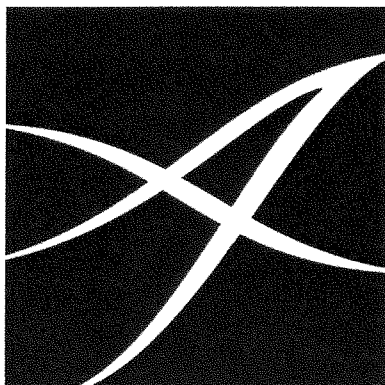


JOINT-STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT



In accordance with Article 53 of the Capital Market Act (Official Gazette of RS No. 31/2011, 112/2015 and 108/2016) and the Regulations on the content, form and manner of publication of annual, semi-annual and quarterly reports of public companies ("Official Gazette of RS", No.14/2012,5/2015 and 24/2017), Joint Stock Company Belgrade Nikola Tesla Airport announces:

THE QUARTERLY REPORT FOR THE FIRST QUARTER, WHICH CONTAINS DATA FOR THE FIRST THREE MONTHS OF THE BUSINESS YEAR 2017



Content of the report:

1. Financial statements for I-III 2017

- Income Sheet for the period 01.01. to 31.03.2017
- Balance Sheet on 31.03.2017
- Report on other results for the period 01.01. to 31.03.2017
- Statement on changes in capital for the period 01.01. to 31.03.2017
- Cash Flow Statement for the period 01.01. to 31.03.2017
- Notes to the financial statements on 31.03.2017.

2. Report on company operations for I-III 2017

3. Statement

АКЦИОНАРНО ДРУШТВО
АЕРОДРОМ НИКОЛА ТЕСЛА
БЕОГРАД
Бр. А/10-166/2017
12.05.2017 год.

FINANCIAL STATEMENTS March 31, 2017

1. INCOME SHEET for the period I-III 2017
2. BALANCE SHEET on March 31, 2017
3. REPORT ON OTHER RESULTS for the period I-III 2017
4. STATEMENT ON CHANGES IN CAPITAL for the period I-III 2017
5. REPORT ON CASH FLOW for the period I-III 2017
6. NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

03 May 2017

FINANCIAL STATEMENTS March 31, 2017

INCOME SHEET
in the period from January 1 to March 31, 2017

INCOME SHEET					
for the period from 01/01/2017 until 31/03/2017					
- 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, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		1,959,085	1,759,693
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	306	21,749
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. Revenues from sale of goods to other related parties in foreign markets	1006			
604	5. Revenues from sale of goods in domestic market	1007	5	306	339
605	6. Revenues from sale of goods in foreign markets	1008	5	0	21,410
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6;7; 8;	1,760,309	1,560,906
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 com.and subsidiaries in foreign markets	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 markets	1013			
614	5. Revenues from sale of products and services in domestic market	1014	6	755,417	644,734
615	6. Revenues from sale of products and services in foreign markets	1015	7	1,004,892	916,172
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0
65	IV OTHER OPERATING REVENUES	1017	9	198,470	177,038

FINANCIAL STATEMENTS March 31, 2017

INCOME SHEET (continued)
in the period from January 1 to March 31, 2017

INCOME SHEET					
for the period from 01/01/2017 until 31/03/2017					
- 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				
	B. OPERATING EXPENDITURES				
50 to 55, except 62 & 63	(1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		1,371,155	1,217,812
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	207	22,198
62	II. revenues from activation of use of own products and goods	1020			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 except 513	V. COSTS OF MATERIALS	1023	11	73,782	49,957
513	VI. COSTS OF FUEL AND ENERGY	1024	12	83,353	72,792
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	760,656	705,424
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	105,968	101,166
540	IX. AMORTISATION COSTS	1027	15	234,986	205,016
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	0	0
55	XI. INTANGIBLE COSTS	1029	17	112,203	61,259
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		587,930	541,881
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		37,961	61,598
66 except 662, 663 & 664	I. FINANCIAL REVENUES FROM RELATED PARTIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial revenues from parent company and subsidiaries	1034			
661	2. Financial revenues from other related parties	1035			
665	3. Revenues from participation in profit of associated legal entities and joint ventures	1036			
669	4. Other financial revenues	1037			
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	18	21,734	25,467

FINANCIAL STATEMENTS March 31, 2017
INCOME SHEET (continued)
in the period from January 1 to March 31, 2017

INCOME SHEET					
for the period from 01/01/2017 until 31/03/2017					
- in thousand RSD -					
Group of accounts - account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
663 & 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	16,227	36,131
56	D. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		19,045	26,422
56 except 562, 563 & 564	I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN.EXPENSITURES (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 & 569	4. Other financial expenditures	1045			
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046	20	8,865	10,090
563 & 564	III. FOREIGN EXCHANGE LOSSES AND NEG.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	10,180	16,332
	E. PROFIT FROM FINANCING(1032 – 1040)	1048		18,916	35,176
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049		0	0
683 & 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	22	95	0
583 & 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	23	25,158	7
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	24	4,874	1,694
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	25	6,585	3,547
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		580,072	575,197

FINANCIAL STATEMENTS March 31, 2017

INCOME SHEET (continued)
in the period from January 1 to March 31, 2017

INCOME SHEET					
for the period from 01/01/2017 until 31/03/2017					
- 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 EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1056	26		
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057			
	NI. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26;	580,072	575,197
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059			
	P. PROFIT TAX				
721	I. INCOME TAX EXPENDITURE	1060	26;	72,505	64,057
part 722	II. DEFERRED TAX EXPENDITURE	1061	27;		13,937
part 722	III. DEFERRED INCOME TAX	1062	27;	2,671	0
723	R. EARNINGS PAID BY EMPLOYER	1063			
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28	510,238	497,203
	T. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET INCOME OF MINORITY SHAREHOLDERS	1066			
	II NET INCOME OF THE MAJORITY OWNER	1067			
	III PROFIT PER SHARE				
	1. Basic earning per share	1068	28		
	2. Reduced (diluted) earning per share	1069			
6	TOTAL REVENUES			2,002,015	1,822,985
5	TOTAL EXPENDITURES			1,421,943	1,247,788

FINANCIAL STATEMENTS March 31, 2017
BALANCE SHEET
On March 31, 2017

BALANCE SHEET						
on 31/03 2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 31/03/2017	Previous year	
					Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	ASSETS					
0	A. NON-PAID UP SUBSCRIBED CAPITAL	1				
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		24,375,131	23,895,702	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0008 + 0009)	3	29	132,622	135,730	0
010 & part 019	1. Investment in development	4				
011, 012 & part 019	2. Concessions, patents, licences, trade marks, software and other rights	5	29	132,622	135,730	
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 ESTATES, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	24,016,833	23,535,062	0
020, 021 & part 029	1. Land	11	29	9,416,290	9,416,290	
022 & part 029	2. Buildings	12	29	10,119,444	9,678,995	
023 & part 029	3. Plant and equipment	13	29	3,252,685	3,101,024	
024 & part 029	Investment property	14	29	26,525	26,525	
025 & part 029	5. Other property, plants and equipment	15	29	3,619	3,619	
026 & part 029	6. Property, plants, equipment in progress	16	29	1,131,919	1,188,102	
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	66,351	120,507	
3	III. BIOLOGICAL RESOURCES (0020 + 0021 + 0022 + 0023)	19		145	145	0
030, 031 & part 039	1. Forests and perennial plants	20				
032 & part 039	2. Livestock unit	21	29	145	145	
037 & part 039	3. Biological resources in progress	22				
038 & part 039	4. Advances for biological resources	23				
04. except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		141,712	140,946	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	141,711	140,945	

FINANCIAL STATEMENTS March 31, 2017
BALANCE SHEET (continued)
On March 31, 2017

BALANCE SHEET

on 31/03 2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 31/03/2017	Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	ASSETS					
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		83,819	83,819	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	31	83,819	83,819	
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER ASSETS					
	(0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		6,369,390	6,455,664	0
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		124,747	85,637	0
10	1. Material, spare parts, tools and small inventory	45	32	76,846	62,272	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	4,835	4,816	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	43,066	18,549	
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1,066,194	1,020,436	0
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	309,700	360,511	
205 & part 209	6. Buyers abroad	57	36	756,494	659,925	
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	442,455	388,411	
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 & 237	VI SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		3,963,961	3,985,447	0
230 & part 239	1. Short-term loans and invest.- parent companies and subsidiaries	63				
231 & part 239	2. Short-term loans and invest.- other related parties	64				
232 & part 239	3. Short-term credits and loans in the country	65	38	26,227	50,953	
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	39	3,937,734	3,934,494	
24	VII CASH AND CASH EQUIVALENTS	68	41	604,896	740,102	
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	167,137	235,631	
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		30,744,521	30,351,366	0
88	D. OFF-BALANCE SHEET ASSETS	72	62	551,236	524,556	

FINANCIAL STATEMENTS March 31, 2017
BALANCE SHEET (continued)
On March 31, 2017

BALANCE SHEET

on 31/03 2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 31/03/2017	Previous year	
					Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	LIABILITIES					
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401	43	27,597,757	27,087,521	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 capital	408				
306	7. Share issue premium	409				
309	8. Other core capital	410				
31	II NON-PAID UP SUSCRIBED CAPITAL	411				
047 & 237	III REPURCHASED OWN SHARES	412				
32	IV RESERVES	413	45	4,120,259	4,120,259	
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLE PROPERTY, PLANT AND EQUIPMENT	414	45	601,813	601,827	
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	16,590	16,590	
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	2,285,485	1,775,235	0
340	1. Non-distributed profit of previous years	418	46	1,775,247	303	
341	2. Non-distributed profit of the current year	419	46	510,238	1,774,932	
	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		907,737	908,241	0
40	I LONG -TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48	203,011	206,332	0
400	1. Reserves for cost within guarantee period	426				
401	2. Reserves for restoration of natural resources	427				
403	3. Reserves for restructuring costs	428				
404	4. Provisions for retirement and other employee benefits	429	47,48;49	122,515	125,836	
405	5. Reserves for litigations	430	47,48;49	80,496	80,496	
402 & 409	6. Other long-term reserves	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		704,726	701,909	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				

FINANCIAL STATEMENTS March 31, 2017
BALANCE SHEET (continued)
On March 31, 2017

BALANCE SHEET

on 31/03 2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 31/03/2017	Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	LIABILITIES					
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	704,726	701,909	
416	7. Liabilities based on financial leasing	439				
419	8. Other long-term liabilities	440		0	0	0
498	V. DEFERRED TAX LIABILITIES	441	27	367,612	370,283	
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,871,415	1,985,321	0
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		90,898	102,919	0
420	1. Short-term loans from parent company 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 & 429	6. Other short-term financial obligations	449	52	90,898	102,919	
430	II RECEIVED PREPAYMENTS, DEPOSITS AND BAILS	450	53	83,191	82,663	
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		416,104	462,702	0
431	1. Suppliers - parent comp. and subsidiaries in the country	452				
432	2. Suppliers - parent comp. and subsidiaries abroad	453				
433	3. Suppliers -other related in the country	454				
434	4. Suppliers -other related abroad	455				
435	5. Suppliers in the country	456	54	215,926	396,580	
436	6. Suppliers abroad	457	55	178,906	51,240	
439	7. Other liabilities from operation	458	56	21,272	14,882	
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	1,141,387	1,138,394	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	13,423	57,398	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59;60	1,614	1,936	
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	124,798	139,309	
	D. LOSS OVER CAPITAL (0412 + 0416 + 0421 - 0420 - 0417 - 0415 - 0414 - 0413 - 0411 - 0402) ≥ 0 = (0441 + 0424 + 0442 - 0071) ≥ 0	463		0	0	
	Đ. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 - 0463) ≥ 0	464		30,744,521	30,351,366	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	551,236	524,556	

FINANCIAL STATEMENTS March 31, 2017

REPORT ON OTHER RESULTS in the period from January 1 to March 31, 2017

REPORT ON OTHER RESULTS					
for the period from 01/01/2017 until 31/03/2017					
Group accounts, account	POSITION	ADP	Notes no.	- in thousand RSD - Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET RESULTS FROM OPERATIONS				
	I. NET PROFIT (ADP 1064)	2001	28;	510,238	497,203
	II. NET LOSS (ADP 1065)	2002			
	B. OTHER COMPREHENSIVE PROFITS AND LOSS				
	a) Items that will not be reclassified in income sheet n future periods				
	1. Changes in revaluation of intangible assets, property, plant and equipment				
330	a) increase in revaluation reserves	2003	45		
	b) decrease in revaluation reserves	2004	45		0
	2. Actuarial gains and losses on defined benefit plans				
331	a) gains	2005	45		
	b) losses	2006			
	3. Gains and losses on investment in equity capital instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses on shares in other comprehensive profit or losses of associated companies				
333	a) gains	2009			
	b) losses	2010			
	a) Items that can subsequently be reclassified in income sheet n 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		0	
	II. OTHER GROSS COMPREHENSIVE LOSS				
	(2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			0
	III. TAX ON OTHER COMPREHENSIVE PROFIT OF LOSS FOR THE PERIOD	2021	45		
	IV. NET OTHER COMPREHENSIVE PROFIT				
	(2019 – 2020 – 2021) ≥ 0	2022	45	0	
	V. NET OTHER COMPREHENSIVE LOSS				
	(2020 – 2019 + 2021) ≥ 0	2023			0
	B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD				
	I. TOTAL NET COMPREHENSIVE PROFIT				
	(2001 – 2002 + 2022 – 2023) ≥ 0	2024		510,238	497,203
	II. TOTAL NET COMPREHENSIVE LOSS				
	(2002 – 2001 + 2023 – 2022) ≥ 0	2025		0	0
	G. TOTAL NET COMPREHENSIVE PROFIT OF LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0	2026		0	0
	1. Attributable to majority owners of capital	2027			
	2. Attributable to owners who do not have control	2028			

JSC AIRPORT NIKOLA TESLA BELGRADE

FINANCIAL STATEMENTS March 31, 2017

STATEMENT ON CHANGES IN CAPITAL
for the period from 01/01 until 31/03/2017

No.	DESCRIPTION	Capital components										Components of other result										Total					
		30	31	31	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55		
1	Opening balance on 01/01/2016	400	405	407	408	409	40A	40B	40C	40D	40E	40F	40G	40H	40I	40J	40K	40L	40M	40N	40O	40P	40Q	40R	40S	40T	
1	a) debit balance account	400	405	407	408	409	40A	40B	40C	40D	40E	40F	40G	40H	40I	40J	40K	40L	40M	40N	40O	40P	40Q	40R	40S	40T	
1	b) credit balance account	402	20,573,610	410	0	404	0	402	2,121,385	413	148,390	4128	17,768	4166	0	4182	0	4000	0	4000	0	4238	0	4238	0	4234	0
	Correction of materially significant errors and changes of accounting policies																										
2	a) corrections on the debit side of the account	403	0	409	0	405	0	403	0	411	0	4129	0	4147	0	4183	0	4001	0	4001	0	4238	0	4238	0	4235	0
2	b) corrections on the credit side of the account	404	0	402	0	406	0	404	0	412	0	4130	0	4148	0	4184	0	4002	0	4002	0	4230	0	4230	0	4235	0
3	Updated opening balance on 01/01/2016	405	0	401	0	407	0	405	0	413	0	4131	0	4149	0	4185	0	4003	0	4003	0	4237	0	4237	0	4234	0
3	a) corrected debit balance of account (3a + 2a - 2b) ± 0	405	0	401	0	407	0	405	0	413	0	4131	0	4149	0	4185	0	4003	0	4003	0	4237	0	4237	0	4234	0
3	b) corrected credit balance of account (3b - 2a + 2b) ± 0	406	20,573,610	404	0	408	0	406	2,121,385	414	148,390	4132	17,768	4150	0	4186	0	4004	0	4004	0	4232	0	4232	0	4237	0
	Changes in the previous 2016																										
4	a) turnover on the debit side of the account	407	0	403	0	409	0	407	0	415	0	4133	0	4151	0	4187	0	4005	0	4005	0	4233	0	4233	0	4237	0
4	b) turnover on the credit side of the account	408	0	404	1,277,449	402	0	408	3,191,042	416	536,781	4134	4473	4152	0	4188	0	4006	0	4006	0	4234	0	4234	0	4237	0
	Balance at the end of previous year on 31/12/2016																										
5	a) debit balance of account (3a + 4a - 4b) ± 0	409	0	405	0	403	0	409	0	417	0	4135	0	4153	0	4189	0	4007	0	4007	0	4235	0	4235	0	4238	0
5	b) credit balance of account (3b - 4a + 4b) ± 0	410	20,576,610	408	0	406	4,120,298	404	0	402	0	4136	16,589	4154	0	4190	0	4008	0	4008	0	4236	0	4236	0	4237	0
	Correction of materially significant errors and changes of accounting policies																										
6	a) corrections on the debit side of the account	411	0	407	0	405	0	408	0	419	0	4137	0	4155	0	4191	0	4009	0	4009	0	4237	0	4237	0	4240	0
6	b) corrections on the credit side of the account	412	0	404	0	406	0	404	0	412	0	4138	0	4156	0	4192	0	4010	0	4010	0	4238	0	4238	0	4240	0
	Corrected opening balance on 01/01/2017																										
7	a) corrected debit balance of account (5a + 6a - 6b) ± 0	413	0	409	0	407	0	405	0	421	0	4139	0	4157	0	4193	0	4011	0	4011	0	4239	0	4239	0	4241	0
7	b) corrected credit balance of account (5b - 6a + 6b) ± 0	414	20,573,610	402	0	408	4,120,298	408	0	404	1,775,235	4122	601,827	4158	0	4194	0	4012	0	4012	0	4240	0	4240	0	4241	0
	Changes in the current 2017																										
8	a) turnover on the debit side of the account	415	0	403	0	409	0	407	0	423	14	4141	0	4159	0	4195	0	4013	0	4013	0	4241	0	4241	0	4241	0
8	b) turnover on the credit side of the account	416	0	402	0	408	0	406	0	416	0	4142	0	4160	0	4196	0	4014	0	4014	0	4242	0	4242	0	4242	0
	Balance at the end of the current year on 31/03/2017																										
9	a) debit balance of account (7a + 8a - 8b) ± 0	417	0	405	0	407	0	409	0	419	0	4143	0	4161	0	4197	0	4015	0	4015	0	4243	0	4243	0	4243	0
9	b) credit balance of account (7b - 8a + 8b) ± 0	418	20,573,610	406	0	404	4,120,298	4072	0	408	2,216,416	4126	661,813	4144	16,598	4162	0	4016	0	4016	0	4244	0	4244	0	4243	0

FINANCIAL STATEMENTS March 31, 2017

CASH FLOW STATEMENT
for the period from 01/01 until 31/03/2017

CASH FLOW STATEMENT

in the period from 01/01/2017 until 31/03/2017

- in thousand RSD -

Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
A. CASH FLOW FROM BUSINESS ACTIVITY				
I. Cash inflow from business activities (1 to 3)	3001		2,174,595	2,037,581
1. Sale and received advance payments	3002		1,923,865	1,747,256
2. Interest received from business activity	3003		3,985	2,023
3. Other inflows from regular operations	3004		246,745	288,302
II. Cash outflow from business activities (1 to 5)	3005		1,491,062	1,232,009
1. Payments for suppliers and given advance payments	3006		475,378	333,764
2. Salaries, salary compensations and other personal expenses	3007		761,265	595,570
3. Paid interest	3008		4,220	4,776
4. Income tax	3009		172,416	149,276
5. Payment from other public revenues	3010		77,783	148,623
III. Net cash inflow from business activities (I-II)	3011		683,533	805,572
IV. Net cash outflow from business activities (II-I)	3012			
B. CASH FLOW FROM INVESTMENT ACTIVITY				
I. Cash inflow from investment activities (1 to 5)	3013		55,266	112,453
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		25	
3. Other financial investments (net inflows)	3016		26,775	77,153
4. Interest received from investment activity	3017		28,466	35,300
5. Dividend received	3018		0	0
II. Cash outflow from investment activities (1 to 3)	3019		863,490	194,422
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021		863,490	194,422
3. Other financial investments (net outflows)	3022			0
III. Cash net inflow from investment activities (I-II)	3023			0
IV. Cash net outflow from investment activities (II-I)	3024		808,224	81,969

FINANCIAL STATEMENTS March 31, 2017

CASH FLOW STATEMENT (cont'd)
for the period from 01/01 until 31/03/2017

CASH FLOW STATEMENT				
in the period from 01/01/2017 until 31/03/2017				
- in thousand RSD -				
Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
V. CASH FLOW FROM FINANCING ACTIVITY				
I. Cash inflow from financing activities (1 to 5)	3025		0	0
1. Core capital increase	3026		0	0
2. Long-term loans (net inflows)	3027		0	0
3. Short-term loans (net inflows)	3028		0	0
4. Other long-term liabilities	3029		0	0
5. Other short-term liabilities	3030		0	0
II. Cash outflow from financing activities (1 to 6)	3031		12,429	262,308
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033		12,429	12,308
3. Short-term loans (outflows)	3034		0	0
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036		0	0
6. Paid-up dividends	3037		0	250,000
III. Cash net inflow from financing activities (I-II)	3038		0	0
IV. Cash net outflow from financing activities (II-I)	3039		12,429	262,308
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)	3040		2,229,861	2,150,034
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)	3041		2,366,981	1,688,739
Đ. OVERALL CASH INFLOW (3040 – 3041)	3042		0	461,295
E. OVERALL CASH OUTFLOW (3041 – 3040)	3043		137,120	0
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		740,102	704,127
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3045		2,445	9,798
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3046		531	619
J. CASH AT THE END OF ACCOUNTING PERIOD	3047		604,896	1,174,601
(3042 – 3043 + 3044 + 3045 – 3046)				

JSC AIRPORT NIKOLA TESLA BELGRADE

**NOTES TO THE FINANCIAL STATEMENTS
31 March 2017**

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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 the 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 Beograd.

The Government of the 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 **Joint Stock Company Airport Nikola Tesla Belgrade**.

By the Rescript of the Registers Agency No: BD 7651/2011 dated on 24/01/2011, the Joint Stock Company Airport Nikola Tesla Belgrade was registered in Business Registers Agency as an open joint stock company.

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

According to the classification criteria from the Law on accounting and audit JSC Airport Nikola Tesla Belgrade is classified as a large legal person.

1.2. Number of employees and engaged persons

On Balance Sheet date on 31 March, 2017 the Company had 1,994 engaged workers of which 1,336 employees of the Company including 1,084 permanent employees, 252 employees on a definite period of time, 410 workers engaged through youth organizations and 248 engaged in temporary and occasional jobs (on 31 December 2016 there were 1,994 engaged workers, of which 1,323 permanent employees, 822 employed for a definite period of time, 425 workers engaged through youth organizations, and 246 workers engaged in temporary and occasional jobs).

In I-III 2017, the average number of employees engaged by the Company at the end of each month was 1,992 of which average number of employees of the Company is 1,331 (827 permanent employees, 503 employees for a definite period of time), 416 workers engaged through youth organizations, averagely 245 engaged in temporary and occasional jobs (during 2016 there were on average 1,916 employees: 1,294 employees, of which 496 permanent employees, 798 employees for a definite period of time, 422 workers engaged through youth organizations and 201 engaged in temporary and occasional jobs).

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

1. FOUNDING AND OPERATION OF THE COMPANY (cont'd)**1.3. Management structure**

The Company has established two-tier corporate 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's 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 the Republic of Serbia.

On 09/12/2010 the Government of the Republic Serbia made the Decision No. 023-9103/2010-1, by which citizens of the 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, the 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**

The financial statements for the period I-III 2017 are prepared in a manner and in accordance with the legislation, also applied for preparation of annual financial statements for 2016 and which is completely stated in the Note 2 to the Financial statement for the year of 2016.

The financial statement for the period I-III 2017 are approved on the meeting of the Supervisory Board of the Company on 12/05/2017.

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 leasing period.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.1. Incomes and outcomes (cont'd)**

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

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 there 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.

Expenditures 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 assets and liabilities in foreign currencies

Transactions incurred in foreign currencies are converted into dinars at the middle exchange rates established on the Interbank Exchange Market, valid at the transaction date.

Transactions denominated in foreign currencies on the date of the balance sheet are converted into dinars at the middle exchange rates established on the Interbank Exchange Market, valid at that date.

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.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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

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

Middle 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	31/03/2017	31/12/2016
Middle exchange rate of NBS:	Value in RSD	
EUR	123.9679	123.4723
USD	116.1292	117.1353
CHF	115.9879	114.8473
GBP	145.0256	143.8065

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

Selling rate of the bank on the date of financial statements preparation is presented in the following table:

Description	31/03/2017	31/12/2016
Contracted exchange rate:	Value in RSD	
EUR - for EIB loan	124.3398	123.8427

3.4. Intangible investment

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

3.5. Property, plants, equipment, biological resources

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

After initial recognition, property, plant and equipment (except tools and inventory for which purchase price model is implemented) 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 is carried out 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. Up to the amounts of 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 31/12/2016.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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

3.5. Property, plants, equipment, biological resources (cont'd)

Tools and supplies, whose useful life is longer than one year are from 01/01/2016 recognized as fixed assets notwithstanding their individual purchase cost. These assets are amortized according to the estimated useful life.

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

3.6. Amortisation

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 relevant period of the current year (2017), as well as the rate of amortization calculated based on the useful life of the assets applied in 2016 are given in the following table:

DESCRIPTION	2017	2016
Buildings	%	%
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 - 25,00	5,00 - 25,00
Flats given to employees for use	1.49	1.49
Equipment	%	%
New specific equipment	6,67 - 50,00	6,67 - 50,00
Equipment for road traffic	5- 50,00	5- 50,00
Equipment for PTT and TV	7,14 - 50,00	7,14 - 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	10- 50,00	10- 50,00
Furniture and equipment for general purpose	4- 50,00	4- 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	20,00 - 100,00	20,00 - 100,00
Intangible investments	%	%
Software and licences	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, to assess the value of investment property as on 31.12.2016. In the report on assessment, the fair value of the investment property is determined by the weight of probability of estimated value using the replacement cost method and the yield method.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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 31 March, 2017, 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, whichever 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 by allocation of price differences, calculated on an average basis between the purchase cost of realized goods and supplies in stock at the end of the year.

Charging to other expenses inventory value correction is done in cases where it is determined that it is necessary to resume the 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.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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 income tax expense and deferred income 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 tax credits.

The Law on Corporate Income Tax of the Republic of Serbia does not envisage that any tax losses of the current period may 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 relating to tax credit provides that taxpayers who have until December 31, 2013 acquired the right to a tax incentive under Art. 48. of the previous law and expressed information in Tax balance and Tax return for 2013 may exercise that right up to the deadline and in the manner provided by that previous 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 2017, the earliest previous tax period from which they can use unused tax credit is the tax account or PK form in 2007. 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 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 financial statement 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.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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

3.10. Taxes and contributions (cont'd)

Deferred income tax (cont'd)

Deferred tax is accounted in balance sheet, except when it refers to the positions accounted directly in the equity, in which case deferred tax is allocated within equity.

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 of 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 the 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 the Collective Bargaining 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 authorized actuary to assess provisions for retirement benefits and jubilee awards on 31 December 2016. The assumptions used for the actuarial calculation and changes in provisions in the current period are disclosed in Note 49.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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. Financial expenses are recognized immediately in the income statement, except if directly attributable to assets being qualified for use, in which case they are capitalized in accordance with the general policy of the Company's borrowing costs.

Instalments of 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 of consumption economic benefits from the leased asset.

In the event that lease incentives are granted, those are included in the operational leasing and are recognized as a liability. The total 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 initial recognition 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.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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 of initially recognized liabilities, 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 related period, and presented within other short-term liabilities and accruals and deferred income.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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 there 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.

3.17. Preview of important accounting estimates

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 receivables and liabilities at the financial statements 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.17. Preview of important accounting estimates (cont'd)****3.17.1. 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 relevant period ended on 31 March, 2017 in the amount of about RSD 23.498 thousand (and for the period ended on 31 March 2016: RSD 20.502 thousand).

3.17.2. Correction of values of uncollectable 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 ageing 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 also includes assumptions about future customer behaviour and the resulting future collections. The management believes that no additional value correction of receivables is necessary, with the exception of value correction already reported in the financial statements.

3.17.3. 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 advisers.

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.

3.17.4. 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 favourable 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.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.17. Preview of important accounting estimates (cont'd)****3.17.4. 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.

4. SEPARATION OF REVENUE AND EXPENDITURE OF THE GROUND HANDLING ACTIVITY FROM THE REVENUE AND EXPENDITURE OF AIRPORT OPERATOR'S ACTIVITIES

Art 4 of the Rule book on the provision of ground handling services at airports - Official Gazette of RS No. 61/2015, stipulates that the airport operator and provider of ground handling services separate accounts (accounts) for the provision of ground handling services from the accounts for other activities, in accordance with applicable accounting standards. In the annual financial statements of the airport operator shall be visible absence of any related financial flows between provision of ground handling services and its activities as airport operator.

From 01/07/2016 started separate billing of ground handling services from other services of the airport operator, then determining attributable direct expenditures on the accounting documents of the airport operator and ground handling activities, as well as allocation of indirect expenditures on airport operators and ground handling activities on the basis of the adopted keys for allocation of indirect expenditures. Based on the above, the separation of business results of ground handling activities from airport operator's activities will in the future be made on the basis of recorded exact data on revenues and expenditures.

Separation of business operations, i.e. realized revenues and expenditures of the Airport for the period I-III 2017, to business activities of the airport operator and the business activities of ground handling services was carried out on the basis of the adopted Amended Business Plan for 2016 by the Supervisory Board (Decision No.33 -179/1 dated 24/06/2016), that is on the basis of by plan adopted parameters for separation of ground handling services from the airport operator's activities and defined planned participation of related expenditures, and according to the Rule book on the provision of ground handling services at airports. Based on the above and on the realised business results is compiled Income Sheet for the period I-III 2017 in which financial results of the airport operator's activities and activities of ground handling services are shown separately, as follows:

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

4. SEPARATION OF REVENUE AND EXPENDITURE OF THE GROUND HANDLING ACTIVITY FROM THE REVENUE AND EXPENDITURE OF AIRPORT OPERATOR'S ACTIVITIES (cont'd)

INCOME SHEET for AIRPORT OPERATOR and GROUND HANDLING						
for the period from 01/01/2017 until 31/03/2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year		
				AIRPORT OPERATOR (01/01-31/03/2017)	GROUND HANDLING (01/01-31/03/2017)	Total AIRPORT (01/01-31/03/2017)
1	2	3	4	5	6	7(5+6)
	REVENUES OF REGULAR BUSINESS					
60 to 65, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		1,541,957	417,128	1,959,085
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	306	0	306
604	5. Revenues from sale of goods in domestic market	1007	5	306	0	306
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0	0
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	1,343,181	417,128	1,760,309
614	5. Revenues from sale of products and services to other related parties in domestic	1014	6	553,750	201,667	755,417
615	6. Revenues from sale of products and services in foreign markets	1015	7	789,431	215,461	1,004,892
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0	0
65	IV OTHER OPERATING REVENUES	1017	9	198,470	0	198,470
	EXPENDITURES OF REGULAR BUSINESS					
50 to 55, except 62 & 63	B. OPERATING EXPENDITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		995,990	375,165	1,371,155
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	207	0	207
51 except 513	V. COSTS OF MATERIALS	1023	11	30,724	43,058	73,782
513	VI. COSTS OF FUEL AND ENERGY	1024	12	57,648	25,705	83,353
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	514,931	245,725	760,656
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	96,479	9,489	105,968
540	IX. AMORTISATION COSTS	1027	15	197,263	37,723	234,986
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	0	0	0
55	XI. INTANGIBLE COSTS	1029	17	98,738	13,465	112,203
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		545,967	41,963	587,930

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

4. SEPARATION OF REVENUE AND EXPENDITURE OF THE GROUND HANDLING ACTIVITY FROM THE REVENUE AND EXPENDITURE OF AIRPORT OPERATOR'S ACTIVITIES (cont'd)

INCOME SHEET for AIRPORT OPERATOR and GROUND HANDLING

for the period from 01/01/2017 until 31/03/2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year		
				AIRPORT OPERATOR (01/01-31/03/2017)	GROUND HANDLING (01/01-31/03/2017)	Total AIRPORT (01/01-31/03/2017)
1	2	3	4	5	6	7(5+6)
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		37,679	282	37,961
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	18	21,734	0	21,734
663 & 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	15,945	282	16,227
56	D. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		19,001	44	19,045
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046	20	8,865	0	8,865
563 & 564	III. FOREIGN EXCHANGE LOSSES AND NEG.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	10,136	44	10,180
	E. PROFIT FROM FINANCING(1032 – 1040)	1048		18,678	238	18,916
683 & 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	22	95	0	95
583 & 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	23	25,158	0	25,158
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	24	4,852	22	4,874
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	25	6,142	443	6,585
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		538,292	41,780	580,072
	M. NET PROFIT FROM CORRECTION OF MISTAKS FROM PREVIOUS YEARS	1056		0	0	0
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	538,292	41,780	580,072
	p. PROFIT TAX					
721	I. INCOME TAX EXPENDITURE	1060	26	66,238	6,267	72,505
part 722	II. DEFERRED TAX EXPENDITURE	1061	27	0	0	0
part 722	III. DEFERRED INCOME TAX	1062	27	2,671		2,671
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28	474,725	35,513	510,238
6	TOTAL REVENUES (1001+1032+1050+1052)			1,584,583	417,432	2,002,015
5	TOTAL EXPENDITURES (1018+1040+1051+1053)			1,046,291	375,652	1,421,943

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

5. REVENUES FROM SALE OF GOODS	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	306	208
Revenues from sale of fuel in domestic market	0	131
Revenues from sale of crude oil	0	0
Revenues from sale of goods in domestic market	306	339
Revenues from sale of goods - kerosene (re-export)	0	21,410
Revenues from sale of fuel in foreign market	0	0
Revenues from sale of goods in foreign market	0	21,410
	306	21,749

REVENUES FROM THE SALE OF SERVICES of the Airport in domestic and foreign markets in the period I-III 2017 were separated on revenues from services provided by the airport operator's activities and revenues made by the activity of ground handling services on the basis of real income and by the plan adopted parameters for the separation of ground handling services from the airport operator's activities, as shown in the following table:

6. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-III 2017					I-III 2016			
	Revenues of airport operator	Revenues of ground-handling	Total revenues of Airport (with for. buyer branches)	Revenues from foreign buyer branches	Revenues without foreign buyer branches	Total revenues of Airport (with for. buyer branches)	Revenues from foreign buyer branches	Revenues without foreign buyer branches	
	1	2	3	4 (2+3)	5	6 (4-5)	7	8	9(7-8)
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service *	247,471	10,329	257,800	20,280	237,520	246,810	20,231	226,579	
Security fee	103,493	0	103,493	5,008	98,485	77,939	4,023	73,916	
Landing	47,593	0	47,593	8,687	38,906	42,907	9,081	33,826	
Aircraft handling *	-	50,518	50,518	9,466	41,052	49,903	12,275	37,628	
Infrastructure	29,300	0	29,300	6,566	22,734	27,581	6,944	20,637	
Air-bridges *	2,050	227	2,277	2,274	3	2,394	2,394	0	
Lighting	15,147	0	15,147	649	14,498	1,912	707	1,205	
Aircraft abode tax	632	0	632	-	632	900	0	900	
Aircraft de-icing services *	0	70,654	70,654	3,839	66,815	30,908	2,067	28,841	
Commercial use of apron	14,214	0	14,214	-	14,214	11,735	-	11,735	
Usage of the CUTE system	14,598	0	14,598	1,037	13,561	13,520	1,019	12,501	
Services on special request *	1,350	29,749	31,099	53	31,046	22,665	180	22,485	
Renting of advertisement space	16,614	0	16,614	-	16,614	15,281	-	15,281	
Public services	44,287	0	44,287	253	44,034	38,600	213	38,387	
Cargo-custom services *	0	39,355	39,355	149	39,206	34,022	220	33,802	
DCS services *	0	0	-	-	-	-	-	-	
Lost and found services *	0	237	237	237	0	138	138	-	
Use of parking lots	14,707	0	14,707	150	14,557	5,526	150	5,376	
Other services *	2,294	598	2,892	131	2,761	21,993	126	21,867	
I Total services in domestic market	553,750	201,667	755,417	58,779	696,638	644,734	59,768	584,966	

Revenue from services realized by foreign companies that were registered in the Republic of Serbia as a "branch", are recorded in the books in line with legislation 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 are shown in Note 6 and 7 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.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

7. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-III 2017					I-III 2016			
	Revenues of airport operator	Revenues of ground-handling	Total revenues of Airport (w/o for. buyer branches)	Revenues from foreign buyer branches	Revenues with foreign buyer branches	Total revenues of Airport (w/o for. buyer branches)	Revenues from foreign buyer branches	Revenues with foreign buyer branches	
	1	2	3	4 (2+3)	5	6 (4+5)	7	8	9(7+8)
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service *	359,189	11,644	370,833	20,280	391,113	324,091	20,231	344,322	
Security fee	97,583	0	97,583	5,008	102,591	69,565	4,023	73,588	
Landing	147,994	0	147,994	8,687	156,681	140,409	9,081	149,490	
Aircraft handling *	0	137,940	137,940	9,466	147,406	157,793	12,275	170,068	
Infrastructure	96,588	0	96,588	6,566	103,154	92,498	6,944	99,442	
Air-bridges *	38,864	4,318	43,182	2,274	45,456	41,508	2,394	43,902	
Lighting	20,260	0	20,260	649	20,909	18,048	707	18,755	
Aircraft abode tax	5,743	0	5,743	-	5,743	5,477	0	5,477	
Aircraft de-icing services *	0	45,318	45,318	3,839	49,157	26,372	2,067	28,439	
Commercial use of apron	0	0	0	-	-	0	0	0	
Usage of the CUTE system	20,100	0	20,100	1,037	21,137	17,394	1,019	18,413	
Services on special request *	1,388	5,329	6,717	53	6,770	5,287	180	5,467	
Renting of advertisement space	0	0	0	-	-	336	0	336	
Public services	284	0	284	253	537	390	213	603	
Cargo-custom services *	0	2,900	2,900	149	3,049	3,104	220	3,324	
Consulting services	0	0	0	-	-	0	0	0	
DCS services *	0	3,090	3,090	-	3,090	5,647	0	5,647	
Lost and found services *	0	3,451	3,451	237	3,688	2,838	138	2,976	
Use of parking lots	1	0	1	150	151	0	150	150	
Other services *	1,437	1,471	2,908	131	3,039	5,415	126	5,541	
II Total services in foreign market	789,431	215,461	1,004,892	58,779	1,063,671	916,172	59,768	975,940	
III Total revenues from the sale of products and services (I+II)	1,343,181	417,128	1,760,309	-	1,760,309	1,560,906	-	1,560,906	

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

8. Revenues from sale of <u>services per geograph.region</u>	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Serbia	696,638	584,966
Germany (Lufthansa+Germanwings +Europi.+Air Berlin+Eurojet)	164,178	142,806
Montenegro (Montenegro+other buyers in MN)	109,741	107,170
Austria (branch of Austrian Airlines +Niki)	58,611	59,238
Switzerland (Swis Air)	64,780	59,485
Russia (Aeroflot)	94,329	84,603
Turkey (Turkish +Pegasus+Atlas Global)	145,960	117,065
Spain (Swift Air)	10,891	10,678
Italy (Al italia)	41,010	34,296
Abu Dhabi (branch Etihad Air+Etihad Air)	42,088	38,627
Hungary (Wizz air+Cityline)	138,478	151,271
Romania (Tarom)	11,764	10,288
Tunisia (Tunis Air)	6,090	5,414
Greece (Aegean)	21,178	25,774
England (Easyjet)	18,077	14,679
Norway (Norwegian)	17,528	17,956
Poland (Polskie linie LOT)	25,251	12,482
Dubai (Fly Dubai)	30,678	19,438
Qatar (Qatar Airways)	24,842	28,514
Israel (El Al Israel + Isrir Airlines +Arkia)	28,897	0
Other foreign buyers	9,300	235,559
	1,760,309	1,560,906

Revenues from sale of <u>services per buyers</u>	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Air Serbia - Serbia	549,814	461,646
Deutsche Lufthansa - Germany	142,537	127,380
Montenegro Airlines - Montenegro	107,010	106,952
Branch of Austrian Airlines - Austria	58,316	59,238
Swiss International Airlines - Switzerland	64,780	59,485
Turkish Airlines - Turkey	92,476	93,782
Aeroflot - Russia	94,329	84,603
Polskie linie LOT - Poland	25,251	12,482
Alitalia Societa Aerea Italiana S.R.L. - Italy	41,010	34,296
Swift Air Aviation - Spain	10,891	10,678
European Air - Germany	13,505	5,600
Norwegian Air - Norway	17,528	17,956
Easyjet - England	18,077	14,679
Wizz Air+branch (Hungary)	138,478	151,271
Tarom Romanian Air Transport - Romania	11,764	10,288
Pegasus Airlines - Turkey	23,557	23,283
Tunis Air - Tunisia	6,090	5,414
Fly Dubai - Dubai	30,678	19,438
Aegean airlines - Greece	21,178	25,774
Iran Air - Iran	0	3,003
Qatar Airways Q.C.S. - Qatar	24,842	28,514
Etihad Airways PJSC + branch Etihad Airways PJSC - Abu Dhabi	42,088	38,627
NIS AD - Serbia	12,629	10,298
JAT Technica - Serbia	5,095	6,104
Parking service - Serbia	7,253	7,110
Alma Quatro - Serbia	5,342	5,300
Dufry doo Belgrade - Serbia	13,534	13,709
Isrir Airlines - Israel	23,566	0
Other domestic buyers - Serbia	102,971	80,799
Other foreign buyers	55,720	43,197
	1,760,309	1,560,906

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

9. OTHER BUSINESS REVENUES	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	195,220	173,864
Revenues from lease to foreign legal persons	3,250	3,174
	198,470	177,038

10. PURCHASE VALUE OF SOLD GOODS	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	207	210
Purchase value of sold kerosene - re-export	-	21,988
Purchase value of sold crude oil	-	-
Purchase value of sold fuel	-	-
	207	22,198

11. COSTS OF MATERIALS	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	66,111	38,604
Overhead costs of material (office material)	2,911	1,030
Costs of spare parts	4,760	7,944
Costs of tools and inventory	-	2,379
	73,782	49,957

12. COSTS OF FUEL AND ENERGY	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	19,379	15,607
Costs of oil fuel for heating	17,103	11,289
Costs of electric energy	46,871	45,896
	83,353	72,792

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

13. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES

	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	425,007	402,655
Gross salaries and salary reimbursements - management	9,497	7,149
Taxes and contributions at cost of employer	77,776	73,355
Costs of reimburs. per service contract and royalties	97	320
Costs of reimbursement for youth organisations etc.	155,154	136,275
Costs of reimburs. for member of SB, SA, rev. committee	2,041	2,058
Transport of employees	21,339	13,070
Cots of business trip	1,685	1,200
Terminal wages and jubilee bonuses	817	4
Difference for payment to the budget of RS, based on the Law on reduction of public sector wages	39,693	37,993
Premiums for voluntary pension insurance	22,250	21,091
New Year presents for children of employees - not subject to tax	-	-
Compensation on Contracts for professional development	537	2,449
Solidarity allowance (newborns, treatment, natural disasters etc.)	4,583	6,854
Other personal expenditures	180	951
	760,656	705,424

14. COSTS OF PRODUCTION SERVICES

	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
IT services on passenger and baggage check-in	7,965	10,235
Costs of phone and other PTT services	5,297	5,478
Costs of maintenance services	52,531	44,981
Lease costs	11,204	12,383
Advertising costs	19,291	17,499
Costs of catering services of tenants - (re-invoiced to airlines)	529	273
Costs of utilities	8,081	6,415
Costs of production services	1,070	3,902
	105,968	101,166

15. AMORTISATION COSTS

	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Amortisation costs for intangible investments	7,458	5,210
Amortisation costs for property	116,403	107,921
Amortisation costs for equipment	111,125	91,885
	234,986	205,016

16. COSTS OF LONG-TERM RESERVING

	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Costs of reserving for terminal wages	-	-
Costs of reserving for jubilee awards	-	-
Costs of reserving for litigations	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

17. INTANGIBLE COSTS	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Costs of health services	3,981	3,563
Costs of cleaning services	15,245	12,203
Costs of consulting services	23,763	-
Costs of different kinds of assessments	11,274	9
Costs of professional development	6,897	1,958
Costs of services for the current accounting software	3,456	3,366
Costs of other non-production services	3,760	3,336
Costs of representation	825	1,072
Costs of insurance	8,605	6,296
Costs of payment system	1,408	1,190
Memberships	635	4,094
Property tax and other reimbursements	20,131	19,764
Other intangible costs	12,223	4,408
	112,203	61,259

18. INTEREST INCOME	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	7,611	9,364
Interest for RSD deposits in current accounts	426	828
Interest in term deposits in foreign currency	13,115	14,092
Interest for foreign currency deposits in current accounts	330	1,020
Interest on housing loans	203	163
Interests upon court decisions	49	-
	21,734	25,467

19. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF CURRENCY CLAUSE TOWARD THIRD PARTIES)	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	8,240	33,021
Revenues from non-realized exchange rate differences	7,185	995
Revenues from effects of contracted currency clause (realized)	8	16
Revenues from effects of contracted currency clause (non-realized)	794	2,099
	16,227	36,131

20. INTEREST EXPENDITURES	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Interests for long-term EIB loan	8,791	9,833
Interest for financial leasing	-	-
Default interest in the country	71	161
Interest for untimely paid public revenues	3	96
	8,865	10,090

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

21. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	1,222	1,817
Negative exchange rate differences - non-realized	8,915	14,512
Expenditures from effects of contr. currency clause - realised	43	3
Expenditures from effects of contr. currency clause - non-realised	-	-
	10,180	16,332

22. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
- from natural persons for housing loans (cancellation of impairment on collection basis and fair value basis)	95	-
Other non-mentioned revenues	-	-
	95	-

23. EXPENDITURES FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Impairment of receivables from housing loans	-	-
Value adjustment of receivables from buyers	25,158	7
	25,158	7

24. OTHER REVENUES	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	242	143
Revenues of collected, corrected receivables from buyers	-	198
Revenues from cancel.of reserv. for litigations and empl.benefits	-	643
Revenues from indemnity from legal and natural persons	1,505	670
Revenues from charged court costs	112	38
Revenues of previous years	-	-
Positive effects of contracted revaluation	10	-
Other non-mentioned revenues	3,005	2
	4,874	1,694

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

25. OTHER EXPENDITURES	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Loss from sale and write-off of biological resources		15
Litigation costs	503	202
Costs for humanitarian, health and scientific purposes	4,508	1,100
Expenditures of previous years	92	383
Other non-mentioned expenditures	243	347
Expenditures from trade unions	1,239	1,500
	6,585	3,547

26. PROFIT TAX

a) Components of profit tax	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Period tax expenditure	72,505	64,057
Correction of period tax expenditure	-	-
Period tax expenditure after correction	72,505	64,057
Deferred period tax expenditure	-	13,937
Deferred income tax	2,671	-
Correction of deferred income tax	-	-
	69,834	77,994
Effective tax rate	12.04%	13.56%

b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Profit before tax	580,072	575,197
Profit tax calculated at rate of 15%	87,010	86,280
Tax effect of expenditures not acknowledged in tax balance	1,042	1,892
Correction in tax effect of amortisation expenditures not acknowledged in tax balance	7,189	7,436
Tax credit for investment in fixed assets of previous years	(22,736)	(31,551)
Correction of using tax credits from previous years	-	-
Period tax expenditure	72,505	64,057

v) Achieved, unused and unrecognised tax credit (TC)					in 000 RSD
Year of recognition of tax credit	Year of expiry	Amount of transferred TC	Correction of TC	Used TC	Outstanding TC for transfer
		from 2015		in 2017	31/03/2017
2012	2022	-	0	-	-
2013	2023	22,736	0	22,736	-
Balance of tax credit		22,736	0	22,736	-

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

27. DEFERRED PERIOD TAX REVENUES AND EXPENDITURES

Changes on account of deferred tax liabilities and deferred tax assets as of 31/12/2016 and as of 31/03/2017 are shown in the following table:

<u>a) Deferred tax assets (deferred tax liabilities) 2016</u>	01/01/2016	Recognised in other gains & losses I-XII 2016	Recognised in income sheet I-XII 2016	31/12/2016
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(267,075)	(80,517)	(79,326)	(426,918)
Long-term liabilities				
Provisions for retirement and other employee benefits	16,536	(671)	3,682	19,547
Provisions for litigations	17,312	-	(5,237)	12,075
Short-term liabilities				
Liabilities for taxes, contributions and fees	186	-	12	198
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	-	-	2,079	2,079
Unused tax credits	144,733	-	(121,997)	22,736
	(88,308)	(81,188)	(200,787)	(370,283)

<u>b) Deferred tax assets (deferred tax liabilities) 2017</u>	01/01/2017	Recognised in other gains & losses I-III 2017	Recognised in income sheet I-III 2017	31/03/2017
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(426,918)	-	27,081	(399,837)
Short-term assets				
Receivables from sale	-	-	-	-
Short-term financial investments	-	-	-	-
Long-term liabilities				
Provisions for retirement and other employee benefits	19,547	-	(1,170)	18,377
Provisions for litigations	12,075	-	-	12,075
Short-term liabilities				
Liabilities for taxes, contributions and fees	198	-	2	200
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	2,079	-	(506)	1,573
Other				
Unused tax losses	-	-	-	-
Unused tax credits	22,736	-	(22,736)	-
	(370,283)	-	2,671	(367,612)

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

DEFERRED PERIOD TAX REVENUES AND EXPENDITURES (cont'd)

Balance of recognized deferred tax assets as of 31/03/2017 amounts RSD 32.225 thousand and all refers to deferred tax assets on 31/03/2017 calculated with 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 well as for the amount of unpaid and recognized expenditures for employees' salaries from article 9, paragraph 2 of the Law on corporate income tax, 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 31/03/2017 amounts to RSD 399.837 thousand.

After application of the requirements of IAS 12 that is offsetting of deferred tax assets and deferred tax liabilities on the balancing date, the balance of deferred tax liabilities as of 31/03/2017 amounts to RSD 367.612 thousand (on 31/12/2016 RSD 370.283 thousand).

Effects from changes in deferred tax assets and liabilities in relation to the initial balance, in the amount of RSD 2.671 thousand, are recorded at the account of the deferred period tax revenues.

28. PROFIT PER SHARE	I-III 2017	I-III 2016
	in 000 RSD	in 000 RSD
Net profit for owners	510,238	497,203
Net profit correction	-	-
Net profit after correction	510,238	497,203
Averaged weighted number of shares	34,289,350	34,289,350
Basic earnings per share in RSD	14.88	14.50

29.a. INTANGIBLE PROPERTY

in 000 RSD

DESCRIPTION	31/03/2017	31/12/2016
Purchase value		
Initial balance,	187,042	102,871
Procurements during the year	4,350	84,171
Alienation, removal from inventory and sale	-	-
Final balance	191,392	187,042
Value correction		
Initial balance	51,312	22,348
Amortisation in current year	7,458	28,964
Alienation, removal from inventory and sale	-	-
Final balance	58,770	51,312
Net present value	132,622	135,730

Total investment into intangible assets amounts RSD 4.350 thousand.

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29.b. PROPERTY, PLANTS, EQUIPMENT, BIOLOGICAL RESOURCES 2016 (cont'd)										in 000 RSD
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Current investments	Advances	Total-property, plants and equipment	Biological resources - Basic livestock unit	
Purchase value										
Initial balance 01/01/2016	9,120,668	10,286,854	2,812,602	26,073	3,619	20,236	33,047	22,303,099	120	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2016 after correction	9,120,668	10,286,854	2,812,602	26,073	3,619	20,236	33,047	22,303,099	120	
Procurements during the year	-	-	-	-	-	2,193,642	-	2,193,642	55	
Transfer from current investments	17,274	189,371	816,489	-	-	(1,023,134)	-	-	-	
Alienation, disbursement and sale	-	(153)	(4,707)	-	-	(2,642)	103,272	(7,502)	(15)	
Other	-	-	-	-	-	-	-	103,272	-	
Assets fair value estimation										
Revaluation reserves	278,348	59,468	198,964	-	-	-	-	536,780	-	
Reduction on account of revaluation reserves	-	(1,198)	(972)	-	-	-	-	(2,170)	-	
Revaluation revenues	-	10,472	24,337	452	-	-	-	35,261	-	
Revaluation expenditures	-	-	(334)	-	-	-	-	(334)	(15)	
Reduction of net present value for amort. accumulation	-	(865,819)	(741,025)	-	-	-	-	(1,606,844)	-	
Final balance 31/12/2016	9,416,290	9,678,995	3,105,354	26,525	3,619	1,188,102	136,319	23,555,204	145	
Value correction										
Initial balance 01/01/2016	-	428,109	330,074	-	-	-	15,812	773,995	-	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2016 after correction	-	428,109	330,074	-	-	-	15,812	773,995	-	
Amortisation in current year	-	437,768	418,217	-	-	-	-	855,985	-	
Alienation, disbursement and sale	-	(58)	(2,936)	-	-	-	-	(2,994)	-	
Cancellation of property value per fair value of the property 31/12/2016	-	(865,819)	(741,025)	-	-	-	-	(1,606,844)	-	
Value correction of advanced payments	-	-	-	-	-	-	-	-	-	
Final balance 31/12/2016	-	-	4,330	-	-	-	15,812	20,142	-	
Net present value, 31/12/2016	9,416,290	9,678,995	3,101,024	26,525	3,619	1,188,102	120,507	23,535,062	145	
Net present value, 01/01/2016	9,120,668	9,858,745	2,482,528	26,073	3,619	20,236	17,235	21,529,104	120	

Total investment into property, plants and equipment in the period I-XII 2016 amounts RSD 2,193,642 thousand. In the reported period RSD 1,023,134 thousand for property, plants and equipment is activated, as follows: for equipment in the amount of RSD 816,489 thousand, increase of construction facility value in the amount of RSD 189,371 thousand and land in the amount of RSD 17,274 thousand. Ongoing investments from previous years in the amount of RSD 2,642 thousand were annulled. The balance of non-activated investments on 31/12/2016 amounts RSD 1,188,102 thousand. On 31/12/2016 assessment of fair value of the property, plants and equipment was made by a certified assessor. The effects of the assessment are shown in the table:

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

29.c. PROPERTY, PLANTS, EQUIPMENT, BIOLOGICAL RESOURCES 2017 (cont'd)										in 000 RSD
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Current investments	Advances	Total property, plants and equipment	Biological resources - Basic livestock unit	
Purchase value										
Initial balance 01/01/2017	9,416,290	9,678,995	3,105,354	26,525	3,619	1,188,102	136,319	23,555,204	145	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2017 after correction	9,416,290	9,678,995	3,105,354	26,525	3,619	1,188,102	136,319	23,555,204	145	
Procurements during the year	-	-	-	-	-	763,463	-	763,463	-	
Transfer from current investments	-	556,852	262,794	-	-	(819,646)	-	-	-	
Alienation, disbursement and sale	-	-	-	-	-	-	-	-	-	
Other	-	-	(8)	-	-	-	(54,156)	(54,156)	(8)	
Assets fair value estimation										
Final balance 31/03/2017	9,416,290	10,235,847	3,368,140	26,525	3,619	1,131,919	82,163	24,264,503	145	
Value correction										
Initial balance 01/01/2017	-	-	4,330	-	-	-	15,812	20,142	-	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2017 after correction	-	-	4,330	-	-	-	15,812	20,142	-	
Amortisation in current year	-	116,403	111,125	-	-	-	-	227,528	-	
Alienation, disbursement and sale	-	-	-	-	-	-	-	-	-	
Final balance 31/03/2017	-	116,403	115,455	-	-	-	15,812	247,670	-	
Net present value, 31/03/2017	9,416,290	10,119,444	3,252,685	26,525	3,619	1,131,919	66,351	24,016,833	145	
Net present value, 01/01/2017	9,416,290	9,678,995	3,101,024	26,525	3,619	1,188,102	120,507	23,535,062	145	

Total investment in property, plants and equipment in the period I-III 2017 amounts RSD 763,463 thousand. In the reported period RSD 819,646 thousand for property, plants and equipment is activated, as follows: for equipment in the amount of RSD 262,794 thousand, construction facility value in the amount of RSD 556,852 thousand. The balance of non-activated investments on 31/03/2017 amounts RSD 1,131,919 thousand. On 31/12/2016 assessment of fair value of the property, plants and equipment was made by a certified assessor.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

30. SHARES IN CAPITAL OF OTHER LEGAL ENTITIES AND OTHER SECURITIES	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Privredna banka a.d. Belgrade	392	392
<i>Minus: value correc.of partic. in capital of banks in bankruptcy</i>	<i>(392)</i>	<i>(392)</i>
	-	-
<i>Participation in capital of banks in liquidation</i>		
Union banka a.d. Belgrade - in liquidation	667	667
Beogradska banka a.d. Belgrade - in liquidation	18,988	18,988
Beobanka a.d. Belgrade - in liquidation	38	38
	19,693	19,693
<i>Minus: value correc.of partic. in capital of banks in liquidation</i>	<i>(19,693)</i>	<i>(19,693)</i>
	-	-
<i>Participation in capital of foreign legal entities</i>		
Mondial Bodrum - Turkey	358,598	358,598
Societe International de Telecommun. Aeronautiques Swisse (SITA)	1	1
<i>Minus: value corr.of particip. in capital of Mondial Bodrum - Turkey</i>	<i>(358,598)</i>	<i>(358,598)</i>
	1	1
	1	1
31.a. OTHER LONG-TERM FINANCIAL INVESTMENTS	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	6,306	6,360
Long-term loans to employees	282,655	284,552
Receivables for sold socially owed housing	1,165	1,168
Receivables for purchase of solidarity housing	2,275	2,196
Total gross	292,401	294,276
Current maturities of long-term investments in SITA	(692)	(698)
Current maturities of long-term loans to employees	(11,598)	(14,233)
Adjustment of fair value of long-term loans to employees	(138,400)	(138,400)
	141,711	140,945

Receivables from employees for long-term loans for purchase and tenant purchaser of apartments as of 31/03/2017 amount to RSD 286.095 thousand ((including current maturities in the amount of RSD 11,598 thousand). Effects of adjustment to fair value amount to total of RSD 138.864 thousand (RSD 138.400 thousand for the part of long-term receivables from employees and RSD 464 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 31/12/2016 is performed by a certified assessor by projection of future cash flows from collection of receivables for housing loans using discount rates (built-up method): from 5.5% 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.

31 b. OTHER LONG-TERM RECEIVABLES - ADP 0041	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Receivables from buyers based on an Agreement on debt rescheduling	83,819	83,819
	83,819	83,819

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32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES - ADP 0045	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Basic material	61,736	46,906
Spare parts	10,835	10,502
Tools and supplies	4,337	4,926
Value correction of material and spare parts stock	(62)	(62)
	76,846	62,272

33. GOODS-ADP 0048	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	4,786	4,786
Goods in retail trade	49	30
	4,835	4,816

34. ADVANCES FOR SUPPLIES AND SERVICES ADP 0050	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Advances for services in the country	41,975	17,603
Advances for foreign services	1,091	946
Advance value correction	-	-
	43,066	18,549

35. BUYERS IN THE COUNTRY	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Total balance of receivables from buyers in the country-gross	609,658	638,795
-Value correction of the previous period	(278,284)	(116,263)
-Value correction of the current period	(21,674)	(162,021)
Total balance of value correction	(299,958)	(278,284)
	309,700	360,511

Receivables from the buyers in the country on 31/03/2017 amount RSD 609.658 thousand, of which to undue receivables refer RSD 225.086 thousand, due receivables up to 30 days RSD 18.602 thousand and due receivables over 30 days RSD 365.970 thousand.

Total value correction of receivables from buyers in the country in the amount of RSD 299.958 thousand mainly relates to value correction of receivables from sued domestic buyers in the amount of RSD 176.529 thousand and other domestic buyers RSD 123.429 thousand.

36. BUYERS ABROAD	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Total balance of receivables from foreign buyers-gross	769,404	672,826
-Value correction of the previous period	(12,901)	(12,411)
-Value correction of the previous period	(9)	(490)
Total balance of value correction	(12,910)	(12,901)
	756,494	659,925

Receivables from foreign buyers on 31/03/2017 amount RSD 769.404 thousand (undue receivables RSD 596.226 thousand, due receivables up to 30 days RSD 93.000 thousand and due receivables over 30 days RSD 80.178 thousand). Total value correction of receivables from foreign buyers in the amount of RSD 12.910 thousand relates to value correction of receivables from sued domestic buyers in the amount of RSD 6.707 thousand and other foreign buyers RSD 6.203 thousand.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

37. OTHER RECEIVABLES	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Receivables from buyers in the country for default interest	23,987	24,905
Receivables for interest on term deposit	42,414	42,136
Receivables from employees	2,650	1,347
Other receivables	41,473	84,518
Receivables for overpaid income tax	338,823	238,912
Total receivables - gross	449,347	391,818
- Value corr.from buyers for default interest of previous years	(385)	(385)
- Value corr.from buyers for default interest of the current year	(3,485)	-
-Value correction of the earlier period	(570)	(570)
-Value correction of the current period	-	-
- Value corr.of other receivables	(2,452)	(2,452)
Total balance of value correction	(6,892)	(3,407)
	442,455	388,411

38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint .stores, heating means - 6 months)	26,227	50,953
	26,227	50,953

39. OTHER SHORT-TERM FINANCIAL INVESTMENTS	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Short-term time deposits	3,925,908	3,920,027
Current maturities of long-term housing loans to employees	11,598	14,233
Current maturities of long-term investment in SITA	692	698
	3,938,198	3,934,958
Adjustment of fair value of current maturities of housing loans to employees	(464)	(464)
	3,937,734	3,934,494

Short-term time deposits with balance on 31/03/2017 are disclosed in the amount of RSD 3,925,908 thousand, and relate to foreign currency and dinar deposits, for the period of six months.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

40. CHANGES ON VALUE CORRECTION till 31/03/2017						in 000 RSD
Description of change on value correction	Long-term financial investments (Note 31)	Stock material and spare parts (Note 32)	Advances for materials and services (Note 34)	Receivables from buyers for goods, services and default interest (Notes 35, 36, 37)	Short-term financial investments (Notes 39)	Total
Initial balance 01/01/2016	169,778	62	1,120	187,269	543	358,772
Correction at cost of current period	-	-	-	162,021	-	162,021
Devaluation of long-term finan.invest. and securities	-	-	-	-	-	-
Charged corrected receivables	(122)	-	-	(258)	(372)	(752)
Value reconciliation	(28,083)	-	-	(43,410)	343	(71,150)
Write-off	(3,173)	-	(1,120)	(11,520)	(50)	(15,863)
Exchange rate differences	-	-	-	490	-	490
Other	-	-	-	-	-	-
Final balance 31/12/2016	138,400	62	-	294,592	464	433,518
Correction at cost of current period	-	-	-	25,159	-	25,159
Devaluation of long-term finan.invest. and securities	-	-	-	-	-	-
Charged corrected receivables	-	-	-	-	-	-
Value reconciliation	-	-	-	-	-	-
Write-off	-	-	-	-	-	-
Exchange rate differences	-	-	-	9	-	9
Other	-	-	-	-	-	-
Final balance 31/03/2017	138,400	62	-	319,760	464	458,686

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

41. CASH AND CASH EQUIVALENTS	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Current account - in RSD	71,054	158,629
Current account - in foreign currency	531,456	578,893
Treasury	6	13
Other funds	2,380	2,567
Total cash-balance	604,896	740,102

42. PREPAYMENTS AND ACCRUED INCOME	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	1,165	33,856
Prepaid insurance costs for the future period	17,432	21,680
Prepaid other costs for the future period Consultservices for the fut	70,262	93,682
Prepaid other costs for the future period	25,609	34,286
Calculated and non-invoiced revenues fot the current period	49,029	51,957
Pre-calculated costs	3,640	170
	167,137	235,631

43. CAPITAL	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Share capital	20,573,610	20,573,610
Reserves	4,120,259	4,120,259
Revaluation reserves	601,813	601,827
Actuarial gains	16,590	16,590
Non-distributed profit of previous years	1,775,247	303
Non-distributed profit of the current year	510,238	1,774,932
	27,597,757	27,087,521

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 September 2010 and disclose its capital in shares of a certain nominal value of the based on the adjusted carrying 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.

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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:

<i>Share capital 25/01/2011 (transition to open joint stock company)</i>	Value in thousand RSD	Number of shares	% of particip.
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%
	20,573,610	34,289,350	100.00%

The capital structure on 31/03/2017 and 31/12/2016 was as following:

Shareholder	31/03/2017			31/12/2016		
	Value in thousand RSD	Number of shares	% of particip.	Value in thousand RSD	Number of shares	% of particip.
Republic of Serbia	17,106,322	28,510,537	83.15%	17,106,321	28,510,535	83.15%
Domestic and foreign natural persons	2,023,012	3,371,686	9.83%	2,040,253	3,400,421	9.92%
Domestic and foreign legal persons	695,488	1,159,146	3.38%	716,733	1,194,555	3.48%
Custody entities	748,789	1,247,981	3.64%	710,303	1,183,839	3.45%
	20,573,610	34,289,350	100.00%	20,573,610	34,289,350	100.00%

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

45. OTHER COMPONENTS OF THE CAPITAL	Reserves	Revaluation reserves based on the revaluation of property, plant and equipment	Actuarial gains
Balance on 01/01/2016	2,842,810	148,390	12,788
Legal reserves	-	-	-
Statutory reserves	1,277,449	-	-
Revaluation reserves for land	-	278,348	-
Revaluation reserves for buildings	-	59,468	-
Revaluation reserves for equipment	-	198,964	-
Decrease of revaluation reserves based on estimation	-	(2,170)	-
Decrease of revaluation reserves based on alienation of supplies	-	(656)	-
Actuarial gains on reserves for retirement benefits	-	-	4,473
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	(80,517)	(671)
Balance on 31/12/2016	4,120,259	601,827	16,590
Legal reserves	-	-	-
Statutory reserves	-	-	-
Revaluation reserves for land	-	-	-
Revaluation reserves for buildings	-	-	-
Revaluation reserves for equipment	-	-	-
Decrease of revaluation reserves based on estimation	-	-	-
Decrease of revaluation reserves based on alienation of supplies	-	(14)	-
Actuarial gains on reserves for retirement benefits	-	-	-
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	-
Balance on 31/03/2017	4,120,259	601,813	16,590

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

46. NON-DISTRIBUTED PROFIT	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Initial balance 01/01	1,775,235	2,120,386
Correction of initial balance	-	-
Corrected initial balance 01/01	1,775,235	2,120,386
Distribution of undistributed profit for dividend	-	(750,937)
Transfer to statutory reserves	-	(1,277,449)
Participation of employees in profit distribution	-	(92,000)
Net profit of the current period	510,238	3,190,739
Net profit correction	-	-
Total net profit of the current period	510,238	3,190,739
Decision on distribution of interim dividend	0	1,415,807
Undistributed profit of the current period	510,238	1,774,932
Profit of the previous years, resulting from transfer of revaluation reserves into profit at selling fixed assets in the current year	12	303
Correction of undistributed profit of earlier period	0	0
Total undistributed profit of earlier years	12	303
Undistributed profit	2,285,485	1,775,235

Total balance of undistributed profit on **31/03/2017** in the amount of RSD **2.285.485** thousand is a result of the part of realized and non-distributed net profit for the period I-XII 2016 in the amount of RSD 1.775.235 thousand and realised net profit from the current period, i.e. I-III 2017 in the amount of RSD 510.238 thousand, increased for RSD 12 thousand on the bases of transfer of revaluation reserves into revenue for alienated fixed assets.

47. LONG -TERM RESERVES	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Reserves for terminal wages	42,946	42,946
Reserves for jubilee awards	79,569	82,890
Reserves for litigations	80,496	80,496
	203,011	206,332

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

48. CHANGES ON LONG-TERM RESERVES

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in the period I-III of 2017, compared to 31/12/2016 are shown in the following table:

in 000 RSD				
CHANGES ON LONG-TERM RESERVES	Terminal wages	Jubilee bonuses	Total	Litigations
Balance on 01/01/2016	41,934	68,305	110,239	114,781
Reserves during the year	7,133	21,384	28,517	8,300
Actuarial gains	(4,473)	-	(4,473)	-
Cancellation during the year	(340)	(364)	(704)	(32,824)
Pay-off during the year	(1,308)	(6,435)	(7,743)	(9,761)
Balance on 31/12/2016	42,946	82,890	125,836	80,496
Balance on 01/01/2017	42,946	82,890	125,836	80,496
Reserves during the year	0	0	0	0
Actuarial gains	-	-	-	-
Cancellation during the year	-	-	-	-
Pay-off during the year	-	(3,321)	(3,321)	-
Balance on 31/03/2017	42,946	79,569	122,515	80,496

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

<i>a) The assumptions used when making calculation of reserves for retirement benefits and jubilee bonuses</i>	2016	2015
Discount rate	4.50%	5.50%
Estimated growth rate of average earnings	1.00%	2.00%
Fluctuation percentage	1.50%	3.00%
Amount of the net earning XI/.....	73,724	76,360
Total number of employees on 31/12	1323	1253
Number of retired workers who received terminal wage at retirement	5	11

<i>b) The calculation of the reserves for employee benefits on 31/12/2016</i>	Retirement bonuses	Jubilee bonuses
	in 000 RSD	in 000 RSD
1. Reserves on 31/12/2015	41,934	68,305
2. Interest expense	2,307	3,757
3. Cost of current work	4,826	11,521
4. Cost of past work	-	-
5. Actuarial (gain)/loss	(4,473)	6,106
6. Cancellation of provisions during 2015 in the business books of the Company	(1,648)	(6,799)
7. Total net change in the amount reserved in 2016 (1+2+3+4+5+6)	1,012	14,585
8. Balance of reserving on 31/12/ 2016 (1+7)	42,946	82,890

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

50. LONG-TERM LOANS	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Abroad	795,624	804,828
Current maturities	(90,898)	(102,919)
	704,726	701,909

51. LONG-TERM LOANS	Annual interest rates	Date of maturity	Remaining amount 31/03/2017 (EUR)	31/03/2017	31/12/2016
				in 000 RSD	in 000 RSD
<u>Long-term credits abroad</u>					
European Investment Bank	4,07-5,16%	2025	6,398,790.38	795,624	804,828
Total long-term credits (a+b)			6,398,790.38	795,624	804,828
Current maturities of long-term credits:			-731,048.38	-90,898	-102,919
			5,667,742.00	704,726	701,909

Long-term loans abroad reported on 31/03/2017 in the amount of RSD 795.624 thousand (EUR 6.398.790,38, of which in 2017 it is due for payment EUR 731.048,38 or RSD 90.898 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. Under the said contract, the Company was granted a loan in the amount of EUR 13.000.000 for investment and rehabilitation of the 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 EUR 3,000,000.00 and 4.07% for the third tranche of 7,000,000.00 EUR. 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.

<u>Receivable maturity from long-term loans</u>	31/03/2017	31/12/2016	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	90,898	102,919	30,423	34,506
one to two years	103,332	102,919	29,984	29,864
two to three years	103,332	102,919	25,323	25,222
three to four years	103,332	102,919	20,662	20,580
four to five years	103,333	102,919	16,002	15,937
five to ten years	291,397	290,233	23,863	23,767
over ten years	-	-	-	-
	795,624	804,828	146,257	149,876

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Current maturities of long-term loan EIN	90,898	102,919
	90,898	102,919

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53. RECEIVED ADVANCES, DEPOSITS AND BAILS	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	46,139	44,216
Advances received from foreign buyers	15,952	14,669
Subscriptions from domestic buyers	6,076	5,774
Subscriptions from foreign buyers	15,024	18,004
	83,191	82,663

54. SUPPLIERS IN THE COUNTRY	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	82,543	132,618
Suppliers in the country- for investments in progress	45,219	94,596
Suppliers in the country-for equipment	88,164	169,366
	215,926	396,580

55. SUPPLIERS ABROAD	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	31,364	2,278
Suppliers abroad-for equipment	147,542	48,962
	178,906	51,240

56. OTHER LIABILITIES FROM OPERATION	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for charged purchase on behalf of other companies	17,371	14,219
Other liabilities from operation	3,901	663
	21,272	14,882

57. OTHER SHORT-TERM LIABILITIES	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities from salaries	3,687	316
Liabilities from participation in the profits-gross	3	3
Liabilities from interim dividend of RS for 2016	877,200	877,200
Liabilities from interim dividend of other shareholders for 2016	238,607	238,607
Other short-term liabilities	21,890	22,268
	1,141,387	1,138,394

58. Liabilities for VAT	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for VAT	13,423	57,398
	13,423	57,398

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59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for income tax	0	0
Correction of liabilities for income tax from prev.years	0	0
Liabilities for taxes, custom duties and other levies	720	721
Taxes, contributions and other levies	894	1,215
	1,614	1,936

60. LIABILITIES FOR INCOME TAX - structure	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Balance on 01/01 of the current year	0	94,850
Correction of income tax	0	0
Corrected initial balance	0	94,850
Specified income tax liabilities for the current year	72,505	393,279
Correction of income tax liabilities	-	-
Specified income tax liabilities for the current year-total	72,505	393,279
Paid income tax liabilities	-	(94,850)
Pre-payment of income tax	99,911	238,912
Advance payment of income tax until 31/12	(172,416)	(632,191)
Liability for payment of income tax or overpaid tax	-	-

61. ACCRUALS AND DEFERRED INCOME	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Accrued expenses for the reporting period	88,525	71,446
Accrued acquisition of software and equipment for which invoice is	8,675	47,885
Calculated revenues for the future period	26,569	17,241
Other accruals and deferred income	1,029	2,503
Taxes, contributions and other levies	-	234
	124,798	139,309

62. OFF-BALANCE REGISTER	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Received blank bills - piece	1,959	1,922
Given blank bills domestic - pieces	13	13
Received guarantees - RSD	423,944	357,885
Received guarantees - foreign currency	119,166	158,544
Given guarantees - RSD	7,500	7,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	624	625
Total off-balance assets and liabilities	551,236	524,556

Received guarantees in Dinars in the amount of RSD 423.944 thousand mainly relate to guarantees received from suppliers for good performance or guarantee for fault repair within the warranty period. Received foreign currency guarantees in the amount of RSD 119.166 thousand mainly relate to guarantees received from foreign suppliers for good performance, for fault repair within the warranty period or for recovery of advance payments as well as to guarantees received from foreign buyers for the safety.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 31/03/2017	Fair value in 000 RSD 31/03/2017	Accounting value in 000 RSD 31/12/2016	Fair value in 000 RSD 31/12/2016	Hierarchy of fair value- Levels	Valuation techniques and inputs
1	2	3	4	5	6	7
Fixed assets	22,792,038	22,792,038	22,199,928	22,199,928	Level 3	Assessment was carried out by certified assessor with balance on 31/12/2016 (the Institute for economic research-Belgrade). During assessment of the property the following methodology were used: for apartments - methodology of direct price comparison; for properties of specific purpose, functionally connected and used for business activity - cost method, i.e. substitution method, for the objects built in recent years-construction costs; for older buildings-experience method depending on construction type and level of equipment. Equipment is assessed by market method and by a method of substitution of amortised value. For the equipment of with reliably indicated market value by direct comparison with achieved sale prices in the market, assessment is made by market method, i.e. by a method of direct price comparison;
Investment property	26,525	26,525	26,525	26,525	Level 3	Assessment of a certified assessor 31/12/2016 (the Institute for economic research-Belgrade)
Participation in capital of other legal persons	1	1	1	1	Level 2	Estimation the management is that they are not refundable-banks in bankruptcy
Long-term and short-term financial investments - housing loans	147,231	147,231	149,052	149,052	Level 3	Assessment of a certified actuary with a balance on 31/12/2016 - Discounting of cash flows as follows: 20% for housing loans which are not being revalued ; 7% for housing loans with value adjusted annually and with interest rate 0,5%, 5,5% for housing loans with currency clause and interest rate 0,5%; 7,25% for housing loans with value adjusted semi-annually and 7,5% for housing loans with value adjusted annually
Other long-term receivables	83,819	83,819	83,819	83,819	Level 3	Estimation of collectibility by management according to IAS 39
Receivables from buyers	1,066,194	1,020,436	1,020,436	1,020,436	Level 3	Estimation of collectibility by management according to IAS 39
Other receivables	103,631	103,631	149,499	149,499	Level 3	Estimation of collectibility by management according to IAS 39

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Financial instrument categories	31/03/2017			31/12/2016			in 000 RSD
	Total	val.correction	net amount	Total	val.correction	net amount	
1 Long term investments	742,614	(517,083)	225,531	741,848	(517,083)	224,765	
- Long-term time deposits	5,614	-	5,614	5,662	-	5,662	
- 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 to employees	274,497	(138,400)	136,097	273,683	(138,400)	135,283	
- Other long-term receivables	83,819	-	83,819	83,819	-	83,819	
2 Receivables expressed at nominal value	5,454,010	(320,224)	5,133,786	5,450,438	(295,056)	5,155,382	
- Receivables from buyers	1,379,062	(312,868)	1,066,194	1,311,621	(291,185)	1,020,436	
- Short-term financial investments	3,964,425	(464)	3,963,961	3,985,911	(464)	3,985,447	
- Receivables for interests	66,401	(3,870)	62,531	67,041	(385)	66,656	
- Other receivables	44,122	(3,022)	41,100	85,865	(3,022)	82,843	
3 Cash and cash equivalents	604,896	-	604,896	740,102	-	740,102	
	6,801,520	(837,307)	5,964,213	6,932,388	(812,139)	6,120,249	
Financial liabilities							
1 - Long-term loans	704,726	0	704,726	701,909	0	701,909	
2 - Current maturities of l-term loans	90,898	-	90,898	102,919	-	102,919	
3 - Curr. maturities of l-term fin.lease	0	0	0	0	0	0	
4 - Short-term liabilities	416,104	-	416,104	462,702	-	462,702	
	1,211,728	-	1,211,728	1,267,530	-	1,267,530	

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.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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

Financial risk management objectives

Financial risks include market risk (foreign exchange, interest rate and price change risk), 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 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, short-term financial investments, accounts receivable from buyers, liabilities from long-term loans 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 in common use.

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>	
	31/03/2017		31/12/2016		31/03/2017	31/12/2016
	gross	net	gross	net		
EUR	4,037,757	3,879,091	3,979,299	3,827,535	973,133	854,799
USD	622,870	622,870	626,857	626,857	0	160
CHF	367	367	363	363	0	0
GBP	9	9	9	9	0	66
Total dinar counter-val.of assets and liab. stated in for.currency	4,661,003	4,502,337	4,606,528	4,454,764	973,133	855,025
Value of assets and liab. stated in dinars	2,140,517	1,461,876	2,325,860	1,665,485	238,595	412,505
Total	6,801,520	5,964,213	6,932,388	6,120,249	1,211,728	1,267,530

By analysis of the currency structure of financial assets and liabilities as of 31/03/2017, along with the balance as of 31/12/2016, it can be concluded that currency clause are higher than the contracted financial liabilities in foreign currencies Financial liabilities contracted in foreign currency

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd)**a) Currency risk (foreign exchange risk) (cont'd)**

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

31/03/2017

Changes	EUR influence		USD influence		CHF influence		GBP influence	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Gain/loss	290,596	-290,596	62,287	-62,287	37	-37	1	-1

in 000 RSD

31/12/2016

Changes	EUR influence		USD influence		CHF influence		GBP influence	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Gain/loss	297,274	-297,274	62,670	-62,670	36	-36	-6	6

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:

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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	31/03/2017			31/12/2016		
	Total	val.correction	net amount	Total	val.correction	net amount
Non-interest						
Share in capital of oth.leg.entities	378,684	(378,683)	1	378,684	(378,683)	1
Other long-term receivables	83,819	-	83,819	83,819	-	83,819
Receivables from buyers	1,379,062	(312,868)	1,066,194	1,311,621	(291,185)	1,020,436
Receivables for interests and oth.receiveiv.	110,523	(6,892)	103,631	152,906	(3,407)	149,499
Short-term fin. invest.	26,227	-	26,227	50,953	-	50,953
Non-interest-total	1,978,315	(698,443)	1,279,872	1,977,983	(673,275)	1,304,708
Fixed interest rate						
Long term fin.investments	280,111	(138,400)	141,711	279,345	(138,400)	140,945
Short term fin.investments	3,938,198	(464)	3,937,734	3,934,958	(464)	3,934,494
Fixed-total	4,218,309	(138,864)	4,079,445	4,214,303	(138,864)	4,075,439
Floating interest rate						
Cash and cash equiv.	604,896	-	604,896	740,102	-	740,102
Floating-total	604,896	0	604,896	740,102	0	740,102
	6,801,520	(837,307)	5,964,213	6,932,388	(812,139)	6,120,249
Financial liabilities						
Non-interest						
Liabilities from operation	416,104	0	416,104	462,702	0	462,702
Non-interest-total	416,104	0	416,104	462,702	0	462,702
Fixed interest rate						
Long-term loans	704,726	0	704,726	701,909	0	701,909
Current maturities of long-t. liab.	90,898	0	90,898	102,919	0	102,919
Fixed-total	795,624	0	795,624	804,828	0	804,828
Floating interest rate						
Current maturities of long-t. liab.	0	0	0	0	0	0
Floating-total	0	0	0	0	0	0
	1,211,728	0	1,211,728	1,267,530	0	1,267,530

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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.

Structure of receivables from buyers	31/03/2017	participa	31/12/2016	participat
	in 000 RSD	tion	in 000 RSD	ion
Air Serbia	136,904	9.93%	147,816	11.27%
Jat Tehnika	152,990	11.09%	157,448	12.00%
Dufry doo	65,254	4.73%	65,347	4.98%
International CG	41,492	3.01%	41,492	3.16%
Air Serbia-Catering ltd	45,577	3.30%	45,561	3.47%
Aviogenex ltd.	50,820	3.69%	50,820	3.87%
Austrian-branch	13,993	1.01%	14,172	1.08%
Other domestic buyers	102,628	7.44%	116,139	8.85%
Total domestic buyers	609,658	44.21%	638,795	48.70%
Montenegro Airlines	248,957	18.05%	193,036	14.72%
Wizz Air	108,978	7.90%	87,603	6.68%
Deutsche Lufthansa	68,207	4.95%	59,160	4.51%
Turkish Airlines	35,217	2.55%	34,942	2.66%
Ethad Airlines	37,730	2.74%	44,667	3.41%
Aeroflot	45,644	3.31%	33,341	2.54%
Allitalia	19,480	1.41%	20,599	1.57%
Qatar Airways	10,194	0.74%	10,703	0.82%
Swiss Air	23,966	1.74%	29,094	2.22%
Fly Dubai	31,929	2.32%	23,440	1.79%
Pegasus	14,946	1.08%	20,125	1.53%
LOT Polskie Linie	14,998	1.09%	16,363	1.25%
Other foreign buyers	109,158	7.92%	99,753	7.61%
Total foreign buyers	769,404	55.79%	672,826	51.30%
Total gross receivables from domestic and foreign buy	1,379,062	100.00%	1,311,621	100.00%
Total value correction	312,868		291,185	
Total net receivables	1,066,194		1,020,436	

Receivables from domestic and foreign buyers on 31/03/2017 amount RSD 1.379.062 thousand (RSD 1.311.621 thousand on 31/12/2016), so the credit risk remains constant. To reduce this risk, the Company regularly monitors the realisation of the collection, analyses the value of the collection achieved within the contracted period, collection with exceeded contracted period, and the balance and age structure of outstanding receivables as per buyers.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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

II - CREDIT RISK (cont'd)

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

Receivables from domestic buyers for goods and services on 31/03/2017 in the amount of RSD 609.658 thousand, accounted for 44,21% of total receivables from buyers for goods and services. Total balance of value adjustment of receivables from domestic buyers was RSD 299.958 thousand (accounted to results of previous years RSD 278.284 thousand and charged to result of the current year RSD 21.674 thousand), so the net value of receivables from domestic buyers amounts to RSD 309.700 thousand.

Receivables from foreign buyers for goods and services amounted to RSD 769.404 thousand, which makes 55.79% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers was RSD 12.910 thousand (all charged to results of previous years), so the net value of receivables from foreign buyers amounts to RSD 756.494 thousand.

Age structure of receivables	31/03/2017	participati	31/12/2016	participat
	in 000 RSD	on	in 000 RSD	ion
Undue receivables from buyers-uncorrected	821,312	59.56%	728,524	55.54%
Undue receivables from buyers-corrected	0	0.00%	0	0.00%
Total undue receivables	821,312	59.56%	728,524	55.54%
Due receivables up to 60 days-uncorrected	136,974	9.93%	144,110	10.99%
Due receivables up to 69 days-corrected	0	0.00%	0	0.00%
Total due receivables up to 60 days	136,974	9.93%	144,110	10.99%
Due receivables over 60 days-uncorrected	107,908	7.82%	147,802	11.27%
Due receivables over 60 days-corrected	312,868	22.69%	291,185	22.20%
Total due receivables over 60 days	420,776	30.51%	438,987	33.47%
Total receivables-gross	1,379,062	100.00%	1,311,621	100.00%
Total value correction	312,868		291,185	
Total receivables - net (gross-correction)	1,066,194		1,020,436	

Undue receivables from domestic and foreign buyers for goods and services, on 31/03/2017, amounted to RSD 821.312 thousand (and on 31/12/2016 they amounted to RSD 728.524 thousand). Due receivables from domestic and foreign buyers for goods and services, on 31/03/2017 not older than 60 days, amounted to RSD 136.974 thousand (and on 31/12/2016 they amounted to RSD 144.110 thousand).

Due receivables from domestic and foreign buyers for goods and services, on 31/03/2017 older than 60 days, amounted to RSD 420.776 thousand (and on 31/12/2016 they amounted to RSD 438.987 thousand).

Due corrected receivables from domestic and foreign buyers for goods and services older than 60 days as at 31/03/2017 amounted to RSD 312.868 thousand, of which for value correction of receivables of the current period was placed RSD 21.674 thousand, and at the cost of the results of previous years RSD 291.185 thousand (due corrected receivables from domestic and foreign buyers for goods and services older than 60 days on 31/12/2016 amounted to RSD 291,185 thousand).

Due uncorrected receivables from domestic and foreign buyers for goods and services older than 60 days, on 31/03/2017, amounted to RSD 107.908 thousand (and on 31/12/2016 they amounted to RSD 147.802 thousand). These receivables are not corrected due to the assessment of certainty of collection of those receivables.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

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.

Maturity of financial assets	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	1,595,915	1,754,695
1 - 3 months	1,859,936	2,224,243
3-12 months	2,282,831	1,897,689
1 - 5 years	111,207	130,547
over five years	114,324	113,075
	5,964,213	6,120,249

The average time to collect receivables from customers in the period I-III 2017 amounted to 57 days (2016: 62 days).

Maturity of receivables for interests	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	33,711	3,983
1 - 3 months	-	30,464
3-12 months	28,820	32,209
	62,531	66,656

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

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

Maturity of financial liabilities	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	416,104	462,702
1 - 3 months	39,232	12,384
3-12 months	51,666	90,535
1 - 5 years	413,330	411,677
over five years	291,396	290,232
	1,211,728	1,267,530

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd)**III - LIQUIDITY AND CASH FLOW RISK (cont'd)**

In the total liabilities of the Company the largest share have liabilities based on long-term loans in the amount of RSD 795.624 thousand, of which in 2017 becomes due RSD 90.898 thousand.

Liabilities towards suppliers on March 31, 2017 are disclosed in the amount of RSD 416.104 thousand (December 31, 2016: RSD 462,702 thousand). Suppliers do not charge interest on arrears to due liabilities, whereby the Company, in accordance with the policy of financial risk management, settles due liabilities to suppliers within the agreed period. Average time of settlement of liabilities towards suppliers in the period I- III 2017 is 27 days (in 2016 it was 46 days).

Maturity of liabilities for interests (for loans)	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	-	-
1 - 3 months	13,684	4,204
3-12 months	16,740	30,302
1 - 5 years	91,970	91,603
over five years	23,863	23,768
	146,257	149,877

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 2017 and the end of 2016 were as follows:

	31/03/2017	31/12/2016
	in 000 RSD	in 000 RSD
I		
1 Indebtedness (ADP 432 + ADP 443)	795,624	804,828
2 Cash and cash equivalents (ADP 068)	604,896	740,102
I GROSS INDEBTEDNESS (1-2)	190,728	64,726
3 Ratio indebtedness/capital (I/5)	0.0069	0.0024
4 Short-term financial investment (ADP 062)	3,963,961	3,985,447
II NET INDEBTEDNESS (I - 4)	(3,773,233)	(3,920,721)
5 Capital (ADP 401)	27,597,757	27,087,521
6 Ratio indebtedness/capital (II/5)	-0.1367	-0.1447

65. MANAGEMENT EARNINGS

The Company paid remuneration (salaries and contributions) to key management, including members of the Supervisory Board, members of the Audit Commission and the General Assembly of Shareholders and Executive directors and Department directors (on 31/03/2017: 23 members; on 31/03/2016: 21 member). In the period I - III 2017 it was paid in the gross amount RSD 11.538 thousand (in the period I- III 2016: RSD 9,207 thousand).

NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

65. MANAGEMENT EARNINGS (cont'd)

Management earnings	31/03/2017	I-III 2017	31/03/2016	I-III 2016
Management	Number	Amount in 000 RSD	Number	Amount in 000 RSD
Earnings	14	9,497	12	7,149
Participation in profit distribution		0		0
Total management	14	9,497	12	7,149
Compensations to members of the Supervisory Board	7	1,580	7	1,537
Compensations to members of the Commission for Revisor	1	159	1	227
Compensations to members of the Shareholders Assembly	1	302	1	294
Total for members of the Supervisory Board, the Commission for Revision and the Shareholders Assembly.	9	2,041	9	2,058
TOTAL:	23	11,538	21	9,207

66. 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. The management believes that tax liabilities are adequately calculated and recorded.

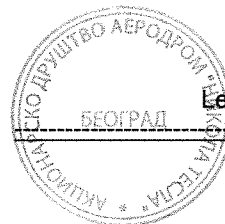
67. LITIGATIONS

On March 31, 2017, against the Company there are litigations in the amount of RSD 118.848 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 March 31 2017 the Company has made provisions for potential losses on these litigations in the amount of RSD 80.496 thousand (on 31/12/2016 it was RSD 80,496 thousand) (Notes 47 and 48). 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 March 31 2017, or would require adjustment of the financial statements.

Belgrade, May 03, 2017



Legal representative

[Handwritten signature]

JOINT STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT

СКИДОВАНА КАРТА ЗА УЉЕНО
АЕРОДРОМ "НИКОЛА ТЕСЛА"
БЕОГРАД
Бр. АН0-168/2017
12.05.2017. год.

BUSINESS REPORT FOR THE PERIOD I – III 2017



Београд-финансија

BELGRADE, MAY 2017

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Corporation

1. GENERAL DATA OF THE COMPANY

Business name		AKCIONARSKO DRUŠTVO AERODROM NIKOLA TESLA BELGRAD
1	Head office and address	Belgrade, 11180 Belgrade 59
	Register no.	07036540
	TIN	100000539
2	web site and e-mail address	www.beg.aero ; kabinet.abnt@beg.aero
3	Number and date of the Rescript on Company registration	<p style="text-align: center;">Registration number: BD 4874/2005 Date of registration: 15/06/2005</p> <p style="text-align: center;">Registration number: BD 91540/2012 Date of registration: 09/07/2012</p> <p style="text-align: center;">Registration number: BD 100187/2012 Date of registration: 20/07/2012</p>
4	Activity (code and description)	5223 - Air- traffic services
5	Number of employees	1335 employees on 31/03/2017,
6	Core capital value	RSD 20,573,610,000 (on 31/03/2017)
7	Name, head office of auditor who revised the last financial statement for 2016	„PKF“ d.o.o. Palmira Toljatija 5/3, Belgrade
8	Number of issued shares, ISIN number and CFI COD	Number of ordinary shares 34.289.350 (on 31/03/2017) CFI code ESVUFR ISIN number RSANTBE 11090
9	Organised exchange market on which the shares are exchanged	Beogradska berza ad Beograd, Omladinskih brigada 1, 11070 Novi Beograd

Ten largest shareholders on 31/03/2017

No.	Name of shareholder	Number of shares	% of share
1)	REPUBLIC OF SERBIA	28,510,537	83.15
2)	KJK FUND II SICAV SIF	441,137	1.29
3)	RAIFFEISEN BANK AD BEOGRAD – CUSTODY ACCOUNT - KS	375,314	1.09
4)	EAST CAPITAL (LUX) – BALKAN FUND	145,038	0.42
5)	SOCIETE GENERALE BANKA SRBIJA – CUSTODY ACC - FO	136,610	0.40
6)	CONVEST A.D. NOVI SAD-CUMMULATIVE ACCOUNT	99,311	0.29
7)	RAIFFEISEN BANK AD – CUSTODY ACC - KS	91,000	0.27
8)	RAIFFEISEN BANK AD – CUSTODY ACC - KS	90,014	0.26
9)	SOCIETE GENERALE BANKA SRBIJA – CUSTODY ACC - FO	87,344	0.25
10)	RAIFFEISEN BANK AD – CUSTODY ACC - KS	85,635	0.25

2. MANAGEMENT DATA

Management members on 31/03/2017

Shareholders' Assembly:

No.	Name, surname and place of residence	Education, current employment (business name of the company and work position)
1	Vladimir Dimitrijević, Belgrade	Master of Economic Sciences, Director of Legal Affairs and real estate management of Public Enterprise „Pošta Srbije“

The Supervisory Board:

No.	Name, surname and place of residence	Education, current employment (business name of the company and work position)
1	Vesna Stanković Jevđević, Belgrade	Bachelor of Economics, Assistant Director of the Procurement Directorate at the National Bank of Serbia
2	Mirko Manojlović, Belgrade	Bachelor of Economics, Director – Paracentar d.o.o. Belgrade
3	Ljubiša Dejković, Čuprija	Master of Electrical Engineering and Telecommunications, Head of telecommunication projects in the Sector of Investments – PE Elektromreža Srbije
4	Srdan Minić, Belgrade	Bachelor of Economics, Technical support and documentation Engineer, Telekom Srbija
5	Goran Mirković, Belgrade	Master of Economy, Senior Associate for completion of documentation and coordination of monitoring of contract implementation, Institute for Manufacture of 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	Professional manager, Officer for customer care in Elektro distribucija Niš, office in Doljevac

The Executive Board:

No.	Name, surname and place of residence	Education, current employment (business name of the company and work position)
1	Saša Vlaisavljević, Belgrade	BSc. Traffic Engineer, JSC Belgrade Nikola Tesla Airport, Chairman of the Executive Board, acting Director General
2	Senka Jelenković, Belgrade	Professor of Italian language and literature, Master Engineer of Organizational Sciences, 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 Stojković, Belgrade	Bachelor of Law, JSC Belgrade Nikola Tesla Airport, Executive Director

2.1. REVIEW OF CORPORATE GOVERNANCE RULES

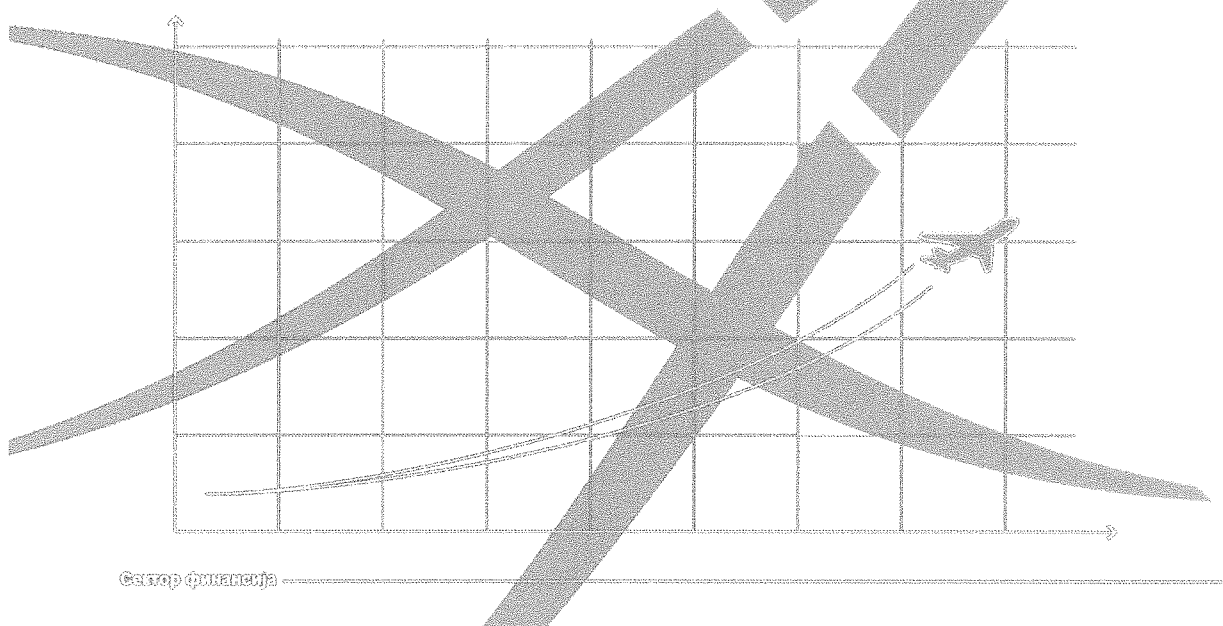
JSC Belgrade Nikola Tesla Airport, as a member of the Chamber of Commerce of Serbia adopted the *Code of Corporate Governance* that was published in the Official Gazette of the Republic of Serbia, No. 99/2012, as well as on the Company's website www.beg.aero

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 use of the words "may," "should," and so on.

The recommendations contained in this Code outline minimum standards which 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.



3. AIR TRAFFIC TURNOVER

In the period I-III 2017 it was achieved total air traffic turnover, as follows:

- 12.111 air movements;
- 955.988 passengers and
- 4.826 tons of cargo and mail.

3.1. AIR MOVEMENT TURNOVER

Achieved number of air movements per traffic types in the period I-III 2017 is shown in the following table:

Number of air movements per air-traffic types

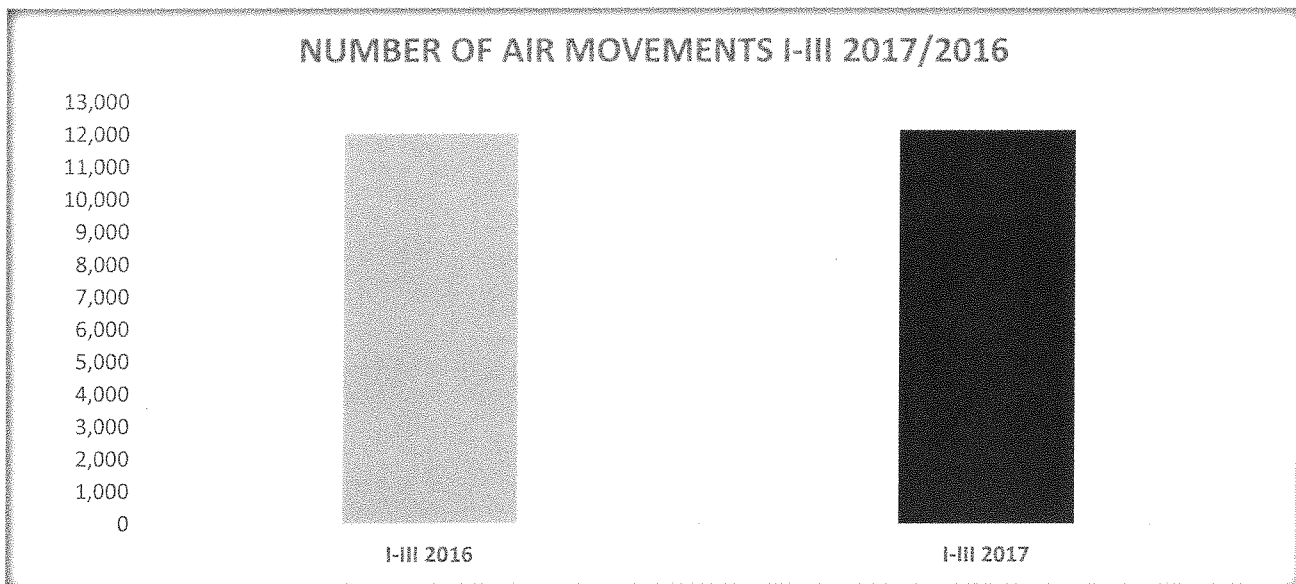
Air-traffic types	Achievement I-III 2016	Plan I-III 2017	Achievement I-III 2017	Index	Index	Participation I-III 2016	Participation I-III 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	25	25	13	52	52	0.21	0.11
International air-traffic-domestic carriers	6,477	6,602	6,437	99	98	53.76	53.15
International air-traffic-foreign carriers	5,547	6,121	5,661	102	92	46.04	46.74
TOTAL:	12,049	12,748	12,111	101	95	100.00	100.00

The data from the table indicate total number of air movements in the period from I-III 2017, which is 1% higher than last year in the same period and 5% lower than the one prescribed in the Rebalancing plan for the period I-III 2017.

Within carrier pattern of the total traffic in the period I-III 2017 the largest share is of domestic carriers in international air traffic with 53.15%, followed by foreign carriers in international air traffic with 46.74% and at the end domestic carriers in domestic air traffic with 0.11%.

In comparison to the last year, there was fall in the share of domestic carrier in international air traffic and growth in share of foreign carriers in international air traffic.

In international air traffic of domestic carriers total turnover of 6,437 air movements is achieved which is by 1% lower compared to the same period of the previous year and by 2% lower in comparison to the Rebalancing Plan for the period I-III 2017. The domestic carriers in international air traffic are the following: Air Serbia, Avio Služba, Princ Aviation and Air Pink.



In the first quarter of 2017 we present the most significant foreign air carriers (31 foreign air carrier)

In international air traffic of foreign carriers in the period I-III 2017 total turnover of 5,661 air movements is achieved which is by 2% higher compared to the same period of the previous year and by 8% lower in comparison to the Rebalancing Plan for the period I-III 2017.

In the pattern of foreign carriers in the period I-III 2017 the most significant roles are of: Lufthansa with 11.78% of share, then Montenegro Airlines with 11.22% and Wizz Air with 10.60% of share. These three air carriers achieve 33.60% in international air traffic of foreign carriers.

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

Air-carriers	Achievement I-III 2016	Plan I-III 2017	Achievement I-III 2017	Index	Index	Participation I-III 2016	Participation I-III 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
1 Montenegro Airlines	654	654	635	97	97	11.79	11.22
2 Lufthansa	630	671	667	106	99	11.36	11.78
3 Wizz Air	576	662	600	104	91	10.38	10.60
4 Austrian Airlines	444	462	416	94	90	8.00	7.35
5 Turkish Airlines	395	395	371	94	94	7.12	6.55
6 Swiss International	226	242	244	108	101	4.07	4.31
7 Aeroflot	364	363	359	99	99	6.56	6.34
8 Alitalia	156	180	176	113	98	2.81	3.11
9 Easyjet	64	66	70	109	106	1.15	1.24
10 Etihad Airways	182	182	180	99	99	3.28	3.18
12 Polskie Linie LOT	108	108	180	167	167	1.95	3.18
14 Tarom Romanian Air	146	182	166	114	91	2.63	2.93
15 Aegean Airlines	130	130	100	77	77	2.34	1.77
16 Qatar Airways	168	166	102	61	61	3.03	1.80
17 Pegasus	108	108	102	94	94	1.95	1.80
18 Flydubai	78	84	108	138	129	1.41	1.91
19 Raf Avia	154	154	0	0	0	2.78	0.00
20 Norwegian Air Shuttle	64	62	52	81	84	1.15	0.92
21 Tunis Air	26	28	26	100	93	0.47	0.46
23 Belavia	52	52	54	104	104	0.94	0.95
24 Aircairo Company	0	12	26	0	217	0.00	0.46
25 Swiftair Aviation	255	255	248	97	97	4.60	4.38
26 Israir Airlines	0	78	82	0	105	0.00	1.45
27 Arkia	0	54	26	0	48	0.00	0.46
28 Transavia	0	78	0	0	0	0.00	0.00
31 Vueling Airlines	2	2	0	0	0	0.04	0.00
32 Adria Airways	0	0	4	0	0	0.00	0.07
33 Gazprom - GZP	0	0	1	0	0	0.00	0.02
34 Swiftair HELLAS S.A.	132	132	126	95	95	2.38	2.23
35 Niki Luftfahrt	2	0	0	0	0	0.04	0.00
36 Corendon Airlines	0	0	4	0	0	0.00	0.07
Atlasglobal Airlines	0	0	34	0	0	0.00	0.60
38 Bora Jet	0	0	2	0	0	0.00	0.04
40 European Air	0	128	130	0	102	0.00	2.30
41 Ural Airlines JSC	34	34	0	0	0	0.61	0.00
42 Air Horizont Ltd.	0	0	1	0	0	0.00	0.02
45 Other	397	397	369	93	93	7.16	6.52
TOTAL:	5,547	6,121	5,661	102	92	100.00	100.00

With the share ranging from 7.35% to 4.31% in this type of air traffic are: Austrian Airlines (7.35%), Turkish Airlines (6.55%), Aeroflot (6.34%), Swift Air (4.38%), Swiss International (4.31%), with total share of 28.93%.

Cargo traffic of express mail is carried out by 4 foreign air carriers: Turkish Airlines, Swiftair, European Air Transporter Leipzig GmbH and Swiftair Hellas.

The most important **Low cost carriers** in the period I-III 2017 are: Easyjet, Flydubai, Norwegian Air Shuttle, Wizz Air and Pegasus Airlines.

3.2. PASSENGER TURNOVER

In the first quarter of 2017 a total passenger turnover of 955,988 passengers was achieved, which led to 10% increase in comparison to the first quarter in 2016 and it is 7% higher than in the Rebalancing Plan for the period I-III 2017.

Passenger turnover per air-traffic types

Air-traffic types	Achievement I-III 2016	Plan I-III 2017	Achievement I-III 2017	Index	Index	Participation I-III 2016	Participation I-III 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	34	34	33	97	97	0.00	0.00
International air-traffic-domestic carriers	431,464	443,090	465,729	108	105	49.59	48.72
International air-traffic-foreign carriers	438,516	446,633	490,226	112	110	50.40	51.28
TOTAL:	870,014	889,757	955,988	110	107	100.00	100.00

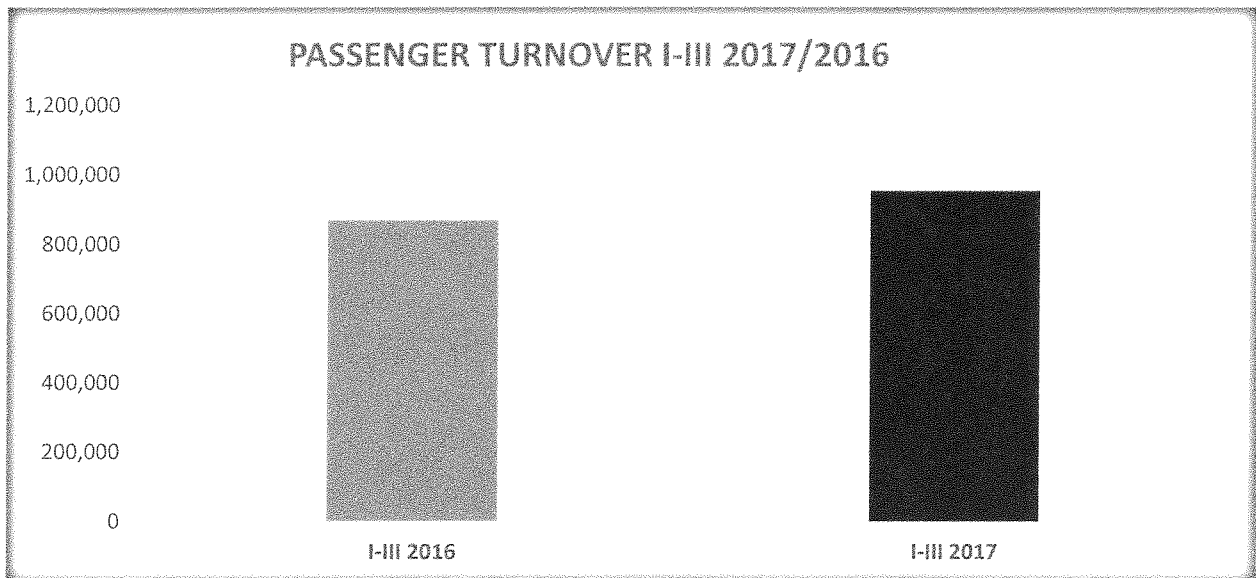
The greatest participation in passenger turnover per air traffic types for the period I-III 2017 is of foreign carriers in international air traffic with 51.28%, then domestic carriers in international air traffic with 48.72%.

The number of passengers transported by foreign carriers in international air traffic in the period I-III 2017 is by 12% higher compared to the same period last year, and by 10% higher compared to the Rebalancing Plan for I-III 2017.

The number of the passengers transported by domestic carriers in international air traffic is by 8% higher compared to the same period last year, and by 5% higher compared to the Rebalancing Plan for I-III 2017.



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3.3. CARGO AND MAIL TURNOVER

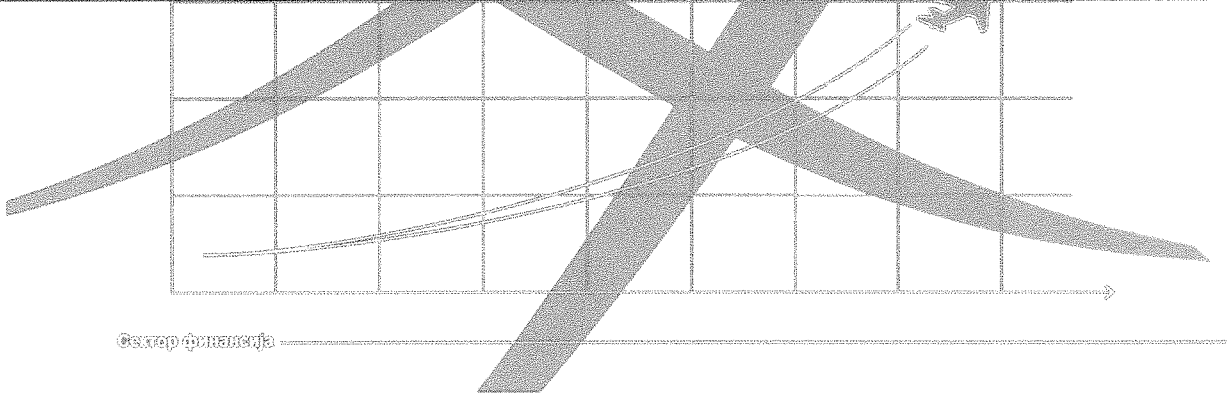
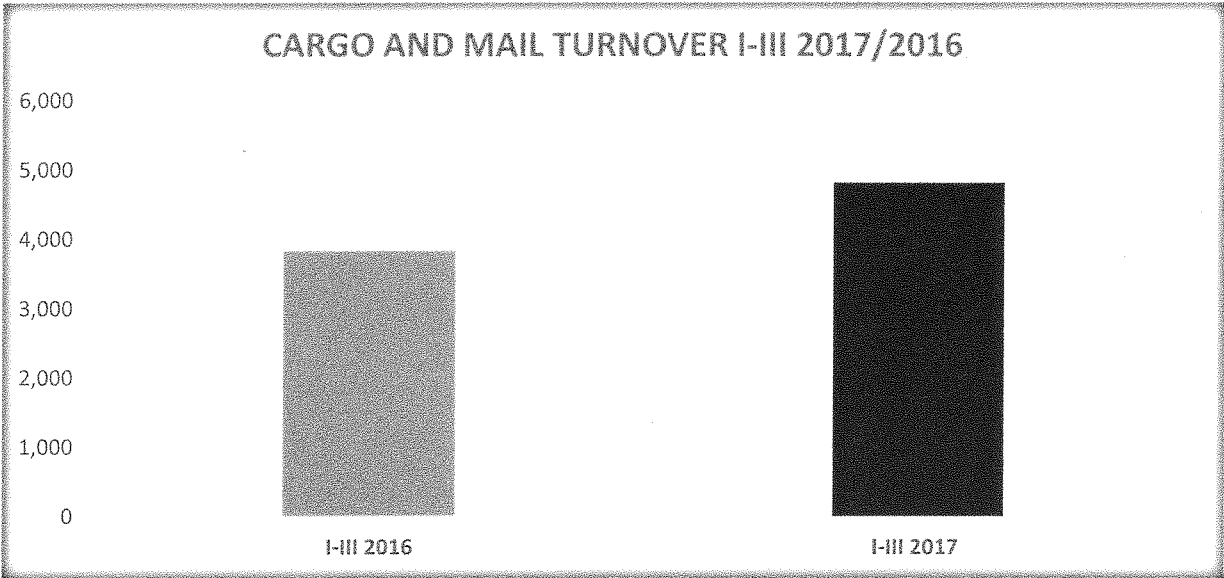
In the period I-III 2017 total cargo turnover of 4,826 tons is achieved which is by 26% higher compared to the same period of the previous year and by 1% higher in comparison to the Rebalancing Plan for the period I-III 2017.

In international air traffic of domestic carriers, cargo turnover in the period I-III 2017 was 75% higher than the turnover for the same period of 2016 and by 42% higher than in the Rebalancing Plan for the period I-III 2017, while in international air traffic of foreign carriers, cargo turnover in the period I-III 2017 was 11% higher than the turnover for the same period of the previous year and by 11% lower than in the Rebalancing Plan for the period I-III 2017.

Cargo and mail turnover in tons

Air-traffic types	Achievement I-III 2016	Plan I-III 2017	Achievement I-III 2017	Index	Index	Participation I-III 2016	Participation I-III 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	4	4	0	0	0	0.10	0.00
International air-traffic-domestic carriers	903	1,116	1,583	175	142	23.52	32.80
International air-traffic-foreign carriers	2,932	3,636	3,243	111	89	76.37	67.20
TOTAL:	3,839	4,756	4,826	126	101	100.00	100.00

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PHYSICAL VOLUME OF AIR-TRAFFIC I-III 2017

Air-traffic types	Achievement I-III 2016		Plan I-III 2017		Achievement I-III 2017		Index	
	Participation		Participation		Participation			
1	2		3		4		5(4/2)	6(4/3)
Domestic air-traffic								
Air movements	25	0	25	0	13	0	52	52
Passengers	34	0	34	0	33	0	97	97
Cargo and mail air (t)	4	0	4	0	0	0	0	0
International air-traffic - domestic carriers								
Air movements	6,477	54	6,602	52	6,437	53	99	98
Passengers	431,464	50	443,090	50	465,729	49	108	105
Cargo and mail air+truck (t)	903	24	1,116	23	1,583	33	175	142
International air-traffic - foreign carriers								
Air movements	5,547	46	6,121	48	5,661	47	102	92
Passengers	438,516	50	446,633	50	490,226	51	112	110
Cargo and mail air+truck (t)	2,932	76	3,636	76	3,243	67	111	89
Total								
Air movements	12,049	100	12,748	100	12,111	100	101	95
Passengers	870,014	100	889,757	100	955,988	100	110	107
Cargo and mail air+truck (t)	3,839	100	4,756	100	4,826	100	126	101

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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 2017 JSC Belgrade Nikola Tesla Airport achieved the total revenue in amount of RSD 2,002,015,404. Thus achieved total revenue is 10% higher in comparison to the achieved revenues in the same period of the previous year and 3% higher in relation to the Rebalancing Plan for the same period.

The pattern of the achieved revenues for I-III 2017 is shown in the table **Revenue pattern by service types**.

In the pattern of achieved revenues for the period I-III 2017 **business revenues** have the greatest participation amounting to RSD 1.959.085.256 which is 98% of the total revenues. Thus achieved business revenues are **11% higher** than the same in the same period of the previous year and 4% higher in relation to Rebalancing Plan for the period I-III 2017.

Part of **business revenues** generated by providing air services in the amount of RSD 597.173.314 makes 30% of the total revenues. These revenues are 1% higher than in the same period of the previous year and at the same level as it is predicted in the Rebalancing Plan for the period I-III 2017.

Revenues from passenger service and security fees were RSD 829.708.743 for the period I-III 2017 which makes 41% of totally realised revenues, were 15% higher than revenues achieved on this basis in the same period of the previous year and 8% higher than in the Rebalancing Plan for the period I-III 2017.

In the period I-III 2017 the revenues from **services in cargo-customs warehouse** are achieved in the amount of RSD 42.255.405 and they are 14% higher than revenues achieved on this basis in the same period of 2016, while they are 10% lower than in the Rebalancing Plan for the period I-III 2017.

In the period I-III 2017 the revenues from **other services** are by 37% higher than in the same period last year and by 39% higher than in the Rebalancing Plan for the period I-III 2017. They amount RSD 291.171.310. Increase of revenues from other services in the first quarter in 2017 in comparison to the first quarter of the previous year mainly relates to: revenues from de-icing services, revenues from utilities, revenues from services on special request-work order, revenues from CUTE services and other.

Revenues from sale of goods refer to revenues from sale of beverages in restaurants and they amount to RSD 306.043.

In the period I-III 2017 revenue from **lease of business facilities** amounts RSD 198.470.440 and it is 12% higher than in the same period 2016. The most part of these revenues refers to lease of business facilities to Dufry ltd.

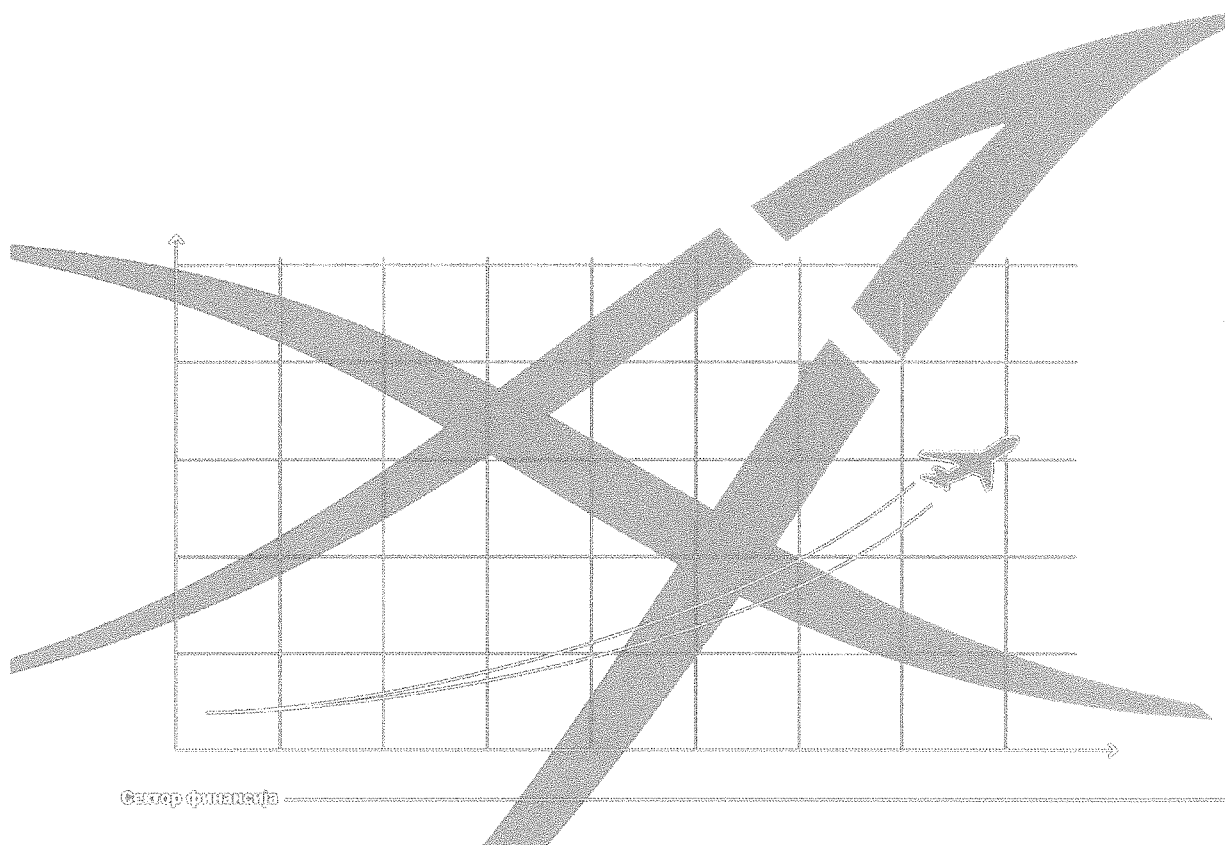
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Financial revenues (group 66) in the period I-III 2017 are achieved in the amount of RSD 37.961.077.

In the pattern of financial revenues for I-III 2017, the most part refers to interests in the amount of RSD 21.733.924, then to exchange rate differences-realised in the amount of RSD 8.248.366 and non-realised exchange rate differences in the amount of RSD 7.978.787.

Other revenues (group 67 and 68) in the period I-III 2017 are achieved in the amount of RSD 4.969.071. They are 3 times higher in comparison to the same period of 2016 and the increase of other revenues in the period I-III 2017 is mostly influenced by the revenue from purchase of tender documentation - foreign.

Major foreign buyers from the point of their participation in revenues from sale in the period I-III 2017 are: Deutchsh Lufthansa RSD 142.537 thousand (8.10%), Wizz Air RSD 138.234 thousand (7.85%) and Montenegro Airlines RSD 107.010 thousand (6.08%).



REVENUE STRUCTURE I-III 2017

No.	Service type	Service description	Achievement I-III 2016	Rebalancing Plan I-III 2017	Achievement I-III 2017	Indexes	
1	2	3	4	5	6	7 (6/4)	8 (6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	33,826,414	42,065,548	38,905,398	115	92
	614010+614014+614310+614312+614313+614314	Lighting	13,205,331	13,462,158	14,498,050	110	108
	614030+614034+614330+614332+614333+614334	GH	37,627,694	45,601,669	41,052,568	109	90
	614040+614042+614043+614044	Infrastructure	20,636,869	25,137,183	22,733,941	110	90
	614050	Air-bridges	0	0	3,470	0	0
	614020+614024+614320+614323+614324	Aircraft abode revenue	899,605	982,957	631,572	70	64
I	Total air services (domestic carrier):		106,195,904	127,249,515	117,824,998	111	93
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	149,489,645	149,946,633	156,681,201	105	104
	615020+615021+615022+615023+615024	GH	170,067,955	157,934,851	147,405,511	87	93
	615030+615031+615032+615033+615034	Lighting	18,754,676	15,251,165	20,909,179	111	137
	615040+615042+615043+615044	Infrastructure	99,441,762	99,385,680	103,153,829	104	104
	615060+615062	Air-bridges	43,902,217	44,014,360	45,455,400	104	103
	615000+615001+615002+615003+615004	Aircraft abode revenue	5,476,506	5,852,774	5,743,196	105	98
II	Total air services (international carrier):		487,132,761	472,385,462	479,348,316	98	101
I+II	Total air services		593,328,665	599,634,978	597,173,314	101	100
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	8,706	3,237	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.a/vl.at.	226,569,846	242,750,334	237,520,269	105	98
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	344,322,143	322,348,086	391,112,765	114	121
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	147,503,528	201,018,106	201,075,710	136	100
III	Total passenger service		718,404,223	766,119,764	829,708,743	115	108
I+II+III	Total air services and passenger service		1,311,732,888	1,365,754,742	1,426,882,057	109	104
	CCM service						
	614500+614510	CCM service dom.market	33,801,634	42,968,459	39,205,651	116	91
	615300 +615310 (foreign)	CCM service international market	3,323,799	3,776,540	3,049,754	92	81
IV	Total CCM services		37,125,433	46,744,999	42,255,405	114	90
V	Total services related to air traffic (I to IV):		1,348,858,321	1,412,499,741	1,469,137,462	109	104
	Other services						
1	614360+615100+615102	DCS services	5,647,086	6,109,927	3,090,031	55	51
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	27,952,376	39,141,594	37,815,578	135	97
3	614130+614131+615071+615072	VIP lounge	1,324,589	1,588,165	1,724,943	130	109
4	614140+614142+615090+615092	CUTE (dom.+intl)	30,913,711	45,693,686	34,698,419	112	76
5	614380+615080	Lost and found	2,976,102	4,712,516	3,688,040	124	78
6	6146+615120+615400+615401	Public services	38,989,833	41,081,766	44,570,917	114	108
7	614820+615170	Catering services business class	0	0	0	0	0
8	614870+615810	Advertising space	15,617,577	17,726,988	16,613,653	106	94
9	614883	Commercial usage of the apron	11,734,550	15,637,713	14,213,773	121	91
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	58,279,239	18,179,269	115,972,405	199	638
11	Other non-mentioned services dom+intl		18,612,364	19,700,101	18,783,555	101	95
VI	Other services (1 to 11):		212,047,428	209,571,727	291,171,310	137	139
VII	Total 61 - Revenues from sale of services (V+VI)		1,560,905,749	1,622,071,468	1,760,308,772	113	109
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		21,749,622	1,610,098	306,043	1	19
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		1,582,655,371	1,623,681,566	1,760,614,815	111	108
X	64 & 65 - Lease of business premises		177,037,930	265,154,155	198,470,440	112	75
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	1,759,693,301	1,888,835,720	1,959,085,256	111	104
XII	66 - FINANCIAL REVENUES		61,598,484	43,411,467	37,961,077	62	87
1	interest		25,467,472	25,618,757	21,733,924	85	85
2	exchange rate differences - realised		33,036,774	17,792,711	8,248,366	25	46
3	exchange rate differences - non-realised		3,094,238	0	7,978,787	258	0
XIII	67 AND 68 OTHER REVENUES		1,693,509	11,773,268	4,969,071	293	42
XIV	Total revenues(XI+XII+XIII)		1,822,985,294	1,944,020,445	2,002,015,404	110	103

Савршеница

4.2. EXPENDITURES

In the period I-III 2017 **total expenditures** were achieved in the amount of RSD 1.421.943.572. Thus achieved expenditures are **14% higher** than in the same period of the previous year and 2% lower in relation to Rebalancing Plan for the period I-III 2017.

The costs of material and energy (group 51) for the first quarter of 2017 amount to RSD 157.134.881. They participate in total expenditure with 11% and mostly refer to: costs of basic material, costs of electricity, costs of heating oil, costs of fuel for cargo vehicles and costs for working clothes and shoes.

Hugest amount within total expenditures refers to the **costs of salaries, reimbursements and other personal expenditures (group 52)** amounting for the period I-III 2017 RSD 760.655.752 and they are 8% higher than in the same period last year. It is necessary to notice that change of the employment status of employees in the Company on the account of permanently employees affected on increase of the costs of salaries and reimbursements.

The costs of salaries of employees (gross II - groups 520 and 521) in Airport Nikola Tesla amount RSD 512.280.076, while costs of persons engaged through youth organisations (account 524000) amount RSD 96.874.115 (youth organisations Fan, Beograd, Knez, Medijator and Europa).

Apart from salaries, the group 52 also includes reimbursements per temporary and occasional jobs, other personal expenditures (transportation costs for employees, costs of business trips, joint assistance and jubilee bonuses, etc.), reimbursements for members of governing and supervisory bodies, reimbursements by contracts (service contracts).

The costs of production services (group 53) in the period I-III 2017 amount RSD 105.967.822 and they are 5% higher then in the same period of the previous year.

The pattern of **cost of production services** consists of:

- **costs of transportation services** which in the period I-III 2017 amount RSD 13.277.613 and they mostly refer to costs of information and passenger check-in, monthly ITT support for passenger and baggage registration and other.
- **costs of maintenance services** which in the period I-III 2017 amount RSD 52.530.737 and they are 17% higher than in the same period 2016 because of the costs of the current maintenance of IT equipment.
- **costs of renting** which in the period I-III 2017 amount RSD 11.203.941 and mostly refer to renting of business facilities of legal persons, licence leasing and leasing of web structures and servers. The costs of renting in the first quarter of 2017 are 10% lower than in the same period last year.
- **costs of advertising** amount RSD 19.290.835.
- **costs of other services** mostly refers to costs of watering, sewage, achieved in the amount of RSD 9.664.695 and they are 9% lower than in the same period in 2016.

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The costs of **amortization and reserving** (group 54) for the period I-III 2017 amounted to RSD 234.985.611 and they are 15% higher than in the same period of the previous year, due to significant investment to fixed assets and 10% higher than in the Rebalancing Plan for the period I-III 2017.

Intangible costs (group 55) for the period I-III 2017 amount to RSD 112.203.463 and are higher in relation to intangible costs realized in the same period last year mostly due to the costs of consulting services.

The pattern of **intangible costs** (group 55) consists of:

- **costs of non-production services** are the most significant in the group of intangible costs and are achieved in the amount RSD 68.375.845 mostly referring to consulting services in the amount of RSD 23.763.094.
- **costs of taxes** (RSD 20.131.465)
- **other intangible costs** (RSD 12.223.543)
- **costs of insurance premiums**(RSD 8.604.696)
- **costs of money transfers** (RSD 1.407.889)
- **costs of representations** (RSD 825.010)
- **costs of membership fees** (RSD 635.014)

Financial expenditures (group 56) in the period I-III 2017 are disclosed in the amount of RSD 19.045.662.

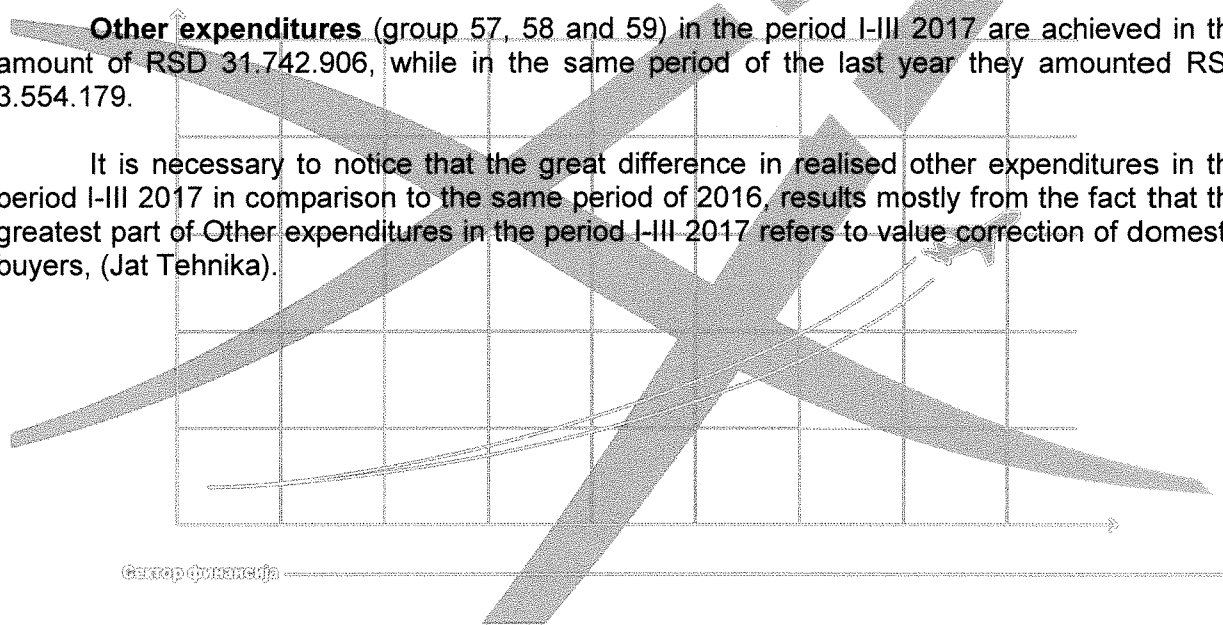
Realised negative exchange rate differences are achieved in the amount of RSD 1.265.149 and participate with 7% in the pattern of total financial expenditures.

In the pattern of the financial expenditures, expenditures realised from interests participate with 47%, amount RSD 8.864.833 and are lower 12% than in the same period last year. The noted expenditures from interest mostly refer to interest from long-term loans liabilities (EIB - reconstruction of the Terminal building).

Non-realised negative exchange rate differences in the first quarter of 2017 are achieved in the amount of RSD 8.915.680 and participate with 47% in the pattern of total financial expenditures.

Other expenditures (group 57, 58 and 59) in the period I-III 2017 are achieved in the amount of RSD 31.742.906, while in the same period of the last year they amounted RSD 3.554.179.

It is necessary to notice that the great difference in realised other expenditures in the period I-III 2017 in comparison to the same period of 2016, results mostly from the fact that the greatest part of Other expenditures in the period I-III 2017 refers to value correction of domestic buyers, (Jat Tehnika).



EXPENDITURES STRUCTURE I-III 2017

Account t	Account name	Achievement I-III 2016	Rebalancing Plan I-III 2017	Achievement I-III 2017	INDEXES	
					6 (5/3)	7 (5/4)
1	2	3	4	5		
50	PURCHASE VALUE OF SOLD GOODS	22,197,927	550,000	207,476	1	38
501	PURCHASE VALUE OF SOLD GOODS	22,197,927	550,000	207,476	1	38
51	COSTS OF MATERIAL AND ENERGY	122,748,698	116,185,495	157,134,881	128	135
511	COSTS OF MAKING MATERIAL	38,603,505	38,257,842	66,111,220	171	173
512	COSTS OF OVERHEAD MATERIALS	1,030,132	2,814,234	2,911,536	283	103
513	COSTS OF FUEL AND ENERGY	72,792,284	56,030,318	83,352,487	115	149
514	COSTS OF SPARE PARTS	7,944,043	17,816,582	4,759,638	60	27
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	2,378,724	1,266,519	0	0	0
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	705,423,989	721,524,219	760,655,752	108	105
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	409,803,573	422,230,312	434,503,872	106	103
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	73,354,837	75,579,226	77,776,204	106	103
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	319,532	95,800	96,500	30	101
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	136,275,403	138,412,017	155,154,136	114	112
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	50,000	0	0	0
526	COMPENSATION TO DIRECT, I.E. MEMBERS OF MANAGEM. AND SUPERVIS. BODIES - GROSS	2,058,155	2,025,603	2,041,138	99	101
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	83,612,489	83,131,202	91,083,902	109	110
53	COSTS OF PRODUCTION SERVICES	101,185,870	167,375,297	105,967,822	105	83
531	COSTS OF TRANSPORTATION SERVICES	15,713,194	19,080,641	13,277,613	84	70
532	COSTS OF MAINTENANCE SERVICES	44,981,365	83,645,621	52,530,737	117	63
533	COST OF LEASE	12,382,378	18,629,071	11,203,941	90	60
535	ADVERTISING COSTS	17,498,999	16,510,000	19,290,835	110	117
539	COSTS OF OTHER SERVICES	10,589,934	29,509,964	9,664,695	91	33
54	COSTS OF AMORTISATION AND RESERVES	205,016,037	213,250,000	234,985,611	115	110
540	AMORTISATION COSTS	205,016,037	211,250,000	234,985,611	115	111
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	0	2,000,000	0	0	0
55	INTANGIBLE COSTS	61,259,195	218,661,608	112,203,463	183	51
550	COSTS OF NON-PRODUCTION SERVICES	24,435,218	177,783,614	68,375,845	280	38
551	COSTS OF REPRESENTATION	1,072,424	1,368,138	825,010	77	60
552	COSTS OF INSURANCE PREMIUMS	6,295,593	8,788,686	8,604,696	137	98
553	COSTS OF PAYMENT SYSTEM	1,189,569	1,310,638	1,407,889	118	107
554	COSTS OF MEMBERSHIPS	4,094,361	2,513,862	635,014	16	25
555	COSTS OF TAXES	19,763,616	20,759,076	20,131,465	102	97
559	OTHER INTANGIBLE COSTS	4,408,414	6,137,594	12,223,543	277	199
I	OPERATING EXPENDITURES	1,217,811,705	1,437,546,619	1,371,155,004	113	95
56	FINANCIAL EXPENDITURES	26,422,218	13,967,956	19,045,662	72	136
562	INTEREST EXPENDITURES	10,089,674	8,980,007	8,864,833	88	99
563	NEGATIVE EXCHANGE RATE DIFFERENCES	16,329,262	4,982,065	10,138,104	62	203
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	3,282	5,884	42,726	1302	726
II	FINANCIAL EXPENDITURES	26,422,218	13,967,956	19,045,662	72	136
57	OTHER EXPENDITURES	3,547,291	5,529,677	6,493,037	183	117
570	LOSSES FROM EXPENDIT. AND SALE OF INTANG. INVEST. IN REAL ESTATES AND EQUIPMENT	0	25,000	0	0	0
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	15,000	0	0	0	0
574	DEFICIT	0	0	581	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV. RESERVE	347	0	0	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	0	0	0	0
577	WRITE-OFF	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	3,531,944	5,504,677	6,492,456	184	118
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	6,888	0	25,158,072	365226	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0	0	0
583	IMPAIRMENT OF LONG-T. FIN. INVEST AND OTHER SECURITIES FOR SALE	0	0	0	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	6,888	0	25,158,072	365226	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	0	0	91,797	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	0	0	91,797	0	0
III	OTHER EXPENDITURES	3,554,179	5,529,677	31,742,906	893	574
	TOTAL EXPENDITURES	1,247,788,103	1,457,044,253	1,421,943,572	114	98

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4.3. SALARIES

In the period I-III 2017 the total amount of RSD 434.503.872 (gross I) was paid for salaries. It is 6 % higher than in the same period 2016 and 3% higher than the planned figures for the first quarter of 2017.

SALARIES GROSS I					
Month	Achievement I-III 2016	Rebalancing Plan I-III 2017	Achievement I-III 2017	Index	
1	2	3	4	5 (4/2)	6 (4/3)
January	148,211,040	140,743,437	141,135,782	95	100
February	132,265,745	140,743,437	136,689,966	103	97
March	129,326,788	140,743,437	156,678,124	121	111
Total salaries	409,803,573	422,230,312	434,503,872	106	103

In the period I-III 2017 salaries of employees are paid off per individual work contracts.

In the period I-III of the current year the average Gross I salary in the Company amounted RSD 112.975 and it is higher than in the previous year by 8%. In the period I-III 2017 the average net salary in the Company amounted RSD 80.378 and it is 8% higher than in the same period last year.

AVERAGE SALARY GROSS I		AVERAGE SALARY NET	
Month	AD ANT	Month	AD ANT
January	109,462	January	77,907
February	107,288	February	76,400
March	122,177	March	86,827
Average I-III 2017	112,975	Average I-III 2017	80,378
Average I-III 2016	104,187	Average I-III 2016	74,185
I-III 2017/I-III 2016	108%	I-III 2017/I-III 2016	108%

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4.4. FINANCIAL RESULT I-III 2017

In the period I-III 2017 **gross profit** of the Company were achieved in the amount of RSD 580.071.832.

Thus expressed gross profit is 1% higher than gross profit in the same period 2016.

4.4. FINANCIAL RESULT I-III 2017						
RSD						
No.	Position	Achievement I-III 2016	Rebalancing Plan I-III 2017	Achievement I-III 2017	Index	
1	2	3	4	5	6 (5/3)	7 (5/4)
1	Operating revenues	1,759,693,301	1,888,835,720	1,959,085,256	111	104
2	Operating expenditures	1,217,811,705	1,437,546,619	1,371,155,004	113	95
3	Business profit (1-2)	541,881,596	451,289,101	587,930,252	108	130
4	Financial revenues	61,598,484	43,411,467	37,961,077	62	87
5	Financial expenditures	26,422,218	13,967,956	19,045,662	72	136
6	Financial profit (4-5)	35,176,266	29,443,511	18,915,415	54	64
6a	Financial loss (5-4)					
7	Other revenues	1,693,509	11,773,258	4,969,071	293	42
8	Other expenditures	3,554,179	5,529,677	31,742,906	893	574
9	Other profit (7-8)		6,243,581		0	0
9a	Other loss (8-7)	1,860,671		26,773,835	1,439	0
10	Total revenues (1+4+7)	1,822,985,294	1,944,020,445	2,002,015,404	110	103
11	Total expenditures (2+5+8)	1,247,788,103	1,457,044,253	1,421,943,572	114	98
12	Total gross profit (10-11)	575,197,191	486,976,193	580,071,832	101	119
12a	Total gross loss (11-10)					
13	Period tax expenditure	64,057,455	73,046,429	72,505,260	113	0
14	Deferred period tax expenditure	13,936,540		0	0	0
15	Deferred income tax			2,671,708	0	0
16	Earnings paid by employer					
17	Net profit	497,203,196	486,976,193	510,238,280	103	105

In the period I-III 2017 **net profit** of the Company were achieved in the amount of RSD 510.238.280. Thus expressed net profit is 3% higher than net profit in the same period 2016.

5. OU GROUND HANDLING IN AIRPORT NIKOLA TESLA BELGRADE

According to the Regulation on the provision of ground handling services at airports (Official Gazette of the Republic of Serbia no. 61/2015-hereinafter the Regulation) Belgrade Nikola Tesla Airport drew up the Business plan of OU Ground handling within ANT, no. 33-179/2 dated on 24/06/2016.

According to the Regulation on the provision of ground handling services at airports, Belgrade Nikola Tesla Airport is responsible for accounting records of the business activities of the airport operator and the activity of providing ground handling services so as to ensure complete separation of accounts specified activities.

The Regulation defines the types of services that Ground Handling provides to third parties as follows:

- 1) Aircraft ground handling on apron;
- 2) Ground handling of hold baggage;
- 3) Supply of aircraft with fuel and lubricants;
- 4) Ground handling of mail and goods, in part related to the physical handling at arrival, departure or transfer between the cargo terminal and the aircraft.

Determination of achieved revenues and expenditures in the period I-III 2017 of the OU Ground handling is in accordance with the Business plan of OU Ground handling ANT no. 33-179/2 dated 24/06/2016.

5.1. REVENUES OF OU GROUND-HANDLING

OU Ground handling in the period I-III 2017 has achieved the total revenue in the amount of RSD 417.431.907, which is 21% of total revenues at the level of the Company.

Total realised business revenues based on services provided by OU GH in ANT in the period I-III 2017 amount RSD 417.128.154 and participates with 21% in the realised business revenues of ANT for 2017.

Financial revenues are realised in the amount of RSD 281.590 for the period I-III 2017 and they refer to realised exchange rate differences.

Other revenues are realised in the amount of RSD 22.163 for the period I-III 2017 and they refer to revenues from sale of secondary materials.

Сектор финансија

REVENUE STRUCTURE ANT/GH I-III 2017

No.	Service type	Service description	Achievement I-III 2017 ANT	Achievement I-III 2017 GH	INDEX
1	2	3	4	5	6 (5/4)
	Air services of domestic carrier				
	614000+614004+614300+614302+614303+614304	Landing	38,905,398	0	0
	614010+614014+614310+614312+614313+614314	Lighting	14,498,050	0	0
	614030+614034+614330+614332+614333+614334	GH	41,052,568	41,052,568	100
	614040+614042+614043+614044	Infrastructure	22,733,941	0	0
	614050	Air-bridges	3,470	347	10
	614020+614024+614320+614323+614324	Aircraft abode revenue	631,572	0	0
I	Total air services (domestic carrier):		117,824,998	41,052,915	35
	Air services of foreign carrier				
	615010+615011+615012+615013+615014	Landing	156,681,201	0	0
	615020+615021+615022+615023+615024	GH	147,405,511	147,405,511	100
	615030+615031+615032+615033+615034	Lighting	20,909,179	0	0
	615040+615042+615043+615044	Infrastructure	103,153,829	0	0
	615060+615062	Air-bridges	45,455,400	4,545,540	10
	615000+615001+615002+615003+615004	Aircraft abode revenue	5,743,196	0	0
II	Total air services (international carrier):		479,348,316	151,951,051	32
I+II	Total air services		597,173,314	193,003,966	32
	Passenger service				
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.a/i.at.	237,520,269	9,824,997	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	391,112,765	12,147,203	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	201,075,710	0	0
III	Total passenger service		829,708,743	21,972,200	3
I+II+III	Total air services and passenger service		1,426,882,057	214,976,166	15
	CCM service				
	614500+614510	CCM service dom.market	39,205,651	39,205,651	100
	615300 +615310 (foreign)	CCM service international market	3,049,754	3,049,754	100
IV	Total CCM services		42,255,405	42,255,405	100
V	Total services related to air traffic (I to IV):		1,469,137,462	257,231,571	18
	Other services				
1	614360+615100+615102	DCS services	3,090,031	3,090,031	100
2	614110+614112+614114+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	37,815,576	35,077,607	93
3	614130+614131+615072+615071	VIP lounge	1,724,943	0	0
4	614140+614142+615090+615092	CUTE (dom.+intl)	34,698,419	0	0
5	614380+615080	Lost and found	3,688,040	3,688,040	100
6	6146+615120+615400+615401	Public services	44,570,917	0	0
7	614820+615170	Catering services business class	0	0	0
8	614870+615810	Advertising space	16,613,653	0	0
9	614883	Commercial usage of the apron	14,213,773	0	0
10	614160+614164+615110+615114+614163+615112+615113	Aircraft de-icing services	115,972,405	115,972,405	100
11	Other non-mentioned services dom+intl		18,783,555	2,068,501	11
VI	Other services (1 to 11):		291,171,310	159,896,583	55
VII	Total 61 - Revenues from sale of services (V+VI)		1,760,308,772	417,128,154	24
	Revenues from sale of goods				
VIII	60 - Revenues from sale of kerosene + goods		306,043	0	0
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		1,760,614,815	417,128,154	24
X	64 & 65 - Lease of business premises		198,470,440	0	0
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	1,959,085,256	417,128,154	21
XII	66 - FINANCIAL REVENUES		37,961,077	281,590	1
1	interest		21,733,924	0	0
2	exchange rate differences - realised		8,248,366	257,408	3
3	exchange rate differences - non-realised		7,978,787	24,182	0
XIII	67 AND 68 OTHER REVENUES		4,969,071	22,163	0
XIV	Total revenues(XI+XII+XIII)		2,002,015,404	417,431,907	21

Business report for the period I-III 2017

5.2. EXPENDITURES OF OU GROUND-HANDLING

In the period I-III 2017 **total expenditures** of GH were achieved in the amount of RSD 375.651.520, which represents 26% of realised expenditures of ANT on this bases for the relevant period of 2017.

Total realised business expenditures based on services provided by OU GH in ANT in the period I-III 2017 amount RSD 375.163.636 and participates with 27% in the realised business expenditures of ANT for 2017.

Financial expenditures are realised in the amount of RSD 45.059 for the period I-III 2017 and they refer to negative exchange rate differences.

Other expenditures are realised in the amount of RSD 442.825 for the period I-III 2017.



EXPENDITURE STRUCTURE ANT/GH I-III 2017

Account t	Account name	Achievement 2017 ANT	Achievement III 2017 GH	I- I-	Index
1	2	3	4		5 (4/3)
50	PURCHASE VALUE OF SOLD GOODS	207,476	0		0
501	PURCHASE VALUE OF SOLD GOODS	207,476	0		0
51	COSTS OF MATERIAL AND ENERGY	157,134,881	68,762,806		44
511	COSTS OF MAKING MATERIAL	68,111,220	42,201,376		64
512	COSTS OF OVERHEAD MATERIALS	2,911,536	324,915		11
513	COSTS OF FUEL AND ENERGY	83,352,487	25,704,354		31
514	COSTS OF SPARE PARTS	4,759,838	532,161		11
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	0	0		0
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	760,855,752	245,724,371		32
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	434,503,872	137,529,894		32
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	77,778,204	24,817,856		32
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	98,500	0		0
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	155,154,136	58,909,773		38
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0		0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	2,041,138	249,104		12
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	91,083,902	24,417,745		27
53	COSTS OF PRODUCTION SERVICES	105,967,822	9,488,690		9
531	COSTS OF TRANSPORTATION SERVICES	13,277,613	5,412,309		41
532	COSTS OF MAINTENANCE SERVICES	52,530,737	2,082,031		4
533	COST OF LEASE	11,203,941	399,770		4
535	ADVERTISING COSTS	19,290,835	0		0
539	COSTS OF OTHER SERVICES	9,864,665	1,614,579		17
54	COSTS OF AMORTISATION AND RESERVES	234,985,611	37,722,613		16
540	AMORTISATION COSTS	234,985,611	37,722,613		16
544	Reserving for costs of restr.	0	0		0
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0		0
549	OTHER LONG-TERM RESERVES	0	0		0
55	INTANGIBLE COSTS	112,203,462	13,465,155		12
550	COSTS OF NON-PRODUCTION SERVICES	68,375,845	8,273,988		12
551	COSTS OF REPRESENTATION	825,010	71,443		9
552	COSTS OF INSURANCE PREMIUMS	8,604,696	2,856,433		33
553	COSTS OF PAYMENT SYSTEM	1,407,889	26,755		2
554	COSTS OF MEMBERSHIPS	635,014	83,678		10
555	COSTS OF TAXES	20,131,465	997,006		5
559	OTHER INTANGIBLE COSTS	12,223,543	1,175,873		10
I	TOTAL EXPENDITURES (50+51+52+53+54+55)	1,371,155,003	375,163,636		27
56	FINANCIAL EXPENDITURES	19,045,662	45,059		0
562	INTEREST EXPENDITURES	8,864,633	0		0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	10,136,104	45,059		0
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	42,726	0		0
II	FINANCIAL EXPENDITURES (56)	19,045,662	45,059		0
57	OTHER EXPENDITURES	6,493,037	442,825		7
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	0	0		0
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	0	0		0
574	DEFICIT	581	0		0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV RESERVE	0	0		0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	0		0
577	WRITE-OFF	0	0		0
579	OTHER NON-MENTIONED EXPENDITURES	6,492,456	442,825		7
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	25,158,072	0		0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0		0
583	IMPAIRMENT OF LONG-T. FIN. INVST AND OTHER SECURITIES FOR SALE	0	0		0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	25,158,072	0		0
589	IMPAIRMENT OF OTHER PROPERTY	0	0		0
59	EXPENDITURES OF PREVIOUS YEARS	91,797	0		0
591	EXPENDITURES OF PREVIOUS YEARS	91,797	0		0
III	OTHER EXPENDITURES (57+58+59)	31,742,906	442,825		1
	TOTAL EXPENDITURES	1,421,943,571	375,651,520		26

Сектор Финансов

5.3. FINANCIAL RESULT OF OU GROUND HANDLING

FINANCIAL RESULT ANT/GH I-III 2017				
No.	Position	Achievement ANT	Achievement GH	Index
		I-III 2017	I-III 2017	
1	2	3	4	5 (4/3)
1	Operating revenues	1,959,085,256	417,128,154	21
2	Operating expenditures	1,371,155,003	375,163,636	27
3	Business profit (1-2)	587,930,252	41,964,518	7
				0
4	Financial revenues	37,961,077	281,590	1
5	Financial expenditures	19,045,662	45,059	0
6	Financial profit (4-5)	18,915,415	236,531	1
6a	Financial loss (5-4)			0
				0
7	Other revenues	4,969,071	22,163	0
8	Other expenditures	31,742,906	442,825	1
9	Other profit (7-8)			0
9a	Other loss (8-7)	26,773,835	420,662	2
				0
10	Total revenues (1+4+7)	2,002,015,404	417,431,907	21
11	Total expenditures (2+5+8)	1,421,943,571	375,651,520	26
				0
12	Total gross profit (10-11)	580,071,832	41,780,387	7
12a	Total gross loss (11-10)			
				0
13	Period tax expenditure	72,505,260	6,267,058	9
14	Deferred period tax expenditure	0		0
15	Deferred income tax	2,671,708		0
16	Earnings paid by employer			0
17	Net profit	510,238,280	35,513,329	7

From the above tables it can be concluded that for the period I-III 2017 Ground Handling realized total revenues in the amount of RSD 417.431.907, total expenditures in the amount of RSD 375.651.520 which resulted in **gross profit** in the amount of RSD 41.780.387.

The generated gross profit of GH represents 7% of the total generated gross profit of ANT.

OU Ground handling in the period I-III 2017 achieved **net profit** in the amount of RSD 35.513.329, which is 7% of the generated net profit of ANT.

6. 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 ANT has direct and indirect contact with.

7. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES IN THE PERIOD I-III 2017

By its Decision no. 952-02-859/2011 dated 23/03/2017 the Republic Geodetic Authority, Basic geodetic tasks Surcin adopted the request for amendment of the list of real estates no. 2348 CM Surcin, by registration of coholders right on cadastral parcel no. 3739/1 of the area 161 ha 20a 90m² in such manner that it is registered with share of 727/1612090 of "Airport Catering" d.o.o. Belgrade, Belgrade-Surcin, address Airport Belgrade 59, register number 20047976 as holder of rights on private property. By the same Decision it is registered with share of 1611363/1612090 JSC Airport Nikola Tesla Belgrade, Belgrade-Surcin, address Airport Belgrade 59, register number 07036540 as a holder of the right of use at state property of the Republic of Serbia.

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 of the Air Traffic Law ("Official Gazette of RS" nos.73/2010, 57/2011 and 93/2012). In accordance with the stated, the Employees Training Centre is authorised by DCA for training of employees performing the following experts' jobs:

1. aircraft, passenger and cargo handling on the airport;
2. fire-rescuing;
3. transport of dangerous goods in air traffic;
4. safety control of surfaces for aircraft maneuvering, of airport facilities and installations;
5. Aircraft fuel supply
6. Training of aircraft staff on air traffic security

Under staff performing aircraft, passenger and cargo handling the following staff is considered:

1. Traffic coordinator (**Airport duty manager**);
2. (Traffic dispatcher (**traffic dispatcher and Flight coordinator**);
3. (**ramp dispatcher**);
4. controller of ground handling operations (**aircraft, passenger and cargo handling supervisor, inspector of final check of aircraft de-icing/anti-icing, cargo loading worker in Cargo Warehouse**);
5. aircraft balancer;
6. airport equipment operator (**driver and operator of tugging equipment, airport escalators, cargo loaders, water cisterns, aircraft toilet servicing vehicles, de-icing/anti-icing vehicles, air bridges, passenger shuttle buses, passenger and staff van etc.**);
7. generator operator (**operator of Air Ground Power Units**);
8. marshaller (**driver of Follow me vehicle, operator of ground communication with aircraft**);
9. host or hostess at the airport (**ground stewards/stewardess, passenger and baggage check-in agents, passenger and baggage supervisors**).

Number of trained persons in the period 01/01/2017 –31/03/2017

	ANT	third persons
Steward/-ess (level 1)	24	1
Ground handling controller (category 3)	8	
Marshaller (level 1)	2	
Airport equipment operator (level 1)	10	2
Foreman of cargo transshipment	21	
Transport worker - transshipment of cargo on aircraft	3	
Transport worker in sorting area	2	
Winter maintenance service	1	

Under staff performing fire-rescue operations the following are considered:

1. Commander;
2. Professional fire-rescuer (**fire-rescue unit and fire prevention section**);
3. support staff (**primarily employed on other duties**);
4. instructor (**practical training instructors**).

Number of trained persons in the period 01/01/2017 –31/03/2017

	ANT	third persons
Support staff	3	
Support staff - practice	48	

Under employees performing transport of dangerous goods in air traffic the following is considered:

1. Category 1 staff - a sender or a person undertaking senders liability;
2. Category 2 staff - staff preparing parcels with dangerous materials;
3. Category 3 staff - staff processing dangerous materials;
4. Category 4 staff - staff processing cargo and mail (excluding dangerous materials);
5. Category 5 staff - staff performing handling and warehousing of cargo and mail;
6. Category 6 staff - staff performing **reception of dangerous materials**;
7. Category 7 staff - staff performing reception of cargo and mail (excluding dangerous materials);
8. Category 8 staff - staff performing **handling of cargo and mail and baggage**;
9. Category 9 staff - staff performing passenger handling (**ground steward-ess, passenger and baggage check-in, passenger and baggage registration supervisors**);
10. Category 10 staff - **aircraft balances and aircraft handling supervisor**
11. Category 12 staff - staff performing **passenger, baggage, cargo and mail X-screening**.

Number of trained persons in the period 01/01/2017 –31/03/2017

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	ANT	third persons
Transport of dangerous goods in air traffic, cat. 7	3	
Transport of dangerous goods in air traffic, cat. 10		6
Transport of dangerous goods in air traffic, cat. 9	10	
Transport of dangerous goods in air traffic, cat. 5 and 8	64	17
Transport of dangerous goods in air traffic, cat. 8	3	

Under staff performing safety control of maneuvering area, aircraft facilities and installations is considered **Maneuvering areas, airport facilities and installations safety controller**.

Under staff performing aircraft fuel supply operations the following are considered:

1. Loader (**cistern driver and fuel operator**);
2. support operator;
3. storekeeper (**fuel storekeeper**).

Number of trained persons in the period 01/01/2017 –31/03/2017

	ANT	third persons
Storekeeper	-	-
Loader	-	-

Under staff performing security screening at the airport the following staff categories are considered:

1. State body staff at the airport;
2. Persons other than passengers, allowed to move without company in SRA or have access to critical facilities, infrastructure and systems;
3. Persons performing X-screening of persons;
4. Persons performing X-screening of hand baggage and other items that checked persons carry;
5. Persons performing X-screening of hold baggage;
6. Persons performing X-screening of cargo and mail;
7. Persons performing X-screening of mail and materials of air-carriers, in-flight supplies and airport supplies;
8. Persons performing security check of vehicles;
9. Persons performing control of access to the airport, surveillance and patrols;
10. Persons performing aircraft protection;
11. Persons performing passenger and baggage reconciliation;
12. Persons performing security control of cargo and mail, by methods other than X-ray screening or have access to cargo and mail identified for air transport;
13. Persons performing security control of mail and materials of air-carriers, in-flight supplies and airport supplies by methods other than X-ray screening.
14. Supervisor;
15. Head officers of security affairs;
16. Instructors;
17. Staff responsible for response to emergency situations.

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Training certificate for employees performing X-ray screening is issued for the following categories:

- Persons performing security check of vehicles;
- Persons performing access control, surveillance and patrols;
- Persons performing X-screening of people;
- Persons performing X-screening of hand baggage and other items that checked persons have with;
- Persons performing X-screening of hold baggage;
- Persons performing X-screening of cargo and mail;
- Persons performing X-screening of mail and materials of air-carriers, in-flight supplies and airport supplies;

For other staff who, in line with the National aviation security programme, must be undergone appropriate security training the training certificate are issued.

Number of trained persons in the period 01/01/2017 –31/03/2017

	ANT	third persons
Security awareness training	19	1

Apart from the listed trainings prescribed by the national regulations the Employee training centre also performs a great number of **internal trainings** prescribed by internal training programmes (in line with international ICAO and IATA standards) according to employment needs of the airport and requests of air-carriers. Furthermore, it is necessary to notice that these trainings are not organised in any other existing training centre in our country, while their rendering through foreign training centres is above all very expensive and their implementation is arguable (our trainings are real working conditions and position-driven). Internal trainings which are performed within the Employee Training Centre in AD Airport Nikola Tesla Belgrade;

- ✓ Foreman of cargo transshipment
- ✓ Foreman of the sorting area
- ✓ Transport worker - cargo transshipment into aircraft / baggage sorting / transshipment in CCW.

Beside the listed trainings, all persons performing jobs within SRA (employees and persons engaged in ANT, as well as third persons) must be undergone the training on Aviation security:

1. Basics of air traffic safety;
2. Independent operation of vehicle/equipment in SRA 1;
3. Independent operation of vehicle/equipment in SRA 2;

Number of trained persons in the period 01/01/2017 –31/03/2017

	ANT	third persons
Basics of air traffic safety;	19	
Independent operation of vehicle/equipment in SRA 1	4	
Independent operation of vehicle/equipment in SRA 2	38	14

In accordance with the Law on obligations and the basics of property relations in air transport, the staff directly working with persons with disabilities has finished training on equality of persons with disabilities and awareness on disabilities.

Number of trained persons in the period 01/01/2017 –31/03/2017

	ANT
Training on equality of persons with disabilities and awareness on disabilities	127

In accordance with the Law on air traffic, the Centre for professional development is subject to inspection and audits of the Civil aviation directorate.

The Centre for professional development is also subject to external audits of air-carriers.

Number of inspections/audits in the period 01/01/2017 –31/03/2017

	CAD	Companies
Inspections		5

The Centre for professional development also organizes pupils visits for primary, secondary schools, as well as professional visits of the pupils of the Aviation Academy and students of the Faculty of transport and traffic engineering.

Number of visits in the period 01/01/2017 –31/03/2017

	Schools	Faculty of transport and traffic engineering
Visits	3	

Analysis, planning and development of human resources

In the period from 01/01/2017 until 31/03/2017, within analysis, planning and development of human resources and OU Human resources (in line with changes in organization, i.e. the new Rule book on internal organization and systematization of work positions in JSC BNTA, no. 32-115/1 dated 31/05/2016), there were organized and realised the following:

- 14 internal recruitments and selections, during which 100 candidates were invited for an interview, and selected 27 candidates for training and redeployment;
- 26 external recruitments and selections, during which 146 candidates were invited for an interview, and selected 114 candidates for training and redeployment.

Table review of internal selection for the period from 01/01/2017 until 31/03/2017

Internal advertisement	Applicants
Operator of airport equipment, cat II	20
Expert associate for safety and health at work	5
Manager of basic maintenance	5
Associate of technical support	12
Driver of the equipment for hygiene	7
Storekeeper	5

Coordinator of passenger and baggage check-in	2
Supervisor of passenger and baggage check-in	7
Worker on maintenance of building construction, cat I	1
Driver on baggage delivery outside of the airport complex	10
Foreman of the sorting area	5
Business secretary in OU Technics	10
Driver on passenger transportation	8
Driver on baggage delivery within the airport complex	4

Table review of external selection for the period from 01/01/2017 until 31/03/2017

Date of selection	Selection for positions	Number of recruited candidates	Number of selected candidates
18/01/2017	Ground stewardess	2	2
18/01/2017	Transportation worker	1	1
18/01/2017	Operator of ambulance	1	1
27/01/2017	Transportation worker	11	6
03/02/2017	Transportation worker	2	2
07/02/2017	Ground stewardess	1	1
20/02/2017	Ground stewardess	1	1
20/02/2017	X-ray screener	1	1
24/02/2017	X-ray screener	1	1
24/02/2017	Transportation worker	1	1
07/03/2017	X-ray screener	1	1
02/03/2017	Electronics engineer	10	0
03/03/2017	Car electrician	7	1
03/03/2017	Transportation worker	6	6
06/03/2017	Transportation worker	17	11
06/03/2017	Transportation worker	12	11
09/03/2017	X-ray screener	19	19
09/03/2017	Ground stewardess	2	2
08/03/2017	Transportation worker	6	4
14/03/2017	Electrician	1	1
14/03/2017	Worker on winter maintenance in civil engineering	1	1
17/03/2017	X-ray screener	3	1
21/03/2017	Transportation worker	21	21
22/03/2017	Transportation worker	16	16
30/03/2017	Ground stewardess	1	1
31/03/2017	X-ray screener	1	1
Labour relations and personal evidention			

The Committee giving approval for new employment and further engagement with the users of public funds gave its approval by the Conclusions no. 112-11145/2016 dated December 13, 2016, 51 number 112-12436/2016-1 dated December 28, 2016 and the Conclusion 51 number 112-1628/2017 dated February 23, 2017 to AD Airport Nikola Tesla Belgrade to employ for an indefinite period of time totally 600 employees, whose employment for a definite period of 24 months must have been cancelled due to expiry of the employment term, defined in the statutory maximum term of 24 months.

We would like to remark that by signing the contracts for an indefinite term the employment status of long time employees of the Airport was finally solved.

Safety and health at work

	previous	periodic	Total
Enabling employees for security and health at work at employment and at movement to other positions.			
Periodic enabling of employees already working at positions with higher risk, performed latest after one year from the previous check.	11	397	408
Organizing of previous, periodic and targeted health examination for employees on positions with higher risk	82	136	218
Training for operating, keeping and maintaining of scaffolds			30
Injuries at work report on injury at work, reporting to the relevant Inspection, National health insurance fund and the Pension and disability insurance fund, the Directorate for safety and health at work, accident investigation and corrective measures.			8
Measurement and examination of conditions of working environment: micro climate, lightening, noise, aerosols, gases and vapours			149
Publishing of texts for the Bulletin on activities in OU SHaW February, March			2
Remarks and irregularities: Taking corrective measures in purpose of elimination of irregularities and prevention of further remarks			19
Brochures for third persons: Introduction of SHaW and SAFETY to third persons on access to the critical part of security-restricted area at ANT.			
Detour of construction sites during construction works. Completing of control lists, monitoring of construction works and control of implementation of SHaW measures.			8
Signing of the Agreement on mutual cooperation and implementation of safety and health at work measures between Air Serbia and ANT			
Elimination of old content from first aid boxes and replacement with new content and instructions for use			35 locations

Trainings of employees in the field of security X-ray screening

In accordance with regulations from aviation security field Airport Nikola Tesla Belgrade is obliged to perform training on aviation security, i.e. ensure appropriate initial, periodic and additional training. Persons must successfully pass the relevant training before they got authorised to independently perform security controls.

The trainings are carried out according to a curriculum approved by the Civil Aviation Directorate of the Republic of Serbia.

OU X-ray screening continued performing trainings for X-ray screeners as follows:

- Training of persons performing X-ray screening of hand baggage, hold baggage and cargo and mail.
- Training of persons performing X-ray screening of passengers, persons other than passengers and items they have with them.

The contract (per lots) was concluded with Jugoscan d.o.o. on 14/03/2016.
The last group trained within this tender was in March 2017.

Walk-through metal detector, 6 pieces

The X-ray Sector needs walk-through metal detector of standard 2 for new staff only access points.

6 (six) walk-through metal detectors for screening of passengers at gate waiting rooms need to be purchased. Airport Nikola Tesla has 4 (four) walk-through metal detectors of standard 1 which can be upgraded. Walk-through metal detectors will be of the requested standard 2, with advanced features such as:

- More localised zones of detection;
- Smaller dimensions of the door;
- Count function;
- Outputs for CCTV;
- High adaptability during installation (no external interferences).

Walk-through metal detectors will be installed at the position D2, where currently only hand baggage is screened. One walk-through metal detector will be a spare device in case of failure of those devices in use, to avoid capacity decrease in waiting rooms and slowing down the flow of passengers, employees and third persons.

Public procurement published on 30/09/2016
Tender opening: 07/11/2016
WTMD installed in certain gates in January 2017.

Container for employees and parking booth

Conducted procurement of total 11 containers for employees for the following organisational units:
OU Operations and safety management - 2 containers, one is double
OU Security - 3 containers, 2 are double
OU Logistics - 1 parking booth
OU Commercial and Marketing - 2 containers

Public procurement published on 09/12/2016

Contract concluded: on 28/02/2017 with a group of tenderers Dunex d.o.o. and Tehnix Beo d.o.o. for the amount of RSD 6.570.000,00, VAT excluded.

The goods from the public procurement delivered in the period 07/04-18/04/2017. Modern robots are used for neutralising of diversion-terrorist devices, for reconnaissance and surveillance, convoy, transport and fire-rescue, as well as for checking of people and vehicles.

Drone detectors and jammers

Drones, primarily intended for use in civil purposes, are more and more used in criminal activities. Drone usage started with spying of private, industrial activities and advanced technologies, and went on with smuggling of narcotics and weapons, first cross-board and then farther. Ever since potential risks have increased intensively.

Drones may appear above critical infrastructure, governmental bodies. They may cause public restlessness (for example at football match Serbia - Albania, on 14/10/2014) which can lead to violence. Several tests prove that armed drone may kill from the air. In recent years drones started appearing in airport area and, as they are comparatively small, it is difficult to spot them on the CCTV system. In this way they endanger safe air traffic as aircrafts are the most vulnerable at landing and take off and from the point of statistics most of aircraft accidents happens then (80%).

Systems for protection from drones have a unique approach, based on radio-controlled link, of high reliability and with low rate of false alarms. They have option of early warning, meaning high speed of response, even before take off of the drones. They provide a review of all activities of a drone and automatic alarm on a threat emerging in a defined defended area. They have advanced geographical location with identification and precise direction of a drone and a person controlling it. Effective counter-measures may be applied, primarily such as usage of highly precise jammer of low power (reactive and selective jamming).

Public procurement published: on 10/02/2017

The Decision on contract award was adopted on 29/03/2017 and the contract is awarded to Comtrade System Integration Belgrade for the amount of RSD 94.231.339,50, VAT excluded.

In the period January-March one big fire-fighting vehicle with hand for fire extinguishing was delivered to OU Sector for fire rescue and protection. By delivery of the vehicle we have reached and secured sustainability of fire-fighting category 7 and unimpeded upgrade to categories 8 and 9 as needed.

An annex for pushback tugs for aircrafts delivered - a part which enables us to place the tugs under the nose gear in case of removal of the aircraft and thus remove the aircraft without nose landing gear.

Investment "Draw out of executive design for runway end safety area (RESA)"

- **Purpose:** The purpose of drawing out of the Technical documentation is construction of runway end safety area in front of the threshold of 12th runways of Airport Nikola Tesla Belgrade.

Овај документ је

- **Status:** The public procurement is conducted according the procurement plan from the year of 2015. The contract for service provision is signed with the Institute for roads jsc Belgrade. Contract value is RSD 1.500.000,00. The technical documentation is made and delivered to the Purchaser, whereby the contract is executed. Preparation of security documentation (risk analysis for performance of works) is in progress and it will be send to the Civil Aviation Directorate for approval.

Investment "Performance of works on rehabilitation of the sorting area in T1"

- **Purpose:** Due to procurement of a new transportation system it is necessary to adapt the facilities of the old sorting area, which will functionally comply with the new system. The procurement plan involves change of the floor surface and, if needed, construction reinforcing.
- **Status:** The contract for work performance is signed with PC Inzenjering d.o.o. and Termomont d.o.o. from Belgrade. The Contract value is RSD 24.942.474,60, VAT excluding for a turn-key project. The works were finished on 02/03/2017. The Minutes on works handover is signed on 06/04/2017. The warranty period of five (5) years for the works in subject has been counted since this date.

Investment "Rehabilitation of plants for fuel storage and decanting"

- **Purpose:** Based on the project of the existing state and suggested measures for rehabilitation of the fuel tank, works on rehabilitation of plants for fuel storage and decanting at Airport Nikola Tesla Belgrade are planned. The works are necessary to obtain exploitation permit.
- **Status:** The public procurement according to the Procurement plan from the year of 2016 is terminated. The same public procurement is planned in the Procurement plan for the year of 2017. The Public procurement is launched according to the decision on investment adopted by the Supervisory board. Tender documentation is under preparation.

Investment "Draw out of investment-technical documentation for analysis of reconstruction and construction of maneuvering surfaces at the Airport Nikola Tesla Belgrade"

- **Purpose:** Drawing out of the documentation includes analysing variant solutions for improvement of the condition of road surface construction of the runway. Proposed variant solutions depend on adopted project period (either 5 or 25 years) and on solution of road surface construction (flexible, inflexible or combined). Analysing, apart from the road surface construction, include traffic analyses, costs and gains analyses and risk management analyses. Based on results of the analyses a decision on further strategy of maintenance of the existing runway will be adopted.
- **Status:** The public procurement is conducted according the procurement plan from the year of 2015. Following tender opening session, the documentation has been reviewed and a decision on contract award has been made. One of the tenderers filed a claim for protection of Tenderer's rights. The claim was rejected by the Commission for protection of

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rights. The most favourable tender rejected to sign the contract submitted by ANT. The Public procurement commission is preparing documentation for further operations.

Investment "Draw out of project documentation with technical control for rehabilitation and fixing up of pedestrian underground passage between arrival part of the Terminal 2 and the parking"

- **Purpose:** Passengers and people who are welcoming passenger intensively use the pedestrian passage between the terminal building 2 and the parking. Arranging of the passage with advertising space in line with modern trends and technical solutions is planned
- **Status:** The contract is concluded with the service provider "KEJ" d.o.o. Belgrade. Contract value is RSD 348.000,00. Technical documentation is under preparation.

Investment "Draw out of technical documentation with technical control of reconstruction of the fence around perimeter"

- **Purpose:** The final phase of works on rehabilitation of the existing fence alongside the whole perimeter of the Airport for the purpose of increase of security level and adjustment of the characteristics of the fence with new regulations.
- **Status:** The contract on drawing out of technical documentation is signed with the Tenderer "EUROZNAK" d.o.o. Belgrade. The contract value is RSD 162.000,00, excluding VAT. The technical documentation has been delivered to the Purchaser. The Purchaser agreed with the delivered documentation, whereby the contract is executed.

Investment "Rehabilitation of the roof of the reservoir P8"

- **Purpose:** The reservoir P8 is the hugest fuel tank for jet fuel at the airport, of the total volume of 500m³. Due to deterioration of material the tank cover truss and cover plate buckled. The procurement "Rehabilitation of the roof of the reservoir P8" includes drawing out of technical documentation (main design and as-built documentation) and performance of works on change of the complete tank roof - complete bearing structure and plate roof cover.
- **Status:** The public procurement according to the Procurement plan from the year of 2016 is terminated. The same public procurement is planned in the Procurement plan for the year of 2017. The public procurement was launched based on a decision on approved investment approved by the Director General. Tender documentation is under preparation.

Investment "Construction of a fence around perimeter, Phase 4"

- **Purpose:** Continued works on change of the existing fence alongside the whole perimeter of the Airport for the purpose of increase of security level and adjustment of the

characteristics of the fence with new regulations. With this, fourth phase changing of the old fence alongside the whole perimeter of the Airport Nikola Tesla would be finished.

- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment has been approved by a decision of the Supervisory Board. Tender documentation has been published. Tender opening session was scheduled for 14/03/2017. The submitted tenders exceeded the planned budget. The procedure was cancelled. A new position in the plan.

Investment "Chiller for server room"

- **Purpose:** The server room currently has air-conditioning system with one chiller as a primer air-conditioning system and two split units installed as a support in case of failure of the primer system. Procurement of another chiller enhances reliability level of air-conditioning system. Parallel connection is made between two chillers, so in case of failure of one of them, the other takes over operating function.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment is approved by a decision of the Supervisory Board. Tender documentation is under preparation.

Investment "Changing of the fence on parking areas P5, P6, P7 and the fence around power transformer station 35/10"

- **Purpose:** For the purpose of uniformising of appearance of the fence and improvement of functionality of the parking change of the fence is intended. Newly installed fence will improve appearance of the access road to terminal buildings from Novi Beograd and Surcin.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment is approved by a decision of the Supervisory Board. Tender opening session was carried out on 20/01/2017. One of the tenderers filed a claim for protection of Tenderer's rights. The Commission for protection of Tenderer's rights has given a guidance for additional consultation with competent bodies. A request has been sent to the Institute for standardisation for construing of compatibility of requested and submitted quality standards of cathodic protection of the fence.

Investment "Performance of work on rehabilitation of the roof and on change of the drainage system of the outdoor seating area of the restaurant Borik"

- **Purpose:** Due to the problem in use of the building (roof leakage and water-lodged seating area) the works on replacement of the roof cover and drainage system in the outdoor seating area are planned. As the facility is under lease, the works are supposed to be finished in the period when outdoor area is not in use.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment is approved by a decision of the Supervisory Board. Tender documentation has been prepared and sent for approval.

Investment "Replacement of access control doors"

- **Purpose:** The procurement provides replacement of the doors for control of access to all waiting rooms at the Airport Nikola Tesla, for the purpose of enhancing security measures.

- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment is approved by a decision of the Director General. This procurement provides replacement of the doors at gate accesses, which will enable implementation of card access control. Design elaboration for access control doors is under preparation and the initiator of this procurement is OU ITT. Specification for replacement of the doors will be done based on the project solution.

Investment "Toilet adaptation"

- **Purpose:** The toilet in the transit area by the Dufry coffee bar (by A1 waiting room) is one of the mostly used toilets at the airport. This toilet also has a shower. Currently, there is an additional space before the toilet. The entrance is next to the Dufry coffee bar. Provided that the change of appearance and position of the Free shop, coffee bars and other shops in the vicinity is envisaged, the toilet adaptation is planned. The adaptation includes change of the entrance (entrance from the transit corridor C) and change of the interior design of the toilet.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment is approved by a decision of the Supervisory Board. Project task with variant solutions of the site plan has been prepared. Tender documentation has been adjusted. The procedure of invitation to tender is in progress.

Investment "Replacement of inner branch of stormwater sewage in T2"

- **Purpose:** During the reconstruction of the Terminal building 2, a branch of storm water sewage, placed in the dropped ceiling of the central part of the terminal building, was not replaced. In the course of time, material deteriorated and storm water started leaking. Replacement of the inner branch is planned.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment is approved by a decision of the Director General. Tender documentation is under preparation.

Investment "Replacement of air-conditioners in air-bridges"

- **Purpose:** The existing TEAM air-conditioners in air-bridges have been in use since 2006. According to technical specification for this type of devices their lifespan has expired. Due to technological obsolescence their efficiency is on much lower level than of the modern generation of this type of air-conditioners. This procurement provides replacement of 10 air-conditioners on 5 air-bridges.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement has been launched.

Investment "Machine for maintenance of installation branch"

- **Purpose:** Procurement of two devices/machines is planned. a machine for maintenance and cleaning of sewage in the buildings and a machine for compacting unbound layers

Сектор финансија

with vibratory plate. These machines are necessary for regular and quality work of maintenance services.

- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement has been launched.

Investment "Provision of equipment for facilities of state bodies at the airport"

- **Purpose:** Within fixing up of spaces for state bodies in the Terminal building 1, adaptation of the facilities with architectural and construction works, as well as installation works has been finished. It is planned to equip it with build-in furniture and equipment, movable furniture and equipment and small wares.
Equipped facility will form a unique functional complex responding to user's needs and which will aesthetically and qualitatively comply with representation of the Airport Nikola Tesla in the best manner.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement has been launched.

Investment "Draw out of technical documentation for the existing infrastructure systems"

- **Purpose:** During the regular maintenance of the existing infrastructure systems, it is ascertained that some parts of the equipment and installation must be replaced and that replacement cannot be considered as regular maintenance. For the purpose of quality view of the scope of works and finding adequate problem solution, we planned drawing out of technical documentation with work-out in detail. Based on the technical documentation works and replacement of equipment will be planned in line with bill of quantities and estimates. The aim is enhancement of the existing systems. Draw out of technical documentation is planned for replacement of deteriorated equipment and installations in substations at the airport complex.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement has been launched.

Investment "Draw out of technical documentation for rehabilitation and fixing up certain spaces and areas in facilities on Nikola Tesla Airport"

- **Purpose:** Based on the pre-existing conditions of certain spaces and areas, as well as ascertained defects, frequent interventions for ongoing maintenance, necessity arose for works of grater scope, which surpass ongoing maintenance and are included in investment maintenance in line with applicable laws and regulations. The aim is to provide undisturbed functioning of these facilities in accordance to their purpose, as well as equipping the facilities on a higher and more modern level, in order to enhance the level of services provided to passengers and users of airport building. Drawing out of technical

Сарајево аеродром

documentation for rehabilitation of the bomb-shelter, for fixing up of economy passage and rehabilitation of the part of the roof of the terminal building is planned.

- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Supervisory Board. The public procurement has been launched.

Investment "Construction of temporary fence around Airport property"

- **Purpose:** The land that was purchased in the period between 2006 and 2008 for the purpose of expansion of the Airport, was vested in property in December 2016. The total area is little above 51ha. Temporary fencing is planned to disable unauthorised access to and use of the parcels.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Supervisory Board. The public procurement has been launched. Tender documentation is under preparation.

Investment "Segment doors of the sorting area"

- **Purpose:** The procurement has been conducted and the most favourable tenderer has been selected. The contract is signed on 29/02/2017, under no. UJNM 9/2017 with the company HOUSEMATIC DOO Belgrade in the amount of RSD 1.842.500,00, excluding VAT. Replacement of industrial door of the sorting rooms-total 4 doors is planned by the procurement. Replacement is carried out due to deterioration of the doors and due to necessity to work in special conditions in the sorting room of the terminal 1.
- **Status:** Up to the end of the reporting period, the old doors were de-installed. Installation of new doors depends on other jobs and works in the sorting area.

Investment "System of remote surveillance of power transformer station"

- **Purpose:** For the purpose of increase of reliability and security of power supply of the consumers at the airport complex, it is necessary to collect and present all key information from power transformer stations at the airport complex at one place, i.e. to introduce a system of remote surveillance and management of power transformer stations from one place, where status of the system of power transformer stations will be monitored constantly by a duty shift electrician. For the reliable work of the system timely information and reactions to disruptions in power transformer station, meaning monitoring and control from one place, are highly important. For that purpose, introduction of the system for surveillance and management of power transformer stations from duty power centre, in the Electro-service.
- **Status:** The Public procurement is launched according to the decision on investment adopted by the Supervisory board. Public tender opening session was carried out on 10/10/2016.

The procurement contract was awarded to the Institute Mihajlo Pupin from Belgrade. Contract value, including VAT is RSD 14.958.740,00. Preparation phase for realisation of the project is underway.

Investment "Service of adaptation of public lighting"

- **Purpose:** In order to enhance lighting and decrease electric energy consumption at the airport complex, it is necessary to adapt a part of public lighting, entrance road to the parking for the police and rent-a-car agencies in front of Terminal 2, parking in front of connecting part and Terminal 1 (used by rent-a-car agency) and entrance road from the city (gate of the building of the new regional control SMATSA) to Terminal 1.
- **Status:** The Public procurement is launched according to the decision on investment adopted by the Supervisory board. Public tender opening session was carried out on 06/10/2016.

The contract is signed with the tenderer MANES DOO from Topola on 14/12/2016 and the value of the contract excluding VAT is RSD 6.091.500,00. The works were underway till the end of the reporting period.

Investment "Replacement of DG4 with UPS and diesel generator"

- **Purpose:** Provision of reliable and safe work of critical consumers who are supplied from power transformer station TERMINAL 2
- **Status:** Public procurement procedure is conducted. Public procurement contract is signed with a group of tenderers VITREUM DOO, Belgrade, TEHNIOUNION-EXIM, Sremska Kamenica and TEHNOLINK DOO, Cenej on 09/06/2016. Contract value, including VAT is RSD 113.061.600,00. The works were underway till the end of the reporting period.

Investment "Machine for maintenance of the system of lighting and marking"

- **Purpose:** Procurement of dedicated machines for performance on road construction for maintenance of the system of lighting and marking.
- **Status:** The Public procurement is launched according to the decision on investment adopted by the Supervisory board. Until the end of the reporting period the procedure was under way.

Investment "Service of implementation of the system for remote monitoring and control of consumption of de-icing liquid"

- **Purpose:** Implementation of the Data Transmission System (DTS) with integrated data collection, processing and distribution. The system provides simplified principle of operation recording with enhanced level of service security and quality
- **Status:** The Public procurement is launched according to the decision on investment adopted by the Supervisory board.

Investment "Baggage conveyor system"

- **Purpose:** It assumes procurement of conveyor systems on the location - connecting part between T1 and T2 and T1, provision of baggage check-in counters, baggage carousels, conveyors, baggage screening devices and central monitoring and management systems. It also assumes installation/de-installation works, adjustment and putting into action through phases.

- **Status:** The public procurement was commenced and published on the web site on 04/04/2016. Tender opening session was carried out on 10/05/2016. The contract is signed with a group of tenderers PREMAR SERVICES AG, Zug, Switzerland and PROFLUSS GmbH, Leichlingen, Germany in the amount of EUR 6.299.985,50, excluding VAT. The Contract is recorded in the Archive of the Airport on 15/06/2016. Realisation is underway.

Investment "Procurement of passenger vehicles for apron"

- **Purpose:** Passenger cars used to support aircraft handling jobs, apron management jobs and operational sectors for maintenance of Airport Nikola Tesla. The aim of this project is procurement of passenger cars which will be used on maneuvering areas of the airport.
- **Status:** The Public procurement is launched according to the decision on investment adopted by the Supervisory board.

Investment "Vehicles for winter maintenance of aprons and maneuvering areas"

- **Purpose:** The purpose of this project is improvement of the existing working technology, through procurement of mechanisation equipment as support to the jobs of maintenance of maneuvering areas in winter conditions and removal of snow from maneuvering areas, as well as maintenance jobs under regular conditions. The aim of this investment project is procurement of multifunctional device with ports and the following options and functions: Transfer of cargo, atmospheric depositions, materials, equipment and etc, transshipment of cargo, material, equipment, removal of atmospheric depositions (snow), preventive chemical applications on maneuvering areas to prevent icing and forming of black ice in the winter.
- **Status:** The Public procurement is launched according to the decision on investment adopted by the Supervisory board.

Procurement Services of landline telephony, mobile telephony and Internet

Purpose: Procurement of services of landline telephony, mobile telephony and Internet services includes procurement of these telecommunication services for the period until December 2018. Without telecommunication and internet services the operative and business processes at the airport could not work. Considering that all services are based on Internet services and that telecommunication services, which include landline and mobile telephony, are exceptionally important for airport operations, signing of these new contracts for the said services provides continued, unimpeded airport operations.

Contracted values:

- Contracted values for the services of landline telephony is 14.000.000,00, service provider is Telekom Srbija.
- Contracted values for the services of mobile telephony is 14.800.000,00, service provider is VIP Mobile.
- Contracted values for the Internet services is 12.000.000,00, service provider is Telekom Srbija.

Савезна Агенција

Aircraft de-icing and anti-icing apron

- **Purpose:** The investment in subject includes construction of the aircraft de-icing and anti-icing apron, together with accompanying installations and facilities. JSC Airport Nikola Tesla Belgrade financed apron construction, whose value is over RSD 557 million, from its own profit.

The area of the constructed apron is about 21.000 m², whereof 16.500 m² is for aircraft movement,

- **Status:** Works on the apron construction has been finished. The apron has been used since January 6, 2017, following announcement of appropriate aviation information, based on previously performed technical inspection and obtained certificate of the Civil Aviation Directorate of the Republic of Serbia.

Reconstruction of the existing hot water system and construction of a new branch of the system

- **Purpose:** The existing hot water net system in the part from the restaurant for employees to the substation in the facility of the Terminal building 2 is older than 25 year and partly goes under the terminal building. From the point of security it is not a good solution that hot water system goes under a building, because in case of leakage safety of the object would be endangered and access to the leakage point would be difficult. For that reason, and due to the age of the installation, it was necessary to move the hot water system which goes under the Terminal 1 and under connecting part between Terminal 1 and Terminal 2.

By installation of pre-insulated pipes loss of heat is decreased, as well as loss of hot water (which was also achieved by construction of a new main branch of hot water system from the boiler house to the restaurant for employees. Furthermore, for the planned construction of the C finger hall, as well as for the aircraft de-icing and anti-icing apron, it was necessary to construct a new branch of the hot water system (from the connection for Terminal 2), considering that the capacity of the substation for Terminal 2 is fully used.

- **Status:** Works on reconstruction of the existing hot water system and construction of a new branch of the system have been finished. Exploitation permit has been obtained for the performed works.

Arrangement of the central hall of the Terminal 1

- **Purpose:** For the purpose of commercialisation of the space in the Terminal building 1 it is necessary to carry out the works on arrangement of that space. By arrangement of the space in subject we will make a new, more modern and more representative space, which will be easily and efficiently used for commercial purposes.
- **Status:** Works on arrangement of the central part of the hall have been finished and the final phase of works on connection of the central part with other parts of the Terminal 1 is underway.

Adaptation of passenger check-in facility

- **Purpose:** Due to increased number of passengers, a greater number of check-in counters for departing passengers is needed. Increase of the registration capacity has the purpose of unobstructed traffic in peak hours and higher standard of comfort for departing passengers.

Adaptation of the existing facilities at the ground floor of Terminal 1 and reconfiguration and increase of capacity for passenger and baggage check-in are planned to free the existing check-in counters in Terminal 1 and Terminal 2 from work overload.

Apart from the indicated, it is provided to arrange the facility for passenger and baggage check-in in the hall and the baggage conveyor system and facilities in the sorting room of the Terminal 1.

The concept of facility arrangement is adjusted to temporary trends of arrangement of passenger terminals and it will encompass most modern solutions from this field in aviation industry.

- **Status:** Works are underway and it is expected to be finished in the second quarter of 2017.

The works were contracted based on conducted public procurement procedure and the Contract was concluded on 22/12/2016 with a group of tenderers Energoprojekt Industrija and WD Concord West. Dynamics of the works in subject are in the accordance with technological processes of the Airport Nikola Tesla and in line with the dynamics of performance of other works.

Procurement of the Visual Docking Guidance System

- **Purpose:** By installation of the system on the parking positions A6-A10 the aircraft handling system will be completed and improved on all contact positions. Procurement and installation of the Visual Docking Guidance System enables technical assistance to a pilot during aircraft parking, whereby safety level in realisation of critical operation is increased and the time of engagement of active employees and of the equipment is decreased (Marshalls and Follow me vehicles). Also time of parking operations is decreased.

Apart from basic information shown to aircraft crew by the system, such as parking position mark, position of the aircraft in relation to the centre line/stop bar on the parking position and speed of the aircraft entering a position, there is also an option of systemic display of certain information relevant for persons employed in Operation centre of the Airport. Those information mainly refer to restrictions in terms of aircraft parking on neighbouring positions, if the system does not catch irregularities automatically, whereby security level is increased and possibility of fault due to human factor is diminished.

- **Status:** Following conducted public procurement procedure, the Public procurement contract for the Visual Docking Guidance System is awarded to a group of tenderers Elgra Vision and MC Corona.

The equipment for visual docking guidance is installed. Final testing of the system, verification of expertise of users and process of obtaining approval for regular usage from CAD are in progress.

Enforcement of floor construction

- **Purpose:** In the departing sorting area at the ground level of the Terminal 2 according to new security regulations it is planned to place a new X-ray screener whose mass is over 8000kg. As the existing floor construction cannot support described concentrated load it is necessary to additionally enforce the construction.

- **Status:** Public procurement procedure had been performed and on 01/11/2016 the contract was concluded with a group of tenderers WD Concord West, Masinoprojekt Kopriv, Dabicom and Interfast; The group of tenderers commence the works on 13/12/2016.

Realisation of the first phase of work performance - enforcement of the construction in the basement of the Terminal 2 has been finished, and the next phase and finalisation of works - in the departing sorting room are planned for the second quarter of 2017, a period following start-up of new passenger check-in counters, baggage handling system and the sorting room of the Terminal 1.

Drawing out of Detailed regulation plan

- **Purpose:** The plans currently in effect, based on which it is possible to plan new contents, buildings and infrastructure at the airport complex dates back to 1989. Up to now the Airport Nikola Tesla has utilised most of its capacities provided by these plans and its development in accordance with current trends in aviation is disabled and it cannot make appropriate infrastructural improvements which should accompany significant increase in air movements and number of handled passengers and goods.
- **Status:** Drawing out of the Detailed regulation plan is in progress.

The Airport Nikola Tesla Capacity Assessment Study

- **Purpose:** The study should indicate necessary technological and technical capacities of the airport infrastructure, operating technology and capacity utilisation during peak traffic. For that purpose, service provider should carry out comprehensive monitoring of airport processes and necessary analysis of collected data. Following the analysis, service provider should indicate in the Study existing capacities which could be utilised more efficiently in accordance with international standards and recommendations, and weak points in airport processes with suggestions for their melioration, as well as conclusions on further development of airport capacities and on traffic forecasts.
- **Status:** The procedure of public procurement has been carried out and on 08/08/2016 the Contract was concluded with EGIS d.o.o from Belgrade and EGIS AVIA from France. Deadline for the study is 180 days. Pursuant to the contracted deadline, during March 2017 the final report of the Capacity Assessment Study of the Airport Nikola Tesla was submitted, alongside the accompanying final documentations.

Container facilities for employees

- **Purpose:** In order to relocate users of the facilities in the area of reconstruction and additional construction works on finger hall A in the part from A6 to A10, it is necessary to provide new facilities for their accommodation. Users of the facilities in subject, apart from accommodation facilities also need parking places and places for their equipment. For this purpose a space in wider area between D staff access, A traffic apron and the building of the Post office, at the place of the existing temporary facility - "Barracks in wire". At this area a plateau for parking of vehicles and storing of equipment in security-restrictive area will be formed, a mounting container facility for employees will be constructed, and a space for car parking and a plateau for the mounting container with business facilities in the public area will be arranged.

Status: Drawing out of the technical documentation and performance of works have been contracted in the public procurement procedure with a consortium RAS inženjering and the Highway Institute. The concept design has been made and a request for issuing of a decision on construction certificate has been submitted to the Ministry of construction, traffic and infrastructure.

The expected deadline for the commencement of works is May 2017 and for completion is September 2017.

Arrangement of the parking lot P10

- **Purpose:** The existing car parking - P10 (parking next to the "Red building") need to be rearranged to relocate taxi parking, and in order to free the existing location for other contents, as well as in line with increased demand for parking capacities at the ANT complex. The existing area comprises of 3950 m² with road constriction in bad condition with visible damages/cracks. Rearrangement works will divide the existing car parking into two independent functional parking lots of total surface of 3950 m². The parking lot of around 1850 m² should be used for employees (74 parking places) and the lot of about 2100 m² should be used for taxi vehicles (84 parking places). Access to each of the lots will be controlled by an appropriate access control system, connected to automatic ramps.
- **Status:**
 - **Technical documentation:** Selection of the most favourable tenderer, based on the submitted tenders, as a part of the launched public procurement procedure, is in progress.
 - **Performance of works:** Expected deadline for performance of works is the third quarter of the current year.

New boiler house

- **Purpose:** The existing boiler house supplies heating to the facilities at the Airport Nikola Tesla complex and it was built more than 40 years ago. The boiler house has capacity of 47,9 MW and the huge part of it is not utilised, as the boiler TPK-20 MW has not been in order for years. The boilers have been subject to maintenance works of different level for a few times and their working parameters were decreased, which indicates low driving reliability of the boilers. Due to deterioration of the boilers, equipment and other devices, frequent failures during heating season are encountered. As we need to connect new users to the existing heating system it is necessary to reconstruct and improvement of the system or to built a new energy block.
- **Status:** For the purpose of drawing out of the necessary technical documentation the public procurement procedure has been carried out and on 09/11/2016 the contract for drawing

out of the technical documentation for construction of a new boiler house was concluded with the tenderer Kolssing.

Adjustment of the selected conceptual design with the suggestions received from the Ministry of construction, traffic and engineering is in progress, in order to obtain location requirements for construction of an additional facility and decision on construction certificate for reconstruction of the facility in accordance with regulations and based on technical documentation.

Legalisation of facilities

- **Purpose:** For certain number of facilities at Belgrade Nikola Tesla Airport documentation in relation to property status is unsatisfactory despite a course of actions taken in a previous longer period of the time. In line with the valid regulations and in order to overcome existing situations in this area, legalisation procedures have been commenced for the unsatisfactory documentation. Total area of 11 building constructions for legalisation is 4.700 m² (de-icing garage, fire-fighters' garage, auxiliary buildings, locksmith workshop, fire water supply reservoir P-264, a facility - aircraft handling drivers, crematory building, kennels for dogs, a building for technical maintenance, the heating facility, the restaurant "Borik"). Total area of 8 civil engineering facilities for legalisation is 57.150 m² (roads, parking in front of the terminal building, parking in front of the barrack for technical maintenance, parking no. 9 in front of the barrack, Parking T-2, Parking P4, Parking P7, Parking P8, Parking P10).
- **Status:** Upon the filed request, the Ministry of construction, traffic and infrastructure addressed us with a request to submit documentation necessary for legalisation procedure, to prove fulfilment of pre-conditions in legalisation procedure for the facilities in subject; JSC Airport Nikola Tesla Belgrade filed a plead for extension of the deadline for submission of the necessary documentation to the Ministry until the public procurement procedure is realised and the procurement for the service of drawing out of documentation necessary for legalisation is provided.

By the Decision on investment from 20/01/2017 for the service of drawing out of the Report on pre-existing condition of the facility for the purpose of legalisation, as a necessary document, a procedure of obtaining necessary documentation for legalisation procedure commenced. The Report on pre-existing condition should include 19 facilities built without permit for construction at the airport complex (11 building constructions and 8 civil engineering facilities).

Public procurement procedure for the service of drawing out of the Report on the pre-existing condition of facilities is in progress.

1. On 02/02/2017 the Request for disclosure of information, submission of data and documentation to the Commission for protection of competition of the Republic of Serbia for individual exemption of the Lease contract (revised text) no. 14-61/2016 dated 20/12/2016 with the Lessee Dufry, which is concluded based on a decision of the Supervisory Board as the most significant commercial contract of Airport Nikola Tesla Belgrade, which come into effect on the day of obtaining of Decision of the Commission

for protection of competition and it will be implemented on the first day of the month following the Decision of the Commission. Up to the date of obtaining of the Decision of the Commission, the Basic Agreement remains entirely effective with application of all of its provisions. In the new agreement the airport diminished obligations and liabilities related to guarantees in the agreement, as well as areas dedicated for operations of the lessee-Dufry, but it increased revenues. The Lease Agreement (revised text), no.14-61/2016 dated 20/12/2016 provides consequences in case the Commission for protection of competition does not approve exemption. The request has been filed together with the lessee-Dufry.

2. On 10/02/2017 the Public invitation for the granting of a concession for the financing, development through the construction and reconstruction, maintenance and management of the infrastructure of JSC Airport Nikola Tesla Belgrade and the performance of the activity of airport operator was published. The public invitation was published in the Official Gazette of RS no. 09/2017 on 10/02/2017.

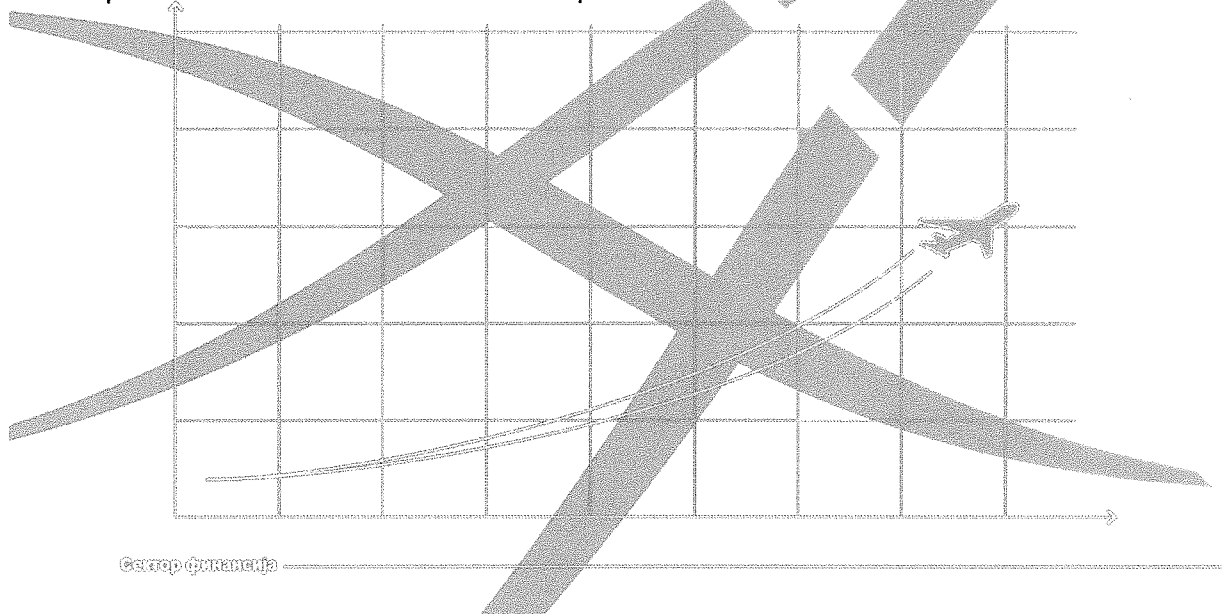
Thus the procedure for granting concession of JSC Airport Nikola Tesla Belgrade was launched.

3. On 01/03/2017 the Stimulation plan became effective, including the following reliefs for the companies fulfilling prescribed conditions: introduction of new scheduled lines (short-haul and long-haul traffic) and volume base reliefs (reliefs for frequency increase, reliefs for increase of departing passengers number, reliefs for increase of transfer passengers number, reliefs for total departing passengers number, reliefs for airlines with based aircraft or aircrafts with night abode.

Introduction of the Stimulation plan has a purpose to increase attractiveness of the airport as a regional hub, its transparency and competitiveness.

The Stimulation Plan is applied to all airport users which increase air-traffic volume at Belgrade Nikola Tesla Airport, initiate public air-transportation on a new scheduled flight, annually increase either number of flights or number of passengers.

4. On 15/03/2017 first daily flights of the Turkish air-carrier Atlasglobal on the route Belgrade - Istanbul commenced. The flights are operated with A320/A321 aircrafts. This air-carrier operates on this route as code-share partner with the domestic air-carrier Air Serbia.



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7.1. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES AFTER THE PERIOD I-III 2017

Analysis, planning and development of human resources

In the period after 31/03/2017 until today there were two internal advertisements and one external selection published in the field of analysis, planning and development of human resources at Airport Nikola Tesla Belgrade.

Table review of internal selections after 31/03/2017

Internal advertisement	Applicants
Fire-fighter - rescuer	83
Brigadier on maintenance of construction building	1

Table review of external selections after 31/03/2017

Date of selection	Selection for positions	Number of recruited candidates	Number of selected candidates
10/04/2017	Cleaning jobs	4	4

X-ray screening devices per lots

Lot 1 X-ray screening devices for items had with by persons other than passengers 60X40 2is, (3 pieces),

Lot 2: X-ray device three pieces:

- one with the tunnel opening of 180X180 2is,
- one with the tunnel opening of 145X180 2is,
- one with the tunnel opening of 130X130 2is.

The contract is concluded with the company Jugoscan d.o.o. for both lots. Delivery is expected in the second quarter of 2017.

X-ray screeners using millimetric waves

The contract is concluded with the company Centum d.o.o. Delivery is expected in the second quarter of 2017.

Liquid explosives detectors

The contract is concluded with the company Security company Kobra d.o.o. Delivery is expected in the second quarter of 2017.

Walk-through metal detector

The contract is concluded with the company Jugoscan d.o.o.
Delivery is expected in the second quarter of 2017.

Explosive trace detectors

The contract is concluded with the company Analysis d.o.o.
Delivery was in April 2017.

Detector of prohibited items hidden in shoes

The contract is concluded with the company Jugoscan d.o.o.
Delivery is expected in the second quarter of 2017.

X-ray screener for the sorting area in Terminal 1 (from 2016)

In 2016 OU X-ray screening planned procurement "X-ray screener of standard 3" for security screening of hold baggage in Terminal 1 within reconstruction of the sorting area in the Terminal 1. This is a procurement for the year of 2016. Realisation commenced in 2017 and the planned deadline of completion of works is the end of May (second quarter)

Also, within the reconstruction of the Terminal 2, a device for screening of oversized baggage with opening 130x130xm, brand Smiths Heimann GmbH has been procured.

X-ray screening devices per lots (from the plan for 2016)

LOT 1: X-ray screening devices for security screening of employees and persons other than passengers at official accesses, with the opening 60x40 (5 pieces).

The contract is concluded with the company Jugoscan d.o.o.

Delivery was in February 2017.

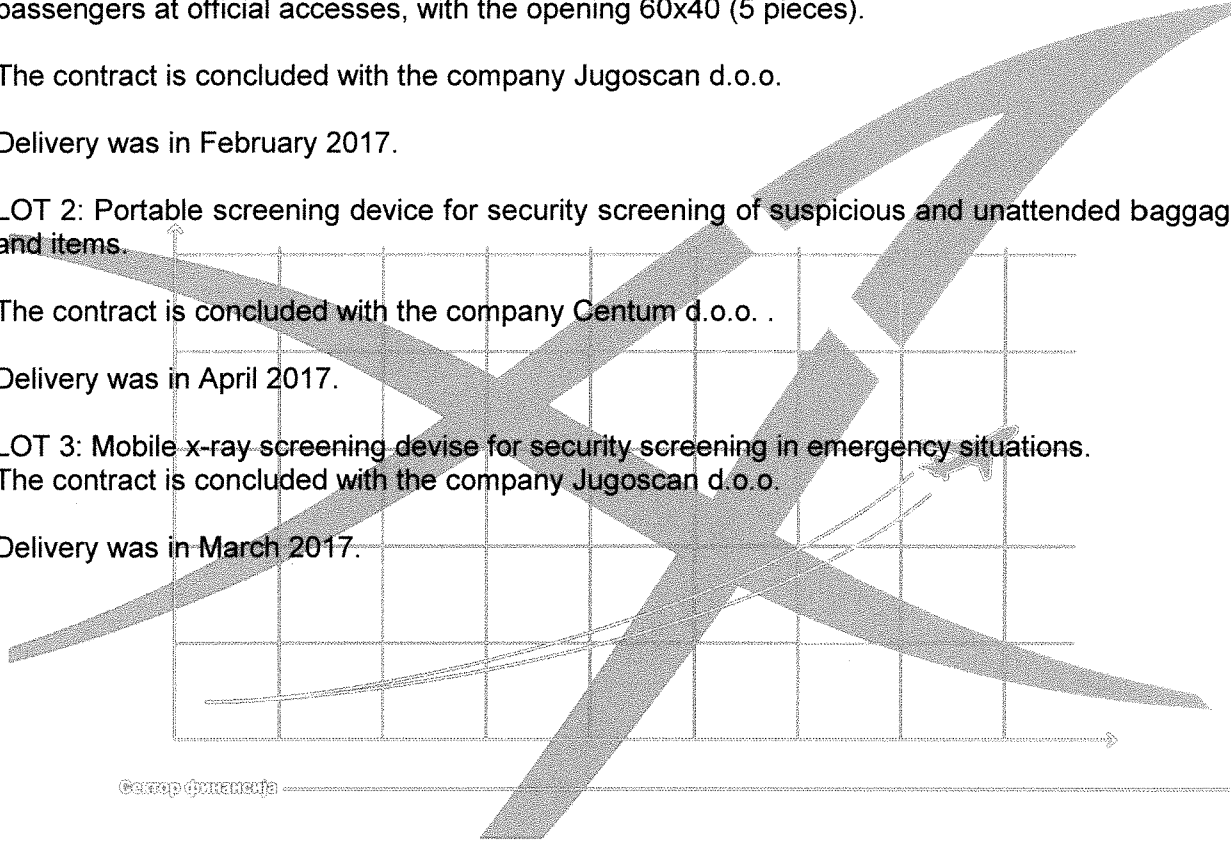
LOT 2: Portable screening device for security screening of suspicious and unattended baggage and items.

The contract is concluded with the company Centum d.o.o. .

Delivery was in April 2017.

LOT 3: Mobile x-ray screening device for security screening in emergency situations.
The contract is concluded with the company Jugoscan d.o.o.

Delivery was in March 2017.



Сектор безбедности

Automotive robot-vehicle for explosives

Possessing of this device maximally increase solution of suspicious situations, thus it decrease potential losses of the airport due to longer closure of operations because of blockage or laboured passenger handling. It provides higher safety of participants in the security action as they act from distance. Modern robots are used for neutralising of diversion-terrorist devices, for reconnaissance and surveillance, convoy, transport and fire-rescue, as well as for checking of people and vehicles.

Public procurement published: on 21/02/2017

The Decision on contract award was adopted on 25/04/2017 and the contract is awarded to JUGOSCAN for the amount of RSD 54.625.000,00, VAT excluded.

Fire-fighting vehicle

Public procurement procedure for fire-fighting vehicle 6x6 with fire-fighting hand. Delivery is expected in the mid-December of 2017, which will secure and strengthen readiness for fire-fighting category 10. Value of the public procurement is EUR 989.000.00.

Investment "Service of adaptation of public lighting"

- **Purpose:** In order to enhance lighting and decrease electric energy consumption at the airport complex, it is necessary to adapt a part of public lighting, entrance road to the parking for the police and rent-a-car agencies in front of Terminal 2, parking in front of connecting part and Terminal 1 (used by rent-a-car agency) and entrance road from the city (gate of the building of the new regional control SMATSA) to Terminal 1.
- **Status:** Realisation of the complete contract was completed on 19/04/2017.

Investment "Replacement of DG4 with UPS and diesel generator"

- **Purpose:** Provision of reliable and safe work of critical consumers who are supplied from power transformer station TERMINAL 2
- **Status:** Realisation of the complete contract was completed on 21/04/2017.

Investment "Machine for maintenance of the system of lighting and marking"

- **Purpose:** Procurement of dedicated machines for performance on road construction for maintenance of the system of lighting and marking.
- **Status:** Public procurement procedure is in process.

Investment "Segment doors of the sorting area"

- **Purpose:** The procurement has been conducted and the most favourable tenderer has been selected. The contract is signed on 29/02/2017, under no. UJNM 9/2017 with the company HOUSEMATIC DOO Belgrade in the amount of RSD 1.842.500,00, excluding VAT. Replacement of industrial door of the sorting rooms-total 4 doors is planned by the procurement. Replacement is carried out due to deterioration of the doors and due to necessity to work in special conditions in the sorting room of the terminal 1.

- **Status:** Due to necessity for adjustment of operations on installation of new doors with other kinds of operations at the location of the sorting area, activities on installation of new doors commenced in April 2017.

Procurement of Enterprise Resource Planning system (ERP)

Purpose: Enterprise Resource Planning system (ERP) represents a platform of integrated applications which provides integration and optimisation of operating processes.

The basic purpose of the ERP system is to facilitate information flow between all operating functions in the organisation, as well as with external associates and business partners.

Future information system should completely integrate operating processes, eliminate manual processes and introduce automatic control at all fields of application.

The procurement includes procurement of licences of applicative software, service of analysis of business processes, implementation and adjustment of the system to the operational needs of the airport, as well as service of preventive and corrective system maintenance upon system launching.

Introduction of the new Enterprise Resource Planning system will significantly contribute to development and improvement of information technology of the airport and provide simple and efficient integration with other information systems directly used in operational processes of the airport (specific airport systems and other business systems)

Procurement opening session for ERP was completed on 21/04/2017 and drawing up of the Report on experts' assessment of tenders is in progress.

Procurement Equipment for passenger and baggage self check-in

Purpose: IATA StB initiative (*FAST TRAVEL PROGRAM, Simplifying the Business, IATA*) is aiming to enable service users self check-in per individual travel phases. The subject of the procurement is equipment for passenger and baggage self check-in in accordance with IATA StB initiative and within the indicated procurement of applicative software, service of system implementation, support and maintenance.

The equipment and software for passenger self check-in - *Common Use Self Service (CUSS)* represents information platform which enables using of common infrastructure, i.e. CUSS counter, to which several different applications of air-carriers can be implemented for passenger self check-in.

The equipment and software Self Service Bag Drop (SSBD) represents information platform which enables passengers to automatically checks-in their baggage and drop it at the counters with this service.

Apart from the previous, this procurement shall provide forming of hybrid counters, i.e. counters with the option of standard passenger and baggage check-in and the option of *Self Service Bag Drop* depending on current/seasonal needs.

In accordance to an initiative of Air Serbia made in line with its needs, the Airport planned the subject public procurement and thus continued the process of implementation of self-servicing.

Preparation of Tender documentation for the procurement Equipment for passenger and baggage self check-in is in progress.

Служба за информације

Project of land division/re-division at the airport complex

- **Purpose:** With the purpose of regulation of right of use of land, adjusting with the existing conditions, regulation of relations with other entities at the airport complex and the need of airport development, it is necessary to make changes in cadastral state and the relevant documentation.
- **Status:** Preparation of the Tender documentation for obtaining the service of project preparation for the land division/re-division in the procedure of public procurement no. 16/2017 OP (Decision on commencement of PP no. DNJN -371/2017 dated 19/04/2017) is in progress.

Audit:

1. Aegean audit 20-21/3
2. Eurowings 27/3

1. On 16/03/2017 a part of the debt upon executive judgement was charged from the company "AS Catering" RSD 4.473.777,26 (the principal debt with interest and costs of enforcement before the Court) while the other part was charged on 21/04/2017 in the amount of RSD 34.299.839,58 (the principal debt with interest and costs of enforcement before the Court).
2. On 04/04/2017 low-cost company "Transavia" launched its flights from Belgrade to Amsterdam. The company operates Boeing 737 on its three flights per week.
3. On 27/04/2017 the Agreement on repayment of a debt with the Company Jat Technica which regulates debt of this company based on rendered services which are the subject of legal action before the Commercial Court in Belgrade, with the exemption of the debt based on access to and use of service roads and auxiliary service roads at Airport Nikola Tesla Belgrade as well as the Agreement on repayment of a debt with the Company Jat Technica which regulates debt of this company based on final judgement i.e. court decision on enforcement of the Commercial Court.

Arrival of a new air-carrier Atlas Global to Serbian market. The first flight was operated on March 15, 2017. Entering into agreement of ANT and Atlas Global had positive impact on business results of ANT.

Procurement of 2 belt conveyers - elevators

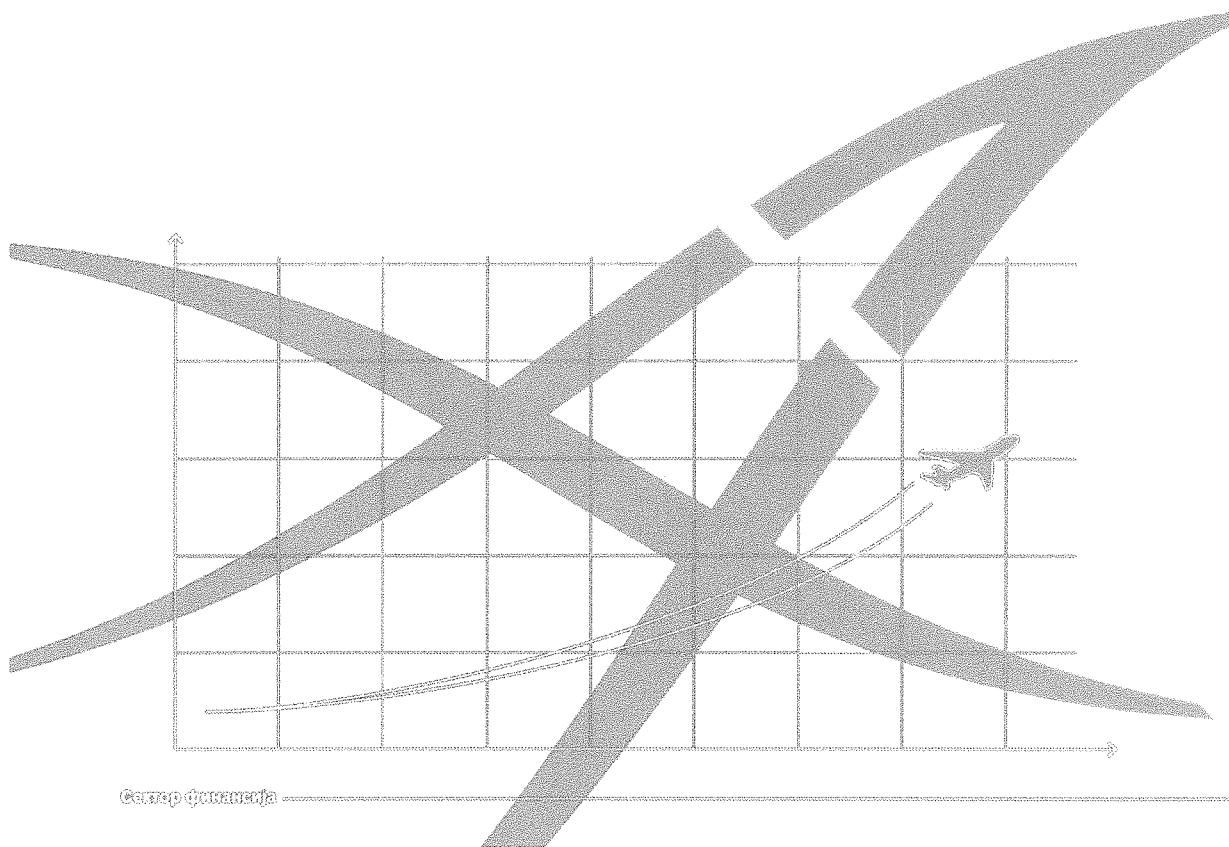
- **Purpose:** Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail embarkation and disembarkation.
- **Value:** RSD 11.500.000,00, VAT excluded
- **Provider:** CENTUM d.o.o, Public procurement contract no UJVN-3/2017 dated 13/02/2017
- **Status:** The elevators were delivered on 22/02/2017.

Procurement of 6 dollies for unit load devices

- Purpose: Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail embarkation and disembarkation.
- Value: 17.800,00 €
- Provider: "*MILOCO PRODUCTION*", Public procurement contract no UJVN-12/2017 dated 28/02/2017
- Status: The dollies were delivered on 06/04/2017.

Procurement of 3 tug vehicles for dollies

- Purpose: Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail embarkation and disembarkation.
- Value: RSD 11.700.000,00, VAT excluded
- Provider: "*EUROPLAST INTERNATIONAL*", Public procurement contract no UJVN-17-37/2016 dated 29/02/2016
- Status: Baggage dollies were delivered on 06/02/2017 and on 07/03/2017.



8. DESCRIPTION OF THE MOST SIGNIFICANT RISKS AND UNCERTAINTIES IN THE PERIOD I-III 2017

In the period I-III 2017 there was a risk of spreading of terrorist attacks from 2016, more and more often aiming airports. That indicated necessity of increased vigilance and control at Airport Nikola Tesla Belgrade. In the public area, where security checks are not carried out, great importance is attached to video surveillance and frequent security patrols.

Based on risk assessment carried out by security authorities in 2106, it is recommended to introduce additional security measures amounting to procurement of new equipment and devices, as well as engagement of greater number of persons who will be trained for the indicated positions.

The additional security measures encompass training procedures for employees and public procurement of equipment and those cannot be completed in short period of time, which can cause vulnerability of security system at the Airport.

In relation to OU Sector for fire rescue and protection, in the period January - March 2017 the Airport risk fines from CAD and the Emergency Sector for non-performance of the procurement of professional examination in the field of Fire protection, servicing of fire extinguishers and fire hydrants and servicing of breathing apparatus as taking these measures is an obligation.

Internal risks:

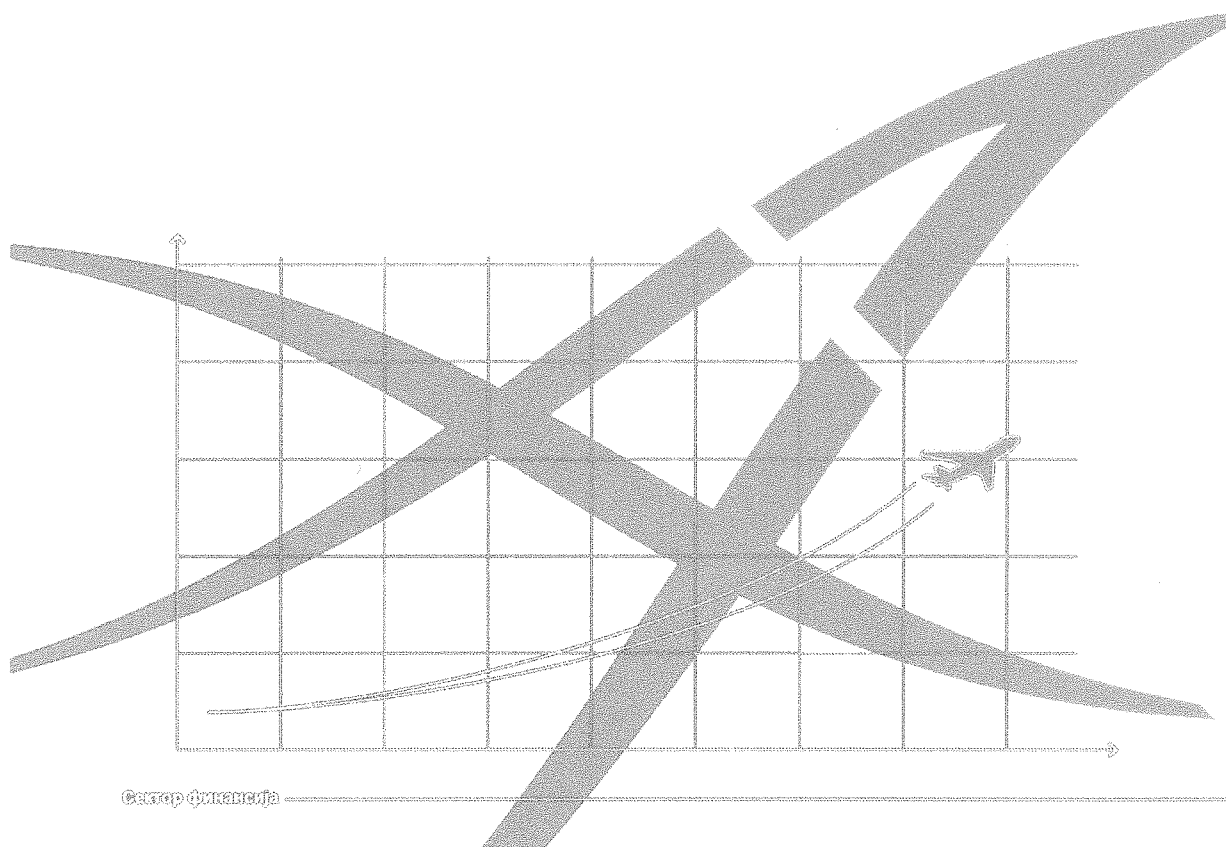
- Fulfilled projected airport capacities in terms of number of passengers, commercial offer with rising demand and parking positions,
- Deterioration of the part of the existing infrastructure (part of maneuvering areas, part of capacities of the Terminal building, part of primary heating network, primary branches of the part of the water and sewage system are older than 40 years, fire-rescue facility is not up to the conditions of such purpose),
- Unsolved property-legal relations in regard to land parcels and facilities in the vicinity of the Airport, at the locations projected for potential expansion of airport complex.

External risks:

- Limitation of development in accordance to the existing obsolete Plan until adoption of the new plan.
- Growing competition of international neighbouring airports,
- Inadequate connectedness with city centre and wider area in Serbia, considering the trend of passenger number increasing and introduction of direct flights to USA.
- Requirement for continuing improvement of security measures and consequently increase of expenses,
- Expansion of other airports in Serbia and potential redirection of a part of traffic flow, competition increase at local level,
- Small number of bidder owning licences for drawing up of technical documentation, i.e. facility construction, for which the Ministry issues certificates (for airports for public air-traffic),

- Seasonality and demand fluctuation, which may represent a challenge in future capacity planning
1. Opinion of the Commission for protection of competition. On 02/02/2017 based on the filed Request for disclosure of information, submission of data and documentation to the Commission for protection of competition of the Republic of Serbia for individual exemption of the Lease agreement (revised text) no. 14-61/2016 dated 20/12/2016 with the Lessee Dufry, the most significant risk and uncertainties refer to the part of the agreement, where, at Dufry's insistence are added provision on indemnification in case of a negative decision of the Commission for protection o competition, according to which all term sheets of the Agreement, including lease price will be negotiated, but the Airport will not be liable for missed profit or possible fines prescribed by the Commission upon this Agreement, and for possible finds for the period from 2006 until 2016 provisions of the Basic Agreement will be applied, proscribing that Airport Nikola Tesla Belgrade is liable for all fines.
 2. Procedure for granting concession for JSC Airport Nikola Tesla Belgrade, which was published on 10/02/2017, is in progress and numerous factors can impact the outcome of the procedure.

Lower number of employees in the GH in comparison to the needed number provided in the analysis of necessary number of employees.



9. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Due to market risks influencing financial instrument, the management of the Company monitors in detail movements leading to risks and takes necessary risk management measures.

9.1. MARKET RISK

During analysis of the market and its impact on Company operations, primarily on financial instruments, the Company considers exchange rate changes risks (currency risk), risk of interest rate changes and risk of service price changes.

Currency risk (foreign exchange risk)

Considering balance and sources of resources of the Company on 31/03/2017 and primarily cash and cash equivalents, receivables from buyers, liabilities per long-term loans and similar we could say that the Company is not imposed to foreign exchange risks.

By detailed analysis of currency structure of the assets and liabilities on 31/03/2017, we can ascertain that the financial assets are contracted with currency clause and that they are higher than currency financial liabilities. Financial liabilities contracted in foreign currency are generally of long-term nature. Based on the above facts it results that Airport Nikola Tesla Belgrade does not operate with high currency risk.

a) Risk of interest rate change

Risk of interest rate change is not significant risk for the Company. Most of the financial instruments categories contracted with interest are defined with fixed interest rate.

9.2. CREDIT RISK

The company estimates that beside market risks to which financial instruments can be imposed it is also necessary to monitor credit risks. The company has receivables from domestic and foreign buyers so there is credit risk. To reduce this risk, the Company regularly monitors the realisation of the collection, analyses the value of the collection achieved within the contracted period, payment delays and outstanding receivables.

9.3. LIQUIDITY AND CASH FLOW RISK

Liquidity risk management requires special attention of the management of the Company which established business policy mainly based on financing from its own resources. Borrowed resources are mainly long-term resources and short-term liabilities can be covered with long-term receivables.

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10. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

JSC Airport Nikola Tesla does not have any associated persons in terms of the Company Law (Official Gazette of RS nos. 36/2011, 99/2011, 83/2014 and 5/2015, article 62 and accordingly there are no business operations related to associated persons.

10.1. BRANCHES

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

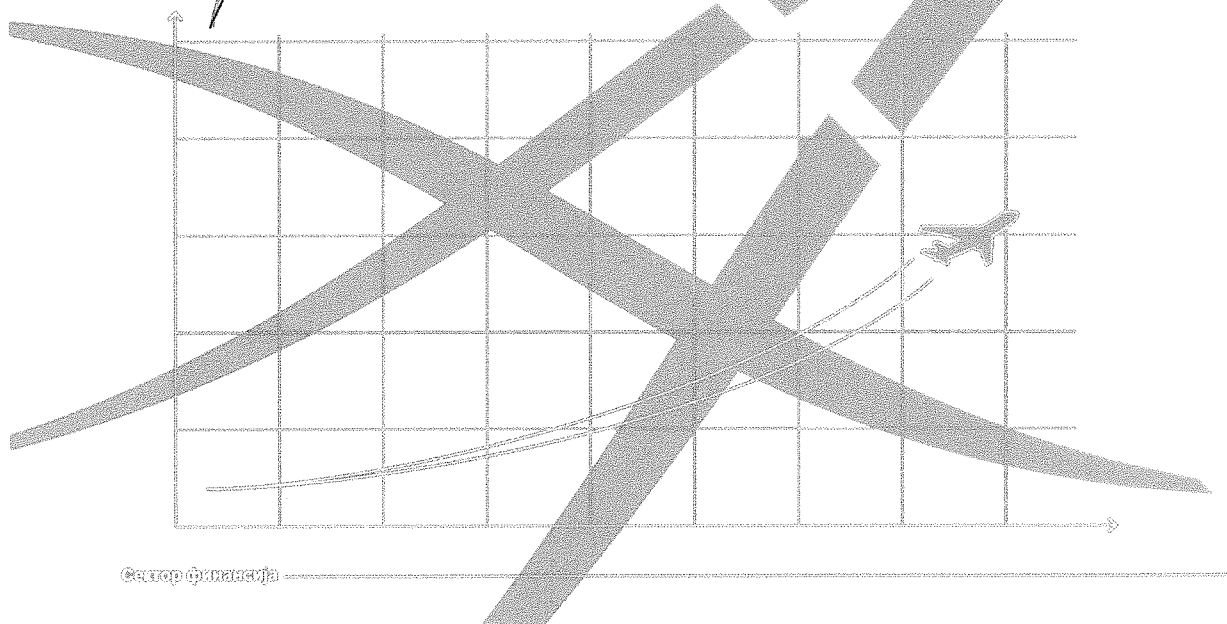
Belgrade, May 2017

President of the Supervisory Board

Acting Director General
Saša Vlajsavljević BSc (Eng.)

Director of Finance

Dobriša Pejović BSc. (Econ)



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STATEMENT

Hereby we state that, according to our best knowledge, the quarterly report for the thirist quarter, which contains data for the first three months of the business year 2017 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

Sasa Vlajsavljević
Finance Director


Dobriša Pejović

Head of Accountancy



Zorka Latinović