	4227	0	4245	0	4263	0	4281	0
	b) corrections on the credit side of the account	4012	0	4048	0	4066	0	4102	0	4120	0	4138	0	4156	0	4174	0	4192	0	4210	0	4228	0	4246	0	4264	0	4282	0
	Corrected opening balance of the current year on 01.01.2016	4013	0	4049	0	4067	0	4103	0	4121	0	4139	0	4157	0	4175	0	4193	0	4211	0	4229	0	4247	0	4265	0	4283	0
7	a) corrected debit balance of account (5a + 6a - 6b) ± 0	4013	0	4049	0	4067	0	4103	0	4121	0	4139	0	4157	0	4175	0	4193	0	4211	0	4229	0	4247	0	4265	0	4283	0
	b) corrected credit balance of account (5b - 6a + 6b) ± 0	4014	20,573,610	4032	4050	2,842,810	4068	4086	4104	2,120,386	4122	4140	12,788	4158	0	4176	0	4194	0	4212	0	4230	0	4248	0	4266	0	4284	0
	Changes in the current 2016	4015	0	4051	0	4069	0	4105	0	4123	0	4141	0	4159	0	4177	0	4195	0	4213	0	4231	0	4249	0	4267	0	4285	0
8	a) turnover on the debit side of account	4015	0	4051	0	4069	0	4105	0	4123	0	4141	0	4159	0	4177	0	4195	0	4213	0	4231	0	4249	0	4267	0	4285	0
	b) turnover on the credit side of account	4016	0	4052	0	4070	0	4106	0	4124	0	4142	0	4160	0	4178	0	4196	0	4214	0	4232	0	4250	0	4268	0	4286	0
	Balance at the end of cur. year on 31.03.2016	4017	0	4053	0	4071	0	4107	0	4125	0	4143	0	4161	0	4179	0	4197	0	4215	0	4233	0	4251	0	4269	0	4287	0
9	a) debit balance of account (7a + 8a - 8b) ± 0	4017	0	4053	0	4071	0	4107	0	4125	0	4143	0	4161	0	4179	0	4197	0	4215	0	4233	0	4251	0	4269	0	4287	0
	b) credit balance of account (7b - 8a + 8b) ± 0	4018	20,573,610	4038	4054	2,842,810	4072	4090	4108	2,617,898	4126	4144	12,788	4162	0	4180	0	4198	0	4216	0	4234	0	4252	0	4270	0	4288	0
	Balance at the end of cur. year on 31.03.2016	4019	20,573,610	4039	4055	2,842,810	4073	4091	4109	2,617,898	4127	4145	12,788	4163	0	4181	0	4199	0	4217	0	4235	0	4253	0	4271	0	4289	0

**CASH FLOW STATEMENT**  
In the period from 1. January to 31 March 2016

CASH FLOW STATEMENT

in the period from 01.01.2016 to 31.03.2016

- in thousands RSD-

Positions	ADP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOWS FROM BUSINESS ACTIVITY</b>			
I. Cash inflow from business activities (1 to 3)	3001	2,037,581	3,480,078
1. Sale and received advance payments	3002	1,747,256	3,267,291
2. Interests received from business activity	3003	2,023	17,986
3. Other inflows from regular operations	3004	288,302	194,801
II. Cash outflow from business activities (1 to 5)	3005	1,232,009	1,019,515
1. Payments for suppliers and given advance payments	3006	333,764	382,661
2. Salaries, salary compensations and other personal expenses	3007	595,570	389,969
3. Paid interest	3008	4,776	5,308
4. Income-tax	3009	149,276	99,317
5. Payment from other public revenues	3010	148,623	142,260
III. Net cash inflow from business activities (I - II)	3011	805,572	2,460,563
IV. Net cash outflow from business activities (II - I)	3012		
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
I. Cash inflow from investment activity (1 to 5)	3013	112,453	13,548
1. Sale of shares and portions (net inflows)	3014	0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		
3. Other financial investments (net inflows)	3016	77,153	0
4. Interests received from investment activities	3017	35,300	13,548
5. Dividends received	3018	0	0
II. Cash outflows from investment activities (1 to 3)	3019	194,422	1,547,197
1. Purchase of shares and portions (net outflows)	3020	0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021	194,422	224,888
3. Other financial investments (net outflows)	3022	0	1,322,309
III. Cash net inflow from investment activities (I - II)	3023	0	0
IV. Cash net outflow from investment activities (II - I)	3024	81,969	1,533,649



**CASH FLOW STATEMENT (cont'd.)**  
**In the period from 1.January to 31 March 2016**

CASH FLOW STATEMENT

in the period from 01.01.2016 to 31.03.2016

- in thousand RSD-

Position 1	ADP 2	Amount	
		Current year 3	Previous year 4
<b>V. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>I. Cash inflow from financing activities (1 to 5)</b>			
1. Core capital increase	3025	0	0
2. Long-term loans (net inflows)	3026	0	0
3. Short-term loans (net inflows)	3027	0	0
4. Other long-term liabilities	3028	0	0
5. Other short-term liabilities	3029	0	0
<b>II. Cash outflow from financing activities (1 to 6)</b>			
1. Redemption of own shares and portions	3030	0	0
2. Long-term loans (outflows)	3031	262,308	612,877
3. Short-term loans (outflows)	3032	0	0
4. Other liabilities (outflows)	3033	12,308	12,160
5. Financial leasing	3034	0	0
6. Paid-up dividends	3035	0	0
<b>III. Net cash inflow from financing activities (I-II)</b>			
3036	3038		
<b>IV. Net cash outflow from financing activities (II-I)</b>			
3037	3039	262,308	612,877
<b>G. OVERALL CASH INFLOW (3001 + 3013 + 3025)</b>			
3038	3040	2,150,034	3,493,626
<b>D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)</b>			
3039	3041	1,688,739	3,179,589
<b>DJ. NET CASH INFLOW (3040 – 3041)</b>			
3040	3042	461,295	314,037
<b>E. NET CASH OUTFLOW (3041 – 3040)</b>			
3041	3043	0	0
<b>Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD</b>			
3042	3044	704,127	2,803,851
<b>Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION</b>			
3043	3045	9,798	24,058
<b>I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION</b>			
3044	3046	619	24,033
<b>J. CASH AT THE END OF ACCOUNTING PERIOD</b>			
(3042 – 3043 + 3044 + 3045 – 3046)	3047	1,174,601	3,117,913

**JSC BELGRADE NIKOLA TESLA AIRPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2016**

## 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 of rendering airport services, the Company, as side activities, provides other services at airport complex, satisfying the needs of service users, domestic and foreign air carriers.

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

By a Decision of the Government of Republic of Serbia of 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 Business Registers Agency on 22.06.2010 by the Rescript No.BD 68460/2010.

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 in Business Registers Agency as an open joint stock company.

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

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

### 1.2. Number of employees and engaged persons

On Balance Sheet date on 31 March 2016 the Company had 1,888 engaged workers of which 1,284 employees of the Company and 498 permanent employees, employees on a definite period of time 786, temporary workers 155, and 449 workers engaged through youth organizations (on 31 December 2015 there were 1,871 engaged workers, of which 491 permanent employees, 762 employed for a definite period of time, 454 workers engaged through youth organizations, and 164 workers engaged in temporary and occasional jobs).

In the first quarter of 2016, the average number of employees engaged by the Company at the end of each month was 1,883 (497 permanent employees, 780 employees for a definite period of time, 156 workers engaged in temporary and occasional jobs, 450 workers engaged through youth organizations (during 2015 there were on average 1,782 employees: 485 permanent employees, 617 employed for a definite period of time, 435 workers hired through youth organizations, 65 workers through OZB Komerc and 181 workers engaged in temporary and occasional jobs).



### **1.3. 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 1% 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 has to be an independent member of the Supervisory Board.

The Executive Board has 5 executive directors including the General Director. The Executive directors are assigned by the Supervisory Board of the Company.

### **1.4. Ownership structure**

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.

## **2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD**

### **2.1 Basis for composition and presentation of financial statements**

Financial statements for the I-III 2016 are prepared in a manner and in accordance with the legislation, which was used in the preparation of annual financial statements for 2015, which is fully stated in Note 2, to financial statements for 2015.

Financial statements for the I-III 2016 were approved at the meeting of the Supervisory Board on 12.05.2016.

## **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES**

### **3.1 Incomes and outcomes**

Sales revenue is recognized when the risks and benefits associated with the right of ownership is transferred to the customer, and that includes the date of delivery to the customer.

Revenue from services is recognized when the service is rendered, or proportionately during the performance of services if it lasts for more than one accounting period.

Revenue from lease based on operational leasing are recognized evenly over the lease.

Revenue is measured at the fair value of the funds received or receivable, in net amount after deduction of discounts and value added tax.

### **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**

#### **3.1 Incomes and outcomes (cont'd.)**

Revenue from interest and dividends are recognized in accordance with the principle of the formation in favour of the accounting period to which they relate, using the effective interest method.

With the date on which revenues are recognized are also recognized corresponding expenditures (principle of causality of revenue and expenditure).

Operating expenditures are recognized in the income statement according to utilization of acquired services or as they are incurred.

Expenses are accounted for on an accrual basis of revenue and expenditure.

Maintenance and repair of fixed assets are recorded in the income statement in the accounting period when they arise.

#### **3.2. Costs of borrowings**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, are included in the purchase value of the asset and until that period when all the activities are essentially completed, necessary to prepare the asset for the intended use or sale. Assets being qualified relate to the assets which required a significant period of time to get ready for its intended use.

Income from investments realized on the basis of the temporary investment of borrowed funds is deducted from the borrowing costs incurred intended to finance assets that qualify.

All other borrowing costs are recognized in the income statement in the period to which they relate.

#### **3.3. Conversion of foreign exchange amount**

Transactions denominated in foreign currencies are converted into dinars at the official exchange rates established on the Interbank Exchange Market, prevailing at the transaction date.

Assets and liabilities denominated in foreign currencies at the balance sheet date are converted into dinars by applying the official exchange rates established on the Interbank Exchange Market, in effect on that day.

Gains and losses arising from transactions in foreign currencies and from the recalculation of monetary items in the balance sheet items denominated in foreign currencies are credited or charged to the income statement as gains or losses from exchange rate differences.

Non-monetary items in the balance sheet are not recalculated at the balance sheet date but are carried at historical cost, calculated at the exchange rate on the date of transaction, except for non-monetary items that are measured at fair value, in which case they are recalculated at the exchange rate on the date of determination of fair value. Revenues and Expenditures based on exchange rate differences and currency clause effects are recorded in the income statement of the recorded period.



### 3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)

#### 3.3. Conversion of foreign exchange amount (cont'd.)

Average foreign exchange rates, determined at the interbank foreign exchange market, used in the conversion of foreign currency balance sheet positions into dinars, for the major currencies were as follows:

Description	31.03.2016	31.12.2015
<b>Middle exchange rate of NBS:</b>	Value in RSD	
EUR	122.9245	121.6261
USD	108.6001	111.2468
CHF	112.3624	112.5230
GBP	155.7978	164.9391

Liabilities based on long-term loans from the EIB and obligations of Hypo Leasing, are converted into RSD counter value at an agreed selling rate of the bank.

Selling rate of banks on the date of financial statements preparation are presented in the following table:

Description	31.03.2016	31.12.2015
<b>Contracted exchange rate:</b>	Value in RSD	
EUR - for EIB loan	123.2933	121.991

#### 3.4. Real estates, plants, equipment, biological resources

Intangible assets relate to purchased software and licenses and are carried at cost less accumulated amortization and are written-off by straight line method over a period of two to ten years.

#### 3.5. Real estates, plants, equipment, biological resources

Property, plant and equipment that meet the requirements for recognition of assets are carried at their purchase price or cost. Cost represents the invoiced amount plus all expenses incurred to its intended use.

After initial recognition, property, plant and equipment are presented at revalued amount that reflects their fair value at the date of revaluation, less the total amount of the value correction based on amortization and total amount of value correction for impairment loss.

The fair value of real estate makes their market value, which is determined by the assessment. Revaluation takes place only when the fair value of a revalued asset differs materially from its carrying amount. Gains from revaluation are recognized in other gains and losses in favour of the revaluation reserve in equity. Do the amounts previously recognized losses from the revaluation or impairment recognized in the income statement, gains from revaluation are recognized in the income statement, and the rest of gains are recognized in other gains and losses. Losses on revaluation are recognized after valuation or testing for impairment, and are recognized in other gains and losses up to the amount of previously recognized revaluation reserve in equity and the remainder of losses are recognized in the income statement. At expenditure or disposal of assets related revaluation reserve is transferred directly to undistributed profit.

The last assessment of the value of property, plant and equipment was made on 31.12.2014.



### 3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)

#### 3.5. Real estates, plants, equipment, biological resources (cont'd.)

Tools and supplies, whose useful life is longer than one year and individual purchase price greater than the average gross salary in the Republic, are recognized as property, plant and equipment at purchase cost. These assets are amortized according to the estimated useful life.

Gains or losses arising from write-offs or alienation are recognized as revenue or expenditure in the income statement.

#### 3.6. Amortisation of properties, plants, equipment and intangible investments

Depreciation of property, plant and equipment is calculated using straight-line method over the estimated useful life. The depreciation rates that were used in the 2015 business year, as well as the rate of amortization calculated based on the useful life of the assets according to the evaluation report, which started to be applied in the first quarter of 2016 are given in the following table:

DESCRIPTION	2016	2015
<b>Building facilities</b>	%	%
Water and electricity facilities	2.27 - 7.14	2.27 - 7.14
Roads, airports and parking lots	2.22 - 33.33	2.22 - 33.33
Other building facilities	5.00 - 50.00	5.00 - 50.00
Flats given to employees for use	1.49	1.49
<b>Equipment</b>	%	%
New specific equipment	6.67 - 50.00	6.67 - 50.00
Equipment for road traffic	6.67 - 33.33	6.67 - 33.33
Equipment for PTT and TV	10 - 50.00	10 - 50.00
Equipment for air traffic	4 - 50.00	4 - 50.00
Measuring and control devices and specific devices	4.00 - 33.33	4.00 - 33.33
Labor. equipment, teaching aids and med. devices	20.00 - 25	20.00 - 25
Electronic, calculating machines and computers	16.67 - 33.33	16.67 - 33.33
Furniture and equipment for general purposes	4.00 - 50.00	4.00 - 50.00
Equipment for road traffic under financial leasing	8.33 - 33.33	8.33 - 33.33
Equipment and plants	10.00 - 25.00	10.00 - 25.00
Tools and inventory	25.00 - 100.00	25.00 - 100.00
<b>Intangible investments</b>	%	%
Software and licenses	10.00 - 50.00	10.00 - 50.00

#### 3.7. Investment property

Investment properties are properties that the Company, as the owner, holds to earn rentals or for capital appreciation or for both of them, and not for use in the provision of services or for administrative purpose or sale in the ordinary course of business. Initial measurement of investment property during the acquisition is carried at purchase value or cost price. After initial recognition, valuation of investment property is carried at fair value at the end of each business year. Positive and negative effects from changes in fair value of investment property are recognized through the income statement.

The Company has engaged a certified appraiser - Institute for Economic Research Belgrade, to assess the value of investment property as on 31.12.2015.

In the report on assessment of the fair value the investment property is determined by the weight of probability of estimated value using the replacement cost method and the yield method.

### **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**

#### **3.8. Impairment**

At each balance sheet date the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that there has been a loss due to the impairment of such assets. If any such indication exists, the recoverable amount of assets is estimated so that the extent of the impairment loss could be determined. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit, to which the asset belongs.

The recoverable amount is net selling price or value in use, whichever is higher. For the purposes of assessing value in use, the estimated future cash flows are discounted to their present value using the discount rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of the asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Losses from impairment are recognized as an expense immediately, unless the relevant asset is land or buildings that are not used as investment property carried at a revalued amount, in which case the impairment loss is treated as a reduction in the value of revaluation.

With the subsequent reversal of the impairment, the carrying amount of the asset (cash generating unit) is increased to the revised estimated recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined in previous years if there were no losses recognized in this asset (cash generating unit) due to impairment. A reversal of an impairment loss is recognized immediately in income, unless the relevant asset is carried at appraised value, in which case the reversal of the impairment loss is treated as an increase due to revaluation.

On March 31, 2016, based on the Company's management estimates there are no indications that the value of the assets is impaired.

#### **3.9. 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. Cost includes the invoiced value, transport and acquisition costs.

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

Inventories are recorded at the sales price. At the end of the accounting period, their value is adjusted to cost allocation, price differences, calculated on an average basis between the purchaser cost of realized goods and supplies in stock at the end of the year.

Charged to other expenses shall be corrected inventory value in cases where it determines that is necessary to bring value to their net estimated realizable value (including inventories with slow turnover, excess and obsolete inventories). Damaged inventory and inventory that does not meet the standards are written off.



### 3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)

#### 3.10. Taxes and contributions

##### *Income tax*

Income tax expense in the income statement represents the sum of current tax expense and deferred tax expense not recognized within other gains and losses or directly in equity.

Receivables and liabilities in respect of current income tax or deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to offset the recognized amounts and if it intends to settle on a net basis or simultaneously realize the asset and settle the liability.

##### *Current income tax*

Assets and liabilities arising from current income taxes represent liabilities or receivables from the fiscal authorities in connection with the current or prior periods that are not implemented on the date of these financial statements.

Current income tax represents an amount calculated by applying the statutory income tax rate of 15% on the tax base determined in the tax balance, which represents the amount of profit before tax after deduction of the effects of adjusting income and expenses, in accordance with the tax regulations of the Republic of Serbia, with the decrease in the statutory income tax credits.

The Law on Corporate Income Tax of the Republic of Serbia do not envisage that any tax losses of the current period be used to recover taxes paid in previous years. However, losses which are included in the tax balance until 2009, can be used to reduce the tax base in future periods over the next ten years from the vesting date, and the losses realized and recognized in the tax statement for 2010 and beyond, can be used to reduce the tax base in future periods, but not longer than five years.

The Law on Corporate Income Tax of the Republic of Serbia in the part of tax credit provides that taxpayers who have until December 31, 2013 were entitled to a tax incentive under Art. 48. The previous law, and expressed the information in the tax return and the tax return for 2013, cannot be entitled to use up to the deadline and in the manner prescribed by the earlier law. According to Art.48 Paragraph 5 of the previous law, "unused tax credits can be offset against income tax in future periods up to the prescribed limit of 33% (for large and medium-sized enterprises), but not longer than ten (10) years that you apply as of the tax balance sheet for the year 2003 ". In determining the income tax for 2016, the earliest previous tax period from which they can use unused tax credit is the tax account or PK form in 2006. Transferred tax credit is used in the order of investment.

##### *Deferred income 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. The carrying value of deferred tax assets is examined on the balance sheet date and adjusted if necessary to comply with the current assessment of the taxable profits of future periods.

Deferred tax resources and liabilities are calculated at the tax rate of 15% whose use is expected in the period when the asset is realized or the liability settled.

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.

### **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**

#### **3.10. Taxes and contributions (cont'd.)**

##### ***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.

##### **Tax risks**

The tax laws of the Republic of Serbia are often differently interpreted and are subject to frequent changes. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may differ from the management interpretations. As a result of the foregoing, transactions may be challenged by tax authorities and the Company could be assessed additional taxes, penalties and interest. Period of obsolescence tax liability is five years. This practically means that tax authorities could determine payment of outstanding liabilities within five years from the origination of the liability.

#### **3.11. Benefits for employees**

##### ***Taxes and contributions to funds for social security of employees***

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.

##### ***Reserving for terminal wages and jubilee bonuses***

Based on the Collective Bargaining Agreement adopted on 12.02.2015 the Company is obliged to pay to the employees:

- Terminal wage for retirement in amount of 4 average month salaries without tax and contributions paid at the employer's in the very month before payment of terminal wage
- Jubilee awards for total time spent in employment with the employer in the amount of the average monthly salary without tax and contributions paid by the employer for the month preceding the month in which the employee is entitled to jubilee awards as follows:

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

Because of the obligations regulated by collective agreement, the Company at the end of each business year assesses reserving for terminal wages and jubilee bonuses in accordance with the requirements of standard IAS 19- Employee Benefits.

The Company has engaged an auditing firm AUDITOR to assess provisions for retirement benefits and jubilee awards on 31 December 2015. The assumptions used for the actuarial calculation and changes in provisions in the current period are disclosed in Note 49.



### **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**

#### **3.12. Leasing**

Leasing is classified as financial leasing whenever all the risks and benefits arising from ownership of assets are transferred to the fullest extent to the lessee by lease. All other leases are classified as operating leases.

##### *The Company as lessor*

Revenues based on operating leases (income from rents) are recognized using the straight-line method over the lease period. Indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

##### *The Company as lessee*

Assets held by financial leasing contracts are initially recognized as assets of the Company at the present value of the minimum lease payments determined at the beginning of the lease period. The corresponding liability to the lessor is included in the balance sheet as a liability from financial leasing.

Payment of lease instalments is allocated between financial expenses and reduction of the lease liability in order to achieve a constant rate of participation in the outstanding amount of the obligation. Finance expenses are recognized immediately in the income statement, except if directly attributable to assets that are qualified for use, in which case they are capitalized in accordance with the general policy of the Company's borrowing costs.

Rate based on operating leases are recognized as an expense on a straight-line basis during the lease term, unless there is another systematic basis that better reflects the time pattern which economic benefits from the leased asset.

In the event that lease incentives are granted, those included in the operational leasing and are recognized as a liability. The benefit of incentives is recognized as a reduction in expenses for rent on a straight-line basis, unless there is another systematic basis that better reflects the time structure of consumption of economic benefits from the leased asset.

#### **3.13. 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.

#### **3.14. Financial instruments**

Any contractual right from which arises a financial asset and a financial liability or equity instrument is recognized as a financial instrument on the settlement date.

Upon initial recognition, financial assets and financial liabilities are measured at cost, being the fair value of compensation given (in the case of assets) or received (in the case of liabilities).

De-recognition of financial assets is when the contractual rights to the cash flows arising from the financial asset expire or when substantially all the risks and rewards are transferred. De-recognition of financial liabilities is when the obligation is extinguished, settled, cancelled or expired.

##### ***Long term investments***

Long-term investments after initially are measured by:

- Fair values, if held for trading,
- Amortized cost, if you have a fixed maturity date,
- Cost, if they do not have a fixed maturity date.

### **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**

#### **3.14. Financial instruments (cont'd.)**

Long-term investments held for trading and for which, due to the lack of an active market, it is not possible to determine a market value, are carried at purchase cost.

Long-term loans granted to employees are measured at fair value discounted by applying market interest rates.

#### ***Short-term receivables and investments***

Short-term receivables and investments include receivables from sales and other receivables, as well as short-term loans to employees.

Receivables from sales of goods and services are measured by the cost of the original invoice. Invoiced interest related to the sale of goods and services are recognized as other receivables and are recorded in income in the period in which they arise.

Other receivables and investments originated by the company are measured at amortized cost.

Any difference between the carrying amount and subsequent measurement is recognized as a gain or loss in the period in which incurred.

#### ***Devaluation of funds***

At each balance date, objective evidences of the value of assets are evaluated, by analysis of expected net cash inflows.

For all receivables for which there is reasonable doubt that they will not be collected in a nominal amount, corrections shall be made. Direct write-off shall be made only after the end of the litigation or by decision of the management body.

#### ***Cash and cash equivalents***

Cash and cash equivalents include cash on current accounts at banks and in hand and highly liquid investments with maturity up to three months after the acquisition, which can be quickly converted to known amounts of cash, and which is not subject to significant risk of changes in value.

#### ***Financial liabilities***

Financial liabilities include long-term liabilities (long-term loans and other long-term liabilities), short-term financial liabilities (short-term loans and other short-term liabilities), short-term operating liabilities and other liabilities.

Financial liabilities are initially recognized at the proceeds received. After initial recognition, financial liabilities are measured at the amount by which the liabilities are initially recognized, reduced by repayments of principal, increased by the amount of capitalized interest and reduced by any write-off approved by the creditor. Interest payable on financial liabilities is charged to financial expenses in the period to which they relate, and presented within other short-term liabilities and accruals and deferred income.



### **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**

#### **3.15. The capital, reserves and payment of profits (dividends)**

The basic capital consists of the nominal value of the issued shares.  
Other components of the capital include:

- Revaluation reserves based on the revaluation of property, plant and equipment
- Actuarial gains and losses on defined benefit plans
- Other reserves

All retained gains and accumulated losses in this and prior periods are recognized in undistributed profit and loss.

Distributed profits (dividends) are recognized under liabilities when the Assembly of the Company adopts a decision on profit distribution.

#### **3.16. Provisions, contingent assets and contingent liabilities**

Provision for legal disputes, harmful contracts or other requirements towards the Company is recognized when for the Company's performance arise a legal or constructive obligation as a result of past events, when it is a certain outflow of economic benefits from the Company and when amounts of these outflows can be reliably estimated. Time or the exact amount of the outflow may still be uncertain.

Restructuring costs are recognized only when there is a detailed formal plan for the restructuring and the management has announced the main features of the plan to everyone a plan has influence to or the execution of the plan has already begun. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available on the date of adoption of the report, including the risks and uncertainties associated with the present obligation. For a number of similar obligations, the likelihood of outflow for settling is determined at the level of obligations class. Provisions are discounted to present value, in the event that the amount of discounting is materially significant.

Any remuneration in connection with the obligations for which it is certain that the Company will realize from third parties are recognized as a separate asset. However, this asset cannot be a larger amount than the related provision.

No obligation, that is, no provision is recognized if there is not a certain outflow of economic benefits arising from present obligations. Such situations are disclosed as a contingent liability, except in cases where the possibility of outflow is small.

### **4. SUMMARY OF IMPORTANT ACCOUNTING EVALUATIONS**

Presentation of financial statements requires the Company management to use the best possible estimates and reasonable assumptions that have effect to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as revenues and expenditures during the reporting period. These estimates and assumptions are based on information available at the date of the financial statements. Actual results may differ from estimated.

Shown below are the key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date, which represent a significant risk for material adjustments to the balance sheet items in the following financial year.

### **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**

#### **4.1. Amortisation and amortisation rate**

Calculation of amortization and amortization rates are based on projected economic useful life of property, plant and equipment. Once a year, the Company assesses the economic useful life based on current forecasts.

In addition, due to the significance of fixed assets in the total assets of the Company, any change in the aforementioned assumptions may lead to material effects on the financial position of the Company as well as the financial result. As an example, if the Company shorten the average useful life by 10%, this would result in additional amortization charges for the year ended on 31 March 2016 for about RSD 20.502 thousand (year ended on 31 March 2015: RSD 18.449 thousand).

#### **4.2. Correction of values of uncollectible receivables**

We calculated value correction for receivables older than 60 days, based on the estimated losses due to customer inability to fulfil the obligations. Our estimate is based on the aging analysis of receivables, historical write-offs, credit worthiness of our customers and changes in the conditions of sale, in determining the adequacy of the value correction of doubtful and disputed receivables. This includes assumptions about future customer behaviour and the resulting future collections. Management believes that no additional value correction of receivables is necessary, with the exception of value correction already reported in the financial statements.

#### **4.3 Litigations**

Overall, provisions have largely been subject to estimates. The Company assesses the likelihood of adverse cases may occur as a result of past events and assesses the amount required to settle the obligation. Assessment of potential liabilities arising from legal disputes is carried out by internal expert services or external advisors.

Although the Company respects the precautionary principle when evaluating, considering that there is a large dose of uncertainty, in some cases actual results may differ from these estimates.

#### **4.4. Fair value**

The fair value for the purposes of disclosure under the requirements of IFRS 13 is defined as the price that would be received for the sale of assets, or paid to transfer obligations in a regular transaction between market participants on the measurement date.

Business policy of the Company is to disclose information about the fair (fair) value of assets and liabilities for which official market information exist and when fair value is materially different from the carrying value. In the Republic of Serbia there is no sufficient market experience, stability and liquidity for the purchase and sale of receivables and other financial assets or liabilities, given that published market information is not readily available. Hence, fair value can not be reliably determined in the absence of an active market. The Company's management assesses risk and when it estimates that the value of assets stated in its books may not be realized, it makes value corrections. In the opinion of the company management, the amounts in these financial statements reflect the value that is, in the circumstances, the most valid and useful for reporting purposes.

The Company measures the fair value of assets and liabilities using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. The fair value is the price that would be charged or paid for the transfer of responsibilities in a regular transaction at the primary or most favorable market on the date of measurement, the current market conditions, and regardless of whether that price is directly observable or estimated using other valuation techniques.



### **3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**

#### **4.4. Fair value (cont'd.)**

Valuation techniques that are applied for measuring fair value, should make maximum use of relevant observable inputs and minimize the use of unobservable inputs.

To increase consistency and comparability in fair value measurements and related disclosures the fair value hierarchy shall be determined, which classifies into three levels inputs for valuation techniques that are used in determining the fair value according to the structure below:

Inputs Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities to which the entity has access at the date of weighing. Assumptions of level 1 inputs relate to the existence of the primary market for the asset or liability or, in the absence of the primary market, the most advantageous market for the asset or liability; and whether the entity can realize the transaction for the asset or liability based on market price at the date of measurement.

Inputs Level 2 - inputs that are not quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include the following: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs that are not quoted prices, if they are visible for assets or liabilities and inputs supported by market.

Inputs Level 3 - unobservable inputs for the asset or liability that entity develops using the best information available in the circumstances. So, all reasonably available information about the market participants assumptions are considered. Unobservable inputs are considered market participant assumptions and meet the objective of fair value measurement.



5. REVENUES FROM SALE OF GOODS	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	208	109
Revenues from sale of fuel on domestic market	131	255
<b>Revenues from sale of goods on domestic market</b>	<b>339</b>	<b>364</b>
Revenues from sale of goods- kerosene (reexport) *	21,410	31,258
Revenues from sale of fuel on foreign market	0	19
<b>Revenues from sale of goods on foreign market</b>	<b>21,410</b>	<b>31,277</b>
	<b>21,749</b>	<b>31,641</b>

6. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET	I-III 2016			I-III 2015		
	Revenues with for. buyer branches	Revenues from for. buyer branches	Revenues w/o foreign buyer branches	Revenues with for. buyer branches	Revenues from for. buyer branches	Revenues w/o foreign buyer branches
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service	246,810	20,231	226,579	220,358	18,490	201,868
Security fee	77,939	4,023	73,916	81,107	3,781	77,326
Landing	42,907	9,081	33,826	47,113	7,498	39,615
Aircraft handling *	49,903	12,275	37,628	52,733	11,270	41,463
Infrastructure	27,581	6,944	20,637	29,286	6,369	22,917
Air-bridges	2,394	2,394	-	1,656	1,656	0
Lighting	1,912	707	1,205	15,185	674	14,511
Aircraft abode tax	900	-	900	1,185	0	1,185
Aircraft de-icing services	30,908	2,067	28,841	27,919	870	27,049
Com. usage of apron *	11,735	-	11,735	17,571	0	17,571
Usage of the CUTE system	13,520	1,019	12,501	13,808	957	12,851
Service on special request *	22,665	180	22,485	11,511	129	11,382
Renting of advertisement space	15,281	-	15,281	7,726	0	7,726
Public services	38,600	213	38,387	40,586	329	40,257
Cargo-custom services	34,022	220	33,802	28,341	27	28,314
DCS services*	-	-	-	0	-	-
Lost and found services *	138	138	-	194	194	0
Use of parking	5,526	150	5,376	2,262	13	2,249
Other services *	21,993	126	21,866	8,717	65	8,652
	<b>644,734</b>	<b>59,768</b>	<b>584,965</b>	<b>607,258</b>	<b>52,322</b>	<b>554,936</b>

Revenue from services realized by foreign companies that were registered in the Republic of Serbia as a "branch", are recorded in the books as income from domestic customers. Since the physical scope of services of specified branches is recorded in the Company as a physical volume of services of foreign companies, said revenue in Note 6 and 7, are shown in the way they are recorded in accounting, and also in a separate column as revenues from sales of goods and services from registered branches, for insight in the amount and participation of these revenues, which are recorded as revenues generated in the domestic market, but the essence is that the origin of these revenues is the foreign market.

7. REVENUES FROM SALE OF SERVICES IN FOREIGN MARKET	I-III 2016			I-III 2015		
	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service	324,091	20,231	344,322	302,691	18,490	321,181
Security fee	69,565	4,023	73,588	66,990	3,781	70,771
Landing	140,409	9,081	149,490	139,635	7,498	147,133
Aircraft handling *	157,793	12,275	170,068	164,120	11,270	175,390
Infrastructure	92,498	6,944	99,442	94,265	6,369	100,634
Air-bridges	41,508	2,394	43,902	41,122	1,656	42,778
Lighting	18,048	707	18,755	19,837	674	20,511
Aircraft abode tax	5,477	-	5,477	5,946	0	5,946
Aircraft de-icing services	26,372	2,067	28,439	19,347	870	20,217
Usage of the CUTE system	17,394	1,019	18,413	17,008	957	17,965
Service on special request *	5,287	180	5,467	6,667	129	6,796
Renting of advert. space	336	-	336	0	0	
Public services	390	213	603	4,674	329	5,003
Cargo-custom services	3,104	220	3,324	3,183	27	3,210
Rev. from consultancy ser.	0	-	0	12,096	0	12,096
DCS services*	5,647	-	5,647	5,975	0	5,975
Lost and found services *	2,838	138	2,976	3,507	194	3,701
Other services*	5,415	276	5,692	2,304	78	2,382
	916,172	59,768	975,940	909,367	52,322	961,689
<b>Total revenues from sale of products and services</b>	<b>1,560,906</b>	<b>-</b>	<b>1,560,906</b>	<b>1,516,625</b>		<b>1,516,625</b>

\*Revenues marked with asterisk are revenues from services of Ground Handling Department.

8. Revenues from sale of services per geographic region	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
Serbia	584,965	554,936
Germany (Lufthansa+Germanwings+European+Air Berlin+Euroj)	142,806	147,684
Montenegro (Montenegro +other buyers MN)	107,161	104,152
Austria (Austrian Airlines branch +Niki)	59,506	52,003
Switzerland (Swiss Air)	59,485	69,454
Russia (Aeroflot)	84,603	78,829
Turkey (Turkish +Pegasus+Mondial+Corendon Airlines+OnurAir+Freebird)	117,065	113,924
France (Air France)	166	75
Italy (Al Italia)	34,296	38,172
Abu Dhabi (Etihad Air branch +Etihad Air)	38,627	35,686
Hungary (Wiz air + Cityline)	151,271	141,800
Romania (Tarom)	10,288	8,857
Tunisia (Tunis Air)	5,414	5,422
Greece (Olympic +Olympic branch+Aegean)	25,774	17,886
England (Easyjet)	14,679	33,039
Norway (Norwegian)	17,956	9,292
Polland (Polskie linie)	12,482	11,672
Dubai (Fly Dubai)	19,438	18,541
Qatar (Qatar Airways)	28,514	18,486
Slovenia (Adria Airways+Solin Air+Fenixsped branch)	-	79
<b>Other foreign buyers</b>	<b>46,410</b>	<b>100,917</b>
	<b>1,560,906</b>	<b>1,516,625</b>



9. Revenues from sale of services per buyers	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
Air Serbia-Serbia	461,646	437,812
Deutsche Lufthansa-Germany	127,380	134,573
Montenegro Airlines-Montenegro	106,952	104,152
Branch Austrian Airlines-Austria	59,238	52,003
Swiss Air-Switzerland	59,485	69,454
Turkish Airlines-Turkey	93,782	84,788
Aeroflot-Russia	84,603	78,829
Adria Airways-Slovenia	-	0
Alitalia-Italy	34,296	38,172
Air France-France	166	75
German wings-Germany	-	0
Norwegian-Norway	17,956	9,292
EasyJet-England	14,679	33,039
Wiz Air+ branch (Hungary)	151,271	141,800
Tarom-Romania	10,288	8,857
Pegasus- Turkey	23,283	17,040
Tunis Air- Tunisia	5,414	5,422
Fly Dubai-Dubai	19,438	18,541
Greece – Olympic +branch	-	0
Iran Air-Iran	3,003	29,876
Qatar airways-Qatar	28,514	18,486
Etihad Airways PJSC+branch -Abu Dhabi	38,627	35,686
NIS AD-Serbia	10,298	10,987
JAT Tehnika -Serbia	6,104	12,020
Parking service-Serbia	7,110	7,172
Alma Quatro-Serbia	5,300	4,727
Dufry doo Beograd-Serbia	13,709	9,171
Mondial Bodrum-for consultancy services-Turkey	-	12,096
Other domestic buyers- Serbia	80,798	73,047
Other foreign buyers	97,566	69,508
	<b>1,560,906</b>	<b>1,516,625</b>

10. OTHER BUSINESS REVENUES	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	173,864	160,084
Revenues from lease to foreign legal persons	3,174	1,765
	<b>177,038</b>	<b>161,849</b>

Revenue from lease to domestic legal persons in the amount of RSD 177,038 thousand are mainly realized from the Lessee Dufry doo (RSD 124,523 thousand).

11. PURCHASE VALUE OF SOLD GOODS	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	210	79
Purchase value of sold kerosene - re-export	21,988	30,940
	<b>22,198</b>	<b>31,019</b>

<b>12. COSTS OF MATERIAL</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	38,604	23,247
Overhead costs of material (office material)	1,030	3,201
Costs of spare parts	7,944	3,253
Costs of tools and inventory	2,379	1,180
	<b>49,957</b>	<b>30,881</b>

<b>13. COSTS OF FUEL AND ENERGY</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	15,607	16,022
Costs of oil fuel for heating	11,289	20,513
Costs of electric energy	45,896	43,916
	<b>72,792</b>	<b>80,451</b>

<b>14. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	402,655	254,082
Gross salaries and salary reimburs. - management	7,149	7,794
Taxes and contributions at the cost of employer	73,355	46,876
Costs of reimburs. Per service contract and royalties	320	9
Costs of reimbursement for youth organizations etc.	136,275	139,771
Costs of reimburs. for members of SB, SA, rev. committee	2,058	1,974
Transport of employees	13,070	11,876
Costs of business trip	1,200	1,636
Terminal wages and jubilee bonuses	4	232
Difference for payment to the budget of RS, based on the Law on the reduction of public sector wages	37,993	25,403
Premiums for voluntary pension insurance	21,091	-
New Year's gifts for children of employees-tax-free	-	-
Compensation on Contracts for professional development	2,449	-
Other personal expenditures	7,805	1,554
	<b>705,424</b>	<b>491,207</b>

Changing the structure of the mode of engagement of employees in the Company in favor of permanent employees has affected the increase in the cost of the position salary costs for employees, and reduction of the cost of production services (Note 15) and intangible costs (Note 18), where in the past were recorded costs of employee engagement through service company OZB. In 2016, there is no more engaged workers through OZB (in the first quarter of 2015, an average of 258 workers hired through OZB-a). In the first quarter of 2016, after the end of each month, the average number of workers engaged is 1,883, of which to workers employed by the Company relates 1277 as follows: 497 permanent employees and 780 employed for a definite period of time (in the first quarter of 2015, average hired 1,692 workers, of which to workers employed by the Company relates 814 employees: 474 permanent employees and 339 employed for a definite period of time).

The cost benefits to youth cooperatives and other forms of engagement presented in the first quarter of 2016 in the amount of RSD 136.275 thousand, in the largest amount of RSD 97.667 thousand, relate to employee involvement through youth organizations (average in the first quarter of 2016 is 450 workers engaged, and in the same period 2015 it is 415 workers) and engagement under contract for temporary and occasional jobs in the amount of RSD 38.608 thousand (average in the first quarter of 2016 is 156 workers engaged, and in the same period 2015 it is 205 workers), according to the needs and requirements of services to be rendered.



<b>15. COSTS OF PRODUCTION SERVICES</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Costs of engaging youth organizations for:		
- aircraft ground handling	-	25,228
-guarding etc.	-	23,559
IT services on passenger and baggage check-in	10,235	5,386
Costs of phone and other PTT services	5,478	6,053
Costs of maintenance services	44,981	18,034
Lease costs	12,383	19,897
Advertising costs	17,499	240
Costs of catering services of tenants-(re-invoiced to airlines)	273	449
Costs of utilities	6,415	6,051
Costs of other production services	3,902	2,141
	<b>101,166</b>	<b>107,038</b>

<b>16. AMORTIZATION COSTS</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Amortization costs for intangible assets	5,210	2,485
Amortization costs for property	107,921	101,528
Amortization costs for equipment	91,885	80,480
	<b>205,016</b>	<b>184,493</b>

<b>17. COSTS OF LONG-TERM RESERVING</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Costs of reserving for litigations	-	5,000
	<b>-</b>	<b>5,000</b>

<b>18. INTANGIBLE COSTS</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Costs of occupational health Air Serbia	2,644	2,644
Costs of cleaning services	12,203	10,824
Costs of engagement of OZB employees for:		
-technical support maintenance	-	4,506
-administration jobs (economic and legal)	-	17,294
Costs of other non-production services	9,588	7,159
Costs of representation	1,072	1,707
Costs of insurance	6,296	5,237
Costs of payment system	1,190	1,127
Membership	4,094	2,539
Property tax and other reimbursements	19,764	19,875
Other intangible costs	4,408	3,469
	<b>61,259</b>	<b>76,381</b>

<b>19. INTEREST INCOME</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	9,364	11,444
Interest for RSD deposits in current accounts	828	9,707
Interest in term deposits in foreign currency	14,092	11,677
Interest for foreign currency in current accounts	1,020	2,837
Interest on housing loans	163	211
	<b>25,467</b>	<b>35,876</b>



<b>20. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECT OF CURRENCY CLAUSE</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	30,922	36,694
Revenues from non-realized exchange rate differences	3,094	30,915
Revenues from effects of contrac. currency clause (real.&non-real.)	2,115	163
	<b>36,131</b>	<b>67,772</b>

<b>21. INTEREST EXPENDITURES</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Interest for long-term EIB loan	9,833	10,764
Default interest in the country	161	298
Interest for untimely paid public revenues	96	61
	<b>10,090</b>	<b>11,123</b>

<b>22. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	1,817	30,455
Negative exchange rate differences- non-realized	14,512	3,334
Expenditures from effects of contr. currency clause-realized	3	1,452
	<b>16,332</b>	<b>35,241</b>

<b>23. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Impairment of receivables from housing loans	-	-
Value adjustment of receivables from buyers	7	499,659
	<b>7</b>	<b>499,659</b>

<b>24. OTHER REVENUES</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	143	257
Revenues of collected, corrected receivables from buyers	198	1,897,549
Revenues from cancel.of reser.for litigations and emp.benefits	643	-
Revenues from indemnity from legal and natural persons	670	340
Revenues from charged court costs	38	56
Revenues of previous years	-	15
Other non-mentioned revenues	2	19
	<b>1,694</b>	<b>1,898,236</b>

Decrease of other revenues and its impact on the achievement of significantly lower overall operating results in the first quarter of 2016, compared to the first quarter of 2015, is not the result of lower business operations in the reporting period of 2016, but is the result of collection of receivables from previous years, which is recorded as a one-time income in the first quarter of 2015.

Namely, revenue realized in the first quarter of 2015, on the position "other revenues" is mostly, in the amount of RSD 1,897,107 thousand, a result of payment of the second and last debt instalment, that Public Debt Administration of the Republic of Serbia has taken over from JAT Airways for receivables from 2012 and 2013. As above receivables are fully settled on 31.03.2015 and in the balance of receivables from buyers on 31.12.2015 there is no more significant amount of outstanding corrected receivables (Note 64 – credit risk), in business operations of 2016 there is no longer expected significant level of realized revenues on the position "other revenues". Stated revenue was extraordinary, and one-time revenue in 2015, due to which, in order to perceive reality and

comparability of operations results should be excluded from 2015, when analyzing the Company's business operation in the first quarter of 2016, compared to the first quarter of 2015.

25. OTHER EXPENDITURES	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
Loss from sale and write-off of equipment	-	4
Loss from sale and write-off of biological resources	15	-
Litigation expenses	202	855
Costs fro humanitarian, health and scientific purposes	1,100	2,414
Expenditures of previous years	383	95
Other non-mentioned expenditures	347	-
Expenditures for trade unions	1,500	1,200
	<b>3,547</b>	<b>4,568</b>

26. PROFIT TAX AND DEFERRED PERIOD TAX REVENUE AND EXPENDITURE		
a) Components of profit tax	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
Period tax expenditure	64,057	260,396
Correction of period tax expenditure	-	-
<b>Period tax expenditure after correction</b>	<b>64,057</b>	<b>260,396</b>
Deferred period tax expenditure	13,937	-
Deferred period tax revenue	-	964
Correction of period deferred tax revenue	-	-
	77,994	259,432
Effective tax rate	13.56%	6.89%

b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
Profit before tax	575,197	2,154,938
Profit tax calculated at rate of 15%	86,280	323,241
Tax effect of expenditures not acknowledged in tax balance	9,328	65,410
Correction in tax effects of amortization expenditure not acknowledged in tax balance	-	-
Tax credit for investment in fixed assets of the previous years	(31,551)	(128,255)
Correction of using tax credits from previous years	-	-
Period tax expenditure	<b>64,057</b>	<b>260,396</b>

v) Achieved, unused and unrecognized tax credit (TC)					in 000 RSD
Year of origination of tax credit	Year of expiry	Amount of transferred TC from 2015	Correction of TC for amended PDP	Used TC in 2016	Outstanding TC for transfer
					31.03.2016
2006	2016	-	0	-	-
2007	2017	-	0	-	-
2008	2018	-	0	-	-
2012	2022	32,304	0	31,551	753
2013	2023	184,137	0	-	184,137
2014	-	-	-	-	-
<b>Balance of tax credit ( TC )</b>		<b>216,441</b>	<b>0</b>	<b>31,551</b>	<b>184,890</b>



**26. PROFIT TAX AND DEFERRED PERIOD TAX REVENUES AND EXPENDITURES (Cont'd.)**

Changes on account of deferred tax liabilities and deferred tax assets as of 31.03.2016 and as of 31.12.2015 are shown in the following table:

in 000 RSD

<b><u>g) Deferred tax assets (deferred tax liabilities) 2015</u></b>	01.01.2015	Recognized in other gains & losses 2015	Recognised in income sheet 2015	31.12.2015
<b>Long-term assets</b>				
Intangible assets, property, plant, equipment and investment property	(276,056)	-	8,981	(267,075)
<b>Long-term liabilities</b>				
Provision for compensations and other employee benefits	7,039	(1,343)	10,840	16,536
Provision for litigations	-	-	17,312	17,312
<b>Short-term liabilities</b>				
Taxes, contributions and other levies	665	-	(479)	186
<b>Other</b>				
Unused tax losses	-	-	-	-
Unused tax credits	237,201	-	(92,468)	144,733
	<b>(31,151)</b>	<b>(1,343)</b>	<b>(55,814)</b>	<b>(88,308)</b>

<b><u>g) Deferred tax assets (deferred tax liabilities) 2015</u></b>	01.01.2016	Recognized in other gains & losses 2016	Recognized in income sheet 2016	31.03.2016
<b>Long-term assets</b>				
Intangible assets, property, plant, equipment and investment property	(267,075)	-	6,878	(260,197)
<b>Long-term liabilities</b>				
Provision for compensations and other employee benefits	16,536	-	(24)	16,512
Provision for litigations	17,312	-	(355)	16,957
<b>Short-term liabilities</b>				
Taxes, contributions and other levies	186	-	5	191
<b>Other</b>				
Unused tax losses	-	-	-	-
Unused tax credits	144,733	-	(20,441)	124,292
	<b>(88,308)</b>	<b>-</b>	<b>(13,937)</b>	<b>(102,245)</b>



## 26. PROFIT TAX AND DEFERRED PERIOD TAX REVENUES AND EXPENDITURES (Cont'd.)

Balance of recognized deferred tax assets as of 31.03.2016 amounts to RSD 157,952 thousand, of which RSD 124,292 thousand relates to the recognition of the remaining planned amount of the use of transferred tax credit in 2016, on the basis of the adopted Rebalancing plan of the Company for 2016. Other recognized deferred tax assets as of 31.03.2016 is done based on the applicable corporate income tax rate of 15% on the balance of the provisions for retirement provisions for jubilee benefits, provisions for litigation and on the balance of unpaid public revenues, as the same relate to temporary differences that will be recognized in tax period in which the same are paid.

The balance of recognized deferred tax liabilities as of 31.12.2015 amounts to RSD 260,197 thousand.

After application of the requirements of IAS 12 that is offsetting of deferred tax assets and deferred tax liabilities as of 31.03.2016, the balance of deferred tax liabilities is stated in the amount of RSD 102,245 thousand (31.12.2015 RSD 88,308 thousand).

Effects from changes in deferred tax assets and liabilities in relation to the initial balance, in the amount of RSD 13,937 thousand, are recognized at the expense of the period deferred tax expenditures.

<b>27. PROFIT PER SHARE</b>	<b>I-III 2016</b>	<b>I-III 2015</b>
	in 000 RSD	in 000 RSD
Net profit for owners	497,203	1,895,506
Net profit correction	-	-
<b>Net profit after correction</b>	<b>497,203</b>	<b>1,895,506</b>
Average weighted number of shares	34,289,350	34,289,350
Basic earnings per share in RSD	<b>14.50</b>	<b>55.28</b>

## 28. INTANGIBLE ASSETS

DESCRIPTION	in 000 RSD	
	31.03.2016	31.12.2015
<b>Purchaser value</b>		
Initial balance	102,871	35,289
Procurements during the year	2,969	67,582
Alienation, removal from inventory and sale	-	-
<b>Final balance</b>	<b>105,840</b>	<b>102,871</b>
<b>Value correction</b>		
Initial balance	22,348	9,366
Amortization in the current year	5,210	12,982
Alienation, removal from inventory and sale	-	-
<b>Final balance</b>	<b>27,558</b>	<b>22,348</b>
<b>Net present value</b>	<b>78,282</b>	<b>80,523</b>

Total investment into intangible assets in the amount of RSD 2,969 thousand refers to procurement of application software for designing and project development.

29. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL RESOURCES											in 000 RSD
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Investments in progress	Advances	Total property, plants and equipment	Biological resources - livestock		
<b>Purchase value</b>											
Initial balance, 01.01.2015	9,120,668	10,102,565	2,320,426	21,467	3,619	5,768	31,265	21,605,778	165		
Initial balance correction	-	-	-	-	-	-	-	-	-		
<b>Balance on 01.01.2015 after correction</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,320,426</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>31,265</b>	<b>21,605,778</b>	<b>165</b>		
Purchaser during the year	-	-	-	-	-	693,953	-	693,953	-		
Transfer from current investments	-	184,331	495,154	-	-	(679,485)	-	-	-		
Alienation, disbursement and sale	-	(42)	(2,978)	-	-	-	-	(3,020)	(5)		
Other	-	-	-	-	-	-	1,782	1,782	-		
<b>Assets fair value estimation</b>											
Revaluation revenues	-	-	-	4,606	-	-	-	4,606	-		
Revaluation expenditures	-	-	-	-	-	-	-	-	(40)		
<b>Final balance, 31.12.2015</b>	<b>9,120,668</b>	<b>10,286,854</b>	<b>2,812,602</b>	<b>26,073</b>	<b>3,619</b>	<b>20,236</b>	<b>33,047</b>	<b>22,303,099</b>	<b>120</b>		
<b>Value correction</b>											
Initial balance, 01.01.2015	-	-	4,268	-	-	-	15,812	20,080	-		
Initial balance correction	-	-	-	-	-	-	-	-	-		
<b>Balance on 01.01.2015 after correction</b>	<b>-</b>	<b>-</b>	<b>4,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>20,080</b>	<b>-</b>		
Amortization in the current year	-	428,134	326,762	-	-	-	-	754,896	-		
Alienation, disbursement and sale	-	(25)	(956)	-	-	-	-	(981)	-		
<b>Final balance, 31.12.2015</b>	<b>-</b>	<b>428,109</b>	<b>330,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>773,995</b>	<b>-</b>		
<b>Net current value, 31.12.2015</b>	<b>9,120,668</b>	<b>9,858,745</b>	<b>2,482,528</b>	<b>26,073</b>	<b>3,619</b>	<b>20,236</b>	<b>17,235</b>	<b>21,529,104</b>	<b>120</b>		
<b>Net current value, 31.12.2014</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,316,158</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>15,453</b>	<b>21,585,698</b>	<b>165</b>		



29. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL RESOURCES (cont'd.)											in 000 RSD
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Investments in progress	Advances	Total property, plants and equipment	Biological resources - livestock		
<b>Purchase value</b>											
Initial balance, 01.01.2016	9,120,668	10,286,854	2,812,602	26,073	3,619	20,236	33,047	21,605,778	120		
Initial balance correction	-	-	-	-	-	-	-	-	-		
<b>Balance on 01.01.2016 after correction</b>	<b>9,120,668</b>	<b>10,286,854</b>	<b>2,812,602</b>	<b>26,073</b>	<b>3,619</b>	<b>20,236</b>	<b>33,047</b>	<b>22,303,099</b>	<b>120</b>		
Purchaser during the year	-	-	-	-	-	68,511	-	68,511	-		
Transfer from current investments	-	184	27,686	-	-	(27,870)	-	-	-		
Alienation, disbursement and sale	-	-	-	-	-	-	-	-	-	(15)	
Other	-	-	-	-	-	-	37,218	37,218	-		
<b>Assets fair value estimation</b>											
Revaluation revenues	-	-	-	-	-	-	-	-	-		
Revaluation expenditures	-	-	-	-	-	-	-	-	-		
<b>Final balance, 31.03.2016</b>	<b>9,120,668</b>	<b>10,287,038</b>	<b>2,840,288</b>	<b>26,073</b>	<b>3,619</b>	<b>60,877</b>	<b>70,265</b>	<b>22,408,828</b>	<b>105</b>		
<b>Value correction</b>											
Initial balance, 01.01.2016	-	428,109	330,074	-	-	-	15,812	773,995	-		
Initial balance correction	-	-	-	-	-	-	-	-	-		
<b>Balance on 01.01.2016 after correction</b>	<b>-</b>	<b>428,109</b>	<b>330,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>773,995</b>	<b>-</b>		
Amortization in the current year	-	107,921	91,885	-	-	-	-	199,806	-		
Alienation, disbursement and sale	-	-	-	-	-	-	-	-	-		
<b>Final balance, 31.03.2016</b>	<b>-</b>	<b>536,030</b>	<b>421,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>973,801</b>	<b>-</b>		
<b>Net current value, 31.03.2016</b>	<b>9,120,668</b>	<b>9,751,008</b>	<b>2,418,329</b>	<b>26,073</b>	<b>3,619</b>	<b>60,877</b>	<b>54,453</b>	<b>21,435,027</b>	<b>105</b>		
<b>Net current value, 31.12.2015</b>	<b>9,120,668</b>	<b>9,858,745</b>	<b>2,482,528</b>	<b>26,073</b>	<b>3,619</b>	<b>20,236</b>	<b>17,235</b>	<b>21,529,104</b>	<b>120</b>		

Activation of investments in the first quarter of 2016 amounted to RSD 27,870 thousand of which relates to equipment RSD 27,686 thousand (15 wall and freestanding charging cells in a value of RSD 1,695 thousand, 2 elevators in a value of RSD 12,953 thousand; computer equipment in a value of RSD 13,038 thousand). Balance of investments as of 31.03.2016 amounts to RSD 60,877 thousand, of which to computer equipment relates RSD 36,544 thousand, and to investments in progress RSD 24,333 thousand.



<b>30. PARTICIPATION IN CAPITAL OF OTHER LEGAL ENTITIES AND OTHER SECURITIES</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Privredna banka a.d. Beograd	392	392
<i>Minus: value correc.of partic.in capital of banks in bankruptcy</i>	<i>(392)</i>	<i>(392)</i>
	-	-
<b><i>Participation in capital of banks in liquidation</i></b>		
Union banka a.d. Beograd- in liquidation	667	667
Beogradska banka a.d. Beograd- in liquidation	18,988	18,988
Beobanka a.d. Beograd- in liquidation	38	38
	19,693	19,693
Minus: value correc.of partic.in capital of banks in liquidation	(19,693)	(19,693)
	-	-
<b><i>Participation in capital of foreign legal entities</i></b>		
Mondial Bodrum - Turkey	358,598	358,598
Societe International de Telecom. Aeronautiques Swisse (SITA)	1	1
Minus: value corr.of particip. in capital of Mondial Bodrum-Turkey	(358,598)	(358,598)
	1	1
	<b>1</b>	<b>1</b>

<b>31. OTHER LONG-TERM FINANCIAL INVESTMENTS</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	6,013	6,161
Long-term time deposits	-	-
Long-term loans to employees	296,728	296,817
Receivables for sold socially owned housing	1,179	1,201
Receivables for purchase of solidarity housing	2,610	2,686
Total gross	306,530	306,865
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	(599)	(614)
Current maturirites of long-term loans to employees	(13,375)	(15,595)
Adjustment to fair value of long-term loans to employees	(169,778)	(169,778)
	<b>122,778</b>	<b>120,878</b>

Receivables from employees for long-term loans for purchase and tenant purchaser of apartments as of 31.03.2016 amount to RSD 300,517 thousand (including current maturities in the amount of RSD 13,375 thousand). Effects of adjustment to fair value amount to total of RSD 170,321 thousand (RSD 169,778 thousand for the part of long-term receivables from employees and RSD 543 thousand for the part referring to current maturities of long-term receivables). The aforementioned relates to loans to employees for meeting the housing needs granted for a period of 20-40 years. The estimate of the fair value of housing loans as of 31.12.2015 is performed by the Institute for Economic Research Belgrade, by projection of future cash flows from collection of receivables for housing loans using discount rates (built-up method): from 7.5% to 20% depending on whether and in what intervals housing Loans are revalued or contracted with currency clause, whether they have contracted interest rate or are contracted without interest rate.

<b>32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES- ADP 0045</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Basic material	62,086	62,052
Spare parts	14,998	17,738
Tools and supplies	32,295	15,092
Value correction of material and spare parts stock	(62)	(62)
	<b>109,317</b>	<b>94,820</b>

<b>33. GOODS - ADP 0048</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	8,956	12,236
Goods in retail trade	79	65
	<b>9,035</b>	<b>12,301</b>

<b>34. ADVANCES FOR SUPPLIES AND SERVICES- ADP 0050</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Advances for services in the country	27,086	34,627
Advances for foreign services	841	644
Advance value correction	(1,120)	(1,120)
	<b>26,807</b>	<b>34,151</b>

<b>35. BUYERS IN THE COUNTRY</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
<b>Total balance of receivables from buyers in the country</b>	<b>1,190,097</b>	<b>1,228,157</b>
-Value correction of the previous period	(158,890)	(129,497)
-Value correction of the current period	(4)	(29,393)
<b>Total balance of value correction</b>	<b>(158,894)</b>	<b>(158,890)</b>
	<b>1,031,203</b>	<b>1,069,267</b>

Receivables from the buyers in the country on 31.03.2016 in the amount of RSD 1,190,097 thousand for the most part refer to receivable from Air Serbia (RSD 676,857 thousand, of which to undue receivables refer RSD 641,029 thousand). The remaining amount of receivables of RSD 513,240 thousand refer to receivables from: JAT-Tehnika (RSD 206,495 thousand), Dufry d.o.o. (RSD 57,262 thousand), Aviogeneks (RSD 46,343 thousand), Internacionala CG (RSD 41,492 thousand), Air Serbia-Catering (RSD 37,769 thousand) and other domestic buyers (RSD 123,879 thousand).

Total value correction of receivables from buyers in the country in the amount of RSD 158,894 thousand relates to impairment of receivables: from Air Serbia RSD 21,248 thousand, JAT Tehnika RSD 17,574 thousand, Aviogeneks RSD 41,812 thousand, International CG RSD 41,492 thousand, Air Serbia-Catering RSD 24,741 thousand and other domestic buyers RSD 12,027 thousand.



<b>36. BUYERS ABROAD</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
<b>Total balance of receivables from foreign buyers - gross</b>	<b>635,841</b>	<b>657,300</b>
-Value correction of the previous period	(24,581)	(14,373)
-Value correction of the current period	(3)	(10,255)
<b>Total balance of value correction</b>	<b>(24,584)</b>	<b>(24,628)</b>
	<b>611,257</b>	<b>632,672</b>

Receivables from foreign buyers on 31.03.2016 amounted to RSD 635,841 thousand (undue RSD 464,336 thousand, due up to 60 days RSD 113 696 thousand and due over 60 days RSD 57,809 thousand).

<b>37. OTHER RECEIVABLES</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Receivables from buyers in the contry for default interest	4,902	3,538
Receivables for interest on term deposits	44,276	53,939
Receivables from employees	1,307	1,398
Other receivables	34,809	35,507
Receivables for overpaid income tax	35,460	-
<b>Total receivables - gross</b>	<b>120,754</b>	<b>94,382</b>
-Value corr.from buyers for default interest of previous years	(467)	(467)
-Value corr.from buyers for default interest of the current year	-	-
-Value corr.from employees of the earlier peiod	(832)	(788)
Value corr.from employees of the current period	-	(44)
-Value corr.of other receivables	(2,452)	(2,452)
<b>Total balance of value correction</b>	<b>(3,751)</b>	<b>(3,751)</b>
	<b>117,003</b>	<b>90,631</b>

<b>38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint. stores, heat. means - 6 months)	51,925	77,841
	<b>51,925</b>	<b>77,841</b>

<b>39. OTHER SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Short-term time deposits	3,747,191	3,783,133
Current maturities of loans given to employees	13,375	15,595
Curr.maturities of long-term investments in Societe International de Telecomm.Aeronautiques Swisse (SITA)	599	614
	<b>3,761,165</b>	<b>3,799,342</b>
Adjustment to fair value of loans given to employees	(543)	(543)
	<b>3,760,622</b>	<b>3,798,799</b>

Short-term time deposits with balance on 31.03.2016 are disclosed in the amount of RSD 3,747,191 thousand, and relate to foreign currency and dinar deposits, for the period of six months, with interest rate for EUR of 1.55% - 2.5%, for USD – from 1.72 to 1.85% and for time deposits in Dinars to six months, with interest rate of 4.25 to 4.50%.



40. CHANGES ON VALUE CORRECTION till 31.03.2016		in 000 RSD				
Description of change on value correction	Long-term financial investments (Note 31)	Stock of material and spare parts (Note 32)	Advances for material and services (Note 34)	Receivables from buyers for goods, services and default interest (Notes 35,36,37)	Short-term financial investments (Note 39)	Total
Initial balance 01.01.2015	210,168	62	1,079	2,654,123	647	2,866,079
Correction at cost of current period	-	-	41	39,692	-	39,733
Devaluation of long-term finan.invest.and securities	-	-	-	-	-	-
Charged corrected receivables	(9,249)	-	-	(1,946,330)	(512)	(1,956,091)
Value reconciliation	(31,141)	-	-	(38,688)	408	(69,421)
Write-off	-	-	-	(521,960)	-	(521,960)
Exchange rate differences	-	-	-	432	-	432
Other	-	-	-	-	-	-
<b>Final balance 31.12.2015</b>	<b>169,778</b>	<b>62</b>	<b>1,120</b>	<b>187,269</b>	<b>543</b>	<b>358,772</b>
Correction at cost of current period	-	-	-	7	-	7
Devaluation of long-term finan.invest.and securities	-	-	-	-	-	-
Charged corrected receivables	-	-	-	(198)	-	(198)
Value reconciliatoin	-	-	-	-	-	-
Write-off	-	-	-	-	-	-
Exchange rate differences	-	-	-	151	-	151
Other	-	-	-	-	-	-
<b>Final balance 31.03.2016</b>	<b>169,778</b>	<b>62</b>	<b>1,120</b>	<b>187,229</b>	<b>543</b>	<b>358,732</b>

<b>41. CASH AND CASH EQUIVALENTS</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Current account - in RSD	309,783	46,539
Current account - in foreign currency	862,452	652,584
Treasury	7	890
Other funds	2,359	4,114
<b>Total cash- balance</b>	<b>1,174,601</b>	<b>704,127</b>

<b>42. PREPAYMENTS AND ACCRUED INCOME</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	1,205	5,054
Prepaid insurance costs for the future period	5,055	8,836
Prepaid other costs for the future period	109	5,939
Calculated and non-invoiced income for the current period	0	6,461
Pre-calculated costs	8,016	96
	<b>14,385</b>	<b>26,386</b>

<b>43. CAPITAL</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Share capital	20,573,610	20,573,610
Reserves	2,842,810	2,842,810
Revaluation reserves	148,390	148,390
Actuarial gains	12,788	12,788
Undistributed profit of earlier years	2,120,386	144,356
Undistributed profit of the current year	497,203	1,976,030
	<b>26,195,187</b>	<b>25,697,984</b>

#### 44. SHARE CAPITAL

On the basis of the Law on amendments and supplements to the Law on right to free shares and financial compensation realized by the citizens in the privatization process, the Company was obliged to carry out a change of legal form until 30 June 2010 and disclose its capital in shares of a certain nominal value of the based on the adjusted book value of equity. In 2010, on the basis of Resolution of the Government of the Republic of Serbia No.023-448/2010-1, recommendations were made to the Company, to make a selection of the best consultant who will assess the market value of equity and provide assistance in preparing and carrying out the legal changes of the form from a public company into a stock company.

The Government of the Republic of Serbia on 17 June 2010 adopted the Decision No.023-4432/2010 on the legal form of the Company from a public company into a closed joint stock company.

The change is registered at the Business Registers Agency by Decision No. BD 68460/2010 dated 22 June 2010, subscribing capital in total amount of EUR 214,556,965, which on the date of entry was RSD 20,573,610 thousand.

#### 44. SHARE CAPITAL (cont'd.)

In the Central Securities Depository, on 7 July 2010, was registered 34,289,350 shares with a nominal value of RSD 600 per share, which were on 31.12.2010 in the property of the Republic of Serbia.

In accordance with the Law on right to free shares and financial compensation realized by the citizens in the privatization procedure ("Official Gazette" no. 123/07 and 30/10) on 09 December 2010 based on the Decision of the Government of the Republic of Serbia No. 023- 9103/2010-1, right to transfer 16.85% of the Company ownership acquired citizens of the Republic of Serbia, employees and ex-employees of the Company.

On 21 January 2011, the Company's Assembly adopted the Decision No. 21-2/1 on the conversion of the Company from closed into open joint stock company. The change was registered at the Business Registers Agency by Decision No. BD 765/2011 dated 24 January 2011.

The capital structure after the transfer of ownership of the data from the Central Securities Depository and Clearing House on 25 January 2011, was as follows:

<b><u>Share capital 25.01.2011 (transition to open joint-stock company)</u></b>	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% of particip.</b>
Republic of Serbia	17,107,193	28,511,988	83.15%
Employees and ex-employees of the Company	574,004	956,673	2.79%
Citizens of the Republic of Serbia	2,892,413	4,820,689	14.06%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>

The capital structure on 31.03.2016 and 31.12.2015 was the following:

<b>Shareholder</b>	<b>31.03.2016</b>			<b>31.12.2015</b>		
	<b>Value in thousand RSD</b>	<b>Number of shares</b>	<b>% particip.</b>	<b>Value in thousand RSD</b>	<b>Number of shares</b>	<b>% particip.</b>
Republic of Serbia	17,106,319	28,510,532	83.15%	17,106,319	28,510,532	83.15%
Domestic natural persons	2,029,495	3,382,492	9.86%	2,029,496	3,382,493	9.86%
Domestic legal persons	96,263	160,438	0.47%	96,263	160,438	0.47%
Foreign natural persons	18,950	31,584	0.09%	18,950	31,583	0.09%
Foreign legal persons	611,380	1,018,966	2.97%	611,380	1,018,966	2.97%
Custody entities	711,203	1,185,338	3.46%	711,203	1,185,338	3.46%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>



45. OTHER CAPITAL COMPONENTS	Reserves	Revaluations reserves based on revaluation of property, plant and equipment	Actuarial gains
<b>Balance on 01.01.2015</b>	<b>1,534,430</b>	<b>148,569</b>	5177
Legal reserves	-	-	0
Statutory reserves	1,308,380	-	0
Revaluation reserves for land	-	-	0
Revaluation reserves for buildings	-	-	0
Revaluation reserves for equipment	-	-	0
The decrease in revaluation reserves for equipment	-	(179)	0
Actuarial gains on reserves for retirement benefits	-	-	8,954
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	(1,343)
<b>Balance on 31.12.2015</b>	<b>2,842,810</b>	<b>148,390</b>	<b>12,788</b>
Legal reserves	-	-	-
Statutory reserves	-	-	-
Revaluation reserves for land	-	-	-
Revaluation reserves for buildings	-	-	-
Revaluation reserves for equipment	-	-	-
The decrease in revaluation reserves for equipment	-	-	-
Actuarial gains on reserves for retirement benefits	-	-	-
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	-
<b>Balance on 31.03.2016</b>	<b>2,842,810</b>	<b>148,390</b>	<b>12,788</b>

Reserves are created in accordance with the Company's Articles of Association.

<b>46. NON-DISTRIBUTED PROFIT</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
<b>Initial balance 01.01.</b>	<b>2,120,386</b>	<b>2,695,507</b>
Initial balance correction	-	144,353
<b>Corrected initial balance 01.01.</b>	<b>2,120,386</b>	<b>2,839,860</b>
Distribution of undistributed profit for dividend	-	(1,333,170)
Transfer to statutory reserves	-	(1,308,380)
Participation of employees in profit distribution	-	(53,957)
<b>Net profit of the current period</b>	<b>497,203</b>	<b>3,291,026</b>
Net profit correction	-	-
<b>Total net profit of the current period</b>	<b>497,203</b>	<b>3,291,026</b>
Decision on distribution of interim dividend	0	1,314,996
<b>Undistributed profit of the current period</b>	<b>497,203</b>	<b>1,976,030</b>
Profit of the previous years, resulting from transfer of revaluation reserves into profit at selling fixed assets in the current year	0	3
Correction of undistributed profit from earlier period	0	144,353
<b>Total undistributed profit of earlier years</b>	<b>0</b>	<b>144,356</b>
<b>Undistributed profit</b>	<b>2,617,589</b>	<b>2,120,386</b>

At the meeting of the Supervisory Board held on 28 August 2015, based on financial statements for the period from 1 January to 30 June 2015, a decision was made on the distribution of interim dividend for 2015, in the amount of RSD 1,314,996 thousand, for the RS RSD 1,093,379 thousand, and for small shareholders RSD 221,617 thousand. Payment of the part of interim dividend to majority shareholder RS for 2015 is made in the amount of RSD 750,000 thousand as follows: RSD 500,000 thousand on 15.09.2015, RSD 200,000 thousand on 11.02.2016 and RSD 50,000 thousand on 24.03.2016. Payment of outstanding part of interim dividend to shareholder Republic of Serbia will be made until 30.06.2016.

Total undistributed profit from previous years on 31.03.2016 amounts to RSD **2,120,386** thousand, of which;

- To undistributed profit from 2015 relates RSD 1,976,030 thousand, which represents the difference between the net profit for 2015 (RSD 3,291,026 thousand) and distributed net profit for 2015 for the interim dividend (RSD 1,314,996 thousand), and
- To undistributed profit from previous years refers RSD 144,356 thousand (for the effects which occurred by using the modified Opinion of the Ministry of Finance (MF, No.413-00-97/2013-04 of 09.11.2015) in relation to establishing the basis for calculation of tax amortization of real estate purchased before 01.01.2004, by which the Ministry of Finance changed significantly opinion with regard to determining the cost of real estate purchased before 01.01.2004, for the purposes of calculating of tax amortization. Unlike of the previous opinion (MF No.430-07-55/2005-04 of 05.10.2005) given more than ten years ago, where the basis for calculation of tax amortization for real property purchased before 01.01.2004, was its purchase value on 31.12.2003, in the opinion of the Ministry of Finance given at the end of 2015, was said for those property the basis is their net book value as of 31.12.2003.

Total undistributed profit from the current year on 31.03.2016 amounts to RSD 497,203 thousand (which is net profit realized in the first quarter of 2016), so that the total undistributed profit as of 31.03.2016 amounts to RSD **2,617,289** thousand.

47. LONG-TERM RESERVES	31.03.2016	31.12.2015
	in 000 RSD	in 000 RSD
Reserves for terminal pays for employees	41,934	41,934
Reserves for jubilee bonuses	68,144	68,305
Reserves for litigations	113,046	114,781
	<b>223,124</b>	<b>225,020</b>

#### 48. CHANGES ON LONG-TERM RESERVES

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in the period I-III of 2016, compared to 31.12.2015 are shown in the following table:

48. CHANGES IN RESERVES	in 000 RSD			
	Terminal wages	Jubilee bonuses	Total	Litigations
Balance on 01.01.2015	46,924	64,313	111,237	74,090
Reserves during the year	7,189	13,055	20,244	53,000
Actuarial gains	(8,954)	(3,797)	(12,751)	-
Cancellation during the year	(64)	(33)	(97)	(498)
Pay off during the year	(3,161)	(5,233)	(8,394)	(11,811)
<b>Balance on 31.12.2015</b>	<b>41,934</b>	<b>68,305</b>	<b>110,239</b>	<b>114,781</b>
Balance on 01.01.2016	41,934	68,305	110,239	114,781
Reserves during the current year	0	0	0	0
Actuarial gains	-	-	-	-
Cancellation during the current year	-	(1)	(1)	(642)
Pay off during the year	-	(160)	(160)	(1,093)
<b>Balance on 31.03.2016</b>	<b>41,934</b>	<b>68,144</b>	<b>110,078</b>	<b>113,046</b>

#### 49. THE ASSUMPTIONS USED WHEN MAKING CALCULATION OF RESERVES FOR RETIREMENT BENEFITS AND JUBILEE BONUSES

<i>a) The assumptions used when making calculation of reserves for retirement benefits and jubilee bonuses</i>	2016	2015
Discount rate		5.50%
Estimated growth rate of average earnings		2.00%
Fluctuation percentage		3.00%
Amount of average net earning in XI/2015		76,360
Total number of employees on 31.12.		1253
Number of retired workers who received terminal pay at retirement		11



**49. THE ASSUMPTIONS USED WHEN MAKING CALCULATION OF RESERVES FOR RETIREMENT BENEFITS AND JUBILEE BONUSES (cont'd.)**

<b><i>b) The calculation of the reserves for employee benefits as of 31.12.2015</i></b>	in 000 RSD	
	Retirement benefits	Jubilee bonuses
	in 000 RSD	in 000 RSD
<b>1. Reserves on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>
2. Interest expense	2,581	3,537
3. The cost of current work	4,608	9,518
4. The cost of past work	-	-
5. Actuarial (gain) /loss	(8,954)	(3,797)
6. Cancellation of provisions during 2015 in the business books of the Company	(3,225)	(5,266)
<b>7. The total net change in the amount reserved in 2015 (1+2+3+4+5+6)</b>	<b>(4,990)</b>	<b>3,992</b>
<b>8 Balance of reserving on 31.12. 2015 (1+7)</b>	<b>41,934</b>	<b>68,305</b>

Actuarial gain is a result of the decrease of Company's average wage without taxes and contributions, which is the basis for the calculation of retirement benefits.

<b>50. LONG-TERM LOANS</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Abroad	891,391	894,174
Current maturities	(90,133)	(101,380)
	<b>801,258</b>	<b>792,794</b>

<b>51. LONG-TERM LOANS</b>	Annual interest rate	Date of maturity	Remaining amount 31.03.2016 (EUR)	31.03.2016 in 000 RSD	31.12.2015 in 000 RSD
<u>Long-term loans abroad</u>					
European Investment Bank	4,07-5,16%	2025	7,229,838.77	891,391	894,174
<b>Total long-term loans (a+b)</b>			<b>7,229,838.77</b>	<b>891,391</b>	<b>894,174</b>
Current maturities of long-term loans:			-731,048.38	-90,133	-101,380
			<b>6,498,790.39</b>	<b>801,258</b>	<b>792,794</b>

Long-term loans abroad reported on 31.03.2016 in the amount of RSD 891,391 thousand (EUR 7,229,838.77, of which in 2016 mature for payment EUR 731,048.38 or RSD 93,133 thousand), relate to the remaining obligations under the Agreement on financing the project of urgent rehabilitation of transport concluded on 13.12.2001 between the EIB and the Republic of Serbia. The said contract, the Company was granted a loan in the amount of 13,000,000 euros for investment and rehabilitation of airport infrastructure. The loan was granted with a repayment period up to 2025, with an interest rate of 5.16% for the first tranche of 3,000,000.00 EUR, 4.85% for the second tranche of 3,000,000.00 Euros and 4.07% for the third tranche of 7,000,000.00 EUR.

**51. LONG-TERM LOANS (cont'd.)**

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 instalments.

<i>receivables from long-term loans</i>	<b>Principle</b>		<b>Non-booked interest</b>	
	<b>31.03.2016</b>	<b>31.12.2015</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	90,133	101,380	34,191	38,563
from one year up to two years	102,463	101,380	34,353	33,990
from two years up to three	102,463	101,380	29,731	29,418
from three years up to four	102,463	101,380	25,110	24,845
from four years up to five	102,463	101,380	20,488	20,272
from five years up to ten years	391,406	387,274	39,529	39,111
over ten years	-	-	-	-
	<b>891,391</b>	<b>894,174</b>	<b>183,402</b>	<b>186,199</b>

<b>52. OTHER SHORT-TERM FINANCIAL LIABILITIES</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
<i>Current maturities</i>		
Long-term loan EIB	90,133	101,380
Other long-term liabilities-financial leasing	-	-
	<b>90,133</b>	<b>101,380</b>

<b>53. RECEIVED ADVANCES, DEPOSITS AND SECURITY</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	38,707	32,983
Advances received from foreign buyers	13,034	13,025
Subscriptions from domestic buyers	6,379	5,470
Subscriptions from foreign buyers	12,937	10,883
	<b>71,057</b>	<b>62,361</b>

<b>54. SUPPLIERS IN THE COUNTRY</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	72,068	95,434
Suppliers in the country-for investments in progress	8,402	9,962
Suppliers in the country-for equipment	30,299	99,087
	<b>110,769</b>	<b>204,483</b>

<b>55. SUPPLIERS ABROAD</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	2,327	10,916
Suppliers abroad-for equipment	-	-
	<b>2,327</b>	<b>10,916</b>



<b>56. OTHER LIABILITIES FROM OPERATION</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Other liab. from operation-for charged purchase on behalf of other companies	32,804	24,846
Other liabilities from operation	6,071	538
	<b>38,875</b>	<b>25,384</b>

<b>57. OTHER SHORT-TERM LIABILITIES</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Liabilities for salaries	99,248	-
Liabilities for interest	21,884	-
Liabilities for interim dividend of 2015	564,997	814,997
Liabilities arising from participation in the profits-net	3	3
Other short-term liabilities	29,851	43,225
	<b>715,983</b>	<b>858,225</b>

<b>58. LIABILITIES FOR VAT</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Liabilities for VAT	39,816	25,809
	<b>39,816</b>	<b>25,809</b>

<b>59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER LEVIES</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Liabilities for income tax for 2015	9,985	59,744
Correction of liabilities for income tax from 2010-2014	35,106	35,106
Liabilities for taxes, customs duty and other levies	720	720
Taxes, contributions and other levies	6,129	1,046
	<b>51,940</b>	<b>96,616</b>

<b>60. LIABILITIES FOR INCOME TAX - structure</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Balance on 01.01. of the current year	<b>94,850</b>	<b>458,336</b>
Correction of income tax	0	35,106
Correction of initial balance	94,850	493,442
Specified income tax liabilities for the current year	64,057	607,090
Correction of income tax liabilities	-	-
Specified income tax liabilities for the current year - total	64,057	607,090
Paid income tax liabilities	(49,759)	-458,336
Overpaid income tax	35,460	-
Advance payment of income tax in the current year	(99,517)	(547,346)
Liability for payment of income tax	<b>45,091</b>	<b>94,850</b>



<b>61. ACCRUALS AND DEFERRED INCOME</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Accrued expenses for the reporting period	76,861	56,087
Calculated revenues for the future period	22,773	19,999
Other accruals and deferred income		6,065
Taxes, contributions and other duties	-	190
	<b>99,634</b>	<b>82,341</b>

<b>62. OFF-BALANCE REGISTER</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Received blank bills - pieces	1,727	1,625
Given blank bills domestic - pieces	42	42
Received guarantees - RSD	249,176	257,732
Received guarantees - foreign currency	96,663	54,632
Given guarantees - RSD	7,500	7,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	627	627
<b>Total off-balance assets and liabilities</b>	<b>353,967</b>	<b>320,491</b>

Dinar received guarantees in the amount of RSD 249,176 thousand mainly relate to guarantees received from suppliers for good performance or a guarantee of fault repair within the warranty period.

Received foreign currency guarantees in the amount of RSD 96.663 thousand mainly relate to guarantees received from foreign suppliers for good performance, for fault repair within the warranty period or for reimbursement of advance payments as well as from buyers for the safety and timeliness in payment of services.

63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 31.03.2016	Fair value in 000 RSD 31.03.2016	Accounting value in 000 RSD 31.12.2015	Fair value in 000 RSD 31.12.2015	The hierarchy of fair value- Levels	Valuation techniques and inputs
1	2	3	4	5	6	7
Fixed assets	21,293,624	21,293,624	21,465,560	21,465,560	Level 3	Evaluation of a certified appraiser 31.12.2014
Investment property	26,073	26,073	26,073	26,073	Level 3	Evaluation of a certified appraiser 31.12.2015
Shares in capital of other legal entities	1	1	1	1	Level 2	Management estimates that they are not recoverable- the banks in bankruptcy
Long-term and short-term financial investments- housing loans	130,196	130,196	130,384	130,384	Level 3	Discounting the cash flows as follows: 20% for housing loans which are not revalued; 9% for housing loans that are revalued annually and have an interest rate of 0.5%, 7.5% for housing loans with foreign currency clause and interest rate of 0.5%; 9.25% for housing loans which are revalued every six months and 9.5% for housing loans that are revalued annually
Receivables from buyers	1,642,460	1,642,460	1,701,939	1,701,939	Level 3	Management's estimates of the recoverability in acc.with IAS 39
Other receivables	117,003	117,003	113,395	113,395	Level 3	Management's estimates of the recoverability in acc.with IAS 39

The above table includes only financial resources, because the Company has no financial liabilities that are disclosed at initial recognition at fair value.

64 FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT		31.03.2016			31.12.2015			in 000 RSD
		total	value corr.	net amount	total	value corr.	net amount	
<b>Categories of financial instruments</b>								
<b>Financial assets</b>								
<b>1</b>	<b>Long-term financial investments</b>	<b>671,240</b>	<b>(548,461)</b>	<b>122,779</b>	<b>669,340</b>	<b>(548,461)</b>	<b>120,879</b>	
	- Long-term time deposits	5,414	-	5,414	5,547	-	5,547	
	- Participation in bank capital	20,085	(20,085)	0	20,085	(20,085)	0	
	- Participation in capital of foreign legal entities	358,599	(358,598)	1	358,599	(358,598)	1	
	- Long-term housing loans given to employees	287,142	(169,778)	117,364	285,109	(169,778)	115,331	
<b>2</b>	<b>The receivables stated at nominal value</b>	<b>5,724,322</b>	<b>(187,772)</b>	<b>5,536,550</b>	<b>5,857,022</b>	<b>(187,812)</b>	<b>5,669,210</b>	
	- Receivables from buyers	1,825,938	(183,478)	1,642,460	1,885,457	(183,518)	1,701,939	
	- Short-term financial investments	3,813,090	(543)	3,812,547	3,877,183	(543)	3,876,640	
	- Interest receivables	49,178	(467)	48,711	57,828	(467)	57,361	
	- Other receivables	36,116	(3,284)	32,832	36,554	(3,284)	33,270	
<b>3</b>	<b>Cash and cash equivalents</b>	<b>1,174,601</b>	<b>-</b>	<b>1,174,601</b>	<b>704,127</b>	<b>-</b>	<b>704,127</b>	
		<b>7,570,163</b>	<b>(736,233)</b>	<b>6,833,930</b>	<b>7,230,489</b>	<b>(736,273)</b>	<b>6,494,216</b>	
<b>Financial liabilities</b>								
<b>1</b>	<b>Long-term loans</b>	<b>801,258</b>	<b>0</b>	<b>801,258</b>	<b>792,794</b>	<b>0</b>	<b>792,794</b>	
<b>2</b>	<b>Current maturities of long-term loans</b>	<b>90,133</b>	<b>-</b>	<b>90,133</b>	<b>101,380</b>	<b>-</b>	<b>101,380</b>	
<b>3</b>	<b>Current maturities of long-term financial leasing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>4</b>	<b>Short-term liabilities</b>	<b>151,971</b>	<b>-</b>	<b>151,971</b>	<b>240,783</b>	<b>-</b>	<b>240,783</b>	
		<b>1,043,362</b>	<b>-</b>	<b>1,043,362</b>	<b>1,134,957</b>	<b>-</b>	<b>1,134,957</b>	

Basic financial instruments of the Company are cash and cash equivalents, accounts receivable, financial investments that arise directly from the Company operation, as well as long-term loans, liabilities to suppliers and other liabilities which main purpose is the financing of the current operations of the company.



## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd.)

### Financial risk management objectives

Financial risks include market risk (foreign exchange and interest rate), credit risk and liquidity risk. Financial risks are reviewed on a timely basis and are preferably avoided by reducing the Company's exposure to these risks. The Company does not use any financial instruments to avoid the impact of financial risk to the business operations because such instruments are not widely used, and there is no organized market for such instruments in the Republic of Serbia.

### I MARKET RISK

In its operations, the Company is exposed to financial risks from changes in foreign exchange rates and changes in interest rates. Market risk exposures are examined through sensitivity analysis. There were no significant changes in the Company's exposure to market risk, or in the manner in which the Company operates or measure this risk.

#### a) Currency risk (foreign exchange risk)

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

The Company does not use special financial instruments to protect against risk, considering that in Serbia such instruments are not common.

The stability of the economic environment in which the Company operates, largely depends on the measures of government in the economy, including the establishment of appropriate legal and regulatory framework.

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

in 000 RSD

Currency description	<u>Total assets</u>				<u>Total liabilities</u>	
	31.03.2016		31.12.2015		31.03.2016	31.12.2015
	gross	net	gross	net		
EUR	4,104,620	3,909,715	3,904,003	3,709,037	893,579	896,088
USD	566,386	566,386	570,872	570,872	139	6,908
CHF	354	354	356	356	0	0
GBP	9	9	13	13	0	0
<b>Dinar contervalue of assets and liabilities in a currency</b>	<b>4,671,369</b>	<b>4,476,464</b>	<b>4,475,244</b>	<b>4,280,278</b>	<b>893,718</b>	<b>902,996</b>
Value of assets and liabilities in RSD	2,898,794	2,357,466	2,755,245	2,213,938	149,644	231,961
<b>Total</b>	<b>7,570,163</b>	<b>6,833,930</b>	<b>7,230,489</b>	<b>6,494,216</b>	<b>1,043,362</b>	<b>1,134,957</b>

By the analysis of the currency structure of financial assets and liabilities as of 31.03.2016, along with the balance as of 31.12.2015, it can be concluded that the financial assets contracted with

## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd.)

### a) Currency risk (foreign exchange risk) (cont'd.)

currency clause are higher than the contracted financial liabilities in foreign currencies. Financial liabilities contracted in foreign currency are generally of long-term nature.

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 of the result 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 000 RSD

**31.03.2016**

Changes	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/ (loss)	301,614	-301,614	56,625	-56,625	35	-35	1	-1

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**31.12.2015**

Changes	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/ (loss)	281,295	-281,295	56,396	-56,396	36	-36	1	-1

### b) Risk of interest rate change

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

The Company has placed cash and cash equivalents in the group of interest-bearing financial assets with variable interest rates, because it contracted with banks "a vista" interest of variable character, depending on the amount in current accounts and the reference 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.

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

**64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd.)**

**b) Risk of interest rate change (cont'd.)**

in 000 RSD

Financial assets-net	31.03.2016			31.12.2015		
	total	value corr.	net amount	total	value corr.	net amount
<b><u>No interest</u></b>						
Partic.in capital of other legal entities	378,684	(378,683)	1	378,684	(378,683)	1
Receivables from buyers	1,825,938	(183,478)	1,642,460	1,885,457	(183,518)	1,701,939
Interest receiv. and other receiv.	85,294	(3,751)	81,543	94,382	(3,751)	90,631
Short-term financial investments	51,925	-	51,925	77,841	-	77,841
<b>No interest total</b>	<b>2,341,841</b>	<b>(565,912)</b>	<b>1,775,929</b>	<b>2,436,364</b>	<b>(565,952)</b>	<b>1,870,412</b>
<b><u>Fixed interest rate</u></b>						
Long-term financial invest.	292,556	(169,778)	122,778	290,656	(169,778)	120,878
Short-term financial invest.	3,761,165	(543)	3,760,622	3,799,342	(543)	3,798,799
<b>Fixed-total</b>	<b>4,053,721</b>	<b>(170,321)</b>	<b>3,883,400</b>	<b>4,089,998</b>	<b>(170,321)</b>	<b>3,919,677</b>
<b><u>Variable interest rate</u></b>						
Cash and cash equivalents	1,174,601	-	1,174,601	704,127	-	704,127
<b>Variable-total</b>	<b>1,174,601</b>	<b>0</b>	<b>1,174,601</b>	<b>704,127</b>	<b>0</b>	<b>704,127</b>
	<b>7,570,163</b>	<b>(736,233)</b>	<b>6,833,930</b>	<b>7,230,489</b>	<b>(736,273)</b>	<b>6,494,216</b>
<b>Financial liabilities</b>						
<b><u>No interest</u></b>						
Liabilities from operation	151,971	0	151,971	240,783	0	240,783
<b>No interest-total</b>	<b>151,971</b>	<b>0</b>	<b>151,971</b>	<b>240,783</b>	<b>0</b>	<b>240,783</b>
<b><u>Fixed interest rate</u></b>						
Long-term loans	801,258	0	801,258	792,794	0	792,794
Current maturity of long-term liabilities	90,133	0	90,133	101,380	0	101,380
<b>fixed-total</b>	<b>891,391</b>	<b>0</b>	<b>891,391</b>	<b>894,174</b>	<b>0</b>	<b>894,174</b>
<b><u>Variable interest rate</u></b>						
Current maturity of long-term liabilities	0	0	0	0	0	0
<b>Variable-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>1,043,362</b>	<b>0</b>	<b>1,043,362</b>	<b>1,134,957</b>	<b>0</b>	<b>1,134,957</b>



## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd.)

### v) 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 does not operate with securities that are subject to price change in securities market. Furthermore, the Company has no turnover of goods subject to price change. The greatest item in turnover of goods is kerosene which has a 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. The Company's exposure to this risk is limited to the amount of receivables from buyers at the balance sheet date.

The Company performs the reconciliation of assets and liabilities annually, with balance as of 30.11. of the current year, or more times during the year for specific clients, if the need arises. The Company of the total receivables from domestic buyers on 30.11.2015 has reconciled 93.47% of receivables. Of 6.53% of unreconciled receivables from domestic customers on 30.11.2015, to sued buyers refers 4.3%. As for the receivables from foreign buyers on 30.11.2015 the Company has reconciled 96.16% of foreign receivables. Unreconciled receivables mainly relate to receivables, for which buyers did not provided answers to the submitted OIS (open item statement).

As of 31.03.2016 and on 31.12.2015, as reconciled receivables with airlines Air Serbia and Montenegro Airlines.

Age structure of receivables from buyers	31.03.2016	share	31.12.2015	share
	in 000 RSD		in 000 RSD	
Air Serbia	676,857	37.07%	722,881	38.34%
Public Debt Admin. (Air Serbia from previous yers)	-	0.00%	-	0.00%
Jar Tehnika	206,495	11.31%	204,979	10.87%
Dufry doo	57,262	3.14%	58,646	3.11%
International CG	41,492	2.27%	41,492	2.20%
Air Serbia-Ketering d.o.o.	37,769	2.07%	35,883	1.90%
Aviogenex d.o.o.	46,343	2.54%	44,066	2.34%
Austrian-branch	24,485	1.34%	25,845	1.37%
Other domestic buyers	99,394	5.44%	94,365	5.00%
<b>Total domestic buyers</b>	<b>1,190,097</b>	<b>65.18%</b>	<b>1,228,157</b>	<b>65.14%</b>
Montenegro Airlines	158,178	8.66%	207,751	11.02%
Wizz Air	123,906	6.79%	140,017	7.43%
Deutsche Lufthansa	65,290	3.58%	46,523	2.47%
Turkish Airlines	33,928	1.86%	34,663	1.84%
Etihad Airlines	41,058	2.25%	33,838	1.79%
Aeroflot	29,592	1.62%	27,268	1.45%
Allitalia	19,349	1.06%	20,596	1.09%
Qatar Airways	9,441	0.52%	16,165	0.86%
Swiss Air	27,659	1.51%	19,357	1.03%
Other foreign buyers	127,440	6.98%	111,121	5.89%
<b>Total foreign buyers</b>	<b>635,841</b>	<b>34.82%</b>	<b>657,300</b>	<b>34.86%</b>
<b>Total gross receivab. from domestic and foreign buyer:</b>	<b>1,825,938</b>	<b>100.00%</b>	<b>1,885,457</b>	<b>100.00%</b>
Total value correction	183,478		183,518	
<b>Total net receivables</b>	<b>1,642,460</b>		<b>1,701,939</b>	

## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd.)

### II CREDIT RISK (Cont'd.)

The Company has large receivables from domestic and foreign buyers on 31.03.2016 (RSD 1,825,938 thousand), so that the credit risk is constantly there. To reduce this risk, the Company regularly monitors the implementation of the collection, analyzes the value of the collection achieved within the contracted period, collection with exceeded contracted period, the balance and age structure of outstanding receivables as per buyers.

The greater the percentage share of individual buyers in total receivables the higher credit risk, especially if these buyers have unstable liquidity and on that basis, exceeded contracted payment deadline.

Receivables from domestic buyers for goods and services on 31.03.2016 in the amount of RSD 1,190,097 thousand, accounted for 65.18% of total receivables from buyers for goods and services and mostly relate to receivables from Air Serbia ad, in the amount of RSD 676,857 thousand. Total balance of value adjustment of receivables from domestic buyers was RSD 158,894 thousand (charged to results of previous years RSD 158,890 thousand and charged to result of the current year RSD 4 thousand), so the net value of receivables from domestic buyers amounts to RSD 1,031,203 thousand.

Receivables from foreign buyers for goods and services amounted to RSD 635,841 thousand, which makes 34.82% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers is RSD 24,584 thousand (charged to results of previous years RSD 24,581 thousand and charged to results of the current year RSD 3 thousand), so the net value of receivables from foreign buyers amounts to RSD 611,257 thousand.

Age structure of receivables	31.03.2016		31.12.2015	
	in 000 RSD	share	in 000 RSD	share
Undue receivables from buyers - uncorrected	1,337,203	73.23%	1,453,062	77.07%
Undue receivables from buyers - corrected	0	0.00%	6,868	0.36%
<b>Total undue receivables</b>	<b>1,337,203</b>	<b>73.23%</b>	<b>1,459,930</b>	<b>77.43%</b>
Due receivables up to 60 days-uncorrected	204,645	11.21%	175,627	9.31%
Due receivables up to 60 days-corrected	0	0.00%	2,494	0.13%
<b>Total due receivables up to 60 days</b>	<b>204,645</b>	<b>11.21%</b>	<b>178,121</b>	<b>9.45%</b>
Due receivables over 60 days-uncorrected	100,612	5.51%	73,250	3.88%
Due receivables from buyers over 60 days-corrected	183,478	10.05%	174,156	9.24%
<b>Total due receivables over 60 days</b>	<b>284,090</b>	<b>15.56%</b>	<b>247,406</b>	<b>13.12%</b>
<b>Total receivables- gross</b>	<b>1,825,938</b>	<b>100.00%</b>	<b>1,885,457</b>	<b>100.00%</b>
<b>Total value correction</b>	<b>183,478</b>		<b>183,518</b>	
<b>Total receivables - net (gross - correction)</b>	<b>1,642,460</b>		<b>1,701,939</b>	

Undue receivables from domestic and foreign buyers for goods and services on 31.03.2016, amount to RSD 1,337,203 thousand (and on 31.12.2015 amounted to RSD 1,459,930 thousand).

Due receivables from domestic and foreign buyers for goods and services which on 31.03.2016, are not older than 60 days, amount to RSD 204,645 thousand (and on 31.12.2015 they amounted to RSD 178,121 thousand).



## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

### II CREDIT RISK (Cont'd.)

Due receivables from domestic and foreign buyers for goods and services, on 31.03.2016, older than 60 days, amounted to RSD 284,090 thousand (and on 31.12.2015 they amounted to RSD 247,406 thousand) of which RSD 7 thousand were put to value correction of receivables of the current period and charged to results of previous years RSD 183,471 thousand (due corrected receivables from domestic and foreign buyers for goods and services, older than 60 days, on 31.12.2015 amounted to RSD 174,156 thousand).

### III - LIQUIDITY AND CASH FLOW RISK

Liquidity is the ability of the Company to settle its liabilities 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.

The following tables present details of outstanding contractual maturities of financial resources. The amounts shown are based on the undiscounted cash flows arising on the basis of financial resources based on the earliest date on which the Company will be able to collect receivables.

<b>Maturities of financial assets</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Up to 30 days	3,425,749	1,558,930
1 - 3 months	325,127	2,440,280
3-12 months	2,975,026	2,319,613
1 - 5 years	108,028	78,527
over 5 years	-	96,866
	<b>6,833,930</b>	<b>6,494,216</b>

The average time to collect receivables from customers in the first quarter of 2016 amounted to 86 days (2015: 111 days). For the shortening of the average time to collect receivables from customers in the first quarter of 2016, compared to 2015 is influenced by regular collection of accounts receivable maturities, by our largest customer Air Serbia, as well as the beginning of the collection of receivables from 2015 in accordance with the agreement concluded with Air Serbia, which defines the terms of payment of obligations incurred in 2015.

<b>Interest maturity</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Up to 30 days	20,899	4,060
1 - 3 months	27,812	37,743
3-12 months	0	16,025
	<b>48,711</b>	<b>57,828</b>

The stated maturity of interest receivables are contained within disclosure of maturity of financial assets.

The following tables present details of outstanding contractual obligations of the Company. The amounts shown are based on the undiscounted cash flows arising from financial liabilities based on the earliest date on which the Company will be required to settle such obligations.



## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

### III - LIQUIDITY AND CASH FLOW RISK (Cont'd.)

<b>Maturity of financial liabilities</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Up to 30 days	151,971	240,783
1 - 3 months	38,902	12,199
3-12 months	51,231	89,181
1 - 5 years	409,851	405,522
over 5 years	391,407	387,272
	<b>1,043,362</b>	<b>1,134,957</b>

In the total liabilities of the Company the largest share have liabilities based on long-term loans in the amount of RSD 891,391 thousand, of which in 2016 becomes due RSD 90,133 thousand.

Liabilities towards suppliers on 31 March 2016 are disclosed in the amount of RSD 151,971 thousand (on 31 December 2015: RSD 240,783 thousand). Suppliers do not charge interest on arrears to due liabilities, whereby the Company due liabilities to suppliers, in accordance with the policy of financial risk management, settles within the agreed period. Average time of settlement of liabilities towards suppliers in the first quarter of 2016 is 49 days (48 days in 2015).

<b>Maturities of interest (for loans)</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
Up to 30 days	-	-
1 - 3 months	15,281	4,733
3-12 months	18,909	33,830
1 - 5 years	109,683	108,524
over 5 years	39,529	39,112
	<b>183,402</b>	<b>186,199</b>

### 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, at the same time maximizing profit increase of the owner, through the optimization of debt and equity. In addition to its own capital, which consists of core capital, reserves and undistributed profit, the Company uses the borrowed funds in the form of long-term loans. Free cash flow from current accounts, the Company invests in the form of short-term deposits.

Indicators of indebtedness of the Company as at the end of the reporting current period of 2016 and the end of 2015 are as follows:

	<b>31.03.2016</b>	<b>31.12.2015</b>
	in 000 RSD	in 000 RSD
<b>1 Indebtedness (ADP 432 + ADP 443)</b>	<b>891,391</b>	<b>894,174</b>
<b>2 Cash and cash equivalents (ADP 068)</b>	<b>1,174,601</b>	<b>704,127</b>
<b>I GROSS INDEBTEDNESS (1-2)</b>	<b>(283,210)</b>	<b>190,047</b>
<b>3 Ratio of indebtedness against capital ( I/5 )</b>	<b>-0.0108</b>	<b>0.0074</b>
<b>4 Short-term financial investments (ADP 062)</b>	<b>3,812,547</b>	<b>3,876,640</b>
<b>II NET INDEBTEDNESS ( I-5 )</b>	<b>(4,095,757)</b>	<b>(3,686,593)</b>
<b>5 Capital (ADP 401)</b>	<b>26,195,187</b>	<b>25,697,984</b>
<b>6 Ratio of indebtedness against capital ( II/5 )</b>	<b>-0.1564</b>	<b>-0.1435</b>

## 65. MANAGEMENT EARNINGS

The Company paid remuneration to key management, including members of the Supervisory Board, the Audit Commission and the General Assembly of Shareholders and Executive directors and Department directors (In the period I-III 2016: total number of 19; in the period I-III 2015: 21). In the period I-III 2016 was paid in the gross amount RSD 9,207 thousand (in the period I-III 2015: RSD 9,768 thousand).

Management benefits	I-III 2016	I-III 2015
	in 000 RSD	in 000 RSD
<b>Management</b>		
Earnings	7,149	7,794
Participation in distribution	0	0
	<b>7,149</b>	<b>7,794</b>
Remuneration to members of Supervisory Board	1,537	1,610
Remuneration to members of Audit Commission	227	62
Remun. to members of Shareholders Assembly	294	302
	<b>2,058</b>	<b>1,974</b>
<b>TOTAL</b>	<b>9,207</b>	<b>9,768</b>

## 66. TAX RISKS

The tax laws of the Republic of Serbia are often interpreted differently and are subject to frequent changes. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may differ from the management interpretation. The management believes that tax liabilities are adequately calculated and recorded.

## 67. LITIGATION

On March 31, 2016, against the Company there are litigations in the amount of RSD 175.389 thousand (excluding the effects of default interest). Amounts of final losses on litigations can be increased on the basis of default interest up to the completion of the settlement, or until the date of final payment by disputes. On 31 March 2016 the Company has made provisions for potential losses on these litigations in the amount of RSD 113,046 thousand (on 31.12.2015 it was RSD 114,781 thousand)(Notes 48 and 49). According to the assessment of the Company's management on this basis they does not expect additional significant losses in the future period.

## 68. EVENTS AFTER THE REPORTING PERIOD

In accordance with IAS 10 "Events after the reporting period", we found no existence of other events that may influence or affect the truthfulness and objectivity of the financial statements for the period that ended on 31. March 2016, or would require adjustment of the financial statements.

In Belgrade, 05 May 2016


  
 Београд Legal representative



АКЦИОНАРСКО ДРУШТВО  
АЕРОДРОМ "НИКОЛА ТЕСЛА"  
БЕОГРАД  
Бр. 32-97  
12. 05. 2016 год

**JOINT-STOCK COMPANY BELGRADE  
NIKOLA TESLA AIRPORT**

**BUSINESS REPORT FOR THE PERIOD  
I-III 2016**

**BELGRADE, MAY 2016**



## CONTENTS

<b>1. GENERAL DATA OF THE COMPANY .....</b>	<b>3</b>
<b>2. MANAGEMENT DATA .....</b>	<b>4</b>
2.1. <i>Review of corporate governance rules.....</i>	6
<b>3. AIR TRAFFIC TURNOVER.....</b>	<b>7</b>
3.1 <i>Air movement turnover .....</i>	7
3.2 <i>Passenger turnover .....</i>	9
3.3 <i>Cargo turnover.....</i>	10
<b>4. REVENUES AND EXPENDITURES .....</b>	<b>12</b>
4.1 <i>Revenues .....</i>	12
4.2 <i>Expenditures.....</i>	15
4.3 <i>Salaries.....</i>	18
4.4. <i>Financial result .....</i>	19
<b>5. INFORMATION ON INVESTMENTS FOR PROTECTION OF ENVIRONMENT.....</b>	<b>20</b>
<b>6. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES IN THE PERIOD I-III 2016 .....</b>	<b>20</b>
6.1. <i>DESCRIPTION OF ALL SIGNIFICANT OCCURENCES AFTER THE PERIOD I-III 2016 .....</i>	37
<b>7. DESCRIPTION OF MOST SIGNIFICANT RISKS AND UNCERTAINTIES FOR THE FIRST THREE MONTHS OF THE BUSINESS YEAR .....</b>	<b>41</b>
<b>8. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT.....</b>	<b>43</b>
8.1 <i>Market risk .....</i>	43
8.2 <i>Credit risk .....</i>	43
8.3 <i>Liquidity and cash flow risk.....</i>	43
<b>9. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES.....</b>	<b>44</b>
9.1. <i>Existence of branches.....</i>	44

## 1. GENERAL DATA OF THE COMPANY

<b>1</b>	<b>Business name</b>	<b>AD AERODROM "NIKOLA TESLA" BEOGRAD</b>
	<b>Head office and address</b>	11180 Belgrade 59
	<b>Register number</b>	07036540
	<b>TIN</b>	100000539
<b>2</b>	<b>web site and e-mail address</b>	<a href="http://www.beg.aero">www.beg.aero</a> ; <a href="mailto:kabinet@beg.aero">kabinet@beg.aero</a>
<b>3</b>	<b>Number and date of the Rescript on Company registration</b>	<p><b>Registration number: BD 4874/2005</b> <b>Date of registration: 15.16.2005</b></p> <p><b>Registration number:BD91540/2012</b> <b>Date of registration: 09.07.2012</b></p> <p><b>Registration number: BD100187/2012</b> <b>Date of registration: 20.07.2012</b></p>
<b>4</b>	<b>Activity (code and description)</b>	5223- Air-traffic services
<b>5</b>	<b>Number of employees</b>	1284 employees on 31.03.2016
<b>6</b>	<b>Core capital value</b>	<b>RSD 20,573,610,000</b> <b>(on 31.12.2015)</b>
<b>7</b>	<b>Name, head office of auditor who revised the last financial statement</b>	"GRANT THORNTON REVIZIT" d.o.o. Kneginje Zorke 2/1, Beograd
<b>8</b>	<b>Number of issued shares, ISIN number and CFI code</b>	<b>Number of ordinary shares 34,289,350</b> <b>(on 31.12.2015)</b> <b>CFI code ESVUFR</b> <b>ISIN number RSANTBE11090</b>
<b>9</b>	<b>Organised exchange market on which the shares are exchanged</b>	Beogradska berza ad Beograd, Omladinskih brigada 1, 11070 Novi Beograd

## 2. MANAGEMENT DATA:

Management members on 31.03.2016

<b>The Supervisory Board</b>		
<b>No.</b>	<b>Name, surname and place of residence</b>	<b>Education, permanent employment (business name of the company and work position)</b>
1	Vesna Stanković Jevđević, Belgrade	Bachelor of Economics, Assistant Director General of the Procurement Directorate at the National Bank of Serbia.
2	Mirko Manojlović, Belgrade	Bachelor of Economics, Director – Paracentar d.o.o. Beograd
3	Ljubiša Dejšković, Čuprija	Master of Electrical Engineering and Telecommunications, Engineer Specialist in the Sector of Investments – Service for automation and telecommunications, PE Elektromreža Srbije
4	Srđan Minić, Belgrade	Bachelor of Economics, Technical support and documentation Engineer, Telekom Srbija
5	Goran Mirković, Belgrade	Economist, Senior Associate for completion of documentation and coordination of monitoring implementation of the contracts in the Institute for Manufacturing Banknotes and Coins of the National Bank of Serbia
6	Petar Jarić, Belgrade	Bachelor of Economics, Director of "PE Office Space Zemun"
7	Dragoslav Stanković, Doljevac	Economist, Jugoistok, Niš

<b>The Executive Board</b>		
<b>No.</b>	<b>Name, surname and place of residence</b>	<b>Education, permanent employment (business name of the company and work position)</b>
1	Saša Vlaisavljević, Belgrade	BSc. Traffic Engineer, JSC Belgrade Nikola Tesla Airport, Chairman of the Executive Board, acting Director General
2	Tatjana Jovanović, Belgrade	Master Politicologist, JSC Belgrade Nikola Tesla Airport, Executive Director
3	Dejan Milovanović, Prokuplje	Specialist Professional Engineer of Agriculture, JSC Belgrade Nikola Tesla Airport, Executive Director
4	Raša Ristivojević, Belgrade	Bachelor of Economy, JSC Belgrade Nikola Tesla Airport, Executive Director
5	Zoran Stanković, Belgrade	Bachelor of Law, JSC Belgrade Nikola Tesla Airport, Executive Director



## Ten largest shareholders as of 31.03.2016

S. No.	Name of shareholder	Number of shares
1	2	3
1)	THE REPUBLIC OF SERBIA	28,510,532
2)	KJK FUND II SICAV SIF	441,137
3)	RAIFFEISEN BANK AD BEOGRAD– custody account KS	384,439
4)	RAIFFEISEN BANK AD BEOGRAD– custody account KS	182,882
5)	EAST CAPITAL (LUX) – BALKAN FUND	145,038
6)	SOCIETE GENERALE BANKA SRBIJA– custody account-FO	126,066
7)	SOCIETE GENERALE BANKA SRBIJA– custody account-FO	84,812
8)	DANSKE INVST TRANS-BALKAN FUN	83,942
9)	UNICREDIT BANK SRBIJA AD– custody account – KS	82,762
10)	RAIFFEISEN BANK AD BEOGRAD – custody account KS	70,572

## 2.1. REVIEW OF CORPORATE GOVERNANCE RULES

JSC Belgrade Nikola Tesla Airport, as a member of the Chamber of Commerce of Serbia adopted the *Code of Corporate Governance* that was published in the Official Gazette of the Republic of Serbia, No. 99/2012, as well as on the Company's website [www.beg.aero](http://www.beg.aero).

The rules of this Code are supplement to the current legislation, so that no provision of the Code abolishes the legal rule that governs the same question differently. Also, the Code does not in any way change the meaning, or proper interpretation of the legal provisions. The Code is within the limits of the law, because it covers matters that are not regulated by law (the so-called Legal vacuum), or is regulated by dispositive legal norms.

The Code contains two types of rules:

- 1) Recommendations - rules that a for-profit corporation has to accept and act upon them, and which can be recognized in the Code by the use of the word "should";
- 2) proposals - rules that are considered desirable practice in corporate governance, which in the Code can be identified by the use of the words "may," "should," and so on.

The recommendations contained in this Code outline minimum standards for public joint stock companies (members of the Serbian Chamber of Commerce) should accept and act on them, and if they do not do so or do not do so in the manner prescribed by this Code, it is necessary that they provide an explanation for discrepancy done within the statement on implementation of the code of corporate governance in accordance with the Law on companies.

JSC Belgrade Nikola Tesla Airport, as a member of the Chamber of Commerce of Serbia adopted the *Code of Corporate Governance* that was published in the Official Gazette of the Republic of Serbia, No. 99/2012, as well as on the Company's website [www.beg.aero](http://www.beg.aero).

### 3. AIR TRAFFIC TURNOVER

In the period I-III 2016 it was achieved total air traffic turnover, as follows:

- 12,386 air movements,
- 870,014 passengers and
- 3,839 tons of cargo and mail.

#### 3.1. AIR MOVEMENT TURNOVER

Achieved number of air movements per traffic types in the period I-III 2016 is shown in the following table.

**BUSINESS REPORT I - III 2016**  
Number of air movements per traffic types

Traffic types	Achiev. I - III 2015	Plan I - III 2016	Achiev. I - III 2016	Index		Share I - III 2015	Share I - III 2016
				5(4/2)	6(4/3)		
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air traffic	17	17	133	782	782	0.13	1.07
International air traffic- domestic carriers	7,067	6,988	6,626	94	95	54.75	53.50
International air traffic- foreign carriers	5,824	5,709	5,627	97	99	45.12	45.43
<b>TOTAL:</b>	<b>12,908</b>	<b>12,714</b>	<b>12,386</b>	<b>96</b>	<b>97</b>	<b>100.00</b>	<b>100.00</b>

The data from the table indicate total number of air movements in the period from I-III 2016, which by 4% lower than last year for the same period and by 3% lower compared to the number foreseen by the Business plan for the period I-III 2016.

Within carrier pattern of the total traffic in the period I-III 2016, the dominant role is of the domestic carriers in international air traffic with 53.50%; then there are foreign carriers in international air traffic with 45.43% and at the end, domestic carriers in domestic air traffic with share of 1.07%, recording growth in relation to the previous year.

Compared to the previous year there is a fall in the share of domestic carriers in international air traffic and growth of foreign carriers in international air traffic.

**In international air traffic of domestic carriers**, is achieved total turnover of 6,626 air movements which is by 6% lower compared to the same period previous year and by 5% lower in comparison to the Business Plan for the period I-III 2016. Domestic carriers in international air traffic are: Air Serbia and others.

The dominant role in international air traffic of domestic carriers is of Air Serbia with 94.97% share. Air Serbia has recorded a fall in air movements in the first quarter of 2016 compared to the same period in 2015 by 8%. There is significantly reduced number of flights of Air Serbia to: Larnaka, Brussels, Warsaw, Stuttgart and Budapest.

Air Serbia in the period I-III 2016 achieved in international air traffic 6,293 air movements, and in the period I-III 2015 there were 6,873 air movements.

In the first quarter of 2016 Air Serbia operates to the 3 new destinations: Barcelona, Cagliari, Pula.



Under other domestic carriers in international air traffic are: Avio Služba, Princ Aviation, Air Pink, Verano Motors with realized growth of 72% compared to the achievement in I-III 2015.

**Number of air movements of foreign carriers in international air traffic**

Air carriers	Achiev. I - III 2015	Plan I - III 2016	Achiev. I - III 2016	Index		Share I - III 2015	Share I - III 2016
				5(4/2)	6(4/3)		
1	2	3	4			7	8
Montenegro Airlines	688	700	654	95	93	11.81	11.62
Lufthansa	672	688	630	94	92	11.54	11.20
Wizz Air	571	576	576	101	100	9.80	10.24
Austrian Airlines	438	466	444	101	95	7.52	7.89
Turkish Airlines	377	416	395	105	95	6.47	7.02
Aeroflot	358	364	364	102	100	6.15	6.47
Swift Air	246	260	255	0	98	4.22	4.53
Swiss International	292	225	226	77	100	5.01	4.02
Etihad Airways	184	182	182	99	100	3.16	3.23
Qatar Airways	126	182	168	133	92	2.16	2.99
Alitalia	224	156	156	70	100	3.85	2.77
Raf Avia	132	122	154	0	126	2.27	2.74
Tarom	146	154	146	100	95	2.51	2.59
Swiftair Hellas S.A	0	122	132	0	108	0.00	2.35
Aegean Airlines	122	130	130	107	100	2.09	2.31
LOT	105	108	108	103	100	1.80	1.92
Pegasus Airlines	78	106	108	138	102	1.34	1.92
Flydubai	82	78	78	95	100	1.41	1.39
Easyjet	148	64	64	43	100	2.54	1.14
Norwegian Air	32	64	64	200	100	0.55	1.14
Belavia	52	52	52	100	100	0.89	0.92
Ural Airlines JSC	0	0	34	0	0	0.00	0.60
Tunis Air	28	26	26	93	100	0.48	0.46
Vueling Airlines	2	2	2	0	100	0.03	0.04
Niki Luftfahrt	0	0	2	0	0	0.00	0.04
Others	430	430	477	111	111	7.38	8.48
<b>TOTAL:</b>	<b>5,824</b>	<b>5,699</b>	<b>5,627</b>	<b>97</b>	<b>99</b>	<b>100.00</b>	<b>100.00</b>

In the first quarter of 2016 there were 25 foreign air carriers and 1 domestic air carrier.

In international traffic of foreign carriers in the period I-III 2016 it was achieved 5,627 air movements, which is by 3% lower score in comparison with the same period previous year and by 1% lower compared to the Plan for I-III 2016.

In the pattern of foreign carriers in the period I-III 2016 the most significant role is of Montenegro Airlines with 11.62%, Lufthansa with 11.20%, then Wizz Air with 10.24% of share. These three air carriers achieve 33.05% in international air traffic of foreign carriers.

With the share ranging from 7.89% to 4.02% in this type of air traffic are: Austrian Airlines (7.89%), Turkish Airlines (7.02%), Aeroflot (6.47%), Swift Air (4.53%), Swiss International (4.02%), with total share of 29.93%.

**Cargo traffic** of express mail is carried out by 4 (four) foreign air carriers: Raf Avia, Turkish Airlines, Swiftair and Swift Air Hellas.

**Low Cost carriers** in the period I-III 2016 there are six of them: EasyJet to destination Geneva, Flaydubai on route to Dubai, Norwegian Air Shuttle to destinations Oslo and Stockholm, Wizz Air to destinations Paris, Dortmund, Eindhoven, Geteborg, Larnaka, London, Malme, Memingen, Mulhouse and Stockholm, Pegasus Airlines to destination Istanbul and Eurowings (ad hoc).

If international air traffic is viewed as a whole (domestic and foreign carriers), the dominant role of all carriers is of Air Serbia has with 51.36% share.

### 3.2. PASSENGER TURNOVER

In the period I-III 2016 a total passenger turnover of 870,014 was achieved, which is by 2% lower than in the same period in 2015 and by 4% lower in comparison with the Plan for the period I-III 2016.

#### Passenger turnover per traffic types

Traffic types	Achiev. I - III 2015	Plan I - III 2016	Achiev. I - III 2016	Index		Share I - III 2015	Share I - III 2016
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air traffic	25	33	34	136	103	0.00	0.00
International air traffic- domestic carriers	462,546	472,546	431,464	93	91	52.06	49.59
International air traffic- foreign carriers	425,906	434,906	438,516	103	101	47.94	50.40
<b>TOTAL:</b>	<b>888,477</b>	<b>907,485</b>	<b>870,014</b>	<b>98</b>	<b>96</b>	<b>100.00</b>	<b>100.00</b>

The greatest participation in passenger turnover per air traffic types for the period I-III 2016 is of foreign carriers in international air traffic with 50.40%, then domestic carriers in international air traffic with 49.59%.

The number of the passengers transported by foreign carriers for I-III 2016 compared to the same period last year is by 3% higher, and compared to the Plan for I-III 2016 is by 1% higher.

The number of the passengers transported by domestic carriers in international air traffic is by 7% lower compared to the same period previous year and by 9% lower in comparison to the Plan for I-III 2016.

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

Ser.No.	Air Carriers	Achiev. I - III 2015	Achievement I - III 2016	Index	Share I - III 2015	Share I - III 2016
1	2	3	4	5(4/3)	6	7
1	Air SERBIA	462,166	431,067	93	52.02	49.55
2	Wizz Air	83,968	87,531	104	9.45	10.06
3	Lufthansa	56,944	58,124	102	6.41	6.68
4	Montenegro	48,730	49,766	102	5.48	5.72
5	Turkish Airlines	36,822	40,033	109	4.14	4.60
6	Others	199,822	203,459	102	22.49	23.39
	<b>TOTAL:</b>	<b>888,452</b>	<b>869,980</b>	<b>98</b>	<b>100.00</b>	<b>100.00</b>

The total number of passengers in international air traffic in the period I-III 2016 is 869,980 which is by 2% lower compared to the same period 2015.

Observed by carriers Air Serbia is the leading carrier by number of transported passengers in international air traffic with 49.55% followed by: Wizz Air (10.06%), Lufthansa (6.68%), Montenegro Airlines (5.72%) and Turkish Airlines (4.60%).

**Passenger turnover of Air Serbia in international air traffic by most numerous destinations**

Ser.No.	Destination	Achiev. I - III 2015	Achiev. III 2016	I -	Index
1	2	3	4		5(4/3)
1	Zurich	34,929	42,471		121.59
2	Paris	34,127	31,976		93.70
3	Podgorica	25,363	24,790		97.74
4	Moscow	22,501	18,632		82.81
5	Amsterdam	19,855	18,844		94.91

**3.3. CARGO TURNOVER**

In period I-III 2016, cargo turnover was achieved in the amount of 3,839 tons, which is by 23% higher than in the same period of the previous year and 14% compared to the Plan for I-III 2016.

Cargo turnover in the period I-III 2016 in the domestic carrier's international air traffic is increased by 3% compared to the realization in the same period in 2015 and is by 11% lower than in the Plan for I-III 2016, while in international air traffic of foreign carriers achievement in the period I-III 2016 is higher by 31% compared to the same period last year and 25% higher than in the Plan for I-III 2016. In domestic air traffic in the period I-III 2016 the turnover of cargo and mail is achieved in the amount of 4 tons while in the period I-III 2015, there was no traffic.

**Cargo turnover in tons**

Traffic types	Achiev. I - III 2015	Plan I - III 2016	Achiev. I - III 2016	Index		Share I - III 2015	Share I - III 2016
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air traffic	0	0	4	0	0	0.00	0.10
International air traffic- domestic carriers	880	1,020	903	103	89	28.26	23.52
International air traffic- foreign carriers	2,234	2,351	2,932	131	125	71.74	76.37
<b>TOTAL:</b>	<b>3,114</b>	<b>3,371</b>	<b>3,839</b>	<b>123</b>	<b>114</b>	<b>100.00</b>	<b>100.00</b>



### PHYSICAL VOLUME OF TRAFFIC

Type of traffic	Achievement I-III 2015		Plan I-III 2016		Achiev. I-III 2016		Index	
	Share		Share		Share			
2	3		4		5		6(5/3)	7(5/4)
<b>Domestic traffic</b>								
Air movements	17	0	17	0	133	1	782	782
Passengers	25	0	33	0	34	0	136	103
Air goods and mial (tons)	0	0	0	0	4	0	0	0
<b>International traffic- domestic carriers</b>								
Air movements	7,067	55	6,988	55	6,626	53	94	95
Passengers	462,546	52	472,546	52	431,464	50	93	91
Air goods and mial (tons)	879	28	1,020	30	903	24	103	89
<b>International traffic- foreign carriers</b>								
Air movements	5,824	45	5,709	45	5,627	45	97	99
Passengers	425,906	48	434,906	48	438,516	50	103	101
Goods and mial (air+ truck) (tons)	2,234	72	2,351	70	2,932	76	131	125
<b>Total</b>								
Air movements	12,908	100	12,714	100	12,386	100	96	97
Passengers	888,477	100	907,485	100	870,014	100	98	96
Goods and mail air+truck (tons )	3,113	100	3,371	100	3,839	100	123	114

#### 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-III 2016 JSC Belgrade "Nikola Tesla" Airport achieved the total revenue in amount of RSD 1,822,985,294. Thus achieved total revenue is 51% lower in comparison to the achieved revenues in the same period of the previous year and 11% lower in relation to the Plan for the same period.

When comparing the nominal realized total revenues in the first quarter of 2016 with the same period in 2015 it should be taken into account the fact that on 31.03.2015 the Public Debt Administration of RS made payment of assumed debt in the amount of RSD 1,897,107,221, which is revenue in the first quarter of 2015 and related to the write off of receivables from previously years.

The pattern of the achieved revenues for I-III 2016 is shown in the table **Revenue pattern by service types**.

In the pattern of achieved revenues for the period I-III 2016 **business revenues** have the greatest participation amounting to RSD 1,759,693,301 which is 97% in the total revenues. Thus achieved revenues are **3% higher** than the same in the same period of the previous year and 11% lower in relation to Plan for I-III 2016.

Within business revenues, revenues generated by providing **air services** amount to RSD 593,328,665 which is 33% of the total revenues. These revenues are lower by 3% compared to the same period last year and by 3% lower in relation to Plan for I-III 2016.

Revenues from **passenger service and security fees** were achieved in the amount of RSD 718,404,223 for I-III 2016, which is 39% of the total achieved revenues and are higher as compared with the revenues from passenger service and security fees in the same period of the previous year by 7% and are at the same level in relation to Plan for the I-III 2016.

In the period I-III 2016 the revenues from **service rendering in cargo-customs warehouse** were achieved in the amount of RSD 37,125,433 and are by 18% higher than revenues achieved on this basis in the same period of the previous year and higher by 1% in relation to Plan for the same period.

In the period I-III 2016 the revenues from **other services** are 5% higher than in the same period of the previous year and are at the same level in relation to Plan for I-III 2016, and were achieved in the amount of RSD 212,047,428. Increase of the revenue in the first quarter 2016 compared to the first quarter of the previous year is due to increase of revenue from: advertising space, VIP lounge, revenues from services on special request- work order, revenues from aircraft de-icing services etc.

**The revenues from sales of goods** mainly refer to the revenues from the sale of kerosene and in the period I-III 2016 it was sold 437 tons of kerosene while in the same period of the previous year was sold 424 tons of kerosene. Realized revenue from the sale of goods for the period I-III 2016 is lower by 32% in comparison to the same period of 2015 and by 84% lower compared to Plan for the reporting period.

The main reason for decrease of the revenue from kerosene in the period I-III 2016 compared to the same period previous year is the fall of kerosene price at the market.

In the period I-III 2016 from the **lease of business premises** there is achieved revenue of RSD 177,037,930 which is by 9% higher than in the same period 2015, and by 30% lower compared to Plan for the same period. The greatest portion of these revenues refers to lease of business premises to Dufry d.o.o. Company.

**Financial revenues** (group 66) in the period I-III 2016 are disclosed in amount of RSD 61,598,484 and are lower by 41% in comparison to the same period of the previous year.

In the pattern of financial revenues for I-III 2016 the greatest part refers to foreign exchange differences-realized in the amount of RSD33,036,774 (they are lower by 10% compared to the same period last year and higher by 31 % in relation to planned figures for the period I-III 2016), then to interest revenues in the amount of RSD 25,467,472 (they are lower by 29% compared to the same period last year) and to non-realized foreign exchange differences in the amount of RSD 3,094,238.

**Other revenues** (group 67 and 68) in the period I-III 2016 were achieved in the amount of RSD 1,693,509 and are significantly lower in comparison to the same period 2015 (On 31.03.2015 Public Debt Administration of the Republic of Serbia made payment of the assumed debt in the amount of RSD 1,897,107,221 – written off receivables of Air Serbia, which in the previous years were put on value correction of receivables).

If we would correct Other receivables (group 67 and 68) in the period I-III 2015 which were achieved in the amount of RSD 1,898,236,276 for the amount paid by the Public Debt Administration of the Republic of Serbia in the amount of RSD 1,897,107,221 (written off receivables from Air Serbia which in the previous years were put on value correction of receivables), Other revenues in the period I-III 2015 would amount to RSD 1,129,055.

After correction of Other revenues achievement in the period I-III 2016 in category of Other revenues (group 67 and 68) shows growth of 50% compared to the same period in 2015.

The main buyers from the point of participation in sales revenues in the period I-III 2016 are: Air Serbia RSD 461,645 thousand (29.17%), Wizz Air RSD 151,027 thousand (9.54%), Deutsch Lufthansa RSD 127,380 thousand (8.05%) and Montenegro Airlines RSD 106,952 thousand (6.76%).



REVENUE PATTERN I-III 2016/2015

Ser. No.	Type of service	Description	Realization I-III 2015	Plan I-III 2016	Realization I-III 2016	INDEX	
						7(6/4)	8(6/5)
1	2	3	4	5	6	7(6/4)	8(6/5)
	<b>Air services domestic carriers</b>						
	614000+614004+614300+614302+614303+614304	Landing	39,615,167	40,269,536	33,826,414	85	84
	614010+614014+614310+614312+614313+614314	Lighting	14,511,218	12,652,545	13,205,331	91	104
	614030+614034+614330+614332+614333+614334	Handling	41,462,858	42,791,480	37,627,694	91	88
	614040+614042+614043+614044	Infrastructure	22,917,402	24,193,957	20,636,859	90	85
	614050	Air-bridges	0	0	0	0	0
	614020+614024+614320+614323+614324	Aircraft abode tax	1,185,341	1,004,672	899,605	76	90
I	<b>Total air services (domestic carriers):</b>		<b>119,691,987</b>	<b>120,912,190</b>	<b>106,195,904</b>	<b>89</b>	<b>88</b>
	<b>Air services foreign carriers</b>						
	615010+615011+615012+615013+615014	Landing	147,133,330	148,573,163	149,489,645	102	101
	615020+615021+615022+615023+615024	Handling	175,390,386	174,664,091	170,067,955	97	97
	615030+615031+615032+615033+615034	Lighting	20,511,369	15,568,013	18,754,676	91	120
	615040+615042+615043+615044	Infrastructure	100,633,639	100,721,692	99,441,762	99	99
	615060+615062	Air-bridges	42,777,831	43,599,010	43,902,217	103	101
	615000+615001+615002+615003+615004	Aircraft abode tax	5,945,513	6,146,500	5,476,506	92	89
II	<b>Total air services (foreign carriers):</b>		<b>492,392,067</b>	<b>489,272,469</b>	<b>487,132,761</b>	<b>99</b>	<b>100</b>
I+II	<b>Total air services</b>		<b>612,084,054</b>	<b>610,184,659</b>	<b>593,328,665</b>	<b>97</b>	<b>97</b>
	<b>Passenger service</b>						
	614400+614404 - domestic carriers - domestic traffic	Passenger service d.c./d.t.	4,323	4,211	8,706	201	207
	614181+614182+614183+614190(BRS and PRM)+614410+614412+614413+614414	Passenger service d.c./i.t.	201,864,325	234,473,120	226,569,846	112	97
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service for.car.	321,181,261	327,840,036	344,322,143	107	105
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fees	148,097,714	154,879,175	147,503,528	100	95
III	<b>Total passenger service</b>		<b>671,147,624</b>	<b>717,196,541</b>	<b>718,404,223</b>	<b>107</b>	<b>100</b>
I+II+III	<b>Total air services and passenger service</b>		<b>1,283,231,677</b>	<b>1,327,381,200</b>	<b>1,311,732,888</b>	<b>102</b>	<b>99</b>
	<b>CCW services</b>						
	612500+612510	CCW services dom. market	28,314,051	33,270,783	33,801,634	119	102
	613300 +613310 (foreign)	CCW services for. market	3,210,034	3,344,252	3,323,799	104	99
IV	<b>Total CCW services</b>		<b>31,524,085</b>	<b>36,615,034</b>	<b>37,125,433</b>	<b>118</b>	<b>101</b>
V	<b>Total services in air traffic (I to IV):</b>		<b>1,314,755,762</b>	<b>1,363,996,234</b>	<b>1,348,858,321</b>	<b>103</b>	<b>99</b>
	<b>Other services</b>						
1	614360+615100+615102	DCS services	5,974,548	8,700,610	5,647,086	95	65
2	614110+614112+614115+614116+614170+614173+614180+614391+615872+615877+615891+615892+615895	Special request - work order	18,178,585	40,456,872	27,906,931	154	69
3	614130+614131+615072+615071	VIP Lounge	792,240	1,412,602	1,324,589	167	94
4	614140+614142+615090+615092	CUTE (dom + for)	30,816,378	46,603,728	30,913,711	100	66
5	615080+614380	Lost and found	3,700,937	5,616,142	2,976,102	80	53
6	6146+615120+615400+615401	Public utilities	45,260,466	43,630,562	38,989,833	86	89
7	614820+615170	Catering ser. Business Club	1,022	337	0	0	0
8	614870+615810	Advertising space	7,725,786	11,561,330	15,617,577	202	135
9	614883	Commer.use of apron	17,570,585	17,415,169	11,734,550	67	67
10	614160+614164+615110+615114	Aircraft de-icing service	47,266,276	15,654,536	58,279,239	123	372
11	Other non-mentioned services dom + foreign		24,582,580	21,030,634	18,657,809	76	89
VI	<b>Other services (1 to 11):</b>		<b>201,869,404</b>	<b>212,082,522</b>	<b>212,047,428</b>	<b>105</b>	<b>100</b>
VII	<b>Total 61 - Revenues from sale of services (V+VI)</b>		<b>1,516,625,166</b>	<b>1,576,078,766</b>	<b>1,560,905,749</b>	<b>103</b>	<b>99</b>
	<b>Revenues from sale of goods:</b>						
VIII	<b>60 - Revenues from sale of kerosene + goods</b>		<b>31,640,971</b>	<b>136,860,931</b>	<b>21,749,622</b>	<b>69</b>	<b>16</b>
IX	<b>Total (60+61) Revenues from sale (VII+VIII)</b>		<b>1,548,266,136</b>	<b>1,712,939,687</b>	<b>1,582,655,371</b>	<b>102</b>	<b>92</b>
X	<b>64 и 65 - Renting of office space</b>		<b>161,849,027</b>	<b>254,617,853</b>	<b>177,037,930</b>	<b>109</b>	<b>70</b>
XI	<b>BUSINESS REVENUES ( IX+X)</b>	<b>60+61+62+64+65</b>	<b>1,710,115,163</b>	<b>1,967,557,540</b>	<b>1,759,693,301</b>	<b>103</b>	<b>89</b>
XII	<b>66 - FINANCIAL REVENUES</b>		<b>103,647,610</b>	<b>70,021,811</b>	<b>61,598,484</b>	<b>59</b>	<b>88</b>
1	interest		35,875,983	44,895,586	25,467,472	71	57
2	exchange rate differences -realised		36,856,704	25,126,225	33,036,774	90	131
3	exchange rate differences -non-realised		30,914,923	0	3,094,238	0	0
XIII	<b>67 и 68 OTHER REVENUES</b>		<b>1,898,236,276</b>	<b>7,441,014</b>	<b>1,693,509</b>	<b>0</b>	<b>23</b>
XIV	<b>Total revenues (XI+XII+XIII)</b>		<b>3,711,999,048</b>	<b>2,045,020,365</b>	<b>1,822,985,294</b>	<b>49</b>	<b>89</b>

## 4.2. EXPENDITURES

In the period I-III 2016 **total expenditures** were achieved in the amount of RSD 1,247,788,103. Thus achieved expenditures are 20% lower than the expenditures achieved in the same period of the previous year and 36% lower than the figures in the Plan for I-III 2016.

**The purchase value of sold goods** (group 50) for the period I-III 2016 almost completely refers to the purchase value of the sold kerosene. **Purchase value of sold kerosene** is RSD 21,988,310 which is by 29% lower than in the same period of the previous year and 83% lower in comparison to Plan for I-III 2016.

**The costs of materials** (group 51) for the period I-III 2016 amount to RSD 122,748,688 and participate in total expenditure with 10% and mostly refer to: costs of electrical power, costs of basic material, costs of heating fuel oil, costs of gasoline and diesel fuel, as well as spare parts for investment maintenance of fixed assets.

Within total expenditures one of the largest amounts refer to the **costs of salaries, reimbursements and other personal expenditures** (group 52), amounting for the period I-III 2016 RSD 705,423,989 which is by 44% higher compared to the same period last year. It should be noted that the change in the structure of ways of engaging employees in the Company in favour of the permanent staff has effect in increase of the cost of reimbursements and salaries, and at the same time in reduction of costs of production services and intangible costs, in which in the previous periods were recorded costs of employee engagement through service company OZB, and this refers to specially trained and licensed staff.

The costs of salaries of employees (gross II account groups 520 and 521) at Belgrade "Nikola Tesla" Airport amount to RSD 483,158,410 while costs for persons engaged through Youth organizations (account 524000) amount to RSD 97,667,665 (youth organizations Fan, Beograd, Knez, Medijator and Europa).

Group 52 apart from gross II salaries includes also reimbursements by contracts (service contracts), reimbursements per temporary and occasional jobs, contracts for additional work, reimbursements for the members of the Supervisory board and members of the Assembly of Shareholders and other personal expenditures (transport of employees, costs of trips, joint assistance and jubilee bonuses etc).

In the **costs of production services** (group 53) which for the period I-III 2016 amount to RSD 101,165,870 and they are by 5% lower compared to the same period last year.

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

- **the costs of transport services** in the period I-III 2016 amount to RSD 15,713,194 and in the most part refer to the costs of information and passenger check-in services, then monthly support of ITT for passenger and baggage check-in etc.;

- **the costs of maintenance services** in the period I-III 2016 amount to RSD 44,981,365 and are higher by 149% compared to the same period 2015 due to considerable increase of costs of maintenance services on other fixed assets;

- **the costs of lease** in the period I-III 2016 amount to RSD 12,382,378 and mainly refer to lease of business premises by legal entities, lease of licences and network and server infrastructure. Costs of lease fee are lower in the first quarter of 2016 compared to the same period previous year by 38%.

- **the costs of advertising** in the period I-III 2016 amount to RSD 17,498,999 and are considerably higher compared to the same period previous year;

- **the costs of other services** mostly referring to the costs of water, drainage, and the other and are realized in the amount of RSD 10,589,934 and are lower by 67% compared to the same period 2015.



The costs of **amortization and reserving** (group 54) for the period I-III 2016 amounted to RSD 205,016,037, and are higher by 8% compared to the same period last year while they are lower by 3% compared to planned figures for the period I-III 2016.

**Intangible costs** (group 55) for the period I-III 2016 amount to RSD 61,259,195 and are lower by 20% compared to the same period last year.

**Pattern of intangible costs** (group 55) include:

- **The costs of non-production services** are most significant costs in the group of intangible costs and are realized in the amount of RSD 24,435,218 where the most part refers to the costs of the cleaning services in the amount of RSD 12,202,858.

In addition to costs of non-production services pattern of intangible costs includes also:

- Tax costs (RSD 19,763,616)
- The costs of insurance premiums (RSD 6,295,593)
- Other intangible costs (RSD 4,408,414)
- The costs of memberships (RSD 4,094,361)
- The costs of payment operations (RSD 1,189,569)
- The representation costs (RSD 1,072,424)

**Financial expenditures** (group 56) in period I-III 2016 are disclosed in the amount of RSD 26,422,218 and are 43% lower than in the same period of the previous year.

Realized foreign exchange losses are in the amount of RSD 1,820,894 and account for 7% of total financial expenditures.

In the pattern of financial expenditures, realized expenditures from interest participate with 38%, and amount to RSD 10,089,674 and are lower than in the same period of last year by 9%. Those interest expenses mainly relate to interest on long-term borrowings (EIB - reconstruction of Terminal).

Unrealized foreign exchange losses in the first quarter of 2016 were realized in the amount of RSD 14,511,650 and are lower than in the same period last year by 31%.

**Other expenditures** (group 57, 58 and 59) in period I-III 2016 were achieved in the amount of RSD 3,554,179 while in the same period last year they were RSD 504,226,741.

It should be noted that the large difference of Other expenditures in the period I-III 2016 compared to the same period in 2015, occurred as the most of Other expenditures in the period I-III 2015 relate to value correction of domestic buyers (Air Serbia in the amount of RSD 495,598,198 -without default interest) as well as to donations for humanitarian, medical and religious purposes.

Main suppliers from the point of turnover in I-III 2016 are: OZ Europa PTZ (RSD 62,463 thousand), EPS Snabdevanje (RSD 57,394 thousand).



**EXPENDITURE PATTERN**

Acc.	Account name	Realization	Plan I-III	Realization	Index	
		III 2015	2016	III 2016	6(5/3)	7 (5/4)
1	2	3	4	5	6(5/3)	7 (5/4)
50	PURCHASE VALUE OF SOLD GOODS	31,019,054	129,016,151	22,197,927	72	17
501	PURCHASE VALUE OF SOLD GOODS	31,019,054	129,016,151	22,197,927	72	17
51	COSTS OF MATERIALS AND ENERGY	111,332,660	201,137,366	122,748,688	110	61
511	COSTS OF MATERIALS FOR PRODUCTION	23,247,569	67,394,004	38,603,505	166	57
512	COSTS OF OVERHEADS	3,201,126	9,337,500	1,030,132	32	11
513	COSTS OF FUEL AND ENERGY	80,451,326	81,250,000	72,792,284	90	90
514	COSTS OF SPARE PARTS	3,252,860	30,332,030	7,944,043	244	26
515	COSTS OF ONE-TIME WRITE-OFF OF TOOLS AND INVENTORY	1,179,778	12,823,832	2,378,724	0	19
52	SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES	491,206,563	633,410,981	705,423,989	144	111
520	SALARIES AND REIMBURSEMENTS-GROSS	261,875,631	352,098,866	409,803,573	156	116
521	TAXES AND CONTRIBUTIONS AT THE COST OF EMPLOYER	46,875,734	62,560,467	73,354,837	156	117
522	REIMBURSEMENT FOR SERVICE CONTRACTS-GROSS	8,599	26,379	319,532	3716	1211
524	COSTS OF REIMBURSEMENTS PER TEMPORARY AND OCCASIONAL JOBS-GROSS	139,771,432	135,369,256	136,275,403	97	101
525	REIMBURSEMENT FOR NATURAL PERSONS BY OTHER CONTRACTS-GROSS	0	0	0	0	0
526	REIMBURSEMENT TO DIRECTOR, I.E. MEMBERS OF MANAG. AND SUPERV. BODIES-GROSS	1,974,498	2,051,073	2,058,155	104	100
529	OTHER PERSONAL EXPENDITURES AND REIMBRSEMENTS	40,700,668	81,304,939	83,612,489	205	103
53	COSTS OF PRODUCTION SERVICES	107,038,489	252,134,601	101,165,870	95	40
531	COSTS OF TRANSPORTATION SERVICES	36,666,737	22,147,322	15,713,194	43	71
532	COSTS OF MAINTENANCE SERVICES	18,033,775	184,138,466	44,981,365	249	24
533	COSTS OF LEASE	19,896,728	22,502,236	12,382,378	62	55
535	COSTS OF ADVERTISING	240,000	9,768,700	17,498,999	7291	179
539	COSTS OF OTHER SERVICES	32,201,248	13,577,877	10,589,934	33	78
54	COSTS OF AMORTIZATION AND RESERVES	189,492,592	210,875,000	205,016,037	108	97
540	COSTS OF AMORTISATION	184,492,592	200,000,000	205,016,037	111	103
545	RESERVES FOR REIMBURSEMENTS TO EMPLOYEES	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	5,000,000	10,875,000	0	0	0
55	INTANGIBLE COSTS	76,381,228	175,344,934	61,259,195	80	35
550	COSTS OF NON-PRODUCTION SERVICES	42,426,741	135,575,581	24,435,218	58	18
551	COSTS OF REPRESENTATION	1,707,220	1,731,078	1,072,424	63	62
552	INSURANCE PREMIUMS	5,237,349	10,383,173	6,295,593	0	61
553	COSTS OF PAYMENT SYSTEM	1,126,715	1,471,770	1,189,569	106	81
554	COSTS OF MEMBERSHIPS	2,539,128	2,008,530	4,094,361	161	204
555	COSTS OF TAXES	19,875,062	19,256,524	19,763,616	99	103
559	OTHER INTANGIBLE COSTS	3,469,013	4,918,298	4,408,414	127	90
56	FINANCIAL EXPENDITURES	46,364,183	17,088,017	26,422,218	57	155
562	INTEREST EXPENDITURES	11,122,632	11,229,327	10,089,674	91	90
563	NEGATIVE EXCHANGE RATE DIFFERENCES	33,789,217	5,742,040	16,329,262	48	284
564	EXPENDITURE OF EXCHANGE CLAUSE RISK	1,452,334	114,650	3,282	0	3
57	OTHER EXPENDITURES	4,567,830	5,581,101	3,547,291	78	64
570	LOSSES BASED ON WRITE-OFFS AND SALE OF PROPERTY AND EQUIPMENT	3,546	25,320	0	0	0
571	LOSSES BASED ON WRITE-OFFS AND SALE OF BIOLOGICAL RESOURCES	0	1,560	15,000	0	962
574	LOSSES	0	0	0	0	0
575	CONTRACTED RISK PROTECTION NOT SHOWN AS REVALUATION RESERVE	0	0	347	0	0
576	DIRECT WRITE-OFF OF RECEIVABLES	0	63,422	0	0	0
577	DISPOSAL - REMOVAL FROM INVENTORY	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	4,564,284	5,490,800	3,531,944	77	64
58	EXPENDITURE ON IMPAIRMENT OF ASSETS	499,658,911	313,250,000	6,888	0	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0	0	0
583	IMPAIRMENT OF LONG-TERM FIN. INVESTMENTS AND OTHER SECURITIES AVAILABLE FOR SALE	0	0	0	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-TERM FIN. INVESTMENTS	499,658,911	313,250,000	6,888	0	0
589	IMPAIRMENT OF OTHER ASSETS	0	0	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>		<b>1,557,061,510</b>	<b>1,937,836,152</b>	<b>1,247,788,103</b>	<b>80</b>	<b>64</b>

#### 4.3. SALARIES

In the period I-III 2016 the total sum paid for salaries amounted RSD 409,803,573 (gross I), which is 56% higher than in the same period of 2015 and 16% higher in relation to Plan for the first quarter of 2016.

#### SALARIES GROSS I

Month	Achievement I-III 2015	PLAN I-III 2016	Achievement I-III 2016	Index	
				5 (4/2)	6 (4/3)
1	2	3	4	5 (4/2)	6 (4/3)
January	74,223,219	108,828,487	132,239,573	178	122
January-Christmas bonus	8,537,802	8,537,802	15,971,467	0	187
February	87,524,276	117,366,289	132,265,745	151	113
March	91,590,335	117,366,289	129,326,788	141	110
<b>Total salaries</b>	<b>253,337,829</b>	<b>343,561,065</b>	<b>393,832,106</b>	<b>155</b>	<b>115</b>
<b>Total bonus</b>	<b>8,537,802</b>	<b>8,537,802</b>	<b>15,971,467</b>	<b>187</b>	<b>187</b>
<b>Total salaries + bonus</b>	<b>261,875,631</b>	<b>352,098,867</b>	<b>409,803,573</b>	<b>156</b>	<b>116</b>

In the period I-III 2016 were paid out salaries to employees according to individual employment contracts and Christmas bonus to each employee, as a single payment in the same amount of RSD 9,000.00 net.

In the period I-III 2016 salaries gross I are increased by 56% compared to salaries gross I in the period I-III 2015 due to increase of the number of permanent staff, who are employed by the company, and who were previously engaged through OZB Komerc.

In the period I-III 2016 the average gross I salary with Christmas bonus in the Company amounted to RSD 104,187 and is lower than the same for previous year by 8%. In the period I-III 2016 average net salary with bonus for Christmas in the Company was RSD 74,185.

AVERAGE SALARY GROSS I		AVERAGE SALARY NET	
Month	JSC ANT	Month	JSC ANT
January	105,591	January	75,167
February	104,648	February	74,509
March	102,322	March	72,879
<b>Average I-III 2016</b>	<b>104,187</b>	<b>Average I-III 2016</b>	<b>74,185</b>
<b>Average I-III 2015</b>	<b>113,698</b>		
<b>I-III 2016 / I-III 2015</b>	<b>92</b>		



#### 4.4. FINANCIAL RESULT

In the period I-III 2016 was recorded a **gross profit** of the Company in the amount of RSD 575,197,191.

FINANCIAL RESULT						
S.No.	Position	Achievement I-III 2015	Plan I-III 2016	Achievement I-III 2016	Index	
1	2	3	4	5	6 (5/3)	7 (5/4)
1	Business revenues	1,710,115,163	1,967,557,540	1,759,693,301	103	89
2	Business expenditures	1,006,470,587	1,601,919,034	1,217,811,705	121	76
<b>3</b>	<b>Business profit (1-2)</b>	<b>703,644,576</b>	<b>365,638,506</b>	<b>541,881,596</b>	<b>77</b>	<b>148</b>
4	Financial revenues	103,647,610	70,021,811	61,598,484	59	88
5	Financial expenditures	46,364,183	17,086,017	26,422,218	57	155
<b>6</b>	<b>Financial profit (4-5)</b>	<b>57,283,427</b>	<b>52,935,794</b>	<b>35,176,266</b>	<b>61</b>	<b>66</b>
<b>6a</b>	<b>Financial loss (5-4)</b>					
7	Other revenues	1,898,236,276	7,441,014	1,693,509	0	23
8	Other expenditures	504,226,741	318,831,101	3,554,179	1	1
<b>9</b>	<b>Other profit (7-8)</b>	<b>1,394,009,535</b>			<b>0</b>	<b>0</b>
<b>9a</b>	<b>Other loss (8-7)</b>		<b>311,390,088</b>	<b>1,860,671</b>	<b>0</b>	<b>1</b>
<b>10</b>	<b>Total revenues (1+4+7)</b>	<b>3,711,999,048</b>	<b>2,045,020,365</b>	<b>1,822,985,294</b>	<b>49</b>	<b>89</b>
<b>11</b>	<b>Total expenditures (2+5+8)</b>	<b>1,557,061,510</b>	<b>1,937,836,152</b>	<b>1,247,788,103</b>	<b>80</b>	<b>64</b>
<b>12</b>	<b>Total gross profit (10-11)</b>	<b>2,154,937,538</b>	<b>107,184,212</b>	<b>575,197,191</b>	<b>27</b>	<b>0</b>
<b>12a</b>	<b>Total gross loss (11-10)</b>					
13	Period tax expenditure	260,396,081		64,057,455	25	0
14	Deferred period tax expenditure			13,936,540	0	0
15	Deferred period tax revenue	964,453			0	0
16	Paid-up personal receiving to employer (interim dividend)				0	0
<b>17</b>	<b>Net profit</b>	<b>1,895,505,911</b>		<b>497,203,196</b>	<b>26</b>	<b>0</b>

Thus disclosed gross profit is significantly lower than the gross profit in the same period of 2015. In the period I-III 2016 is stated **net profit** of the Company in the amount of RSD 497,203,196.

It should be noted that in the period I-III 2015 the amount of gross and net profit was directly affected by payment of funds by the Public Debt Administration of the Republic of Serbia in the amount of RSD 1,897,107,221, related to written-off receivables of the previous years.

If the effect of the single payment by the Public Debt Administration of the Republic of Serbia in the first quarter of 2015 would be excluded, net profit in the first quarter of 2016 **would be 2.16 times higher** than the net profit in the same period of the previous year.



## 5. INFORMATION ON INVESTMENTS FOR PROTECTION OF ENVIRONMENT

Joint Stock Company Belgrade Nikola Tesla Airport is actively involved in solving the problems of environmental pollution and raising the environmental awareness of all employees and other persons he has direct and indirect contact with.

## 6. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES IN THE FIRST QUARTER OF 2016

### Purchase of two belt conveyors - electric elevators

- **Purpose:** increase of the capacity and quality of services provided to airlines in aircraft handling at loading and unloading of baggage, cargo and mail.
- **Value:** 12,953,032.00 RSD without VAT
- **Supplier:** *Vecar Viljuškari d.o.o.*, public contract number 17-167/2015 of 20.10.2015.
- **Status:** elevators have been delivered and are in operation since 17.02.2016.

### Start of implementation of automated passengers and baggage reconciliation system – BRS on flights of foreign airlines

- **Purpose:** To raise the level of service, safety, security and cost-effectiveness both to customers and airport in the process of passengers and baggage reconciliation.
- From 01.03.2016 system is in operation and full implementation for all the airlines operating from Belgrade Nikola Tesla Airport.
- With introduction of the system is made reorganization of the technological process of work at the same time with creating conditions for more regular flow of traffic and reduction of costs related to baggage handling.
- In the course of implementing the new system, training was organized for 132 employed in the Ground Handling Department, who directly apply automated system for passengers and baggage reconciliation.

### Training of employees in the field of security screening

In accordance with the regulations in the field of aviation security, Belgrade Nikola Tesla Airport is obliged to conduct training in the field of aviation security i.e. to provide adequate initial, periodic and additional training. Employees must successfully complete the appropriate training before being authorized to independently apply security screening.

Training is conducted according to the curriculum approved by the Civil Aviation Directorate of the Republic of Serbia.

Security Department required training for operators of x-ray security screening sector and security guards sector such as:

- Training and refresher training for persons carrying out security screening of cabin baggage, hold baggage, cargo and mail.
- Training and refresher training for persons conducting security screening of passengers, persons who are not passengers and goods they carry.
- Training and refresher training for security screening and control of access of persons who are not passengers and vehicles they are driving.
- Training on the importance of security screening in aviation.

Estimated value of PP 3,600,000.00 RSD

The contract (per lots) concluded on 14. 03.2016 with the company Jugoskan Ltd.

Planned implementation period is: March - December (in groups of 10 trainees, with a break during the summer season, June, July, August).

### **Explosive traces detector, 18 pieces**

Belgrade Nikola Tesla Airport was by Decision of the Civil Aviation Directorate of the Republic of Serbia No. 5/0-01-0044/2014-0055 of 26.08.2015 given order to take urgent measures and in shortest possible time carry out procurement and installation of explosives trace detectors (ETD) .

Equipment must meet standards ECAC Doc 30 Part II, and be on the list of ECAC Common Evaluation Process for Equipment. It is planned to purchase a total of 18 devices, which will be installed at passengers and hand baggage security screening points and at the security check points for control of persons who are not passengers and their belongings. ANT is required to examine by these devices on a basis of random sample 10-20% of passengers and their hand baggage on each flight, i.e. security check point.

The purchase of this equipment will also meet TCA standards related to announced flights to USA.

Estimated value: 33,500,000.00 RSD

Contract concluded on 16.03.2016 with the company Analysis d.o.o.

Planned delivery time: 01 - 15 May

### **"Upgrade" of existing explosives detectors ION SCAN 500DT, 2 pieces (9.2.)**

X-ray Security Screening Sector has initiated procurement for the upgrade of existing explosives detectors ION SCAN 500DT, produced in 2011, no longer in the list of ECAC-reference devices, which will by software upgrades be on the abovementioned list again.

Estimated value: 1,250,000.00 RSD

The contract concluded: with the company Jugoskan d.o.o.

Realization: 18 April 2016

### **Shooting training**

Training in handling firearms and shooting for workers of security guards sector.

Estimated value: 2,650,000.00 RSD

Contract award decision: 04.03.2016

Contract forwarded to the initialling and signing on 31.03.2016

The planned period of implementation of service: May 2017

### **Procurements started in the first quarter 2016:**

#### **Explosive inhibiting containers, 8 pcs.**

It is justified by the need for an increased level of security arisen by displacement of security restricted zone, which is now closer to the aircraft. It is foreseen to put trash and items that are not subject to security screening into the containers. In this way, is reduced risk of potentially hazardous explosive waste (which could not be recognized as such), and the unexamined seemingly unsuspecting items which can be explosives.

Estimated value: 2,700,000.00 RSD

Bids opening: 24.02.2016

Contract award decision on: 10.03.2016

### **Cabins for explosive trace detectors, 12 pieces**

With planned procurement of explosive trace detectors, which will be installed at passengers and hand baggage security screening check points and at the security check points for control of persons who are not passengers and their belongings it is necessary to provide also cabins which will protect these devices. Cabins can also be used for manual examination of passengers.

Procurement published on 29.03.2016  
Estimated value: 1,800,000.00 RSD  
Bids opening: on 14.04.2016  
Planned period of contract signing: 01.05.2016.

### **Protection against ionizing radiation training course**

X-ray security screening sector, while performing basic activities of x-ray screening use x-ray devices emitting ionizing radiation.

To obtain a license to conduct such activities for the airport "Nikola Tesla", it is necessary among other things to meet the following criteria:

It is necessary to submit to Serbian radiation protection and nuclear safety agency a certificate of competency to work with sources of ionizing radiation and implement measures for protection against ionizing radiation for all operators.

X-ray security screening sector trained in the past a number of operators, but there are about another 80 operators to be trained.

Procurement published: on 30.03.2016  
Estimated value: 1,100,000.00 RSD  
Bids opening: on 08.04.2016  
Planned period of contract signing: 01-10 May 2016.

### **Walk Through Metal Detectors, 4 pieces**

X-ray security screening sector needs walk through metal detectors in standard 2, for the new security check points.

Belgrade Nikola Tesla Airport has 4 (four) walk through metal detectors in standard 1, which cannot be upgraded. Walk through metal detectors will be in standard 2, and with improvements such as:

- A larger number of localization detection zones;
- The smaller dimensions of the door;
- Walk through counter;
- Ability to set up the camera;
- High level of adaptation during installation (no influence of external factors on the operation of the door).

Procurement published on 08.03.2016  
Estimated value: 7,000,000.00 RSD  
Bids opening: 08.04.2016  
Planned period of contract signing: 01.May 2016.



### **X-ray devices for hand baggage and screening of transfer cargo and mail**

X-ray security screening sector presently for security screening in waiting rooms – gates, uses also x-ray units in standard 1, which are borrowed from Boarder Police Station. Procurement is initiated for 4 x-ray units in standard 2 (three for hand baggage and 1 for cargo).

Estimated value: 33,500,000.00 RSD

Contract concluded: on 29.01.2016.

X-rays supplied: on 15.04.2016.

### **Belt stanchions**

Based on the National programme for aviation security it is necessary to deny access to passengers and to persons who are not passengers to equipment used for security screening. Restricting access is possible by placing the belt stanchions which represent an appropriate barrier and prevent access to X-ray devices and containers for the disposal of prohibited items. CAD by Decision No. 5/4-03-0014/2015 of 04.08.2015 ordered ANT to place a physical barrier in all waiting rooms, which will protect passengers and their cabin baggage from unauthorized interference from the point they are security screened. The simplest barrier that would not affect the appearance and functionality of the waiting rooms stanchions. X-ray security screening sector for security screening uses in total 19 X-ray devices in 12-gates waiting rooms. Length of the system (X-ray device + input rollers + output rollers) is 6-9 m, which means that it takes 80 belt stanchions.

Procurement published: on 25.03. 2016

Estimated value: 1,500,000.00 RSD

Bids opening: on 06.04.2016

The planned delivery time: 01-10. May 2016.

### **X-ray Devices 6040**

X-ray security screening sector presently for security screening in waiting rooms – gates, uses also x-ray units in standard 1, which are borrowed from Boarder Police Station. Procurement is initiated for 4 x-ray units in standard 2 for hand baggage, so that when procurements are completed in the first half of 2016, x-ray devices in standard 1 will no longer be used in waiting rooms – gates.

Procurement published: on 23.03.2016

Estimated value: 30,000,000.00 RSD

Bargaining is scheduled for: 22.04.2016.

### **Procurement of office containers for employees and parking kiosk**

Containers are necessary for the purpose of opening temporary jobs in the open air (building sites in the security restricted zone). It is necessary to provide space during at the fire training area for the preparation of exercises (2 pieces for security guards; 2 pieces for rescue&fire service). Due to the lack of commercial space on the air side, it is necessary to obtain 5 containers, primarily for the needs of airlines. It is necessary to provide working space for the Head of Service and stay at the workplace of Marshalls. Parking P3 is in the commercial offer of ANT, but there is no adequate infrastructure to enable quality job performance.

Submitted by X-ray security sector to Public Procurement Division for their opinion and publication.

Estimated value: RSD 6,600,000.00.

### Procurement of raw materials for the production of ID cards

Raw material is necessary for making of airport passes for authorities and organizations who perform their activity at the border crossing, i.e. airport.

Procurement published: 31.03.2016

Estimated value: 761,200.00 RSD

Bids opening: 04.05.2016.

### Aircraft de/anti-icing pad

• **Purpose:** The technical documentation provides construction of an aircraft de/anti-icing pad together with associated installations and facilities. Planned surface of the pad together with service road and parking for vehicles will be about 20,500 m<sup>2</sup>. Construction of aircraft de/anti-icing pad includes:

- the extension of taxiway "F" to taxiway "B"
- aircraft de/anti-icing pad being performed simultaneously at two positions for aircraft code-letter "C", the maximum wing span 36 m, or in one position for aircraft of wing maximum span 65 m and a waiting position (two position of aircraft code letters "C" for waiting for treatment or one position for aircraft code-letter "E" to wait for treatment).
- the service road with two lanes in width by 4m, parking for vehicles from which aircraft de/anti-icing is done and space for the installation and station (prefabricated container to accommodate people operating vehicles for aircraft de/anti-icing and performing aircraft de/anti-icing treatment).

The purpose of construction aircraft de/anti-icing pad is to reduce the time to take off, as the newly planned pad would be located close to the threshold 12 of the runway, i.e. aircraft anti-icing time is extended (holdover time).

Changing the place of aircraft de/anti-icing operations to newly planned pad enables better management of parking positions on aprons, with a smaller possibility of congestion.

• **Status:**

- **Development of technical documentation:** on 29.01.2016 Ministry of construction, transport and infrastructure issued building permit for extension of taxiway F and construction of de/anti-icing pad, and on 17.02.2016 Serbia and Montenegro air traffic services, SMATSA, submitted a positive opinion on documentation. The application for approval of the main design was sent to the Ministry of Interior, the Border Police was submitted on 02.05.2016. Through the Central Information System was sent request for approval of fire protection measures in the main design on 26.02.2016.
- **Execution of works:** On 22.02.2016 Bid opening session was completed. The following bids were submitted:
  - Group of Tenderers Energoprojekt niskogradnja I Energoprojekt oprema,
  - Group of Tenderers AD Vojvodinaput Pančevo, Strabag and Elgra Vision
  - Group of Tenderers Planum, Ninelinženjering-eving and GP Graditelj.

By contract award decision of 01.03.2016, public procurement contract was awarded to the Tenderer Energoprojekt. Tenderers Planum and Vojvodinaput Pančevo forwarded requests for protection of rights on 11.03.2016 and on 08.03.2016 to the Republic Commission for protection of rights in public procurement procedures. On 14.03.2016 and 16.03.2016 the Commission was forwarded replies to subject request by JSC Belgrade Nikola Tesla Airport.



### **Technical documentation for upgrade of finger hall C**

• **Purpose:** The technical documentation will provide for the upgrade of finger hall C, the total area of 11,000 m<sup>2</sup> gross. Upgrading of building is planned for the area of the expanded part of apron C, from the parking position C6 to parking position C10. It is anticipated that the new facility's height is GF + 1. Upgrade of finger hall C is of major importance for increasing the terminal capacity. In addition to increase of technological capacities, there will be increase of the area intended for commercial facilities too. Larger commercial offer will lead to increase of the revenue of non-aviation services. Primarily, the idea is that after the construction of this space the same is offered to adequate commercial facilities such as restaurants, duty free and duty paid shops and other facilities that are specifically applicable for this type of space.

• **Status:** Consultations are in progress related to technical supervision of the project.

### **Construction of D security check point facility**

• **Purpose:** Technical documentation provides for construction of D check point facility of 340 m<sup>2</sup>. Facility is made in two segments- closed part for X-ray control access and opened for control of vehicles and equipment. Construction of D check point is essential to raise security of the border crossing to an appropriate level and to improve security control of persons and vehicles on the security check point D. By improving operational technologies in check point D, in addition to the above mentioned security aspects, the very movement of persons and vehicles into security restricted area will accelerate and improved. One of the conditions for implementation of One Stop Security concept is improvement of work technology on check-point D, by which adoption the level of service of the Belgrade Nikola Tesla Airport will be in accordance with modern airports in EU and USA.

• **Status:** Approval of Emergency Situations Sector in terms of implemented measures for fire protection is delivered on 21.01.2016. On 02.03.2016 the Ministry of Construction, Transport and Infrastructure, has made a decision that JSC Belgrade Nikola Tesla Airport is allowed the use of executed works on the construction of D security check point. Realization of the subject investment is completed.

### **Renovation of the ground floor of Terminal 1 and a connecting part**

• **Purpose:** Expansion of traffic capacity and commercialization of space in Terminal 1 and the connecting part in order to improve quality of service. Arrangement includes the dismantling of existing commercial space on the ground floor of Terminal 1 and the connecting part (counters, travel agencies, shops and restaurants) and a complete renovation and equipping of the space with new, modern, interior design solutions. This position provides also for arranging space for baggage claim area in Terminal 1, which includes dismantling of equipment for sorting and transfer of baggage, and complete renovation and equipping of the space.

• **Status:**

- **Development of technical documentation:** On 18.02.2016 is provided Decision of the Civil Aviation Directorate approving documentation: Study- Technology exploitation of the Connecting part (excerpt from the preliminary design for renovation of the ground floor hall of Terminal 1 and Connecting part).
- **Execution of works:** on 21.01.2016 a decision was made on the award of a public contract for execution of works on the renovation of the Connecting part to group of tenderers W. D.



Concord West, Interfast and Dabicom. An appeal was filed by the tenderer Morava In, to which the reply was forwarded to the Republic Commission for Protection of Rights in Public Procurement Procedures on 05.02.2016. Commission by Decision dated 12.02.2016 rejected the request for protection of rights as unfounded.

On 29.02.2016 with a group of tenderers W. D. Concord West, Interfast and Dabicom is concluded Contract for execution of works on renovation of the Connecting part at the Belgrade Nikola Tesla Airport. The value of the contract is RSD 53,499,079.18, excluding VAT. Execution of the works is in progress.

### **Reconstruction of existing and construction of new route of heating pipeline**

• **Purpose:** Existing district heating network in the section from canteen to the substation in the building of Terminal 2 is over 25 years old and partially goes under the terminal building. Leaks in this part of the route would jeopardize the stability of the building and rehabilitation alone would be extremely difficult to implement. For this reason and because of the age of installation, it is necessary to dislocate heating pipeline passing below Terminal and the Connecting part between Terminal 1 and Terminal 2.

Installation of pre-insulated pipes will lead to a reduction in heat losses in the network, as well as hot water losses (which has already been largely achieved by the construction of new primary hot water pipeline branch from the boiler room to the canteen restaurant). Also, for the planned extension of finger hall "C" as well as aircraft de/anti-icing pad, it is necessary to provide for a new branch of heating pipeline (from connection to terminal 2) as the capacities of the substation in Terminal 2 are used up.

• **Status:**

- **Development of technical documentation:** Via central information system was forwarded a request for obtaining approval to technical documentation in terms of fire protection measures, on 21.01.2016.
- **Execution of works:** on 29.02.2016 Bid opening procedure was conducted. The following bids arrived:
  - Consortium MPP Jedinstvo, Iz Eko Plus,
  - Group of tenderers Intergradnja, Konvar and Zavod za zavarivanje,
  - Group of tenderers 33 Univerzal, Termouniverzal, Infrastruktura Vis, TQ Beograd and Milmar put,
  - Joint tender Dabicom and Gipon.

### **Making of Pre-Feasibility Study with General Design**

• **Purpose:** Valid planning documentation, on the basis of which it is possible to plan new facilities, buildings and infrastructure in the area of Nikola Tesla Airport dates back to 1989. Airport Nikola Tesla has already reached and met most of the capacities provided for in that planning documentation, and is disabled to develop further in accordance with the new modern trends in the airline industry, as well as to follow the significant increase in the number of aircraft movements and the number of handled passengers and goods. Preparation of preliminary feasibility study with the general design will enable to start legal procedures for the adoption of new planning documents, which will itself facilitate the development of the airport in several phases over the next 30 years.

- **Status:** Elimination of noticed deficiencies by Review Committee is in progress.

### **Road that will connect the apron A and apron B**

• **Purpose:** The road that will connect the apron A and apron B is intended for movement of vehicles and equipment for aircraft, handling as well as for movement of official vehicles to technical facilities and heating plant. The new road will allow movement of official vehicles without entering the area which is under the responsibility of the airport traffic control, i.e. without crossing lines of aircraft movements and movements of official vehicles and equipment for aircraft ground handling.

• **Status:**

- **Development of technical documentation:** On 18.02.2016 the Decision is obtained from the Civil Aviation Directorate approving the feasibility study with preliminary design for the construction of road. Review Committee on 17.03.2016 approved the feasibility study and preliminary design.
- **Execution of works:** The decision to initiate the public procurement procedure was made on 23.03.2016.

### **Restoration of the murals in Terminal 1**

○ **Purpose:** The existing murals in Terminal 1 are over 30 years old and are in poor condition. Both murals are located indoors, one on the upper floor in a public area, and the other above the main entrance to Terminal 1. The murals were created when the Terminal 1 and have not been restored. The restoration of the mural "Flight of Icarus and Daedalus to the universe" of the artist Milos Bukinca in Terminal 1 began, and the restoration of the mural of artist Zuke Džumhura is in progress. During the later adaptation of the whole Terminal 1 it is planned installation of dedicated light for these murals.

○ **Status:** The works on restoration of the murals on the upper floor of Terminal 1 are completed.

### **Preparation of the study analysis of Nikola Tesla Airport capacities**

• **Purpose:** The study should indicate the necessary technological and technical capacities of airport infrastructure, technology of work, and capacity utilization at peak load. To this end, the service provider will carry out comprehensive survey of airport processes and conduct the necessary analysis of the collected data. After the completion of the analysis the service provider will through the study indicate which capacities can be brought into line with the standards using existing resources, which are the weak points of airport processes with suggestions for their improvement, as well as the conclusions regarding the further development of airport capacity.

• **Status:** The tender dossier for preparation of the Study analysis of Nikola Tesla Airport capacities is prepared.

On 22.03.2016 tender opening procedure was carried out. The following bids are submitted:

- Joint tender of the tenderers Egis and Egis Avia, France,
- Tender of the Tenderer OVE ARUP&PARTNERS INTERNATIONAL LIMITED, Great Britain, with subcontractor AVIATION ECONOMICC/RDC AVIATION, London,



- Tender of the Tenderer INGENIERIA ECONOMIA DEL TRANSPORTE S.A. (INECO), Madrid, Spain,
- Joint tender of the Tenderers DORNIER CONSULTING INTERNATIONAL GmbH, Berlin, Germany and AIRPORT RESEARCH CENTER GmbH, Aachen, Germany.

Expert evaluation of tenders is in progress.

### **Renovation of the Cargo Warehouse**

• **Purpose:** Due to the significant increase in the total volume of cargo traffic in 2015, preparations for the establishment of traffic with the United States, the poor state of workspace and other cargo warehouse space, there is a need for investment in renovation of workspaces and associated installations, as well as the handling operations space and surface areas.

• **Status:** Prepared tender documentation for the execution of works on the renovation of the cargo customs warehouse. The deadline for submission of bids is 25.04.2016.

### **Procurement of Visual Docking Guidance System**

• **Purpose:** By installation of the system in the parking position A6-A10 aircraft acceptance system is completed and upgraded at all contact positions. Procurement and installation of aircraft visual guidance docking system (VDGS) allows technical assistance to the pilot when parking aircraft, increasing the level of safety in the realization of the critical operations and shortens the engagement of marshalls, follow me vehicle and aircraft parking time.

In addition to the basic information that the system displays to the crew of the aircraft such as parking positions designation, the position of the aircraft relative to the center line / parking position stop point and speed of entry of the aircraft into position, there is an option of system display of specific information relevant to employees in the operational center of the airport. Those information are primarily related to restrictions on the parking of aircraft at adjacent positions, if the system is automatically aware of the irregularity, which in turn increases the level of safety and reduces the likelihood of errors due to human factor.

• **Status:** Prepared tender documentation for the purchase of aircraft visual guidance docking system. Tender opening was conducted on 01.04.2016.

### **Implementation of the new CUPPS software platform**

• **Purpose:** Belgrade Nikola Tesla Airport with companies Asseco SEE and Travsys BV in October 2015 started the project of implementation of new CUPPS (Common Use Passenger Processing System) and CUSS (Common Use Self Service) platform that will replace the existing SITA CUTE (Common Use Terminal Equipment) and CUSS platform. CUPPS and CUSS is a technological platform that provides terminal access to various information systems, airlines, and systems for the registration of passengers to control the boarding of passengers and baggage, as well as to control the load of the aircraft whose use is essential in the process of ground handling. The platform also allows self-registration for the flight via cuss kiosks at the 2 kiosks that are currently installed in terminal 2.



That platform enables users of airport services (airlines) to use on it their own systems for aircraft, passengers and goods handling, and also allows planning and rationalization of airport resources (check in counters, gates, transfer counter, etc.).

Implementation of the platform is completed, and Minutes on takeover of the system is signed on 03.03.2016.

- Value: RSD 66,818,933.17, VAT excluded
- Supplier: Group of Tenderers – ASSECO SEE D.O.O., Belgrade and Travsys BV, Holland

#### **Video wall for video surveillance and flight schedule display system**

• **Purpose:** By this purchase is planned replacement of existing video wall in the main security center. Video wall located in the main security center was purchased in 2005 and after so many years of continuous operation it was necessary to replace it to avoid its malfunction which would prevent monitoring of video surveillance cameras. As this is a video wall that must be in operation without interruption, any irregularity would question the compatibility of work with safety procedures of the Company.

- Value: 8,699,702.00 RSD without VAT
- Supplier: Oblak tehnologije d.o.o

#### **Storage and licenses for IP video surveillance system**

• **Purpose:** For the realization of the project of new video surveillance system it is necessary to provide the quality part of the system for storage and viewing of images generated by the cameras. IP video surveillance system enables that all data passing through the system are in digital format and can be easily placed on storage systems which are information systems for data storage. This system enables quality cancelling, sorting and search of video footage, as well as their safety and preservation within the legal deadlines. Licences for the system enable connection of server - storage systems with IP cameras so that recording of video content on data storage system would be in function. Procurement is necessary for realization of the new IP video surveillance system from the point of view that without licenses and storage system, there is no function of storage and archive of images as well as connection of IP cameras to the rest of the system.

• **Status:** The decision on the contract award is made and contract is prepared and signing procedure is in progress.

- Value: RSD 19,885,511.95 excluding VAT,  
Supplier: TELEGROUP.

### **Video surveillance cameras**

- **Purpose:** The video surveillance system is a key airport security system. As part of the implementation of the new system of video surveillance, based on digital IP technology it is necessary to provide appropriate cameras that also work on IP technology so that they can be integrated into the new system of video surveillance. Procurement is especially necessary because the existing analogue type camera, which does not include IP technology and cannot be integrated into a modern IP video surveillance system.
- **Status:** Signed contract
- **Value:** 21,698,322.00 RSD without VAT. Supplier: DBS Konsel

### **Extending Microsoft licenses (true-up)**

- **Purpose:** With this procurement has been extended, or purchases an additional number of Microsoft licenses. The need to purchase additional licenses occurs due to the increased number of users on a computer network, or an increase in the number of workstations (desktop and notebook) as well as the number of servers the information systems of airport corporate computer network work on. The increase in the number of users means the increase of necessary licenses for the operating system and Office packages for workstations. Increase of the number of information systems involves increase of the number of licenses for operating systems for servers and databases.
- **Status:** The decision was issued on the award of the contract and contract is made and the procedure of its signing started.
- **Value:** 10,349,765.30 RSD without VAT. Supplier: E-SMART SYSTEMS.

### **Standard IT equipment - according to the plan for 2015**

- **Purpose:** By planned procurement is continued the process of modernization of IT equipment in use, which started by procurements from previous years. The purchase of above equipment provides more efficient, more comfortable and better work of employees. Obsolete and worn out equipment will be out of use which enables to maintain the level of quality and reliability of equipment. Also, as a result of expansion of the airport the procurement of equipment covers new positions for which the need occur and serving of all the extended and new business processes in everyday business is made possible. The new equipment adequately provides IT support in automation and handling all the processes that are taking place. The procurement includes computers, printers, multifunctional devices and uninterrupted power supply units.
- **Status:** Procurement is organized in 4 lots, all contracts are signed and realized in the first quarter.
- **Value:** Total value of all four contracts (all four lots): RSD 14,375,709.00, VAT excluded. Suppliers: Direct Link, Oblak tehnologije, EnelPS and Asseco.

### **Development of mobile applications for the iOS platform**

- **Purpose:** As one of the most common platform on which mobile devices operate the airport is developed a mobile application for the iOS platform in order to facilitate finding the information requested by the passengers, visitors and all users interested in specific information. The mobile application is one of the main sources of information for interested users and it was necessary to create the same so that the users could reach the requested information as quickly as possible. In the application it is possible to track departures and arrivals, they can get information on how to get to the airport, where you can buy, and you can view the airport maps, it is possible to obtain information about the airlines, car rental agencies and the like.
- **Status:** Signed Minutes on qualitative acceptance of the works and the application is published and available for download on the App Store.
- **Value:** 321,138.00 RSD without VAT. Supplier: Smart Data Analytics IP.

### **Investment "Segment doors for baggage make-up areas"**

- **Purpose:** Public procurement conducted, selected the most favourable Tenderer and signed contract No. 18-8/2016 with contractor in the value of RSD 1,924,340.00. The procurement foresees replacement of industrial doors on make-up areas – total 4 doors. Replacement is done due to the obsolescence of the doors and for requirements of work in special conditions
- **Status:** Dismantling of old doors and installation of new doors are planned by the beginning of May 2016.

### **Investment "Rehabilitation of concrete gutters on apron C from C1 to C6"**

- **Purpose:** Inspecting the existing concrete gutter on apron C from parking positions C1 to C6 was found that the corresponding concrete pipe has burst and that it does not perform its basic function drainage of storm water. It also leads to the breaking off of the concrete parts on the surface of the gutter which represents FOD on the maneuvering areas. It is necessary to replace it in order to ensure adequate drainage, prevent further wash-out of the lower layers and the deterioration of the pavement structure, as well as eliminate the occurrence of FOD zone.
- **Status:** Execution of works on rehabilitation of concrete gutters is completed. Contractor is company GP "Planum" AD. Value of the contract for execution of works is RSD 21,323,971.00. Preparation of documentation for handover of works is in progress.

### **Investment "Development of complete technical documentation for the reconstruction of the apron "B" and connection "H"**

- **Purpose:** Apron B and connection H which is located along the apron are in poor condition in terms of damage pavement. During a survey of the situation in 2012 and 2015, it was determined that the subject of maneuvering area according to the criterion regarding the pavement condition index value is to be reconstructed in order to lead to a satisfactory state. This measure is necessary because of the extension of the same century pavement, reduce the risk of FOD, and raising the level of customer service. Technical documentation is the first stage envisaged by the Law on Planning and Construction.



- **Status:** Public procurement procedure is carried out according to Plan from 2015, but there were no tenders. Procurement is cancelled due to lack of tenders.

#### **Investment "Calorimeters"**

- **Purpose:** For the purpose of more quality and accurate monitoring of thermal energy consumption, it is planned installation of calorimeters on each heating branch. This would enable more precise calculation of consumption among all users at Nikola Tesla Airport.

- **Status:** Public procurement procedure is carried out according to Plan from 2015. Deadline for appeals to contract award decision is in progress.

#### **Investment "Transformer station remote monitoring system"**

- **Purpose:** To improve the reliability and security of electricity supply to consumers at the airport complex, it is necessary to collect and present in one place all the relevant information from the substation at the complex of the airport, i.e. introduce a system of remote monitoring and management of substations from one place, where the state of the electrical energy system of substations will be monitored by electrician on duty 24 hours a day, 365 days a year. For reliable operation of the plant is very important to get timely information and react to disturbances in substations, i.e. monitor and control system from one place. For this purpose it is planned to introduce a system for monitoring and control of substations from duty energy centre, room at Electro Service (DEC).

- **Status:** Public procurement was launched on the basis of a decision of the Supervisory Board on Investment.

#### **Investment "Service of public lighting adaptation"**

- **Purpose:** In order to increase the quality of lighting and reduce power consumption at the airport complex, it is necessary to adapt the part of public lighting, entrance road in front of Terminal 2 of the parking lot of the police and Rent-a-car agencies, parking in front of the Connecting part and Terminal 1 (used by Rent a car agencies) and an access road from the city (gate of the building of new area control SMATSA) to the Terminal 1.

- **Status:** Public procurement was launched on the basis of a decision of the Supervisory Board on Investment. The tender dossier preparation is in progress.

#### **Investment "Construction of perimeter fence"**

- **Purpose:** Continuation of works on the rehabilitation of the existing fence along the perimeter of the airport in order to increase the level of security and alignment of features with the new regulations.

- **Status:** The contract for execution of works is signed with representatives of the consortium company ELGRA VISION. After obtaining the consent of the Directorate of Civil Aviation to work organization project, the preparations for works started at the end of March 2016.

29.01.2016 – Reduction of the lease fee for business premises in Terminal 1 in the amount of 50% of the monthly fee under the contract No. 14-15/2015 dated 26.03.2015.

Impairment of lease is effective as of the invoice for January 2016 and will apply to usage of funds invested in the maintenance of the roof surface of the object of the Terminal first

50% of calculated lease payments paid by transfer and 50% compensated for executed works according to invoice of the Company "Air Serbia".

29.01.2016 – Conclusion of Annex B 20.13 of standard Ground Handling Agreement concluded with company "Air Serbia" (Annex B20.13 No. 11-3/2016 of 11.02.2016);

04.03.2016- Drawn up Agreement 10-5/2016 on repayment of debt of the company "Aerodrom Katering" in the amount of RSD 5,000,000.00, divided into 5 instalments starting from 07.03.2016 up to 07.07.2016.

10.03.016 - Given consent to Agreement on repayment of debt of the company "Air Serbia" under the Protocol No. 10-6/2016 signed on 15.03.2016;

13.04.2016- Drawn up Protocol 10-11/2016 on repayment of debt of the company "Montenegro Airlines" in the amount of EUR 1,254,523.02; agreed 12 instalments which will be settled by the company in the period from 15.04.2016 to 25.09.2016;

15.03.2016 – Drawn up Agreement 10-6/2016 on repayment of debt of the company "Air Serbia" in the amount of RSD 701,632,615.37, divided into monthly instalments that will be paid in the period from 17.02.2016 to 31.12.2016.

### Training of employees in the Employees Training Centre

Staff who indirectly affects the safety of air traffic must be trained in a Training Centre authorized by DCA and must have certificates of training (Article 187, Law on Air Transport ("Official Gazette of RS", No.73/2010, 57/2011 and 93/2012). In accordance with the above mentioned Training Centre is authorized by DCA for training of staff performing the following professional tasks in aviation:

1. Aircraft, passengers and goods handling at airports;
2. Fire & Rescue protection;
3. Transport of Dangerous Goods in air traffic;
4. Control of correctness of aircraft movement area, airport facilities and installations;
5. Supply of aircraft by fuel.

Under staff performing jobs of aircraft, passengers and baggage handling are understood the following job profiles:

1. Traffic Coordinator (**airport Duty Manager**);
2. Traffic Dispatcher (**traffic dispatcher and Flight coordination**);
3. Apron dispatcher (**ramp agent**);
4. Controller of aircraft, passengers and baggage handling (**supervisor of aircraft, passengers and baggage ground handling, inspector of final checks of aircraft de/anti-icing, stockman in bonded cargo warehouse**);
5. Aircraft Balancer;
6. Airport equipment operator (**driver and operator of traction units, passenger stairs, elevators, cargo loaders, water truck tanks, aircraft toilet service units, aircraft de/anti-icing units, air bridges, passengers apron buses, passengers and crew vans etc.**);
7. Generator operator (**operator of the GPU and Air Starter**);
8. Marshaller (**driver of special purpose vehicle Follow me, aircraft ground communications operator**);
9. The airport host or hostess aviation port (**ground stewardesses/stewards, passengers and baggage agents, passengers and baggage registration supervisors**).

Number of trainees in the period 1.1.2015 – 31.12.2015:

	ANT	Third parties
Traffic dispatcher	9	
Ramp dispatcher	8	
Aircraft Balancer	6	3
Stewardess (cat. 1)	118	8
Stewardess (cat. 2)	15	
Supervisor of aircraft handling control (cat. 1)	11	3
Supervisor of aircraft handling control (cat. 2)	22	
Supervisor of aircraft handling control (cat. 3)	4	
Traffic Coordinator	4	4
Marshaller (level 1)	22	6
Marshaller (level 2)	6	3
Airport equipment operator (level 1)	141	14
Airport equipment operator (level 2)	41	9
Generator Operator	16	
Aircraft cargo loading worker	81	
Baggage sorting worker	27	
Cargo loading worker in Cargo Warehouse	9	
Winter maintenance service	28	12
Maneuvering areas safety controller		7

Under the staff that performs fire - rescue protection are understood the following job profiles:

1. Commander;
2. Professional fireman (**fire and rescue unit and fire prevention ward**);
3. Support staff (**employed primarily on other jobs**);
4. Instructor (**instructors of practical training**).

Number of trainings in the period 1.1.2015 – 31.12.2015:

	ANT	Third parties
Professional fireman	19	2
Support staff	32	4
Training in fire protection	125	

Under the staff that performs job of transport of dangerous goods in air traffic are understood:

1. Staff Category 1 - the sender or the person who takes over the responsibility of the sender;
2. Staff Category 2 - staff engaged in preparing packages of dangerous goods;



3. Staff Category 3 - staff that performs processing of dangerous goods;
4. Staff Category 4 - staff performing processing of cargo and mail (dangerous goods excluded);
5. Staff Category 5 - staff that performs handling and storage of cargo and mail;
6. Staff Category 6 - staff performing **acceptance of dangerous goods**;
7. Staff Category 7 - staff that performing acceptance of goods and mail (dangerous goods excluded);
8. Staff Category 8 - staff performing ground **handling of cargo, mail and baggage**;
9. Staff Category 9 - Staff who are engaged in passenger handling (**ground stewardesses / stewards, agents of passengers and baggage registration, supervisors of passenger and baggage registration**);
10. Staff category 10 - **Aircraft Balancer and supervisor of aircraft, passenger and goods ground handling**;
11. Staff Category 12 - Staff who are engaged in **x-ray security screening of passengers and baggage, cargo and mail**.

Number of trainees in the period 1.1.2015 – 31.12.2015:

	ANT	Third parties
Transport of dangerous goods in air traffic, cat. 7	3	
Transport of dangerous goods in air traffic, cat. 10	10	5
Transport of dangerous goods in air traffic, cat. 9	33	7
Transport of dangerous goods in air traffic, cat. 12	66	
Transport of dangerous goods in air traffic, cat. 5 and 8	287	22

Under those performing the tasks of controlling the correctness of the aircraft movement area, airport facilities and installations are understood job profiles of the **Controller of correctness of aircraft movement area, airport facilities and installations**.

Under the staff performing supply of aircraft with fuel are understood following job profiles:

1. Fueller (**refueller driver and fuel operator**);
2. Fueller Assistant;
3. Stockman (**fuel stock-keeper**).

Number of trainees in the period 1.1.2015 – 3.12.2015:

ANT

Stockman	1
Fueller	17

In addition to these trainings prescribed by national legislation the Training Centre performs a large number of **internal trainings** prescribed by internal training programs (in accordance with international ICAO and IATA standards) according to job requirements at the airport and by airlines. It should also be noted that such trainings cannot be obtained in any other existing training centre in our country, while their realization through centres abroad is first of all expensive and of questionable character because of its applicability (trainings are designed to jobs and real working conditions). Internal trainings carried out within the Training Centre of JSC Belgrade Nikola Tesla Airport:

- ✓ The foreman of cargo transshipment
- ✓ The foreman of baggage sorting area
- ✓ Transport worker - transshipment of cargo on aircraft / baggage sorting / cargo transshipment in BCW.

### **Recruitment and Selection**

In the period from 1.1.2015 to 31.12.2015, Human Resources Management Department has conducted 71 selections, during which 346 candidates were invited for an interview.

### **Committee obtaining approval for new employment and further engagement with the users of public funds**

JSC Belgrade Nikola Tesla Airport records growth in passenger numbers of over 30% in 2014 compared to 2013, and in 2015 trend of growth in passenger numbers continued.

By signing of the Air Transport Agreement between the Government of the Republic of Serbia and the Government of the United States of America (USA), which will allow the establishment of direct overseas flights, the possibility of further expansion of air traffic of the Republic of Serbia is opened.

JSC Belgrade Nikola Tesla Airport, in accordance with the Regulation on the procedure for obtaining approval for new employment and further engagement with the users of public funds ( "Official Gazette of RS", No. 113/13, 21/14, 66/14, 118/14 and 22/15) (hereinafter: Regulation), and for reasons of increased workload and improvement of the business, from the that Committee obtaining approval for new employment and further engagement with the users of public funds obtained the approval to increase of the number of employees and engaged persons as follows:

- 1) By conclusion of the Committee approval for new employment and further engagement with the users of public funds 51 No. 112-15916/2014 dated 23 December 2014, JSC Belgrade Nikola Tesla Airport has received approval for employment of 200 employees for a definite period of time;
- 2) Conclusion of the Committee 51 number: 112-1197/2015-2 dated 13 February 2015 approved employment of another 198 employees for a definite period of time;
- 3) The conclusion of the Committee 51 No: 112-3176/2015 of 23 March 2015, approved employment of another 200 employees for a definite period of time;
- 4) Conclusion of the Committee 51 number: 112-3628/2015-1 of 01 April 2015, gave approval for the extension of the validity of approval for persons engaged by Committee's Conclusion 51 Number: 112-15916/2014 dated 23 December 2014;
- 5) Conclusion of the Committee 51 number 112-6977/2015-1 of 30 June 2015 approved for a total of 803 people employed for a definite period of time and 65 persons engaged for professional development and training;

- 6) Conclusion of the Committee 51 number 112-11232/2015 of 19 October 2015 approved employment of 33 persons for an indefinite period of time;
- 7) Conclusion of the Committee 51 number 112-11662/2015 of 3 November 2015, approved employment of another 7 persons for an indefinite period of time;
- 8) Conclusion of the Committee 51 number 112-11662/2015-1 of 3 November 2015, approved a total of 831 persons, of which 802 are employees for a definite period of time and 29 engaged on other grounds (for professional development and training in accordance with the Article 201 of the Labour Law).
- 9) Conclusion of the Committee 51 number 112-14077/2015-1 of 29 December 2015 is extended previously given approval by Conclusion of the Committee 51 No. 112-11662/2015-1 of 3 November 2015.

Number of employees in JSC Belgrade Nikola Tesla Airport, under a contract of employment for a definite or indefinite period of time as of 31.12.2015, amounts to 1253.

### **Professional development and training**

In July 2015 was announced public invitation for engagement of candidates for the professional development and training on jobs of traffic, mechanical, electrical, construction and legal profession, the profession in the field of security, passenger handling and computers electronics.

A total of 236 candidates has applied for, whose applications are handled by the Human Resources Management Department. Of the total number of applicants, 34 candidates fulfilled requirements, while with 26 candidates was signed contract on professional development and training.

## **6.1. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES AFTER THE PERIOD I-III 2016**

### **Procurement of 50 pieces of apron baggage carts**

- Purpose: To increase the capacity and quality of services provided to airlines in aircraft handling during loading and unloading of baggage, cargo and mail.
- Value: 15,368,850.00 RSD without VAT
- Supplier: CENTUM doo, Public contract number 17-22/2016 of 17.02.2016.
- Status: Baggage carts were delivered on 14 and 20.04.2016 and are in operation from 21.04.2016.

In the period March-April in the Rescue & fire Sector was carried out training and examination for extension of a certificate of trained professional firefighters. The said training and examination confirmed training of staff and maintenance of the airport fire category at the highest level. Certificate of training and preparedness of the Rescue & fire Sector was confirmed by the inspectors of CVD after completion of examination as noted in the Minutes.



Public procurement procedure was carried out for fire truck 8x8 with an extended arm for fire fighting and the expert assessment of the bids received is in progress. The purchase of the said fire vehicle will contribute to determining the readiness of the Rescue & fire Sector for maintaining airport fire category and the smooth operations of overseas flights with aircraft that are in the 8th or 9th fire category.

#### **Aircraft de/anti-icing pad**

**Execution of works:** By Decision dated 5.4.2016, the Commission for Protection of Rights in Public Procurement Procedures rejected the request submitted by AD Planum. By Decision dated 5.4.2016 The Commission adopted as justified request for the protection of the rights of the applicant Vojvodinaput Pancevo and partially canceled the open public procurement procedure for works on construction of the de-/anti-icing pad. In accordance with the foregoing on 11.04.2016 a decision was made on awarding contract to the group of tenderers AD Vojvodinaput Pancevo, Strabag and Elgra Vision. Group of the tenderers consisting of Energoprojekt niskogradnja i Energoprojekt oprema filed on 19.04.2016 a request for protection of the rights to the Republic Commission.

#### **Reconstruction of the existing heating system and construction of a new branch**

**Execution of works:** On 08.04.2016 a decision was made to suspend the public procurement procedure as it is not provided any acceptable offer.

#### **Road that will connect apron A and apron B**

- **Development of technical documentation:** It is expected that designer will deliver project for building permit during April 2016.
- **Execution of works:** Tender documentation is prepared, and the deadline for submission of bids is 05.06.2016.

#### **Purchase of the visual docking guidance system**

Tender opening session was conducted on 01.04.2016. The following tenders are submitted:

- group of bidders Elgra Vision and MC Corona,
  - group of bidders IMP Automatika & IDMAN AIRFIELD LIGHTING OY.
- The expert assessment of the bids received is in progress.

#### **Standard IT equipment - according to the plan for 2016**

• **Purpose:** By foreseen procurement continues process of modernization of IT equipment in use, which started with procurements from previous years. The purchase of above equipment will provide more efficient, more comfortable and better work of employees. From the use is excluded obsolete and worn out equipment and equipment will be renewed which enables to maintain the level of quality and reliability of equipment. Also, as a result of expansion of the airport, purchase of equipment will cover new positions for which a need has arisen and it is possible to serve all the extended and new business processes in everyday business. The new equipment adequately provides IT support in automation and handling of all the processes that are taking place. It is foreseen procurement of computers, printers,

multifunction devices, computers for thin clients and ID card printers. This procurement will round up many year planned modernization of IT equipment, and is particularly important to emphasize that the new identification card printer will be such that the ID card printing on it will satisfy the most demanding safety requirements prescribed by TSA.

- **Status:** Invitation to tender is published on 21.04.2016.

## **II Phase of perimeter protection**

• **Purpose:** This capital investment represents the second phase of works to protect the perimeter of the Belgrade Nikola Tesla Airport. A second phase is planned protection all along the fence by quadruple protection system, which builds on the first phase of perimeter protection. System is designed in a way that is fully adapted to protect the perimeter of the Belgrade Nikola Tesla Airport. Perimeter Intrusion Detection System that is installed on the fence allows first intrusion warning by allowing detection of any fence climbing activity and locates a place of entry in all weather conditions. This information is further passed to the CCTV system which activates specific cameras, allowing visual verification and monitoring of intruders. With a system that is installed in the first phase an effective perimeter security system will be provided that will prevent potential intruders to reach their target unnoticed within the secured zone.

- **Status:** Contract is at the stage of signing.

## **Ramps for parking positions**

• **Purpose:** Parking systems provide full control of parking lots: provide information on the number of free and occupied parking places in real time, control the billing system, accelerate the flow of vehicles and improve the efficiency of utilization of the parking lot. These systems facilitate the process of parking and increase the level of safety of vehicles and people on the parking lot. Planned parking systems consist of several different components, such as ramps, gates, tollbooths, indicators of vacancies, the notification panel for users and management software. This system combines all the parking spaces at the Belgrade Nikola Tesla Airport in a single system, which allows centralized local or remote management, ensuring optimum parking capacity utilization.

- **Status:** Contract is at the stage of signing.

## **Information securing service and maintaining of the continuity of operations of internal services of Nikola Tesla Airport**

• **Purpose:** this project provides information of commercial significance, as well as the smooth operation of the internal services in case of a disaster (rain, floods, electrical shock, etc.). Maintaining operation continuity of internal services is a key part of the business because it is, in variety of natural disasters, necessary to keep all business information and ensure the continuity of internal services. Proper storage of business data and the realization of the smooth functioning of business services precisely represent a form of prevention of data and services protection in case of incidents. By this project Airport secures its information and stores them in a safe place, while the internal services operate continuously.

- **Status:** Expected contract award decision.



### **Equipment and software for upgrading check-in counters**

• **Purpose:** The purchase planned equipping of new premises for the registration of passengers. Supply includes the necessary computer equipment and software to equip the new check-in counters and other facilities that are planned within the new premises, which is being prepared through the project for expansion of airport capacity.

Primarily, it foresees purchase of licenses and equipment for CUTE system which is used as a common technological platform for access to the various DCS (Departure Control System) systems for the registration of passengers. The new check-in counters, as well as those who currently in use at T1 and T2, will be equipped with CUTE equipment which will enable on the new check-in counters too automated passenger registration process through various DCS systems.

**Status:** The decision on contract award is made (14.04.2016). Delivery time is 30 days after signing of contract.

### **Monitors for IDS with accessories**

• **Purpose:** By this investment is planned purchase of monitors and panels with accessories for IDS system (Information Display System), which will at the airport increase the number of units for display of information and allow the use up of the functionality of the new IDS system. IDS is a system for displaying a variety of information to passengers, employees and other users of airport services through workstations, as well as through the monitors and the panels (video walls) which are arranged within terminal building.

This investment will also enable equipping of new passenger check-in counters with monitors after the reconstruction of Terminal 1 and the connecting part, and setting up additional information monitors and at the designated locations.

In this way the further utilization of the functionality of the new IDS system will be enables, which in addition to information about flight schedule enable viewing various multimedia content, commercial content (commercials, campaigns, promotions), information for emergency needs (integration with fire alarm systems, evacuation systems) and so on. In Appendix No. 2 there is a layout of set monitors and panels in the airport building.

- Value: 13,507,320.00 RSD excluding VAT
- Supplier: E-PORT Solution System, Belgrade
- Status: Delivery time 90 days (13.06.2016.)

### **Investment "BAGGAGE HANDLING SYSTEM"**

• **Purpose:** Includes the purchase of the transport system in the location-connecting part between T1 and T2 and T1, equipping with baggage check-in counters, collector belts, conveying belts, baggage scanning devices, central system of supervision and management. It understands assembly-disassembly work, setting and commissioning of the complete system through a phased implementation.

• **Status:** Public procurement launched and published on the website on 04.04.2016. Public opening of bids is scheduled for 10.05.2016.



## **Investment "WORKS ON IMPROVING LIGHTING SYSTEM OF CONNECTION D"**

• **Purpose:** Public procurement is carried out to increase the safety and capacity of the connection D and taxiway A in LVP conditions. The purchase planned improvement of the lighting system in order to increase the overall safety of the traffic in low visibility conditions on the taxiway D and in the zone intersecting taxiway A and taxiway D.

• **Status:** Implementation of the public procurement procedure for works on equipping the maneuvering areas with lighting equipment. It is expected to conclude the contract in the first half of May 2016.

On 20.04.2016 is opened post office on the upper floor of Terminal 2.

JSC Belgrade Nikola Tesla Airport, in accordance with the Regulation on the procedure for obtaining approval for new employment and further engagement with the users of public funds ("Official Gazette of RS", No. 113/13, 21/14, 66/14, 118/14 and 22/15) (hereinafter: Regulation), and for reasons of increased workload and improvement of the business, obtained from the Commission for obtaining approval for new employment and further engagement in public funds the approval to increase the number of employees and engaged persons, as follows:

1) Conclusion of the Commission 51 number 112-2596/2016 of 23 March 2016 gave approval employment of two persons for an indefinite period.

2) Conclusion of the Commission 51 number 112-2596/2016-1 of 23 March 2016 approved to engage 20 persons on the basis of the contract of temporary and occasional jobs and 40 persons engaged through youth organizations, for the period from 1 April to 31 July 2016.

## **7. DESCRIPTION OF MOST SIGNIFICANT RISKS AND UNCERTAINTIES FOR THE NEXT THREE MONTHS OF THE BUSINESS YEAR**

**Risk:** Non-distribution of incoming messages for load distribution planning in aircraft of Lufthansa Group.

**Potential cause:** Inability of reception of incoming messages send to us by the company service for centralized planning of aircraft loading due to poor quality of equipment provided by Lufthansa.

**Potential consequences:** Lack of adequate preparation for aircraft ground handling, which led to work under pressure to meet the timeframes of aircraft handling.

In the period I-III 2016, there was a risk that due to a defect on one of the three main airport fire trucks airport cannot accept aircraft from the fire category 8, and 9.

### **Internal risks:**

- Saturation of projected airport capacity in terms of number of passengers, commercial content for which demand is growing, as well as parking positions,
- Deterioration of the part of existing infrastructure (part of the maneuvering areas, part of the terminal capacity, part of the primary hot water network, the primary lines of water supply and sewage systems are more than 40 years old)
- Unresolved property relations of the land plots and buildings in the immediate neighbouring environment of the airport, on the locations foreseen for the potential expansion of the airport system.

### **External risks:**

- Growing competition from international airports in neighboring countries,
- Inadequate connection with both the downtown of the City of Belgrade, as well as the broader region of Serbia, having in mind the growth in the number of passengers and introduction of direct flights to the United States,
- The need for continuous improvement of security measures, and consequently increase of the cost,
- The expansion of other airports in Serbia and potential divert of the part of traffic flows, increasing competition at the local level,
- A small number of Tenderers who are licensed for development of technical documentation i.e. construction of facilities for which a building permit is issued by the Ministry (for airports for public air transportation),
- Seasonality and fluctuation in demand, which can be a challenge in planning future capacities.

17.03.2016 - Termination of Ground Handling Agreement with company "Wizz Air", which comes into effect from June 2016.

If JSC Belgrade Nikola Tesla Airport does not obtain the approval of the Commission for obtaining approval for new employment and further engagement with the users of public funds, the functioning of the Airport would be significantly affected, i.e. Airport would not be able to perform its core business. In case of not getting the approval of the Commission, JSC Belgrade Nikola Tesla Airport would have to cancel the contract to **802** persons employed for a definite period of time or engaged through youth organizations and contracts for temporary and occasional jobs and for reasons of increased workload. The loss of such a large number of people would definitely affect the operations of JSC Belgrade Nikola Tesla Airport.

## **8. 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.

### **8.1. MARKET RISK**

When analysing the market and its impact on the Company's operations, primarily on the financial instruments, the Company perceives risks of changes in foreign exchange rates (currency risk) risks of changes in interest rates, and the risk of changes in prices of services.

#### **a) Currency risk**

The analysis of the assets and resources of the Company on 31.03.2016, primarily of cash and cash equivalents, receivables from buyers, liabilities from long-term loans, financial leasing and the like can be said that the Company is exposed to foreign exchange risk.

By detailed analysis of the currency structure of financial assets and liabilities as of 31.03.2016 can be concluded that the funds are contracted with currency clause and that exceed the agreed financial obligations in the currency. Financial liabilities contracted in currencies are generally long-term nature. Based on the above facts it follows that JSC Belgrade Nikola Tesla Airport does not operate with a high exposure to currency risk.

#### **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.

### **8.2. 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 collection in the currencies, that is, in contracted terms, delays in payment default and monitoring of outstanding receivables.

### **8.3. 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. Borrowed funds are mostly long-term resources and short-term obligations can be covered from short-term receivables.



9. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

JSC Airport Nikola Tesla Belgrade has no related parties on the basis of the Company Law (Official Gazette of RS No.36/2011, 99/2011, 83/2014 and 5/2015 article 62) consequently no business activities with related parties.

9.1. *Existance of branches*

JSC Belgrade Nikola Tesla Airport does not have branches within the Company.

Belgrade, May 2016

Chairman of the Executive Board

Acting Director General  
Saša Vlajsavljević



Handwritten signature of Saša Vlajsavljević



Finance Department Director



Handwritten signature of Dobrila Pejović

Dobrila Pejović



Handwritten initials

**Director General's Office**



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**STATEMENT**

Hereby we state that, according to our best knowledge, the quarterly report for the third quarter, which contains data for the first three months of the business 2016 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.



**Acting Director General**

*Saša Vlaisavljević*  
\_\_\_\_\_  
**Saša Vlaisavljević**

**Finance Director**

*Dobriša Pejović*  
\_\_\_\_\_  
**Dobriša Pejović**

**Head of Accountancy**

*Zorka Latinović*  
\_\_\_\_\_  
**Zorka Latinović**

*C.O.*