



Content

1. Financial statements for I-IX 2017

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FINANCIAL STATEMENTS September 30, 2017

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November 06, 2017

INCOME SHEET
in the period from January 1 to September 30, 2017

INCOME SHEET							
for the period from 01/01/2017 until 30/09/2017							
- in thousand RSD -							
Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/07-30/09/2017)	Cumulative (01/01-30/09/2017)	Quarter (01/07-30/09/2016)	Cumulative (01/01-30/09/2016)
1	2	3	4	5	6	7	8
	REVENUES OF REGULAR BUSINESS						
60 to 65, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		2,864,944	7,195,346	2,588,866	6,509,223
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	466	10,887	851	56,905
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	466	10,887	577	1,575
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0	274	55,330
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	2,548,489	6,421,039	2,290,239	5,746,878
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 to other related parties in domestic market	1014	6	1,082,148	2,723,211	1,053,481	2,530,998
615	6. Revenues from sale of products and services in foreign markets	1015	7	1,466,341	3,697,828	1,236,758	3,215,880
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0	0	230
65	IV OTHER OPERATING REVENUES	1017	9	315,989	763,420	297,776	705,210

INCOME SHEET (continued)
in the period from January 1 to September 30, 2017

INCOME SHEET							
for the period from 01/01/2017 until 30/09/2017							
- in thousand RSD -							
Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/07-30/09/2017)	Cumulative (01/01-30/09/2017)	Quarter (01/07-30/09/2016)	Cumulative (01/01-30/09/2016)
1	2	3	4	5	6	7	8
	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		1,240,629	3,816,487	1,190,955	3,580,127
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	377	14,636	429	51,663
62	II. revenues from activation of use of own products and goods	1020		0		0	
630	III. INCREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021					
631	IV. DECREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022					
51 except 513	V. COSTS OF MATERIALS	1023	11	44,824	140,605	52,942	129,121
513	VI. COSTS OF FUEL AND ENERGY	1024	12	62,207	202,682	59,963	187,249
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	740,770	2,246,005	688,789	2,108,102
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	78,716	282,459	70,654	239,051
540	IX. AMORTISATION COSTS	1027	15	211,904	578,302	226,139	643,032
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	3,000	8,370	6,800	8,800
55	XI. INTANGIBLE COSTS	1029	17	98,831	343,428	85,239	213,109
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		1,624,315	3,378,859	1,397,911	2,929,096
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031					
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		37,725	116,719	24,448	150,760
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	21,694	69,118	23,244	76,650
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	16,031	47,601	1,204	74,110

INCOME SHEET (continued)
in the period from January 1 to September 30, 2017

INCOME SHEET							
for the period from 01/01/2017 until 30/09/2017							
- in thousand RSD -							
Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/07-30/09/2017)	Cumulative (01/01-30/09/2017)	Quarter (01/07-30/09/2016)	Cumulative (01/01-30/09/2016)
1	2	3	4	5	6	7	8
56	Đ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		73,121	237,324	18,155	72,649
56 except 562, 563 & 564	I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN. EXPENDITURES (1042 + 1043 + 1044 + 1045)	1041		0	0		
560	1. Financial expenditures from relation with parent companies and subsidiaries	1042					
561	2. Financial expenditures from relation with other related parties	1043					
565	3. Expenditures from participation in the loss of associated legal entities and joint ventures	1044					
566 and 569	4. Other financial expenditures	1045					
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046	20	8,001	27,002	9,446	31,086
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	65,120	210,322	8,709	41,563
	E. PROFIT FROM FINANCING(1032 – 1040)	1048		0	0	6,293	78,111
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049		35,396	120,605	0	0
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	22	1,950	2,913	99	384
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	23	19,701	44,739	204,119	204,126
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	24	5,246	14,326	6,465	42,730
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	25	19,443	34,173	6,081	23,184
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054	26	1,556,971	3,196,581	1,200,568	2,823,011
	LJ. 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		-88	553		
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057		0	0		
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	1,556,883	3,197,134	1,200,568	2,823,011
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059					

INCOME SHEET (continued)
in the period from January 1 to September 30, 2017

INCOME SHEET							
for the period from 01/01/2017 until 30/09/2017							
- in thousand RSD -							
Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/07-30/09/2017)	Cumulative (01/01-30/09/2017)	Quarter (01/07-30/09/2016)	Cumulative (01/01-30/09/2016)
1	2	3	4	5	6	7	8
	P. PROFIT TAX						
721	I. INCOME TAX EXPENDITURE	1060	26	230,598	446,245	122,547	294,099
part 722	II. DEFERRED TAX EXPENDITURE	1061	27	20,895	58,268	97,869	174,698
part 722	III. DEFERRED INCOME TAX	1062	27	0	0	0	0
723	R. EARNINGS PAID BY EMPLOYER	1063					
	S. NET PROFIT	1064	28	1,305,390	2,692,621	980,152	2,354,214
	(1058 – 1059 – 1060 – 1061 + 1062)						
	T. NET LOSS	1065					
	(1059 – 1058 + 1060 + 1061 – 1062)						
	I NET INCOME OF MINORITY SHAREHOLDERS	1066					
	II NET INCOME OF THE MAJORITY OWNER	1067					
	III PROFIT PER SHARE		28				
	1. Basic earning per share	1068					
	2. Reduced (diluted) earning per share	1069					
6	TOTAL REVENUES			2,910,225	7,331,162	2,619,878	6,703,097
5	TOTAL EXPENDITURES			1,353,342	4,134,028	1,419,310	3,880,086

BALANCE SHEET on September 30, 2017

BALANCE SHEET

on 30/09 2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/09/2017	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		25,218,124	23,895,702	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0008 + 0009)	3	29	138,865	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	138,865	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	24,862,861	23,535,062	0
020, 021 & part 029	1. Land	11	29	9,437,117	9,416,290	
022 & part 029	2. Buildings	12	29	10,007,727	9,678,995	
023 & part 029	3. Plant and equipment	13	29	3,932,660	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	1,342,543	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	112,670	120,507	
3	III. BIOLOGICAL RESOURCES (0020 + 0021 + 0022 + 0023)	19		65	145	0
030, 031 & part 039	1. Forests and perennial plants	20				
032 & part 039	2. Livestock unit	21	29	65	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		132,514	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	132,513	140,945	

BALANCE SHEET (continued) on September 30, 2017

BALANCE SHEET						
- on 30/09 2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/09/2017	Previous year	
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	43		5,854,695	6,455,664	0
	(0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)					
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		144,479	85,637	0
10	1. Material, spare parts, tools and small inventory	45	32	100,828	62,272	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	4,868	4,816	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	38,783	18,549	
20	II RECEIVABLES FROM SALE	51		1,193,825	1,020,436	0
	(0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)					
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	380,529	360,511	
205 & part 209	6. Buyers abroad	57	36	813,296	659,925	
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	170,794	388,411	
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 & 237	VI SHORT-TERM FINANCIAL INVESTMENTS	62		2,477,235	3,985,447	0
	(0063 + 0064 + 0065 + 0066 + 0067)					
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	35,642	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	2,441,593	3,934,494	
24	VII CASH AND CASH EQUIVALENTS	68	41	1,811,968	740,102	
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	56,394	235,631	
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		31,072,819	30,351,366	0
88	Ø. OFF-BALANCE SHEET ASSETS	72	62	610,449	524,556	

BALANCE SHEET (continued) on September 30, 2017

BALANCE SHEET						
on 30/09 2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/09/2017	Previous year	
1	2	3	4	5	6	7
					Final balance 31/12/2016	Initial balance 01/01/2016
	LIABILITIES					
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401	43	29,136,496	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 and 237	III REPURCHASED OWN SHARES	412				
32	IV RESERVES	413	45	5,254,126	4,120,259	
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLE PROPERTY, PLANT AND EQUIPMENT	414	45	598,382	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	2,693,788	1,775,235	0
340	1. Non-distributed profit of previous years	418	46	1,167	303	
341	2. Non-distributed profit of the current year	419	46	2,692,621	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		881,148	908,241	0
40	I LONG -TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48	202,583	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	117,254	125,836	
405	5. Reserves for litigations	430	47;48;49	85,329	80,496	
402 and 409	6. Other long-term reserves	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		678,565	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				

BALANCE SHEET (continued) on September 30, 2017

BALANCE SHEET						
on 30/09 2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/09/2017	Previous year	
1	2	3	4	5	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	678,565	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	428,551	370,283	
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		626,624	1,985,321	0
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		37,776	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	37,776	102,919	
430	II RECEIVED PREPAYMENTS, DEPOSITS AND BAILS	450	53	93,968	82,663	
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		255,388	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	119,511	396,580	
436	6. Suppliers abroad	457	55	120,612	51,240	
439	7. Other liabilities from operation	458	56	15,265	14,882	
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	35,213	1,138,394	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	74,876	57,398	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59;60	10,516	1,936	
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	118,887	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		31,072,819	30,351,366	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	610,449	524,556	

REPORT ON OTHER RESULTS in the period from January 1 to September 30, 2017

for the period from 01/01/2017 until 30/09/2017

- in thousand RSD -

Group accounts, account	POSITION	ADP	Notes no:	Amount			
				Current year		Previous year	
				Quarter (01/07-30/09/2017)	Cumulative (01/01-30/09/2017)	Quarter (01/07-30/09/2016)	Cumulative (01/01-30/09/2016)
1	2	3	4	5	6	7	8
	A. NET RESULTS FROM OPERATIONS						
	I. NET PROFIT (ADP 1064)	2001	28	1,305,390	2,692,621	980,152	2,354,214
	II. NET LOSS (ADP 1065)	2002					
	B. OTHER COMPREHENSIVE PROFITS AND LOSS						
	a) Items that will not be reclassified in income sheet in future periods						
	1. Changes in revaluation of intangible assets, property, plant and equipment						
330	a) increase in revaluation reserves	2003					
	b) decrease in revaluation reserves	2004		0		0	0
	2. Actuarial gains and losses on defined benefit plans						
331	a) gains	2005					
	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 in future periods						
	1. Gains or losses based on recalculation of financial statements of foreign operations						
334	a) gains	2011					
	b) losses	2012					
	2. Gains or losses on hedging instruments of net investment in a foreign operation						
335	a) gains	2013					
	b) losses	2014					
	3. Gains or losses on risk hedging instruments of cash flow						
336	a) gains	2015					
	b) losses	2016					
	4. Gains or losses on securities available for sale						
337	a) gains	2017					
	b) losses	2018					
	I. OTHER GROSS COMPREHENSIVE PROFIT (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) > 0	2019			0	0	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	0	0	0
	III. TAX ON OTHER COMPREHENSIVE PROFIT OF LOSS FOR THE PERIOD	2021					
	IV. NET OTHER COMPREHENSIVE PROFIT (2019 - 2020 - 2021) ≥ 0	2022			0	0	0
	V. NET OTHER COMPREHENSIVE LOSS (2020 - 2019 + 2021) ≥ 0	2023		0	0	0	0
	B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD						
	I. TOTAL NET COMPREHENSIVE PROFIT (2001 - 2002 + 2022 - 2023) ≥ 0	2024		1,305,390	2,692,621	980,152	2,354,214
	II. TOTAL NET COMPREHENSIVE LOSS (2002 - 2001 + 2023 - 2022) ≥ 0	2025		0	0	0	0
	G. TOTAL NET COMPREHENSIVE PROFIT OF LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0	2026		1,305,390	2,692,621	980,152	2,354,214
	1. Attributable to majority owners of capital	2027					
	2. Attributable to owners who do not have control	2028					

STATEMENT ON CHANGES IN CAPITAL in the period from 01/01 to 30/09/2017

STATEMENT ON CHANGES IN CAPITAL in the period from 01/01 to 30/09/2017

- in thousand RSD -

No.	DESCRIPTION	Capital components										Components of other result							Luss above the ADP Σ (line 1a col 3 to col 15) - Σ (line 1b col 3 to col 15) ≥ 0											
		30	31	32	35	047 & 237	34	350	331	332	333	334 & 335	336	337	16	17														
		ADP	Non-paid up subscribed capital	ADP	Reserves	ADP	Loss	ADP	Repurchas ed own shares	ADP	Non- distribut ed profit	ADP	Revaluat ion reserves	ADP	Actuarial gains and losses	ADP	Gains and losses on investment in equity capital instruments	ADP	Gains or losses in other profit or losses or accumulated comparates	ADP	Gains and losses on operations and conversion of financial statements	ADP	Gains or losses on hedging instruments with cash flow	ADP	Gains or losses on securities available for sale	ADP	Total capital Σ (line 1b col 3 to col 15) ≥ 0			
1	Opening balance on 01/01/2016																													
1	a) debit balance account	4001		4037	4055	4073		4091		4109	4127	4145	4163	4181	4199	4217	4235	4253	4271	4289	4307	4325	4343	4361	4379	4397	4415	0	4244	
	b) credit balance account	4002	20,573,610	4020	0	4038	2,842,810	4056	0	4074	0	4092	2,120,386	4110	146,390	4128	127,988	4146	0	4164	0	4182	0	4200	0	4218	0	4236	0	25,697,984
2	Correction of materially significant errors and changes of accounting policies	4003		4021	0	4039	0	4057	0	4075	0	4093	0	4111	0	4129	0	4147	0	4165	0	4183	0	4201	0	4219	0	4237	0	4245
	a) corrections on the debit side of the account	4004		4022	0	4040	0	4058	0	4076	0	4094	0	4112	0	4130	0	4148	0	4166	0	4184	0	4202	0	4220	0	4238	0	4246
	b) corrections on the credit side of the account																													
	Updated opening balance on 01/01/2016.																													
3	a) corrected debit balance of account (1a + 2a - 2b) ≥ 0	4005		4023	0	4041	0	4059	0	4077	0	4095	0	4113	0	4131	0	4149	0	4167	0	4185	0	4203	0	4221	0	4239	0	4246
	b) corrected credit balance of account (1b - 2a + 2b) ≥ 0	4006	20,573,610	4024	0	4042	2,842,810	4060	0	4078	0	4096	2,120,386	4114	146,390	4132	127,988	4150	0	4168	0	4186	0	4204	0	4222	0	4240	0	25,697,984
	Changes in the previous 2016																													
4	a) turnover on the debit side of the account	4007	0	4025	0	4043	0	4061	0	4079	0	4097	3,536,193	4115	85,344	4133	671	4151	0	4169	0	4187	0	4205	0	4223	0	4241	0	4247
	b) turnover on the credit side of the account	4008	0	4026	0	4044	1,277,449	4062	0	4080	0	4098	3,191,042	4116	536,781	4134	4473	4152	0	4170	0	4188	0	4206	0	4224	0	4242	0	1,389,537
	Balance at the end of previous year on 31/12/2016																													
5	a) debit balance of account (3a + 4a - 4b) ≥ 0	4009	0	4027	0	4045	0	4063	0	4081	0	4099	0	4117	0	4135	0	4153	0	4171	0	4189	0	4207	0	4225	0	4243	0	4248
	b) credit balance of account (3b - 4a + 4b) ≥ 0	4010	20,573,610	4028	0	4046	4,120,259	4064	0	4082	0	4100	1,775,235	4118	601,827	4136	16,590	4154	0	4172	0	4190	0	4208	0	4226	0	4244	0	27,087,821
	Correction of materially significant errors and changes of accounting policies																													
6	a) corrections on the debit side of the account	4011	0	4029	0	4047	0	4065	0	4083	0	4101	0	4119	0	4137	0	4155	0	4173	0	4191	0	4209	0	4227	0	4245	0	4249
	b) corrections on the credit side of the account	4012	0	4030	0	4048	0	4066	0	4084	0	4102	0	4120	0	4138	0	4156	0	4174	0	4192	0	4210	0	4228	0	4246	0	0
	Corrected opening balance on 01/01/2017.																													
7	a) corrected debit balance of account (5a + 6a - 6b) ≥ 0	4013	0	4031	0	4049	0	4067	0	4085	0	4103	0	4121	0	4139	0	4157	0	4175	0	4193	0	4211	0	4229	0	4247	0	4250
	b) corrected credit balance of account (5b - 6a + 6b) ≥ 0	4014	20,573,610	4032	0	4050	4,120,259	4068	0	4086	0	4104	1,775,235	4122	601,827	4140	16,590	4158	0	4176	0	4194	0	4212	0	4230	0	4248	0	27,087,821
	Changes in the current 2017																													
8	a) turnover on the debit side of the account	4015	0	4033	0	4051	0	4069	0	4087	0	4105	1,775,235	4123	3,445	4141	0	4159	0	4177	0	4195	0	4213	0	4231	0	4249	0	1,776,080
	b) turnover on the credit side of the account	4016	0	4034	0	4052	1,133,867	4070	0	4088	0	4106	2,695,788	4124	0	4142	0	4160	0	4178	0	4196	0	4214	0	4232	0	4250	0	3,827,658
	Balance at the end of the current year on 30/09/2017																													
9	a) debit balance of account (7a + 8a - 8b) ≥ 0	4017	0	4035	0	4053	0	4071	0	4089	0	4107	0	4125	0	4143	0	4161	0	4179	0	4197	0	4215	0	4233	0	4251	0	4252
	b) credit balance of account (7b - 8a + 8b) ≥ 0	4018	20,573,610	4036	0	4054	5,294,128	4072	0	4090	0	4108	2,893,788	4126	593,382	4144	16,590	4162	0	4180	0	4198	0	4216	0	4234	0	4252	0	28,136,498

CASH FLOW STATEMENT
for the period from 01/01 until 30/09/2017

CASH FLOW STATEMENT				
in the period from 01/01/2017 until 30/09/2017				
- 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		8,068,103	7,606,503
1. Sale and received advance payments	3002		7,134,912	6,789,452
2. Interest received from business activity	3003		22,455	7,316
3. Other inflows from regular operations	3004		910,736	809,735
II. Cash outflow from business activities (1 to 5)	3005		4,152,868	4,284,004
1. Payments for suppliers and given advance payments	3006		1,187,777	1,003,602
2. Salaries, salary compensations and other personal expenses	3007		2,220,456	2,103,209
3. Paid interest	3008		21,488	46,483
4. Income tax	3009		248,006	554,626
5. Payment from other public revenues	3010		475,141	576,084
III. Net cash inflow from business activities (I-II)	3011		3,915,235	3,322,499
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		1,455,259	87,140
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		1,424	
3. Other financial investments (net inflows)	3016		1,379,932	0
4. Interest received from investment activity	3017		73,903	87,140
5. Dividend received	3018		0	0
II. Cash outflow from investment activities (1 to 3)	3019		2,450,052	1,145,208
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021		2,450,052	1,116,253
3. Other financial investments (net outflows)	3022		0	28,955
III. Cash net inflow from investment activities (I-II)	3023		0	0
IV. Cash net outflow from investment activities (II-I)	3024		994,793	1,058,068

CASH FLOW STATEMENT (cont'd)
for the period from 01/01 until 30/09/2017

CASH FLOW STATEMENT				
in the period from 01/01/2017 until 30/09/2017				
- 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		1,820,269	1,721,616
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033		63,094	63,685
3. Short-term loans (outflows)	3034		0	
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036		0	
6. Paid-up dividends	3037		1,757,175	1,657,931
III. Cash net inflow from financing activities (I-II)	3038		0	
IV. Cash net outflow from financing activities (II-I)	3039		1,820,269	1,721,616
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)	3040		9,523,362	7,693,643
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)	3041		8,423,189	7,150,828
Đ. OVERALL CASH INFLOW (3040 – 3041)	3042		1,100,173	542,815
E. OVERALL CASH OUTFLOW (3041 – 3040)	3043			0
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		740,102	704,127
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3045		4,535	16,240
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3046		32,842	11,480
J. CASH AT THE END OF ACCOUNTING PERIOD	3047		1,811,968	1,251,702
(3042 – 3043 + 3044 + 3045 – 3046)				

JSC AIRPORT NIKOLA TESLA BELGRADE

**NOTES TO THE FINANCIAL STATEMENTS
on September 30, 2017**

NOTES TO FINANCIAL STATEMENTS September 30, 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 30 September, 2017 the Company had 2,023 engaged workers of which 1,363 employees of the Company including 1,089 permanent employees, 274 employees on a definite period of time, 380 workers engaged through youth organizations and 280 engaged in temporary and occasional jobs (on 31 December 2016 there were 1,994 engaged workers, of which 1,323 employees, out of which 501 permanent employees and 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-IX 2017, the average number of employees engaged by the Company at the end of each month was 2,007 of which average number of employees of the Company is 1,345 (1,001 permanent employees, 344 employees for a definite period of time), 401 workers engaged through youth organizations, averagely 261 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 FINANCIAL STATEMENTS September 30, 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-IX 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-IX 2017 are approved on the meeting of the Supervisory Board of the Company on 13/11/2017.

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 FINANCIAL STATEMENTS September 30, 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 FINANCIAL STATEMENTS September 30, 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	30/09/2017	31/12/2016
Middle exchange rate of NBS:	Value in RSD	
EUR	119.3659	123.4723
USD	101.3293	117.1353
CHF	104.3044	114.8473
GBP	135.9675	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	30/09/2017	31/12/2016
Contracted exchange rate:	Value in RSD	
EUR - for EIB loan	119.7240	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 FINANCIAL STATEMENTS September 30, 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 - 7,69	2,27 - 7,14
Roads, airports and parking lots	2,22 - 10	2,22 - 33,33
Other building facilities	2,50 - 25,00	5,00 - 25,00
Flats given to employees for use	1.43	1.49
Equipment	%	%
New specific equipment	6,37 - 50,00	6,67 - 50,00
Equipment for road traffic	6,67 - 50,00	5 - 50,00
Equipment for PTT and TV	14,3 - 50,00	7,14 - 50,00
Equipment for air-traffic	6,67 - 50,00	4 - 50,00
Measuring and control devices and specific devices	5,00 - 50,00	4,00 - 33,33
Labor.equipment, teaching aids and med. devices	12,50 - 20	20,00 - 25
Electronic, calculating machines and computers	10 - 50,00	10 - 50,00
Furniture and equipment for general purpose	5 - 50,00	4 - 50,00
Equipment for road traffic under financial leasing	10 - 50,00	8,33 - 33,33
Equipment and plants	8,33 - 20,00	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 FINANCIAL STATEMENTS September 30, 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 30 September, 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 FINANCIAL STATEMENTS September 30, 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 FINANCIAL STATEMENTS September 30, 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 FINANCIAL STATEMENTS September 30, 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 FINANCIAL STATEMENTS September 30, 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 FINANCIAL STATEMENTS September 30, 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 FINANCIAL STATEMENTS September 30, 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 30 September, 2017 in the amount of about RSD 57.830 thousand (and for the period ended on 30 September 2016: RSD 64.303 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 FINANCIAL STATEMENTS September 30, 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-IX 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-IX 2017 in which financial results of the airport operator's activities and activities of ground handling services are shown separately, alongside the same period of the last year as follows:

NOTES TO FINANCIAL STATEMENTS September 30, 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 30/09/2017									
- in thousand RSD -									
Group of accounts - account	POSITION	ADP	Note No.	Amount			Amount		
				Current year			Previous year		
				AIRPORT OPERATOR (01/01-30/09/2017)	GROUND HANDLING (01/01-30/09/2017)	Total AIRPORT (01/01-30/09/2017)	AIRPORT OPERATOR (01/01-30/09/2016)	GROUND HANDLING (01/01-30/09/2016)	Total AIRPORT (01/01-30/09/2016)
1	2	3	4	5	6	7(5+6)	5	6	7(5+6)
	REVENUES OF REGULAR BUSINESS								
60 to 65, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		6,017,863	1,177,483	7,195,346	5,393,092	1,116,131	6,509,223
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	10,887	0	10,887	56,905	0	56,905
604	5. Revenues from sale of goods in domestic market	1007	5	10,887	0	10,887	1,575	0	1,575
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0	0	55,330	0	55,330
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	5,243,556	1,177,483	6,421,039	4,630,747	1,116,131	5,746,878
614	5. Revenues from sale of products and services to other related parties in domestic	1014	6	2,194,435	528,776	2,723,211	2,073,940	457,058	2,530,998
615	6. Revenues from sale of products and services in foreign markets	1015	7	3,049,121	648,707	3,697,828	2,556,807	659,073	3,215,880
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0	0	230	0	230
65	IV OTHER OPERATING REVENUES	1017	9	763,420	0	763,420	705,210	0	705,210
	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		2,761,975	1,054,512	3,816,487	2,544,919	1,035,208	3,580,127
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	14,636	0	14,636	51,663	0	51,663
51 except 513	V. COSTS OF MATERIALS	1023	11	77,056	63,549	140,605	92,735	36,386	129,121
513	VI. COSTS OF FUEL AND ENERGY	1024	12	143,357	59,325	202,682	139,971	47,278	187,249
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	1,495,559	750,446	2,246,005	1,322,189	785,913	2,108,102
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	244,462	37,997	282,459	203,966	35,085	239,051
540	IX. AMORTISATION COSTS	1027	15	477,728	100,574	578,302	531,470	111,562	643,032
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	8,255	115	8,370	8,679	121	8,800
55	XI. INTANGIBLE COSTS	1029	17	300,922	42,506	343,428	194,246	18,863	213,109
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		3,255,888	122,971	3,378,859	2,848,173	80,923	2,929,096

NOTES TO FINANCIAL STATEMENTS September 30, 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 30/09/2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount			Amount			
				Current year			Previous year			
				AIRPORT OPERATOR (01/01-30/09/2017)	GROUND HANDLING (01/01-30/09/2017)	Total AIRPORT (01/01-30/09/2017)	AIRPORT OPERATOR (01/01-30/09/2016)	GROUND HANDLING (01/01-30/09/2016)	Total AIRPORT (01/01-30/09/2016)	
1	2	3	4	5	6	7(5+6)	5	6	7(5+6)	
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032			116,288	431	116,719	150,712	48	150,760
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	18		69,118	0	69,118	76,650	0	76,650
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19		47,170	431	47,601	74,062	48	74,110
56	Đ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040			232,101	5,223	237,324	72,649	0	72,649
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046	20		27,002	0	27,002	31,086	0	31,086
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21		205,099	5,223	210,322	41,563	0	41,563
	E. PROFIT FROM FINANCING(1032 – 1040)	1048			0	0	0	78,063	48	78,111
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049			115,813	4,792	120,605			
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	22		2,913	0	2,913	384	0	384
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	23		44,739	0	44,739	200,317	3,809	204,126
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	24		11,762	2,564	14,326	41,406	1,324	42,730
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	25		30,089	4,084	34,173	21,607	1,577	23,184
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054			3,079,922	116,659	3,196,581	2,746,102	76,909	2,823,011
	M. NET PROFIT FROM CORRECTION OF MISTAKS FROM PREVIOUS YEARS	1056			553	0	553	0	0	0
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26		3,080,475	116,659	3,197,134	2,746,102	76,909	2,823,011
	p. PROFIT TAX									
721	I. INCOME TAX EXPENDITURE	1060	26		428,746	17,499	446,245	282,563	11,536	294,099
part 722	II. DEFERRED TAX EXPENDITURE	1061	27		58,268	0	58,268	174,698	0	174,698
part 722	III. DEFERRED INCOME TAX	1062	27		0	0	0	0	0	0
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28		2,593,461	99,160	2,692,621	2,288,841	65,373	2,354,214
6	TOTAL REVENUES (1001+1032+1050+1052)				6,150,684	1,180,478	7,331,162	5,585,594	1,117,503	6,703,097
5	TOTAL EXPENDITURES (1018+1040+1051+1053)				3,070,209	1,063,819	4,134,028	2,839,492	1,040,594	3,880,086

NOTES TO FINANCIAL STATEMENTS September 30, 2017

5. REVENUES FROM SALE OF GOODS	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	1,129	708
Revenues from sale of fuel in domestic market	0	867
Revenues from sale of crude oil	9,758	0
Revenues from sale of goods in domestic market	10,887	1,575
Revenues from sale of goods - kerosene (re-export)	0	55,330
Revenues from sale of fuel in foreign market	0	0
Revenues from sale of goods in foreign market	0	55,330
	10,887	56,905

REVENUES FROM THE SALE OF SERVICES of the Airport in domestic and foreign markets totally in the period I-IX 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-IX 2017					I-IX 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	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
	1	2	3	4 (2+3)	5	6 (4-5)	7	8	9 (7+8)	10
	in 000 RSD					in 000 RSD				
Passenger service *	1,024,516	45,267	1,069,783	78,192	991,591	1,034,025	45,224	1,079,249	77,947	1,001,302
Security fee	493,693	0	493,693	20,481	473,212	372,038	0	372,038	15,463	356,575
Landing	175,221	0	175,221	25,606	149,615	173,107	0	173,107	28,884	144,223
Aircraft handling *	-	185,246	185,246	29,435	155,811	-	193,847	193,847	37,828	156,019
Infrastructure	106,595	0	106,595	20,360	86,235	107,787	0	107,787	21,829	85,958
Air-bridges *	5,197	578	5,775	5,765	10	7,102	789	7,891	7,891	0
Lighting	45,310	0	45,310	692	44,618	46,345	0	46,345	751	45,594
Aircraft abode tax	4,132	0	4,132	29	4,103	3,319	0	3,319	-	3,319
Aircraft de-icing services *	0	70,654	70,654	3,839	66,815	0	31,908	31,908	2,068	29,840
Commercial use of apron	48,232	0	48,232	-	48,232	44,633	0	44,633	-	44,633
Usage of the CUTE system	64,244	0	64,244	3,931	60,313	64,289	0	64,289	3,882	60,407
Services on special request *	5,762	103,488	109,250	450	108,800	15,718	74,108	89,826	605	89,221
Renting of advertisement space	50,989	0	50,989	-	50,989	46,374	0	46,374	-	46,374
Public services	117,878	0	117,878	741	117,137	114,999	0	114,999	654	114,345
Cargo-custom services *	0	120,489	120,489	565	119,924	0	108,604	108,604	507	108,097
DCS services *	0	0	-	-	-	0	0	-	-	-
Lost and found services *	0	1,020	1,020	1,020	0	0	806	806	806	0
Use of parking lots	45,973	0	45,973	484	45,489	37,601	0	37,601	450	37,151
Other services *	6,693	2,034	8,727	382	8,345	6,603	1,772	8,375	486	7,889
I Total services in domestic market	2,194,435	528,776	2,723,211	191,972	2,531,239	2,073,940	457,058	2,530,998	200,051	2,330,947

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 FINANCIAL STATEMENTS September 30, 2017

REVENUES FROM SALE OF SERVICES (cont'd)

7. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-IX 2017					I-IX 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	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
	1	2	3	4 (2+3)	5	6 (4+5)	7	8	9 (7+8)	10
	in 000 RSD					in 000 RSD				
Passenger service *	1,427,153	46,666	1,473,819	78,192	1,552,011	1,201,744	39,120	1,240,864	77,947	1,318,811
Security fee	418,116	0	418,116	20,481	438,597	265,347	0	265,347	15,463	280,810
Landing	538,840	0	538,840	25,606	564,446	487,048	0	487,048	28,884	515,932
Aircraft handling *	0	482,922	482,922	29,435	512,357	0	514,024	514,024	37,828	551,852
Infrastructure	349,711	0	349,711	20,360	370,071	320,573	0	320,573	21,829	342,402
Air-bridges *	141,889	15,765	157,654	5,765	163,419	129,262	14,364	143,626	7,891	151,517
Lighting	55,523	0	55,523	692	56,215	49,983	0	49,983	751	50,734
Aircraft abode tax	23,317	0	23,317	29	23,346	20,488	0	20,488	-	20,488
Aircraft de-icing services *	0	45,318	45,318	3,839	49,157	0	26,469	26,469	2,068	28,537
Commercial use of apron	0	0	0	-	-	0	0	0	-	-
Usage of the CUTE system	80,173	0	80,173	3,931	84,104	67,508	0	67,508	3,882	71,390
Services on special request *	5,366	15,450	20,816	450	21,266	2,002	19,881	21,883	605	22,488
Renting of advertisement space	0	0	0	-	-	1,115	0	1,115	-	1,115
Public services	825	0	825	741	1,566	5,160	0	5,160	654	5,814
Cargo-custom services *	0	9,128	9,128	565	9,693	0	9,168	9,168	507	9,675
Consulting services	0	0	0	-	-	0	0	0	-	-
DCS services *	0	14,512	14,512	-	14,512	0	18,359	18,359	-	18,359
Lost and found services *	0	13,825	13,825	1,020	14,845	0	12,969	12,969	806	13,775
Use of parking lots	9	0	9	484	493	0	0	0	450	450
Other services *	8,199	5,121	13,320	382	13,702	6,577	4,719	11,296	486	11,782
II Total services in foreign market	3,049,121	648,707	3,697,828	191,972	3,889,800	2,556,807	659,073	3,215,880	200,051	3,415,931
III Total revenues from the sale of products and services (I+II)	5,243,556	1,177,483	6,421,039	-	6,421,039	4,630,747	1,116,131	5,746,878	-	5,746,878

NOTES TO FINANCIAL STATEMENTS September 30, 2017

8. Revenues from sale of <u>services per geograph.region</u>	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Serbia	2,531,239	2,330,947
Germany (Lufthansa+Germanwings +Europi.+Air Berlin+Eurojet)	537,883	500,292
Montenegro (Montenegro+other buyers in MN)	415,431	417,038
Austria (branch of Austrian Airlines +Niki)	190,431	199,651
Switzerland (Swis Air)	265,675	261,675
Russia (Aeroflot)	288,950	261,111
Turkey (Turkish +Pegasus+Atlas Global)	546,486	356,229
Spain (Swift Air)	29,801	30,088
Italy (Al italia)	123,284	118,012
Abu Dhabi (branch Etihad Air+Etihad Air)	127,351	118,024
Hungary (Wiz Air)	559,336	481,982
Romania (Tarom)	42,346	36,408
Tunisia (Tunis Air)	36,027	27,794
Greece (Aegean+EllinAir)	88,346	110,676
England (Easyjet)	58,560	53,980
Norway (Norwegian)	82,818	81,460
Poland (Polskie linie LOT)	81,651	56,204
Dubai (Fly Dubai)	84,145	63,971
Qatar (Qatar Airways)	85,433	75,019
Israel (El Al Israel + Israil Airlines+Arkia)	121,186	334
Other foreign buyers	124,660	165,983
	6,421,039	5,746,878

Revenues from sale of <u>services per buyers</u>	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Air Serbia - Serbia	2,077,418	1,933,619
Deutsche Lufthansa - Germany	472,320	443,837
Montenegro Airlines - Montenegro	406,605	415,030
Branch of Austrian Airlines - Austria	190,431	198,601
Swiss International Airlines - Switzerland	265,675	261,675
Turkish Airlines - Turkey	298,968	287,280
Aeroflot - Russia	288,950	261,111
Polskie linie LOT - Poland	81,651	56,204
Alitalia Societa Aerea Italiana S.R.L. - Italy	123,284	118,012
Swift Air Aviation - Spain	29,801	30,088
European Air - Germany	35,748	19,072
Norwegian Air - Norway	82,818	81,460
Easyjet - England	58,560	53,980
Wizz Air+branch (Hungary)	559,336	481,982
Tarom Romanian Air Transport - Romania	42,346	36,408
Pegasus Airlines - Turkey	76,373	66,691
Tunis Air - Tunisia	36,027	27,794
Fly Dubai - Dubai	84,145	63,971
Aegean airlines - Greece	72,908	102,322
Atlas Global - Turkey	90,559	1,924
Qatar Airways Q.C.S. - Qatar	85,433	75,019
Etihad Airways PJSC + branch Etihad Airways PJSC - Abu Dhabi	127,351	118,024
NIS AD - Serbia	43,241	38,467
JAT Technica - Serbia	13,866	15,947
Parking service - Serbia	19,241	21,372
Alma Quatro - Serbia	14,689	15,999
Dufry doo Belgrade - Serbia	36,682	41,319
Israil Airlines - Israel	80,586	334
Other domestic buyers - Serbia	326,102	264,224
Other foreign buyers	299,925	215,112
	6,421,039	5,746,878

NOTES TO FINANCIAL STATEMENTS September 30, 2017

9. OTHER BUSINESS REVENUES	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	757,407	700,026
Revenues from lease to foreign legal persons	6,013	5,184
	763,420	705,210

10. PURCHASE VALUE OF SOLD GOODS	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	854	574
Purchase value of sold kerosene - re-export	-	51,089
Purchase value of sold crude oil	13,782	-
Purchase value of sold fuel	-	-
	14,636	51,663

11. COSTS OF MATERIALS	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	103,303	77,626
Overhead costs of material (office material)	15,639	8,534
Costs of spare parts	21,625	29,354
Costs of tools and inventory	38	13,607
	140,605	129,121

12. COSTS OF FUEL AND ENERGY	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	51,877	45,580
Costs of oil fuel for heating	18,697	11,289
Costs of electric energy	132,108	130,380
	202,682	187,249

13. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	1,245,059	1,201,118
Gross salaries and salary reimbursements - management	28,544	22,216
Taxes and contributions at cost of employer	227,975	218,977
Costs of reimburs. per service contract and royalties	264	319
Costs of reimbursement for youth organisations etc.	473,709	413,693
Costs of reimburs. for member of SB, SA, rev. committee	6,589	6,109
Transport of employees	54,944	48,052
Cots of business trip	10,320	4,056
Terminal wages and jubilee bonuses	2,460	802
Difference for payment to the budget of RS, based on the Law on reduction of public sector wages	113,714	109,984
Premiums for voluntary pension insurance	67,616	63,790
New Year presents for children of employees - not subject to taxa	-	-
Compensation on Contracts for professional development	3,399	5,615
Solidarity allowance (newborns, treatment, natural disasters etc.)	11,412	11,543
Other personal expenditures	-	1,828
	2,246,005	2,108,102

NOTES TO FINANCIAL STATEMENTS September 30, 2017

14. COSTS OF PRODUCTION SERVICES	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
IT services on passenger and baggage check-in	30,668	36,481
Costs of phone and other PTT services	16,132	19,033
Costs of maintenance services	116,662	94,750
Lease costs	29,806	30,127
Advertising costs	54,680	28,482
Costs of catering services of tenants - (re-invoiced to airlines)	1,363	1,204
Costs of utilities	29,093	22,966
Costs of production services	4,055	6,008
	282,459	239,051

15. AMORTISATION COSTS	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Amortisation costs for intangible investments	34,043	16,579
Amortisation costs for property	247,631	325,698
Amortisation costs for equipment	296,628	300,755
	578,302	643,032

16. COSTS OF LONG-TERM RESERVING	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Costs of reserving for terminal wages	-	-
Costs of reserving for jubilee awards	-	-
Costs of reserving for litigations	8,370	8,800
	8,370	8,800

17. INTANGIBLE COSTS	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Costs of health services	13,071	7,932
Costs of cleaning services	45,001	38,485
Costs of consulting services	82,017	450
Costs of different kinds of assessments	35,591	18,079
Costs of professional development	16,558	9,997
Costs of services on software	11,924	10,863
Costs of other non-production services	15,300	18,643
Costs of representation	4,005	2,954
Costs of insurance	25,223	16,166
Costs of payment system	4,021	4,037
Memberships	3,802	7,739
Property tax and other reimbursements	60,875	59,895
Other intangible costs	26,040	17,869
	343,428	213,109

NOTES TO FINANCIAL STATEMENTS September 30, 2017

18. INTEREST INCOME	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	23,781	26,015
Interest for RSD deposits in current accounts	1,531	2,473
Interest in term deposits in foreign currency	41,300	39,357
Interest for foreign currency deposits in current accounts	1,779	3,996
Interest on housing loans	678	688
Interests upon court decisions	49	4,121
	69,118	76,650

19. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF CURRENCY CLAUSE TOWARD THIRD PARTIES)	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	18,510	58,348
Revenues from non-realized exchange rate differences	29,053	13,057
Revenues from effects of contracted currency clause (realized)	38	64
Revenues from effects of contracted currency clause (non-realized)	-	2,641
	47,601	74,110

20. INTEREST EXPENDITURES	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Interests for long-term EIB loan	25,252	29,197
Interest for financial leasing	-	-
Default interest in the country	1,746	168
Interest for untimely paid public revenues	4	1,721
	27,002	31,086

21. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	143,304	29,862
Negative exchange rate differences - non-realized	60,420	11,681
Expenditures from effects of contr. currency clause - realised	155	20
Expenditures from effects of contr. currency clause - non-realised	6,443	-
	210,322	41,563

NOTES TO FINANCIAL STATEMENTS September 30, 2017

22. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Value adjustment of receivables:	-	
- from natural persons for housing loans (cancellation of impairment on collection basis and fair value basis)	2,818	384
- from natural persons for housing loans (on the basis of change of payment term)	95	-
	2,913	384

23. EXPENDITURES FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Cancellation of receiv.for housing loans due to transfer to curr.clause	3,549	-
Value correction of receivables from buyers for services	37,850	201,160
Value correction of receivables of buyers for default interest	3,340	2,966
	44,739	204,126

24. OTHER REVENUES	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	762	207
Revenues of collected, corrected receivables from buyers	1,703	223
Revenues from cancel.of reserv. for litigations and empl.benefits	-	32,573
Revenues from indemnity from legal and natural persons	7,343	8,186
Revenues from charged court costs	528	225
Revenues of previous years	-	1,071
Positive effects of contracted revaluation	10	19
Other non-mentioned revenues	3,980	226
	14,326	42,730

25. OTHER EXPENDITURES	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Loss from sale and write-off of basic resources	2,652	703
Expenditures from direct write-off	2,021	-
Litigation costs	2,170	202
Costs for humanitarian, health and scientific purposes	22,282	11,835
Expenditures of previous years	-	582
Other non-mentioned expenditures	1,297	5,362
Expenditures from trade unions	3,751	4,500
	34,173	23,184

NOTES TO FINANCIAL STATEMENTS September 30, 2017

25.a. NET PROFIT FROM CORRECTION OF MISTAKS FROM PREVIOUS PERIODS	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Subsequently established revenues from previous years	1,858	-
Total established revenues from previous years	1,858	
Subsequently established expenditures from previous years	1,305	-
Total established expenditures from previous years	1,305	-
NET profit from correction of mistakes from previous periods	553	

26. PROFIT TAX

<i>a) Components of profit tax</i>	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Period tax expenditure	446,245	294,099
Correction of period tax expenditure	-	-
Period tax expenditure after correction	446,245	294,099
Deferred period tax expenditure	58,268	174,698
Deferred income tax	-	-
Correction of deferred income tax	-	-
	504,513	468,797
Effective tax rate	15.78%	16.61%

<i>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</i>	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Profit before tax	3,197,134	2,823,011
Profit tax calculated at rate of 15%	479,570	423,451
Tax effect of expenditures not acknowledged in tax balance	7,349	15,503
Correction in tax effect of amortisation expenditures not acknowledged in tax balance	(17,938)	-
Tax credit for investment in fixed assets of previous years	(22,736)	(144,855)
Correction of using tax credits from previous years	-	-
Period tax expenditure	446,245	294,099

<i>v) Achieved, unused and unrecognised tax credit (TC)</i>					in 000 RSD	
	Year of expiry	Amount of transferred TC	Correction of TC	Used TC	Outstanding TC for transfer	
Year of recognition of tax credit		from 2016		in 2017	30/09/2017	
2012	2022	-	0	-	-	
2013	2023	22,736	0	22,736	-	
Balance of tax credit		22,736	0	22,736	-	

NOTES TO FINANCIAL STATEMENTS September 30, 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 30/09/2017 are shown in the following tables:

<u>a) Deferred tax assets (deferred tax liabilities)</u> <u>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)</u> <u>2017</u>	01/01/2017	Recognised in other gains & losses I-IX 2017	Recognised in income sheet I-IX 2017	30/09/2017
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(426,918)	-	(33,754)	(460,672)
Long-term liabilities				
Provisions for retirement and other employee benefits	19,547	-	(1,959)	17,588
Provisions for litigations	12,075	-	724	12,799
Short-term liabilities				
Liabilities for taxes, contributions and fees	198	-	7	205
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	2,079	-	(550)	1,529
Other				
Unused tax losses	-	-	-	-
Unused tax credits	22,736	-	(22,736)	-
	(370,283)	-	(58,268)	(428,551)

NOTES TO FINANCIAL STATEMENTS September 30, 2017

DEFERRED PERIOD TAX REVENUES AND EXPENDITURES (cont'd)

Balance of recognized deferred tax assets as of 30/09/2017 amounts RSD 32.121 thousand and all refers to deferred tax assets on 30/09/2017 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 30/09/2017 amounts to RSD 460.672 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 30/09/2017 amounts to RSD 428.551 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 58.268 thousand, are recorded at the cost of the deferred period tax expenditures.

28. PROFIT PER SHARE	I-IX 2017	I-IX 2016
	in 000 RSD	in 000 RSD
Net profit for owners	2,692,621	2,354,214
Net profit correction	-	-
Net profit after correction	2,692,621	2,354,214
Averaged weighted number of shares	34,289,350	34,289,350
Basic earnings per share <u>in RSD</u>	78.53	68.66

29.a. INTANGIBLE INVESTMENTS

in 000 RSD

DESCRIPTION	30/09/2017	31/12/2016
Purchase value		
Initial balance,	187,042	102,871
Procurements during the year	43,454	84,171
Alienation, removal from inventory and sale	(516)	-
Other	(6,276)	
Final balance	223,704	187,042
Value correction		
Initial balance	51,312	22,348
Amortisation in current year	34,043	28,964
Alienation, removal from inventory and sale	(516)	-
Final balance	84,839	51,312
Net present value	138,865	135,730

Total investment into intangible assets amounts RSD 43.454 thousand.

NOTES TO FINANCIAL STATEMENTS September 30, 2017

29.b. PROPERTY, PLANTS, EQUIPMENT, BIOLOGICAL RESOURCES 2016										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 FINANCIAL STATEMENTS September 30, 2017

29.c. PROPERTY, PLANTS, EQUIPMENT, BIOLOGICAL RESOURCES 2017										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	-	-	-	-	-	1,895,845	-	1,895,845	-	
Transfer from current investments	20,827	576,870	1,143,162	-	-	(1,740,859)	-	-	-	
Alienation, disbursement and sale	-	(639)	(16,827)	-	-	(545)	(7,837)	(18,011)	(80)	
Other	-	-	-	-	-	-	-	-	-	
Assets fair value estimation										
Final balance 30/09/2017	9,437,117	10,255,226	4,231,689	26,525	3,619	1,342,543	128,482	25,425,201	65	
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	-	247,631	296,628	-	-	-	-	544,259	-	
Alienation, disbursement and sale	-	(132)	(1,929)	-	-	-	-	(2,061)	-	
Final balance 30/09/2017	-	247,499	299,029	-	-	-	15,812	562,340	-	
Net present value, 30/09/2017	9,437,117	10,007,727	3,932,660	26,525	3,619	1,342,543	112,670	24,862,861	65	
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 y into property, plants and equipment in the period I-IX 2017 amounts RSD 1.895.845 thousands. In the reported period RSD 1,740,859 thousand of property, plants and equipment is activated, as follows: for land in the amount of RSD 20.827 thousand, increase of construction facility value in the amount of RSD 576.870 thousand and equipment in the amount of RSD 1.143.162 thousand. Ongoing investments from previous years in the amount of RSD 545 thousand were annulled. Balance of non-activated investments, i.e. investments in progress on 30/09/2017 amount RSD 1.342.543 thousand, while balance of given advancements for properties, plants and equipment amounts RSD 112.670 thousand. On 31/12/2016 assessment of fair value of the property, plants and equipment was made by a certified assessor.

NOTES TO FINANCIAL STATEMENTS September 30, 2017

30. SHARES IN CAPITAL OF OTHER LEGAL ENTITIES AND OTHER SECURITIES	30/09/2017	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>
	-	-
<u>Participation in capital of banks in liquidation</u>		
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
Minus: value correc.of partic. in capital of banks in liquidation	<i>(19,693)</i>	<i>(19,693)</i>
	-	-
<u>Participation in capital of foreign legal entities</u>		
Mondial Bodrum - Turkey	358,598	358,598
Societe International de Telecommun. Aeronautiques Swisse (SITA)	1	1
Minus: value corr.of particip. in capital of Mondial Bodrum - Turkey	<i>(358,598)</i>	<i>(358,598)</i>
	1	1
	1	1
31.a. OTHER LONG-TERM FINANCIAL INVESTMENTS	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	5,502	6,360
Long-term loans to employees	266,398	284,552
Receivables for sold socially owed housing	1,017	1,168
Receivables for purchase of solidarity housing	2,186	2,196
Total gross	275,103	294,276
Current maturities of long-term investments in SITA	(604)	(698)
Current maturities of long-term loans to employees	(6,136)	(14,233)
Adjustment of fair value of long-term loans to employees	<i>(135,850)</i>	<i>(138,400)</i>
	132,513	140,945

Receivables from employees for long-term loans for purchase and tenant purchaser of apartments as of 30/09/2017 amount to RSD 269.601 thousand ((including long-term receivables in the amount of RSD 263.465 thousand and current maturities in the amount of RSD 6,136 thousand). Effects of adjustment to fair value amount to total of RSD 136.046 thousand (RSD 135.850 thousand for the part of long-term receivables from employees and RSD 196 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	30/09/2017	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

NOTES TO FINANCIAL STATEMENTS September 30, 2017

32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES - ADP 0045	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Basic material	65,784	46,906
Spare parts	27,262	10,502
Tools and supplies	7,844	4,926
Value correction of material and spare parts stock	(62)	(62)
	100,828	62,272

33. GOODS-ADP 0048	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	4,786	4,786
Goods in retail trade	82	30
	4,868	4,816

34. ADVANCES FOR SUPPLIES AND SERVICES ADP 0050	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Advances for services in the country	37,715	17,603
Advances for foreign services	1,068	946
Advance value correction	-	-
	38,783	18,549

35. BUYERS IN THE COUNTRY	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Total balance of receivables from buyers in the country-gross	663,140	638,795
-Value correction of the previous period	(264,097)	(116,263)
-Value correction of the current period	(18,514)	(162,021)
Total balance of value correction	(282,611)	(278,284)
	380,529	360,511

Receivables from the buyers in the country on 30/09/2017 amount RSD 663.140 thousand, of which to undue receivables refer RSD 313.263 thousand, due receivables up to 30 days RSD 17.162 thousand and due receivables over 30 days RSD 332.715 thousand.

Total value correction of receivables from buyers in the country on 30/09/2017 in the amount of RSD 282.611 thousand mainly relates to value correction of receivables from sued domestic buyers in the amount of RSD 176.529 thousand and RSD 106.082 thousand relates to the value correction of receivables from other domestic buyers.

36. BUYERS ABROAD	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Total balance of receivables from foreign buyers-gross	844,646	672,826
-Value correction of the previous period	(12,014)	(12,411)
-Value correction of the previous period	(19,336)	(490)
Total balance of value correction	(31,350)	(12,901)
	813,296	659,925

Receivables from foreign buyers on 30/09/2017 amount RSD 844.646 thousand (undue receivables RSD 567.580 thousand, due receivables up to 30 days RSD 146.788 thousand and due receivables over 30 days RSD 130.278 thousand).

NOTES TO FINANCIAL STATEMENTS September 30, 2017

36. BUYERS ABROAD (cont'd)

Total value correction of receivables from foreign buyers on 30/09/2017 in the amount of RSD 31.350 thousand relates to value correction of receivables from sued domestic buyers in the amount of RSD 6.171 thousand and amount of RSD 25.179 thousand relates to value correction of receivables from other foreign buyers.

37. OTHER RECEIVABLES	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Receivables from buyers in the country for default interest	4,953	24,905
Receivables for interest on term deposit	36,251	42,136
Receivables from employees	1,987	1,347
Other receivables	54,322	84,518
Receivables for overpaid income tax	80,028	238,912
Total receivables - gross	177,541	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	(3,340)	-
-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	(6,747)	(3,407)
	170,794	388,411

38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint .stores, heating means - 6 mon	35,642	50,953
	35,642	50,953

39. OTHER SHORT-TERM FINANCIAL INVESTMENTS	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Short-term time deposits	2,435,049	3,920,027
Current maturities of long-term housing loans to employees	6,136	14,233
Current maturities of long-term investment in SITA	604	698
	2,441,789	3,934,958
Adjustment of fair value of current maturities of housing loans to employees	(196)	(464)
	2,441,593	3,934,494

Short-term time deposits with balance on 30/09/2017 are disclosed in the amount of RSD 2,435,049 thousand, and relate to foreign currency and dinar deposits, for the period of six months. Time deposits are deposited in several business banks.

NOTES TO THE FINANCIAL STATEMENTS September 30 2017

40. CHANGES ON VALUE CORRECTION till 30/09/2017						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	-	-	-	41,189	-	41,189
Devaluation of long-term finan.invest. and securities	-	-	-	-	-	-
Charged corrected receivables	(1)	-	-	(1,703)	(256)	(1,960)
Value reconciliation	(2,549)	-	-	-	-	-
Write-off	-	-	-	(12,606)	(12)	(15,167)
Exchange rate differences	-	-	-	(764)	-	(764)
Other	-	-	-	-	-	-
Final balance 30/09/2017	135,850	62	-	320,708	196	456,816

NOTES TO FINANCIAL STATEMENTS September 30, 2017

41. CASH AND CASH EQUIVALENTS	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Current account - in RSD	310,254	158,629
Current account - in foreign currency	1,500,899	578,893
Treasury	147	13
Other funds	668	2,567
Total cash-balance	1,811,968	740,102

42. PREPAYMENTS AND ACCRUED INCOME	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	1,182	33,856
Prepaid insurance costs for the future period	7,459	21,680
Prepaid other costs for the future period Consult.services for the future	23,421	93,682
Prepaid other costs for the future period	21,760	34,286
Calculated and non-invoiced revenues fot the current period	919	51,957
Pre-calculated costs	1,653	170
	56,394	235,631

43. CAPITAL	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Share capital	20,573,610	20,573,610
Reserves	5,254,126	4,120,259
Revaluation reserves	598,382	601,827
Actuarial gains	16,590	16,590
Non-distributed profit of previous years	1,167	303
Non-distributed profit of the current year	2,692,621	1,774,932
	29,136,496	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 June 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.

44. SHARE CAPITAL (cont'd)

NOTES TO FINANCIAL STATEMENTS September 30, 2017

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:

<u>Share capital 25/01/2011 (transition to open joint stock company)</u>	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 30/09/2017 and 31/12/2016 was as following:

Shareholder	30/09/2017			31/12/2016		
	Value in thousand RSD	Number of shares	% of particip.	Value in thousand RSD	Number of shares	% of particip.
Republic of Serbia	17,106,323	28,510,538	83.15%	17,106,321	28,510,535	83.15%
Domestic and foreign natural persons	1,995,013	3,325,021	9.70%	2,040,253	3,400,421	9.92%
Domestic and foreign legal persons	674,527	1,124,211	3.28%	716,733	1,194,555	3.48%
Custody entities	797,748	1,329,580	3.88%	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 FINANCIAL STATEMENTS September 30, 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	1,133,867	-	-
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	-	(3,445)	-
Actuarial gains on reserves for retirement benefits	-	-	-
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	-
Balance on 30/09/2017	5,254,126	598,382	16,590

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

NOTES TO FINANCIAL STATEMENTS September 30, 2017

46. NON-DISTRIBUTED PROFIT	30/09/2017	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	(503,368)	(750,937)
Transfer to statutory reserves	(1,133,867)	(1,277,449)
Participation of employees in profit distribution	(138,000)	(92,000)
Net profit of the current period	2,692,621	3,190,739
Net profit correction	-	-
Total net profit of the current period	2,692,621	3,190,739
Decision on distribution of interim dividend	0	1,415,807
Undistributed profit of the current period	2,692,621	1,774,932
Profit of the previous years, resulting from transfer of revaluation reserves into profit at selling fixed assets in the current year	1,167	303
Correction of undistributed profit of earlier period	0	0
Total undistributed profit of earlier years	1,167	303
Undistributed profit	2,693,788	1,775,235

Total balance of undistributed profit on **30/09/2017** in the amount of RSD **2.693.788** thousand is a result of the realized net profit from the current period, i.e. I-IX 2017 in the amount of RSD 2.692.621 thousand, increased for RSD 1,167 thousand on the bases of transfer of revaluation reserves into revenue for alienated fixed assets.

47. LONG -TERM RESERVES	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Reserves for terminal wages	41,791	42,946
Reserves for jubilee awards	75,463	82,890
Reserves for litigations	85,329	80,496
	202,583	206,332

NOTES TO FINANCIAL STATEMENTS September 30, 2017

48. CHANGES ON LONG-TERM RESERVES

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

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	8,370
Actuarial gains	-	-	-	-
Cancellation during the year	-	-	-	-
Pay-off during the year	(1,155)	(7,427)	(8,582)	(3,537)
Balance on 30/09/2017	41,791	75,463	117,254	85,329

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>	in 000 RSD	
	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 FINANCIAL STATEMENTS September 30, 2017

50. LONG-TERM LOANS	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Abroad	716,341	804,828
Current maturities	(37,776)	(102,919)
	678,565	701,909

51. LONG-TERM LOANS	Annual interest rates	Date of maturity	Remaining amount 30/09/2017 (EUR)	30/09/2017 in 000 RSD	31/12/2016 in 000 RSD
<u>Long-term credits abroad</u>					
European Investment Bank	4,07-5,16%	2025	5,983,266.18	716,341	804,828
Total long-term credits (a+b)			5,983,266.18	716,341	804,828
Current maturities of long-term credits:			-315,524.18	-37,776	-102,919
			5,667,742.00	678,565	701,909

Long-term loans abroad reported on 30/09/2017 in the amount of RSD 716.341 thousand (EUR 5.983.266,18, of which in 2017 it is due for payment RSD 37.776 (EUR 315.524.18), 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>	Principle		Non-booked interest	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	37,776	102,919	12,344	34,506
one to two years	99,496	102,919	28,871	29,864
two to three years	99,497	102,919	24,383	25,222
three to four years	99,496	102,919	19,895	20,580
four to five years	99,497	102,919	15,407	15,937
five to ten years	280,579	290,233	22,977	23,767
over ten years	-	-	-	-
	716,341	804,828	123,877	149,876

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Current maturities of long-term loan EIN	37,776	102,919
	37,776	102,919

NOTES TO FINANCIAL STATEMENTS September 30, 2017

53. RECEIVED ADVANCES, DEPOSITS AND BAILS	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	53,787	44,216
Advances received from foreign buyers	15,408	14,669
Subscriptions from domestic buyers	7,905	5,774
Subscriptions from foreign buyers	16,868	18,004
	93,968	82,663

54. SUPPLIERS IN THE COUNTRY	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	81,128	132,618
Suppliers in the country- for investments in progress	13,793	94,596
Suppliers in the country-for equipment	24,590	169,366
	119,511	396,580

55. SUPPLIERS ABROAD	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	5,245	2,278
Suppliers abroad-for equipment	115,367	48,962
	120,612	51,240

56. OTHER LIABILITIES FROM OPERATION	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for charged purchase on behalf of other companies	14,192	14,219
Other liabilities from operation	1,073	663
	15,265	14,882

57. OTHER SHORT-TERM LIABILITIES	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities from salaries	359	316
Liabilities from participation in the profits-gross	-	3
Liabilities from dividend - interim dividend of RS for 2016	-	877,200
Liabilities from dividend - interim dividend of other shareholders for 2016	-	238,607
Other short-term liabilities	34,854	22,268
	35,213	1,138,394

58. Liabilities for VAT	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for VAT	74,876	57,398
	74,876	57,398

NOTES TO FINANCIAL STATEMENTS September 30, 2017

59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	30/09/2017	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	717	721
Taxes, contributions and other levies	9,799	1,215
	10,516	1,936

60. LIABILITIES FOR INCOME TAX - structure	30/09/2017	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	446,245	393,279
Correction of income tax liabilities	-	-
Specified income tax liabilities for the current year-total	446,245	393,279
Paid income tax liabilities	-	(94,850)
Pre-payment of income tax	80,028	238,912
Advance payment of income tax until the report day of the current year	(526,273)	(632,191)
Liability for payment of income tax or overpaid tax	-	-

61. ACCRUALS AND DEFERRED INCOME	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Accrued expenses for the reporting period	103,121	71,446
Accrued acquisition of software and equipment for which invoice is	0	47,885
Calculated revenues for the future period	15,364	17,241
Other accruals and deferred income	402	2,503
Taxes, contributions and other levies	-	234
	118,887	139,309

62. OFF-BALANCE REGISER	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Received blank bills - piece	2,069	1,922
Given blank bills domestic - pieces	19	13
Received guarantees - RSD	483,295	357,885
Received guarantees - foreign currency	119,029	158,544
Given guarantees - RSD	7,500	7,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	623	625
Total off-balance assets and liabilities	610,449	524,556

Received guarantees in Dinars in the amount of RSD 483.295 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 119.029 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 payment security.

NOTES TO FINANCIAL STATEMENTS September 30, 2017

63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 30/09/2017	Fair value in 000 RSD 30/09/2017	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	23,381,123	23,381,123	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 - <u>housing loans</u>	133,555	133,555	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	1,193,825	1,193,825	1,020,436	1,020,436	Level 3	Estimation of collectibility by management according to IAS 39
Other receivables	90,766	90,766	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 FINANCIAL STATEMENTS September 30, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Financial instrument categories	30/09/2017		31/12/2016		in 000 RSD	
	Total	val.correction	net amount	Total		val.correction
1 Long term investments	730,866	(514,533)	216,333	741,848	(517,083)	224,765
- Long-term time deposits	4,898	-	4,898	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	263,465	(135,850)	127,615	273,683	(138,400)	135,283
- Other long-term receivables	83,819	-	83,819	83,819	-	83,819
2 Receivables expressed at nominal value	4,082,730	(320,904)	3,761,826	5,450,438	(295,056)	5,155,382
- Receivables from buyers	1,507,786	(313,961)	1,193,825	1,311,621	(291,185)	1,020,436
- Short-term financial investments	2,477,431	(196)	2,477,235	3,985,911	(464)	3,985,447
- Receivables for interests	41,204	(3,725)	37,479	67,041	(385)	66,656
- Other receivables	56,309	(3,022)	53,287	85,865	(3,022)	82,843
3 Cash and cash equivalents	1,811,968	-	1,811,968	740,102	-	740,102
	6,625,564	(835,437)	5,790,127	6,932,388	(812,139)	6,120,249
Financial liabilities						
1 - Long-term loans	678,565	0	678,565	701,909	0	701,909
2 - Current maturities of l-term loans	37,776	-	37,776	102,919	-	102,919
3 - Curr. maturities of l-term fin.lease	0	0	0	0	0	0
4 - Short-term liabilities	255,388	-	255,388	462,702	-	462,702
	971,729	-	971,729	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 FINANCIAL STATEMENTS September 30, 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	Total assets				Total liabilities	
	30/09/2017		31/12/2016		30/09/2017	31/12/2016
	gross	net	gross	net		
EUR	3,710,976	3,536,833	3,979,299	3,827,535	832,648	854,799
USD	230,867	230,867	626,857	626,857	183	160
CHF	329	329	363	363	0	0
GBP	50	50	9	9	462	66
Total dinar counter-val.of assets and liab. stated in for.currency	3,942,222	3,768,079	4,606,528	4,454,764	833,293	855,025
Value of assets and liab. stated in dinars	2,683,342	2,022,048	2,325,860	1,665,485	138,436	412,505
Total	6,625,564	5,790,127	6,932,388	6,120,249	971,729	1,267,530

By analysis of the currency structure of financial assets and liabilities as of 30/09/2017, along with the balance as of 31/12/2016, it can be concluded that

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

NOTES TO FINANCIAL STATEMENTS September 30, 2017

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

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

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

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

in 000 RSD

30/09/2017

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	270,419	-270,419	23,068	-23,068	33	-33	-41	41

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 FINANCIAL STATEMENTS September 30, 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	30/09/2017			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	1,507,786	(313,961)	1,193,825	1,311,621	(291,185)	1,020,436
Receivables for interests and oth.receiv.	97,513	(6,747)	90,766	152,906	(3,407)	149,499
Short-term fin. invest.	35,642	-	35,642	50,953	-	50,953
Non-interest-total	2,103,444	(699,391)	1,404,053	1,977,983	(673,275)	1,304,708
Fixed interest rate						
Long term fin.investments	268,363	(135,850)	132,513	279,345	(138,400)	140,945
Short term fin.investments	2,441,789	(196)	2,441,593	3,934,958	(464)	3,934,494
Fixed-total	2,710,152	(136,046)	2,574,106	4,214,303	(138,864)	4,075,439
Floating interest rate						
Cash and cash equiv.	1,811,968	-	1,811,968	740,102	-	740,102
Floating-total	1,811,968	0	1,811,968	740,102	0	740,102
	6,625,564	(835,437)	5,790,127	6,932,388	(812,139)	6,120,249
Financial liabilities						
Non-interest						
Liabilities from operation	255,388	0	255,388	462,702	0	462,702
Non-interest-total	255,388	0	255,388	462,702	0	462,702
Fixed interest rate						
Long-term loans	678,565	0	678,565	701,909	0	701,909
Current maturities of long-t. liab.	37,776	0	37,776	102,919	0	102,919
Fixed-total	716,341	0	716,341	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
	971,729	0	971,729	1,267,530	0	1,267,530

NOTES TO FINANCIAL STATEMENTS September 30, 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	30/09/2017	participa tion	31/12/2016	participat ion
	in 000 RSD		in 000 RSD	
Air Serbia	195,590	12.97%	147,816	11.27%
Jat Tehnika	127,643	8.47%	157,448	12.00%
Dufry doo	98,973	6.56%	65,347	4.98%
International CG	41,492	2.75%	41,492	3.16%
Air Serbia-Catering ltd	34,903	2.31%	45,561	3.47%
Aviogenex ltd.	50,820	3.37%	50,820	3.87%
Austrian-branch	20,742	1.38%	14,172	1.08%
Other domestic buyers	92,977	6.17%	116,139	8.85%
Total domestic buyers	663,140	43.98%	638,795	48.70%
Montenegro Airlines	100,538	6.67%	193,036	14.72%
Wizz Air	146,543	9.72%	87,603	6.68%
Deutsche Lufthansa	124,801	8.28%	59,160	4.51%
Turkish Airlines	38,166	2.53%	34,942	2.66%
Etihad Airlines	16,958	1.12%	44,667	3.41%
Aeroflot	36,682	2.43%	33,341	2.54%
Allitalia	37,909	2.51%	20,599	1.57%
Qatar Airways	18,155	1.20%	10,703	0.82%
Swiss Air	50,428	3.34%	29,094	2.22%
Fly Dubai	13,963	0.93%	23,440	1.79%
Pegasus	12,573	0.83%	20,125	1.53%
LOT Polskie Linie	15,479	1.03%	16,363	1.25%
Other foreign buyers	232,451	15.42%	99,753	7.61%
Total foreign buyers	844,646	56.02%	672,826	51.30%
Total gross receivables from domestic and foreign buy	1,507,786	100.00%	1,311,621	100.00%
Total value correction	313,961		291,185	
Total net receivables	1,193,825		1,020,436	

Receivables from domestic and foreign buyers on 30/09/2017 amount RSD 1.507.786 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, the balance and age structure of outstanding receivables as per buyers.

NOTES TO FINANCIAL STATEMENTS September 30, 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 30/09/2017 in the amount of RSD 663.140 thousand, accounted for 43,98% of total receivables from buyers for goods and services. Total balance of value adjustment of receivables from domestic buyers was RSD 282.611 thousand (accounted to results of previous years RSD 264.097 thousand and charged to result of the current year RSD 18.514 thousand), so the net value of receivables from domestic buyers amounts to RSD 380.529 thousand.

Receivables from foreign buyers for goods and services on 30/09/2017 amounted to RSD 844.646 thousand, which makes 56,02% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers was RSD 31.350 thousand (accounted to results of previous years RSD 12.014 thousand and charged to result of the current year RSD 19,336 thousand), so the net value of receivables from foreign buyers amounts to RSD 813.296 thousand.

Age structure of receivables	30/09/2017	participati	31/12/2016	participat
	in 000 RSD	on	in 000 RSD	ion
Undue receivables from buyers-uncorrected	880,843	58.42%	728,524	55.54%
Undue receivables from buyers-corrected	0	0.00%	0	0.00%
Total undue receivables	880,843	58.42%	728,524	55.54%
Due receivables up to 60 days-uncorrected	197,353	13.09%	144,110	10.99%
Due receivables up to 69 days-corrected	0	0.00%	0	0.00%
Total due receivables up to 60 days	197,353	13.09%	144,110	10.99%
Due receivables over 60 days-uncorrected	115,629	7.67%	147,802	11.27%
Due receivables over 60 days-corrected	313,961	20.82%	291,185	22.20%
Total due receivables over 60 days	429,590	28.49%	438,987	33.47%
Total receivables-gross	1,507,786	100.00%	1,311,621	100.00%
Total value correction	313,961		291,185	
Total receivables - net (gross-correction)	1,193,825		1,020,436	

Undue receivables from domestic and foreign buyers for goods and services, on 30/09/2017, amounted to RSD 880.843 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 30/09/2017 not older than 60 days, amounted to RSD 197.353 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 30/09/2017 older than 60 days, amounted to RSD 429.590 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 30/09/2017 amounted to RSD 313.961 thousand, of which for value correction of receivables of the current period was placed RSD 37.850 thousand, and at the cost of the results of previous years RSD 276.111 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 30/09/2017, amounted to RSD 115.629 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 FINANCIAL STATEMENTS September 30, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd)**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	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	4,493,836	1,754,695
1 - 3 months	59,594	2,224,243
3-12 months	1,020,364	1,897,689
1 - 5 years	93,608	130,547
over five years	122,725	113,075
	5,790,127	6,120,249

The average time to collect receivables from customers in the period I-IX 2017 amounted to 49 days (2016: 62 days).

Maturity of receivables for interests	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	19,577	3,983
1 - 3 months	-	30,464
3-12 months	17,902	32,209
	37,479	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	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	255,388	462,702
1 - 3 months	37,776	12,384
3-12 months	-	90,535
1 - 5 years	397,986	411,677
over five years	280,579	290,232
	971,729	1,267,530

NOTES TO FINANCIAL STATEMENTS September 30, 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 on September 30, 2017 the largest share have liabilities based on long-term loans in the amount of RSD 716.341 thousand, of which in 2017 becomes due RSD 37.776 thousand.

Liabilities towards suppliers on September 30, 2017 are expressed in the amount of RSD 255.388. (on 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 services providers in the period I-IX 2017 is 35 days (in 2016 it was 46 days).

Maturity of liabilities for interests (for loans)	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	-	-
1 - 3 months	12,344	4,204
3-12 months	-	30,302
1 - 5 years	88,556	91,603
over five years	22,977	23,768
	123,877	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:

	30/09/2017	31/12/2016
	in 000 RSD	in 000 RSD
1 Indebtedness (ADP 432 + ADP 443)	716,341	804,828
2 Cash and cash equivalents (ADP 068)	1,811,968	740,102
I GROSS INDEBTEDNESS (1-2)	(1,095,627)	64,726
3 Ratio indebtedness/capital (I/5)	-0.0376	0.0024
4 Short-term financial investment (ADP 062)	2,477,235	3,985,447
II NET INDEBTEDNESS (I - 4)	(3,572,862)	(3,920,721)
5 Capital (ADP 401)	29,136,496	27,087,521
6 Ratio indebtedness/capital (II/5)	-0.1226	-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 30/09/2017: 25 members; on 30/09/2016: 20 members). In the period I - IX 2017 it was paid in the gross amount RSD 36.979 thousand (in the period I - IX 2016: RSD 29,777 thousand).

NOTES TO FINANCIAL STATEMENTS September 30, 2017

65. MANAGEMENT EARNINGS (cont'd)

Management earnings	30/09/2017	I-IX 2017	30/09/2016	I-IX 2016
Management	Number	Amount in 000 RSD	Number	Amount in 000 RSD
Earnings	16	28,544	11	22,216
Participation in profit distribution		1,846		1,452
Total management	16	30,390	11	23,668
Compensations to members of the Supervisory Board	7	5,136	7	4,698
Compensations to members of the Commission for Revision and the Shareholders Assembly	1	548	1	529
Compensations to members of the Shareholders Assembly	1	905	1	882
Total for members of the Supervisory Board, the Commission for Revision and the Shareholders Assembly.	9	6,589	9	6,109
TOTAL:	25	36,979	20	29,777

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 September 30, 2017, against the Company there are litigations in the amount of RSD 126.275 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 September 30 2017 the Company has made provisions for potential losses on these litigations in the amount of RSD 85.329 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 additional significant losses in the future period are not expected.

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 impartiality of the financial statements for the period that ended on September 30 2017, or would require adjustment of the financial statements.

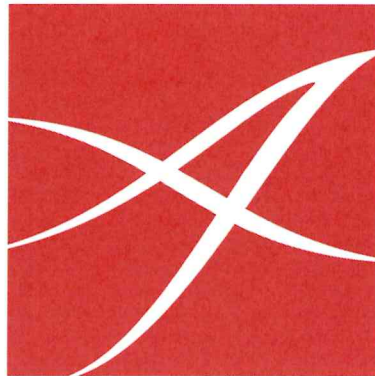
Belgrade, November 06, 2017



 Legal representative

/ Saša Vlasićević, acting Director General /

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 in accordance with the Regulations on the content, form and manner of publication of annual, semi-annual and quarterly reports of public companies ("Official Gazette of RS No.14/2012, 5/2015 and 24/2017), Joint Stock Company Belgrade Nikola Tesla Airport announces:

**REPORT FOR THE THIRD QUARTER OF 2017 CONTAINING
ALSO DATA
FOR THE PERIOD I-IX 2017**

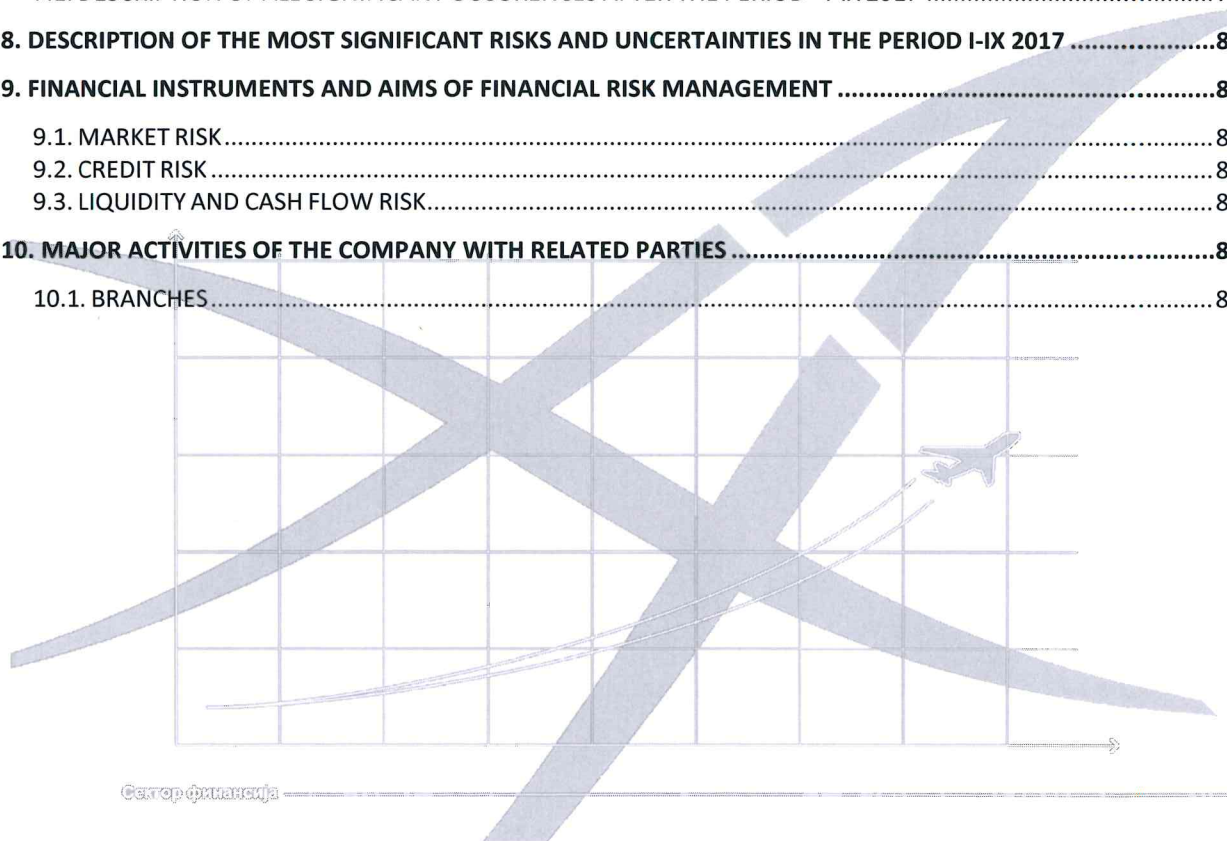
**JOINT STOCK COMPANY
BELGRADE NIKOLA TESLA AIRPORT**

**QUARTER BUSINESS REPORT FOR THE THIRD QUARTER OF
2017 AND FOR THE PERIOD
I – IX 2017**



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1. GENERAL DATA OF THE COMPANY

Business name		JOINT STOCK COMPANY AIRPORT NIKOLA TESLA BELGRADE
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@beg.aero
3	Number and date of the Rescript on Company registration	<p>Registration number: BD 4874/2005 Date of registration: 15/06/2005</p> <p>Registration number: BD 91540/2012 Date of registration: 09/07/2012</p> <p>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	1363 employees on 30/09/2017,
6	Core capital value	RSD 20.573.610.000 (on 30/09/2017)
7	Name, head office of auditor who revised the last financial statement for 2016	„PKF ACCOUNTANTS & BUSINESS ADVISERS“ 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 30/06/2017) 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 30/09/2017

No.	Name of shareholder	Number of shares	% of share
1	REPUBLIC OF SERBIA	28,510,538	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	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	371,003	1.08
5	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	138,282	0.40
6	EAST CAPITAL – EAST CAPITAL BALK	125,038	0.36
7	RAIFFEISEN BANK AD BEOGRAD – CUSTODY ACCOUNT - KS	90.014	0.26
8	CONVEST A.D. NOVI SAD-JOINT ACCOUNT	88.697	0.26
9	GLOBAL MACRO CAPITAL OPPORTUNI	84,686	0.25
10	POLUNIN DISCOVERY FUNDS	70,516	0.21

Сектор финансија

2. MANAGEMENT DATA

Management members for the period I-IX 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 General 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 Dejčković, Čuprija	Master of Electrical Engineering and Telecommunications, Head of telecommunication projects in the Sector of Investments – PE Elektromreža Srbije
4	Srđan 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	Bachelor of Science, Engineering, Chief Executive, Acting Director General of JSC Airport Nikola Tesla Belgrade
2	Senka Jelenković, Belgrade	Professor of Italian language and literature, Master Engineer of Organizational Sciences, Executive Director in JSC Airport Nikola Tesla Belgrade
3	Žarko Suvačarov, Belgrade	Specialist Professional Traffic Engineer, Executive Director, JSC Belgrade Nikola Tesla Airport Pursuant to Decision no DNO 224/2017 dated 29/06/2017
4	Raša Ristivojević, Belgrade	Bachelor of Economy, Executive Director, JSC Belgrade Nikola Tesla Airport
5	Zoran Stojković, Belgrade	Bachelor of Law, Executive Director, JSC Belgrade Nikola Tesla Airport

2.1. REVIEW OF CORPORATE GOVERNANCE RULES

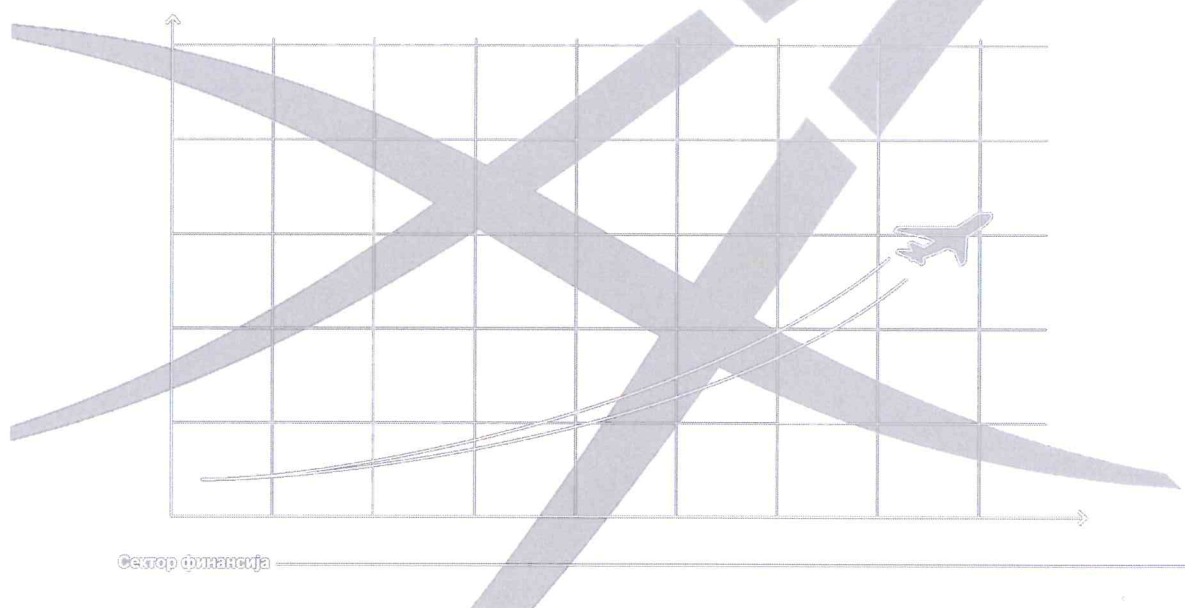
JSC Belgrade Nikola Tesla Airport, as a member of the Chamber of Commerce of Serbia adopted the *Code of Corporate Governance* that was published in the Official Gazette of the Republic of Serbia, No. 99/2012, as well as on the Company's website www.beg.aero

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-IX 2017 it was achieved total air traffic turnover, as follows:

- **45,269 air movements;**
- **4,150,594 passengers and**
- **17,250 tons of cargo and mail.**

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

- **18,011 air movements;**
- **1,838,701 passengers and**
- **6,845 tons of cargo and mail.**

3.1. AIR MOVEMENT TURNOVER

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

Number of air movements per air-traffic types

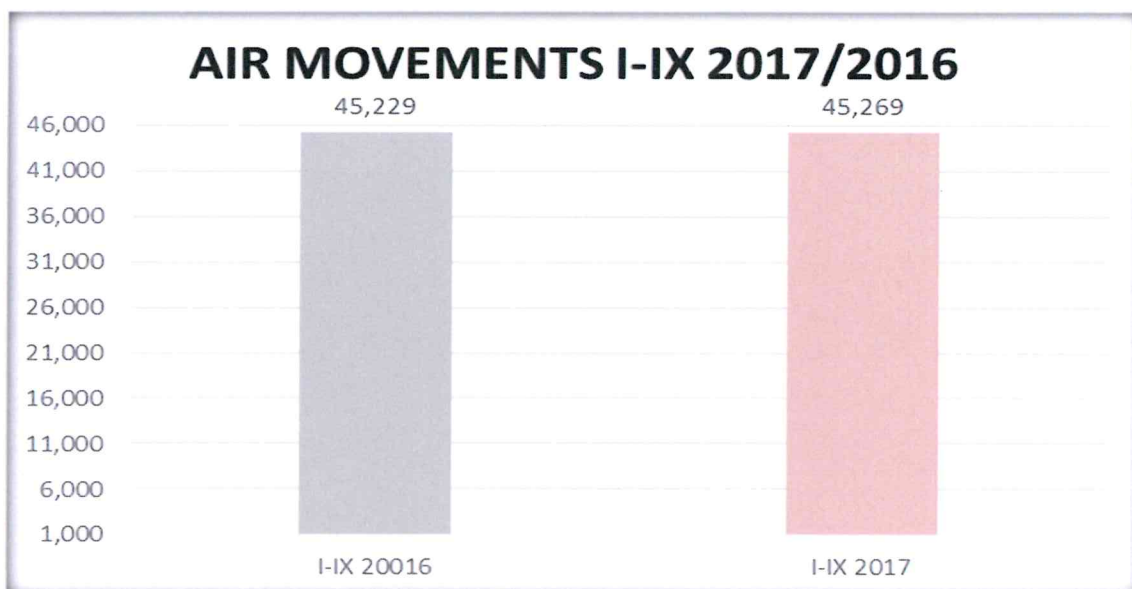
Air-traffic type	Achiev. I-IX 2016	Rebalancing Plan II I-IX 2017	Achiev. I-IX 2017	Index		Particip. I-IX 2016	Particip. I-IX 2017
				5(4/2)	6(4/3)		
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	49	49	35	71	71	0.11	0.08
International air-traffic-domestic carriers	26,409	26,733	25,049	95	94	58.39	55.33
International air-traffic-foreign carriers	18,771	20,556	20,185	108	98	41.50	44.59
TOTAL:	45,229	47,338	45,269	100	96	100.00	100.00

The data from the table indicate total number of air movements in the period from I-IX 2017, which is at the same level as last year in the same period and 4% lower than the one prescribed in the Rebalancing plan II for the period I-IX 2017.

Within carrier pattern of the total traffic in the period I-IX 2017 the largest share is of domestic carriers in international air traffic with 55.33%, followed by foreign carriers in international air traffic with 44.59% and at the end domestic carriers in domestic air traffic with 0.08% share.

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 25,049 air movements is achieved which is by 5% lower compared to the same period of the previous year and by 6% lower in comparison to the Rebalancing Plan II for the period I-IX 2017. The domestic carriers in international air traffic are the following: Air Serbia, Avio Služba, Princ Aviation and Air Pink.



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

Carriers	Achiev. I-IX 2016	Rebalancing Plan II I-IX 2017	Achiev. I-IX 2017	Index		Particip. I-IX 2016	Particip. I-IX 2017
				5(4/2)	6(4/3)		
1	2	3	4			7	8
Montenegro Airlines	2,429	2,446	2,315	95	95	12.94	11.47
Lufthansa	2,023	2,083	2,068	102	99	10.78	10.25
Wizz Air	2,018	2,692	2,551	126	95	10.75	12.64
Austrian Airlines	1,400	1,408	1,343	96	95	7.46	6.65
Turkish Airlines	1,205	1,205	1,163	97	97	6.42	5.76
Swiss International	970	976	975	101	100	5.17	4.83
Aeroflot	1,098	1,099	1,089	99	99	5.85	5.40
Alitalia	522	546	540	103	99	2.78	2.68
Easy Jet	222	232	226	102	97	1.18	1.12
Etihad Airways	549	549	547	100	100	2.92	2.71
B & H Airlines	0	0	0	0	0	0.00	0.00
LOT	449	449	579	129	129	2.39	2.87
Tarom	530	546	574	108	105	2.82	2.84
Aegean Airlines	475	452	384	81	85	2.53	1.90
Solnair	0	0	0	0	0	0.00	0.00
Qatar Airways	378	378	364	96	96	2.01	1.80
Pegasus Airlines	318	318	312	98	98	1.69	1.55
Flydubai	264	286	304	115	106	1.41	1.51
Tunis Air	126	128	150	119	117	0.67	0.74
Germanwings	26	26	14	54	54	0.14	0.07
Norwegian Air	272	276	264	97	96	1.45	1.31
Raf Avia	420	420	0	0	0	2.24	0.00
Belavia	162	164	168	104	102	0.86	0.83
Aircairo Company	76	88	178	234	202	0.40	0.88
Croatia Airlines	112	118	120	107	102	0.60	0.59
Vueling Airlines	92	92	78	85	85	0.49	0.39
Adria Airways	3	0	4	133	0	0.02	0.02
Gazprom	9	0	10	111	0	0.05	0.05
Swiftair Aviation	750	750	746	99	99	4.00	3.70
Swiftair Hellas	399	399	376	94	94	2.13	1.86
Air Horizont Ltd.	0	0	1	0	0	0.00	0.00
Arkia	0	162	151	0	93	0.00	0.75
Atlasglobal Airlines	0	0	454	0	0	0.00	2.25
Freebird Airlines	0	0	8	0	0	0.00	0.04
Israir Airlines	0	234	276	0	118	0.00	1.37
Sun Express	0	0	15	0	0	0.00	0.07
Transavia Airlines	0	234	140	0	60	0.00	0.69
CSA	0	0	2	0	0	0.00	0.01
Darwin Airlines SA	0	0	2	0	0	0.00	0.01
Hainan Airlines	0	0	10	0	0	0.00	0.05
Niki Luftfahrt	7	0	0	0	0	0.04	0.00
Atlas Jet	5	0	0	0	0	0.03	0.00
Air Baltic	2	0	0	0	0	0.01	0.00
Bora Jet	0	0	2	0	0	0.00	0.01
Ural Airlines JSC	92	92	0	0	0	0.49	0.00
Corendon Airlines	0	0	4	0	0	0.00	0.02
Elinair	38	38	64	168	168	0.20	0.32
European Air	40	380	384	960	101	0.21	1.90
Other	1,290	1,290	1,230	95	95	6.87	6.09
TOTAL:	18,771	20,556	20,185	108	98	100.00	100.00

In the period I-IX of 2017 we present the most significant foreign air carriers (41 foreign air carrier)

In international air traffic of foreign carriers in the period I-IX 2017 total turnover of 20,185 air movements is achieved which is by 8% higher compared to the same period of the previous year and by 2% lower in comparison to the Rebalancing Plan II for the period I-IX 2017.

In the pattern of foreign carriers in the period I-IX 2017 the most significant roles are of: Wizz Air with 12.64% of share, then Montenegro Airlines with 11.47% and Lufthansa with 10.25% of share. These three air carriers achieve 34.36% in international air traffic of foreign carriers.

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With the share ranging from 6.65% to 3.70% in this type of air traffic there are: Austrian Airlines (6.65%), Turkish Airlines (5.76%), Aeroflot (5.40%), Swiss International (4.83%), Swift Air (3.70%), with total share of 26.34%.

Scheduled **Cargo transport** of express mail in the period I-IX 2017 was carried out by 4 (four) foreign carriers: Turkish Airlines, Swiftair Aviation, European Air Transporter Leipzig GmbH and Swiftair Hellas.

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

III quarter

The achieved number of air movements per air traffic type in the third quarter of 2017 is disclosed in the table.

Number of air movements per air-traffic types

Air-traffic type	Achiev. VII-IX 2016	Rebalancing Plan II VII-IX 2017	Achiev. VII-IX 2017	Index		Particip. VII-IX 2016	Particip. VII-IX 2017
				5(4/2)	6(4/3)		
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	15	15	8	53	53	0.08	0.04
International air-traffic- domestic carriers	11,183	11,183	10,301	92	92	61.88	57.19
International air-traffic- foreign carriers	6,875	7,510	7,702	112	103	38.04	42.76
TOTAL:	18,073	18,708	18,011	100	96	100.00	100.00

Data from the table show that total achieved number of air movements in the third quarter of 2017 amount 18,011 and that it is at the same level in comparison to the same period of 2016 and by 4% lower in comparison to the Rebalancing Business Plan II in the third quarter of 2017.

Within carrier pattern of the total traffic in the third quarter 2017 the largest share is of domestic carriers in international air traffic with 57.19%, followed by foreign carriers in international air traffic with 42.76% and at the end domestic carriers in domestic air traffic with 0.04% share.

In international air traffic of domestic carriers in the third quarter of 2017 turnover of 10,301 air movements is achieved which is by 8% lower compared to achievement of the same period of the previous year and by 8% lower in comparison to the Rebalancing Plan II for the third quarter of 2017.

In international air traffic of foreign carriers in the third quarter of 2017 total turnover of 7,702 air movements is achieved, which is by 12% higher compared to the same period of the previous year and by 3% lower in comparison to the Rebalancing Plan II for the third quarter of 2017.

Foreign carriers that started operating in the second quarter of 2017 are the following: CSA, Germanwings, Darwin Airlines SA and Hainan Airlines.

3.2. PASSENGER TURNOVER

In the period I-IX 2017 a total passenger turnover of 4,150,594 passengers was achieved, which led to 9% increase in comparison to the same period in 2016 and it is at the same level in comparison to the Rebalancing Plan II for the period I-IX 2017.

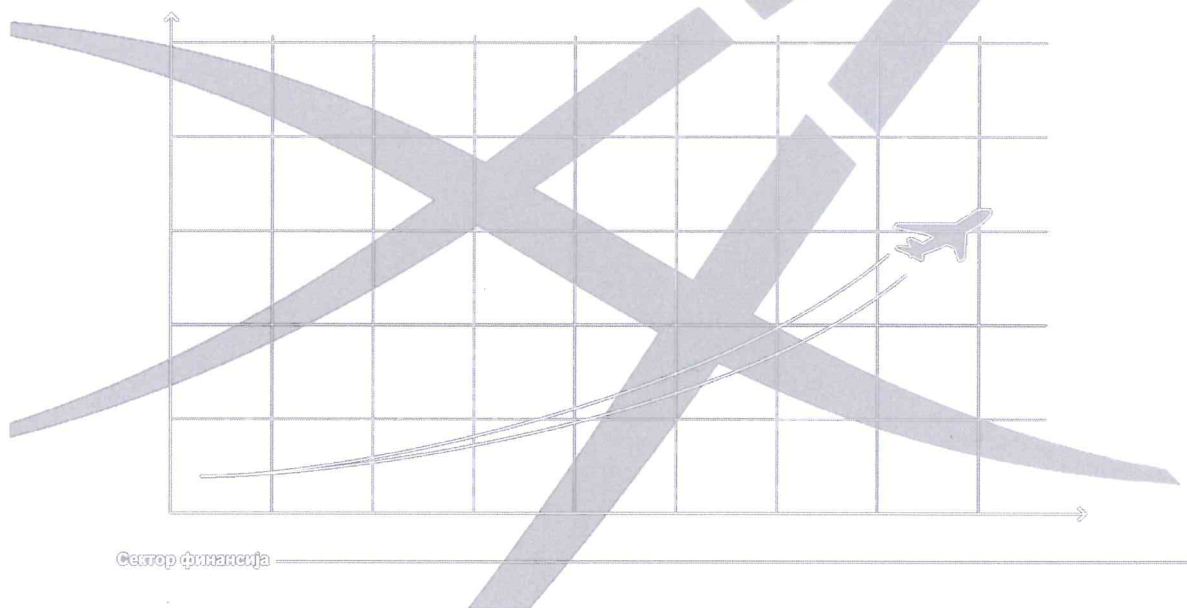
Passenger turnover per air-traffic types

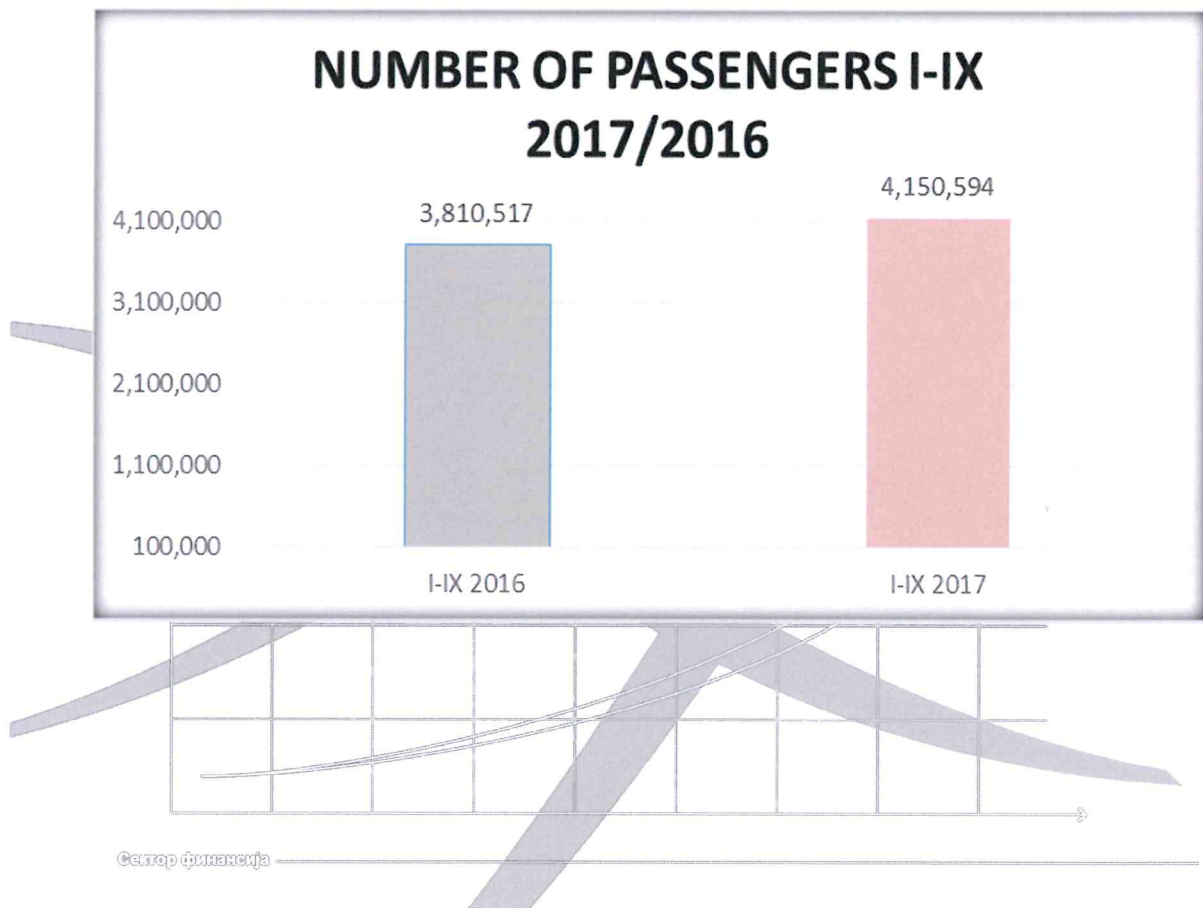
Air-traffic type	Achiev. I-IX 2016	Rebalancing Plan II I-IX 2017	Achiev. I-IX 2017	Index		Particip. I-IX 2016	Particip. I-IX 2017
				5(4/2)	6(4/3)		
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	73	73	78	107	107	0.00	0.00
International air-traffic-domestic carriers	2,114,267	2,215,736	2,148,449	102	97	55.49	51.76
International air-traffic-foreign carriers	1,696,177	1,925,259	2,002,067	118	104	44.51	48.24
TOTAL:	3,810,517	4,141,068	4,150,594	109	100	100.00	100.00

The greatest participation in passenger turnover per air traffic types for the period I-IX 2017 is of domestic carriers in international air traffic with 51.76%, then foreign carriers in international air traffic with 48.24%.

The number of passengers transported by domestic carriers in the period I-IX 2017 is by 2% higher compared to the same period last year and by 3% lower compared to the Rebalancing Plan II for I-IXI 2017.

The number of the passengers transported by foreign carriers in international air traffic is by 18% higher compared to the same period last year, and by 4% higher compared to the Rebalancing Plan II for I-IX 2017.





III quarter

Planned and realized passenger volume in III quarter 2017 as well as comparative data on achieved turnover in the same period 2016 are shown in the below table.

Passenger turnover per air-traffic types

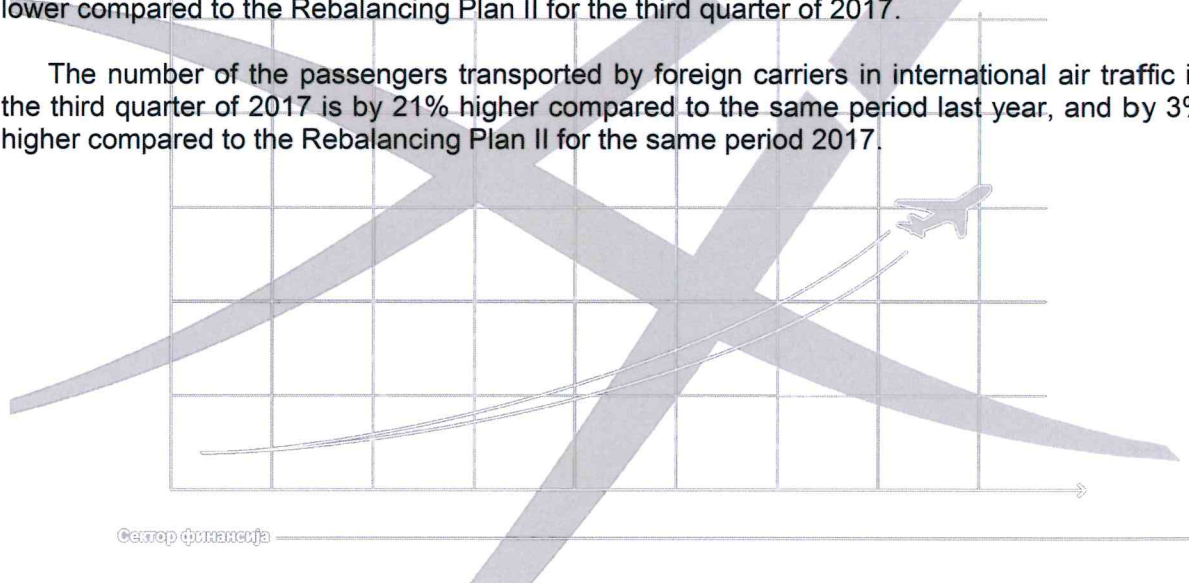
Air-traffic type	Achiev. VII-IX 2016	Rebalancing Plan II VII-IX 2017	Achiev. VII-IX 2017	Index		Particip. VII-IX 2016	Particip. VII-IX 2017
				5(4/2)	6(4/3)		
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	31	31	14	45	45	0.00	0.00
International air-traffic- domestic carriers	1,003,019	1,059,157	999,744	100	94	59.04	54.37
International air-traffic- foreign carriers	695,777	814,820	838,943	121	103	40.96	45.63
TOTAL:	1,698,827	1,874,008	1,838,701	108	98	100.00	100.00

Based on the data presented, it can be concluded that the passenger traffic in the third quarter of 2017 is 8% higher than in the same period in 2016 and is 1,838,701 passengers, which is 2% less in relation to Rebalancing Plan II for the same period of 2017.

The greatest participation in passenger turnover per air traffic types for the third quarter of 2017 is of domestic carriers in international air traffic with 54.37%, then foreign carriers in international air traffic with 45.63%.

The number of the passengers transported by domestic carriers in international air traffic, in the third quarter of 2017 is at the same level compared to the same period last year and by 6% lower compared to the Rebalancing Plan II for the third quarter of 2017.

The number of the passengers transported by foreign carriers in international air traffic in the third quarter of 2017 is by 21% higher compared to the same period last year, and by 3% higher compared to the Rebalancing Plan II for the same period 2017.



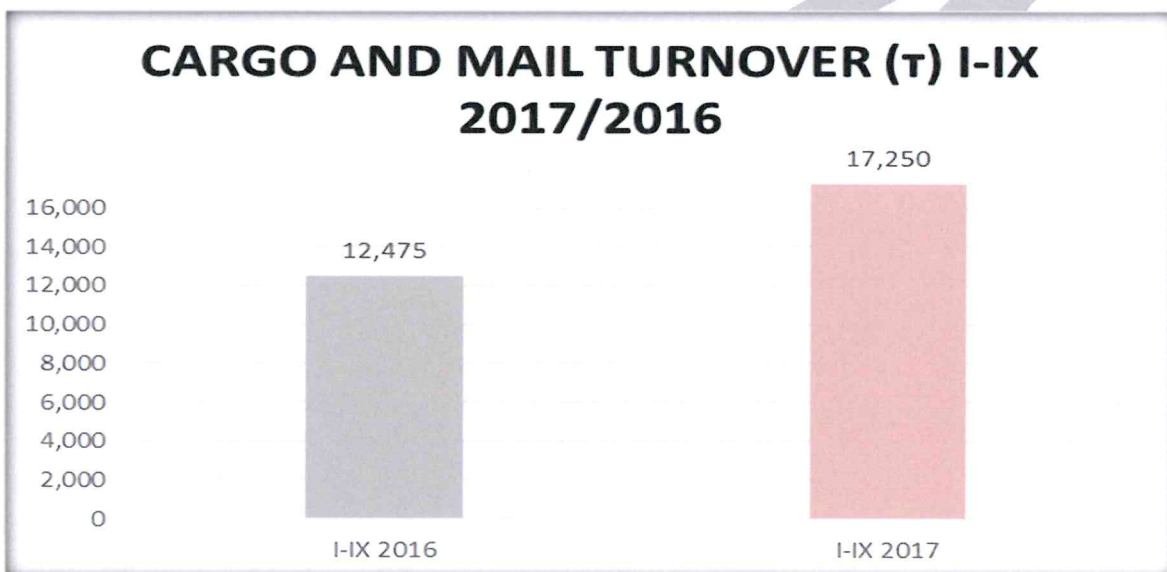
3.3. CARGO AND MAIL TURNOVER

In the period I-IX 2017 total cargo turnover of 17,250 tons is achieved which is by 38% higher compared to the same period of the previous year and by 12% higher in comparison to the Rebalancing Plan for the period I-IX 2017.

In international air traffic of domestic carriers, cargo and mail turnover in the period I-IX 2017 was 55% higher than the turnover for the same period of 2016 and by 26% higher than in the Rebalancing Plan II for the period I-IX 2017, while in international air traffic of foreign carriers, achievement in the period I-IX 2017 was 33% higher than in the same period of the previous year and by 7% lower than in the Rebalancing Plan II for the period I-IX 2017.

Cargo and mail turnover in tons

Air-traffic type	Achiev. I-IX 2016	Rebalancing Plan II I-IX 2017	Achiev. I-IX 2017	Index		Particip. I-IX 2016	Particip. I-IX 2017
				5(4/2)	6(4/3)		
1	2	3	4			7	8
Domestic air-traffic	4	4	0	0	0	0.03	0.00
International air-traffic- domestic carriers	3,186	3,911	4,932	155	126	25.54	28.59
International air-traffic- foreign carriers	9,285	11,522	12,318	133	107	74.43	71.41
TOTAL:	12,475	15,437	17,250	138	112	100.00	100.00



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III quarter

In the third quarter of 2017 total cargo and mail turnover of 6,845 tons is achieved which is by 67% higher compared to the subject period of the previous year and is at by 35% higher in comparison to the Rebalancing Plan II for the third quarter of 2017.

Cargo and mail turnover in tons

Air-traffic type	Achiev. VII-IX 2016	Rebalancing Plan II VII-IX 2017	Achiev. VII-IX 2017	Index		Particip. VII-IX 2016	Particip. VII-IX 2017
				5(4/2)	6(4/3)		
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	0	0	0	0	0	0.00	0.00
International air-traffic- domestic carriers	1,283	1,561	1,730	135	111	31.35	25.27
International air-traffic- foreign carriers	2,810	3,501	5,115	182	146	68.65	74.73
TOTAL:	4,093	5,062	6,845	167	135	100.00	100.00

In international air traffic of domestic carriers, cargo and mail turnover in the third quarter of 2017 was 35% higher than the achieved turnover for the same period of previous year and by 11% higher than in the Rebalancing Plan II for the third quarter of 2017.

In international air traffic of foreign carriers, cargo and mail turnover in the third quarter of 2017 was 82% higher than the achievement for the same period of previous year and by 46% higher than in the Rebalancing Plan II for the third quarter of 2017.

PHYSICAL VOLUME OF AIR TRAFFIC

Air-traffic types	Achievement I-IX 2016		Rebalancing Plan II I-IX 2017		Achievement I-IX 2017		Index	
	Participation		Participation		Participation			
1	2		3		4		5(4/2)	6(4/3)
Domestic air-traffic								
Air movements	49	0	49	0	35	0	71	71
Passengers	73	0	73	0	78	0	107	107
Cargo and mail air (t)	4	0	4	0	0	0	0	0
International air-traffic - domestic carriers								
Air movements	26,409	58	26,733	56	25,049	55	95	94
Passengers	2,114,267	55	2,215,736	54	2,148,449	52	102	97
Cargo and mail air+truck (t)	3,186	26	3,911	25	4,932	29	155	126
International air-traffic - foreign carriers								
Air movements	18,771	42	20,556	43	20,185	45	108	98
Passengers	1,696,177	45	1,925,259	46	2,002,067	48	118	104
Cargo and mail air+truck (t)	9,285	74	11,522	75	12,318	71	133	107
Total								
Air movements	45,229	100	47,338	100	45,269	100	100	96
Passengers	3,810,517	100	4,141,068	100	4,150,594	100	109	100
Cargo and mail air+truck (t)	12,475	100	15,437	100	17,250	100	138	112

Сектор финансија

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-IX 2017 JSC Belgrade Nikola Tesla Airport achieved the **total revenue** in the amount of **RSD 7,331,161,787**. Thus achieved total revenue is 9% higher in comparison to the achieved revenues in the same period of the previous year and 8% lower in relation to the Rebalancing Plan for the same period.

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

In the pattern of achieved revenues for the period I-IX 2017 **business revenues** have the greatest participation amounting to RSD 7,195,345,624 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 7% lower in relation to Rebalancing Plan II for the period I-IX 2017.

Part of business revenues generated by providing **air services** in the amount of RSD 2,130,245,773 makes 29% of the total revenues. These revenues are 3% higher than in the same period of the previous year and by 4% lower than it is predicted in the Rebalancing Plan II for the period I-IX 2017.

Revenues from **passenger service** and security fees were RSD 3,455,411,182 for the period I-IX 2017 which makes 47% of totally realised revenues, were 17% higher than revenues achieved on this basis in the same period of the previous year and 2% lower than in the Rebalancing Plan II for the period I-IX 2017.

In the period I-IX 2017 the revenues from **services in cargo-customs warehouse** are achieved in the amount of RSD 129,616,143 and they are 10% higher than revenues achieved on this basis in the same period of 2016, while they are 15% lower than in the Rebalancing Plan II for the same period of 2017.

In the period I-IX 2017 the revenues from **other services** are by 17% higher than in the same period last year and by 9% lower than in the Rebalancing Plan II for the period I-IX 2017. They amount RSD 705,765,714. Increase of revenues from other services in the period I-IX 2017 in comparison to the same period of the previous year mainly relates to: revenues from CUTE, revenues to special request – work-order, utility services, aircraft de/anti-icing services etc.

Revenues from the sale of goods mostly relate to the revenue from the sale of oil fuel in the amount of 9,757,731 dinars. In the period I-IX 2017, 285 tons of oil fuel were sold.

In the period I-IX 2017 revenue from **lease of business facilities** amounts RSD 763,419,520 and it is 8% 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-IX 2017 amount RSD 116,719,014 and they are 23% lower than in the same period of 2016.

Decrease of financial expenditures in the period I-IX 2017 resulted from decrease of interest rates, i.e. from fall of RSD exchange rate for Euro (1EUR on 30/09/2016 equalled RSD 123,2929, while on 30/09/2017 it was RSD 119,3659).

In the pattern of financial revenues for I-IX 2017, the most part refers to interests in the amount of RSD 69,118,464, then to exchange rate differences - non-realised in the amount of RSD 29,052,945 and realised exchange rate differences in the amount of RSD 18,547,605.

Other revenues (group 67, 68 and 69) in the period I- IX of 2017 were realized in the amount of 19,097,149 RSD and are 56% lower compared to the same period in 2016, mainly due to revenues from the cancellation of long-term provisions we had in 2016, and in the period I-IX of 2017 there were no revenues on this basis.

Major foreign buyers from the point of their participation in revenues from sale in the period I-IX 2017 are: Wizz Air RSD 558,609 thousand (8,68%), Deutsche Lufthansa RSD 472,320 thousand (7,34%) и Montenegro Airlines RSD 406,605 thousand (6,32%).



REVENUE STRUCTURE I-IX 2017

No.	Service type	Service description	Achievement I-IX 2016	Rebalancing Plan II I-IX 2017	Achievement I-IX 2017	Indexes	
						7(6/4)	8(6/5)
1	2	3	4		6	7(6/4)	8(6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	144,222,512	156,182,967	149,614,709	104	96
	614010+614014+614310+614312+614313+614314	Lighting	45,593,992	49,982,941	44,617,883	98	89
	614030+614034+614330+614332+614333+614334	GH	156,019,092	169,312,046	155,810,750	100	92
	614040+614042+614043+614044	Infrastructure	85,958,040	93,330,527	86,234,757	100	92
	614050	Air-bridges	0	0	10,388	0	0
	614020+614024+614320+614323+614324	Aircraft abode revenue	3,318,682	3,649,571	4,103,473	124	112
I	Total air services (domestic carrier):		435,112,318	472,458,051	440,391,960	101	93
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	515,932,349	556,728,989	564,446,215	109	101
	615020+615021+615022+615023+615024	GH	551,851,999	586,388,024	512,356,920	93	87
	615030+615031+615032+615033+615034	Lighting	50,733,382	56,625,250	56,214,695	111	99
	615040+615042+615043+615044	Infrastructure	342,401,453	369,003,880	370,071,234	108	100
	615060+615062	Air-bridges	151,516,915	163,418,610	163,419,015	108	100
	615000+615001+615002+615003+615004	Aircraft abode revenue	20,487,763	21,730,456	23,345,734	114	107
II	Total air services (international carrier):		1,632,923,861	1,753,895,209	1,689,853,812	103	96
I+II	Total air services		2,068,036,179	2,226,353,260	2,130,245,773	103	96
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	13,971	14,629	872	6	6
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.at/i.at.	1,001,288,833	1,096,934,208	991,590,248	99	90
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	1,318,810,567	1,514,883,305	1,552,010,767	118	102
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	637,384,259	908,355,647	911,809,295	143	100
III	Total passenger service		2,957,497,830	3,520,187,790	3,455,411,182	117	98
I+II+III	Total air services and passenger service		5,025,533,809	5,746,541,050	5,585,656,955	111	97
	CCM service						
	614500+614510	CCM service dom.market	108,097,432	139,448,389	119,923,238	111	86
	615300 +615310 (foreign)	CCM service international market	9,675,383	12,256,256	9,692,905	100	79
IV	Total CCM services		117,772,815	151,704,645	129,616,143	110	85
V	Total services related to air traffic (I to IV):		5,143,306,625	5,898,245,695	5,715,273,098	111	97
	Other services						
1	614360+615100+615102	DCS services	18,359,199	18,329,781	14,512,498	79	79
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	111,728,286	117,424,781	130,066,134	116	111
3	614130+614131+615071+615072	VIP lounge	4,694,055	4,764,496	5,107,250	109	107
4	614140+614142+615090+615092	CUTE (dom.+intl)	131,797,592	137,081,059	144,417,319	110	105
5	614380+615080	Lost and found	13,774,615	14,137,549	14,844,988	108	105
6	6146+615120+615400+615401	Public services	120,159,224	123,245,299	118,702,789	99	96
7	614820+615170	Catering services business class	0	0	182,615	0	0
8	614870+615810	Advertising space	47,489,307	53,180,964	50,988,733	107	96
9	614883	Commercial usage of the apron	44,632,696	46,913,140	48,231,362	108	103
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	58,376,597	110,037,808	115,972,405	199	105
11	Other non-mentioned services dom+intl		52,559,500	149,100,303	62,739,621	119	42
VI	Other services (1 to 11):		603,571,071	774,215,180	705,765,714	117	91
VII	Total 61 - Revenues from sale of services (V+VI)		5,746,877,696	6,672,460,875	6,421,038,813	112	96
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		56,904,778	304,479,294	10,887,292	19	4
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		5,803,782,474	6,976,940,169	6,431,926,105	111	92
X	64 & 65 - Lease of business premises		705,439,933	795,462,464	763,419,520	108	96
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	6,509,222,407	7,772,402,633	7,195,345,624	111	93
XII	66 - FINANCIAL REVENUES		150,759,971	130,234,401	116,719,014	77	90
1	interest		76,649,486	76,856,270	69,118,464	90	90
2	exchange rate differences - realised		58,412,389	53,378,132	18,547,605	32	35
3	exchange rate differences - non-realised		15,698,095	0	29,052,945	185	0
XIII	67, 68 and 69 OTHER REVENUES		43,114,213	35,319,774	19,097,149	44	54
XIV	Total revenues (XI+XII+XIII)		6,703,096,590	7,937,956,808	7,331,161,787	109	92

Сектор финансија

III quarter

In the period VII-IX 2017 JSC Belgrade Nikola Tesla Airport achieved the **total revenue** in the amount of **RSD 2,910,224,869**. Thus achieved total revenue is 11% higher in comparison to the achieved revenues in the same period of the previous year and 9% lower in relation to the Rebalancing Plan II for the period VII-IX 2017.

In the structure of realized revenues for the period VII-IX of 2017, the highest share was of **business revenues** in the amount of RSD 2,864,943,390 which is 11% higher than in the same period of the previous year, while they are 9% lower in relation to the Rebalancing Plan II for VII-IX in 2017.

Within business revenues to revenues generated from the provision of **air services** in the period VII-IX 2017 refers RSD 817,868,213. These revenues are 6% higher than in the same period of the previous year and by 7% lower than it was predicted in the Rebalancing Plan II for the period VII-IX 2017.

Revenues from **passenger service and security fees** were RSD 1,469,222,777 for the period VII-IX 2017 and they were 15% higher than revenues achieved from passenger service in the same period of the previous year and 8% lower than in the Rebalancing Plan II for the period VII-IX 2017.

In the period VII-IX 2017 the revenues from **services in cargo-customs warehouse** were achieved in the amount of RSD 42,825,186 and they are 7% higher than revenues achieved on this basis in the same period of the previous year and they were 14% lower than in the Rebalancing Plan II for the period VII-IX 2017.

In the period VII-IX 2017 the revenues from **other services** are by 6% higher than in the same period last year and they were achieved in the amount of RSD 218,572,470. Greatest participation in these revenues is of: CUTE, revenues on special request – work-order, utilities etc.

The revenues from sales of goods are realized in the amount of RSD 466,300 and mainly refer to the revenues from the sale of drinks in catering facilities.

In the period VII-IX 2017 revenue from **lease of business facilities** amounts RSD 315,988,444 which is 6% higher than in the period VII-IX 2016 while it is by 19% higher compared to Rebalancing Plan II for VII-IX 2017. The most part of these revenues refers to lease of business facilities to Dufry Ltd.

Financial revenues (group 66) in the period VII-IX of 2017 were reported in the amount of RSD 37,724,516 and are higher by 54% compared to the same period last year, mostly due to increase of unrealized positive exchange rate differences – loans, deposits, time deposits etc.

In the pattern of financial revenues for VII-IX 2017, the most part refers to interests in the amount of RSD 21,694,186, then to non-realised exchange rate differences-realised in the amount of RSD 12,267,018 and realised exchange rate differences in the amount of RSD 3,763,312.

Other revenues (group 67, 68 and 69) in the period VII-IX of 2017 were realized in the amount of RSD 7,556,964 and are 15% higher than achievement in the same period of the previous year. The increase in these revenues mostly relates to the revenues generated from the collection of receivables from other legal entities and on the basis of the adjustment of the value of receivables for solidarity apartments that are revalued without interest.

REVENUE STRUCTURE VII-IX 2017

No.	Service type	Service description	Achievement VII-IX 2016	Rebalancing Plan II VII-IX 2017	Achievement VII-IX 2017	Index	
						7(6/4)	8(6/5)
1	2	3	4	5	6	7(6/4)	8(6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	59,940,640	61,727,058	61,288,147	102	99
	614010+614014+614310+614312+614313+614314	Lighting	17,983,044	19,754,394	17,009,926	95	86
	614030+614034+614330+614332+614333+614334	GH	64,794,582	66,915,968	62,935,399	97	94
	614040+614042+614043+614044	Infrastructure	35,734,501	36,886,345	34,788,019	97	94
	614050	Air-bridges	0	0	0	0	0
	614020+614024+614320+614323+614324	Aircraft abode revenue	1,005,498	1,442,393	1,910,817	190	132
I	Total air services (domestic carrier):		179,458,265	186,726,158	177,932,308	99	95
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	191,980,514	220,031,948	215,110,971	112	98
	615020+615021+615022+615023+615024	GH	188,498,576	231,753,872	191,023,550	101	82
	615030+615031+615032+615033+615034	Lighting	18,162,077	22,379,586	20,395,082	112	91
	615040+615042+615043+615044	Infrastructure	127,244,176	145,838,719	141,043,855	111	97
	615060+615062	Air-bridges	56,090,679	64,586,748	62,791,268	112	97
	615000+615001+615002+615003+615004	Aircraft abode revenue	8,201,321	8,588,370	9,571,179	117	111
II	Total air services (international carrier):		590,177,343	693,179,243	639,935,905	108	92
I+II	Total air services		769,635,608	879,905,401	817,868,213	106	93
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	0	6,628	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.a/i.a.t.	444,471,164	497,000,107	422,506,204	95	85
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	545,792,163	686,364,924	641,162,189	117	93
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	283,209,875	411,558,733	405,554,384	143	99
III	Total passenger service		1,273,473,202	1,594,930,392	1,469,222,777	115	92
I+II+III	Total air services and passenger service		2,043,108,810	2,474,835,793	2,287,090,990	112	92
	CCM service						
	614500+614510	CCM service dom.market	37,021,331	45,717,986	39,561,750	107	87
	615300 +615310 (foreign)	CCM service international market	3,115,346	4,018,199	3,263,436	105	81
IV	Total CCM services		40,136,677	49,736,184	42,825,186	107	86
V	Total services related to air traffic (I to IV):		2,083,245,487	2,524,571,977	2,329,916,176	112	92
	Other services						
1	614360+615100+615102	DCS services	5,093,976	6,109,927	6,576,710	129	108
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	42,593,621	39,141,594	49,045,974	115	125
3	614130+614131+615071+615072	VIP lounge	2,004,241	1,588,165	1,415,164	71	89
4	614140+614142+615090+615092	CUTE (dom.+intl)	58,119,598	45,693,686	62,332,046	107	136
5	614380+615080	Lost and found	6,480,207	4,712,516	7,215,637	111	153
6	6146+615120+615400+615401	Public services	40,086,270	41,081,766	35,040,228	87	85
7	614820+615170	Catering services business class	0	0	181,890	0	0
8	614870+615810	Advertising space	15,949,824	17,726,988	16,150,207	101	91
9	614883	Commercial usage of the apron	19,361,128	15,637,713	18,758,921	97	120
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	0	36,679,269	0	0	0
11	Other non-mentioned services dom.+intl		17,304,809	49,700,101	21,855,693	126	44
VI	Other services (1 to 11):		206,993,675	258,071,727	218,572,470	106	85
VII	Total 61 - Revenues from sale of services (V+VI)		2,290,239,162	2,782,643,704	2,548,488,646	111	92
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		851,125	101,493,098	466,300	55	0
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		2,291,090,287	2,884,136,802	2,548,954,946	111	88
X	64 & 65 - Lease of business premises		297,775,459	265,154,155	315,988,444	106	119
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	2,588,865,746	3,149,290,956	2,864,943,390	111	91
XII	66 - FINANCIAL REVENUES		24,447,669	43,411,467	37,724,516	154	87
1	interest		23,243,818	25,618,757	21,694,186	93	85
2	exchange rate differences - realised		4,957,279	17,792,711	3,763,312	76	21
3	exchange rate differences - non-realised		-3,753,428	0	12,267,018	0	0
XIII	67, 68 and 69 OTHER REVENUES		6,563,724	11,773,258	7,556,964	115	64
XIV	Total revenues (XI+XII+XIII)		2,619,877,139	3,204,475,682	2,910,224,869	111	91

Сектор финансирања

4.2. EXPENDITURES

In the period I-IX 2017 **total expenditures** were achieved in the amount of **RSD 4,134,027,764**. Thus achieved expenditures are 7% higher than in the same period of the previous year and 14% lower in relation to Rebalancing Plan II for the period I-IX 2017.

Costs of the purchase value of goods sold (group 50) in the period I-IX 2017 amount to RSD 14,636,256, and mostly relate to the purchase value of the sold oil fuel in the mentioned period.

The costs of material and energy (group 51) for the period I-IX 2017 amount to RSD 343,287,035. They participate in total expenditure with 8% and mostly refer to: consumed electricity, consumed basic material, spent fuel for trucks and other.

Hugest amount within total expenditures refers to the **costs of salaries, reimbursements and other personal expenditures (group 52)** amounting for the period I-IX 2017 RSD 2,246,004,871 and they are 7% higher than in the same period last year. Change of number and employment manner pattern 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 1,501,578,487, while costs of persons engaged through youth organizations (account 524000) amount RSD 282,997,405 (youth organizations Fan, Beograd, Knez, Medijator and Europa).

In addition to salaries, Group 52 also includes reimbursements for temporary and occasional jobs, members of management and supervisory bodies, compensation for contracts (service contract), other personal expenses (transportation of employees, travel expenses, joint aid, jubilee awards, etc.) .

The costs of production services (group 53) in the period I-IX 2017 amount RSD 282,459,056 and they are 18% higher than 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-IX 2017 amount RSD 46,832,488 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-IX 2017 amount RSD 116,662,269 and they are 23% higher than in the same period 2016 mostly because increase of the costs of maintenance of other fixed assets.
- **costs of renting** which in the period I-IX 2017 amount RSD 29,806,007 and mostly refer to renting of business facilities of legal persons and license leasing. The costs of renting in the period I-IX 2017 are 1% lower than in the same period last year.
- **costs of advertising** amount RSD 54,680,309.

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- **costs of other services** mostly refers to costs of watering, sewage, achieved in the amount of RSD 34,477,983 and they are 14% higher than in the same period in 2016.

The costs of **amortization and reserving** (group 54) for the period I-IX 2017 amounted to RSD 586,672,042 and they are 10% lower than in the same period of the previous year, due to decreased principle for amortization calculation, which was formed after value assessment for fixed assets dated 31/12/2016.

Intangible costs (group 55) for the period I-IX 2017 amount to RSD 343,427,664 and are higher in relation to intangible costs realized in the same period last year mostly due to accrued 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 219,461,625 mostly referring to accrued costs of consulting services in the amount of RSD 72,549,283.

- **costs of representations** (RSD 4,004,835)
- **costs of insurance premiums**(RSD 25,222,642)
- **costs of money transfers** (RSD 4,021,272)
- **costs of membership fees** (RSD 3,802,408)
- **costs of taxes** (RSD 60,875,369)
- **other intangible costs** (RSD 26,039,514)

Financial expenditures (group 56) in the period I-IX 2017 are disclosed in the amount of RSD 237,324,303 and they are three times higher than in the same period of 2016.

Increase of financial expenditures in the period I-IX 2017 resulted mostly from increase of negative exchange rate differences, i.e. from fall of RSD exchange rate for Euro (1EUR on 30/09/2016 equaled RSD 123,2929, while on 30/09/2017 it was RSD 119,3659).

Non-realized negative exchange rate differences in the third quarter of 2017 are achieved in the amount of RSD 143,458,876 and participate with 60% in the pattern of total financial expenditures.

Realized negative exchange rate differences are achieved in the amount of RSD 66,862,884 and participate with 28% in the pattern of total financial expenditures.

In the pattern of the financial expenditures, expenditures realized from interests participate with 11%, amount RSD 27,002,544 and are lower 13% 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).

Other expenditures (group 57, 58 and 59) in the period I-IX 2017 are achieved in the amount of RSD 80,216,536, while in the same period of the last year they amounted RSD 227,310,045.

It should be emphasized that the decline in the realized Other expenditures in the period I-IX 2017 compared to the same period in 2016 was due to significantly lower costs based on the correction of the value of receivables from domestic customers (Jat Tehnika, Air Serbia, Air Serbia -catering etc.).

EXPENDITURES STRUCTURE I-IX 2017						
Account	Account name	Achievement I-IX 2016	Rebalancing Plan II I-IX 2017	Achievement I-IX 2017	INDEXES	
1	2	3	4	5	6(5/3)	7(5/4)
50	PURCHASE VALUE OF SOLD GOODS	51,662,587	286,650,000	14,636,256	28	5
501	PURCHASE VALUE OF SOLD GOODS	51,662,587	286,650,000	14,636,256	28	5
51	COSTS OF MATERIAL AND ENERGY	316,369,916	404,164,282	343,287,035	109	85
511	COSTS OF MAKING MATERIAL	77,626,073	151,696,027	103,303,093	133	68
512	COSTS OF OVERHEAD MATERIALS	8,534,167	8,442,703	15,638,332	183	185
513	COSTS OF FUEL AND ENERGY	187,248,913	180,750,000	202,682,329	108	112
514	COSTS OF SPARE PARTS	29,353,405	58,890,996	21,625,280	74	37
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	13,607,358	4,384,557	38,000	0	1
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	2,108,101,661	2,172,260,157	2,246,004,871	107	103
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	1,223,334,165	1,266,690,936	1,273,603,456	104	101
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	218,976,816	226,737,677	227,975,031	104	101
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	319,532	287,579	263,585	82	92
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	413,693,133	415,423,550	473,709,320	115	114
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	150,000	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	6,108,503	6,076,809	6,588,967	108	108
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	245,669,513	256,893,606	263,864,512	107	103
53	COSTS OF PRODUCTION SERVICES	239,051,431	550,556,292	282,459,056	118	51
531	COSTS OF TRANSPORTATION SERVICES	55,523,871	57,241,922	46,832,488	84	82
532	COSTS OF MAINTENANCE SERVICES	94,750,339	275,311,864	116,662,269	123	42
533	COST OF LEASE	30,127,331	58,920,114	29,806,007	99	51
535	ADVERTISING COSTS	28,482,151	70,552,500	54,680,309	192	78
539	COSTS OF OTHER SERVICES	30,167,739	88,529,892	34,477,983	114	39
54	COSTS OF AMORTISATION AND RESERVES	651,832,234	639,750,000	586,672,042	90	92
540	AMORTISATION COSTS	643,032,234	633,750,000	578,302,042	90	91
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	8,800,000	6,000,000	8,370,000	95	140
55	INTANGIBLE COSTS	213,109,255	701,855,105	343,427,664	161	49
550	COSTS OF NON-PRODUCTION SERVICES	104,448,690	577,406,125	219,461,625	210	38
551	COSTS OF REPRESENTATION	2,953,625	5,919,415	4,004,835	136	68
552	COSTS OF INSURANCE PREMIUMS	16,166,285	26,366,057	25,222,642	156	96
553	COSTS OF PAYMENT SYSTEM	4,036,590	3,931,913	4,021,272	100	102
554	COSTS OF MEMBERSHIPS	7,739,585	7,541,585	3,802,408	49	50
555	COSTS OF TAXES	59,894,903	62,277,227	60,875,369	102	98
559	OTHER INTANGIBLE COSTS	17,869,577	18,412,783	26,039,514	146	141
I	OPERATING EXPENDITURES	3,580,127,083	4,755,235,836	3,816,486,924	107	80
56	FINANCIAL EXPENDITURES	72,648,525	41,903,869	237,324,303	327	566
562	INTEREST EXPENDITURES	31,085,721	26,940,022	27,002,544	87	100
563	NEGATIVE EXCHANGE RATE DIFFERENCES	41,543,191	14,946,194	203,723,746	490	1363
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	19,614	17,653	6,598,014	33639	37377
II	FINANCIAL EXPENDITURES	72,648,525	41,903,869	237,324,303	327	566
57	OTHER EXPENDITURES	23,184,256	16,589,032	34,173,171	147	206
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	688,219	75,000	2,571,612	374	3429
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	15,000	0	80,000	533	0
574	DEFICIT	0	0	581	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	347	0	6,462	1864	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	0	2,021,353	0	0
577	WRITE-OFF	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	22,480,691	16,514,032	29,493,164	131	179
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	204,125,789	0	44,738,215	22	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0	0	0
583	IMPAIRMENT OF LONG-T. FIN. INVST AND OTHER SECURITIES FOR SALE	0	0	3,487,309	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	204,125,789	0	41,250,906	20	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	0	0	1,305,150	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	0	0	1,305,150	0	0
III	OTHER EXPENDITURES	227,310,045	16,589,032	80,216,536	35	484
	TOTAL EXPENDITURES	3,880,085,653	4,813,728,737	4,134,027,764	107	86

III quarter

In the period VII-IX 2017 **total expenditures** were achieved in the amount of **RSD 1,353,342,048**. Thus achieved expenditures are 5% lower than the expenditures achieved in the same period of the previous year and 16% lower in relation to Rebalancing Plan II for the period VII-IX 2017.

Purchase value of sold goods (group 50) is realized in the amount of RSD 377,413 and it entirely refers to purchase value of sold beverage in catering facilities.

The costs of material (group 51) for the period VII-IX 2017 amount to RSD 107,031,489. They participate in total expenditure with 8% and mostly refer to: consumed electricity, basic material, work clothing and footwear etc.

Hugest amount within total expenditures refers to the **costs of salaries, reimbursements and other personal expenditures (group 52)** amounting for the period VII-IX 2017 RSD 740,770,012 and they are 8% higher than in the same period last year.

The costs of salaries of employees (gross II - groups 520 and 521) in Airport Nikola Tesla amount RSD 494,959,440, while costs of persons engaged through youth organizations (Fan, Beograd, Knez, Medijator and Europa) amount RSD 90,247,587.

Group 52 besides salaries also includes contract reimbursements (service contract), for temporary and occasional jobs, other personal expenditures (transport of employees, travel expenses, joint aid, jubilee awards, etc.), additional work contract, compensations to members of the Supervisory Board and Assembly of shareholders, etc.

The costs of production services (group 53) in the period VII-IX 2017 amount RSD 78,716,468 and they are 11% 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 VII-IX 2017 amount RSD 16,987,467 mostly refer to: information and passenger check-in costs, monthly ITT support for passenger and baggage registration etc.;
- **costs of maintenance services** which in the period VII-IX 2017 amount RSD 28,754,145 and they are 8% higher than in the same period 2016 mostly because of the significant increase of costs of the current maintenance of fixed assets;
- **costs of renting** which in the period VII-IX 2017 amount RSD 12,292,125 and mostly refer to renting of business facilities of legal persons, then to license leasing;
- **costs of advertising and propaganda** which in the period VII-IX 2017 amount RSD 6,398,505;
- **costs of other services** which in the period VII-IX 2017 amount RSD 14,284,226 and they are 31% higher than in the same period 2016 mostly refer to costs of water, sewage, etc.

The costs of amortization and reserves (group 54) in the period VII-IX 2017 amount to RSD 214,903,461 and they are 8% lower than in the same period of the previous year due to

decreased principle for amortization calculation, established after value assessment for fixed assets on 31/12/2016.

Intangible costs (group 55) in the period VII-IX 2017 are disclosed in the amount of RSD 98,830,454 and they are 16% higher than in the same period of the previous year.

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

- **non-productive services costs** amounting to RSD 61,625,148 in the period VII-IX 2017 are the most significant expenses in the group of intangible costs and mostly refer to consulting services in the amount of RSD 23,813,094.

Within this group of costs are also included:

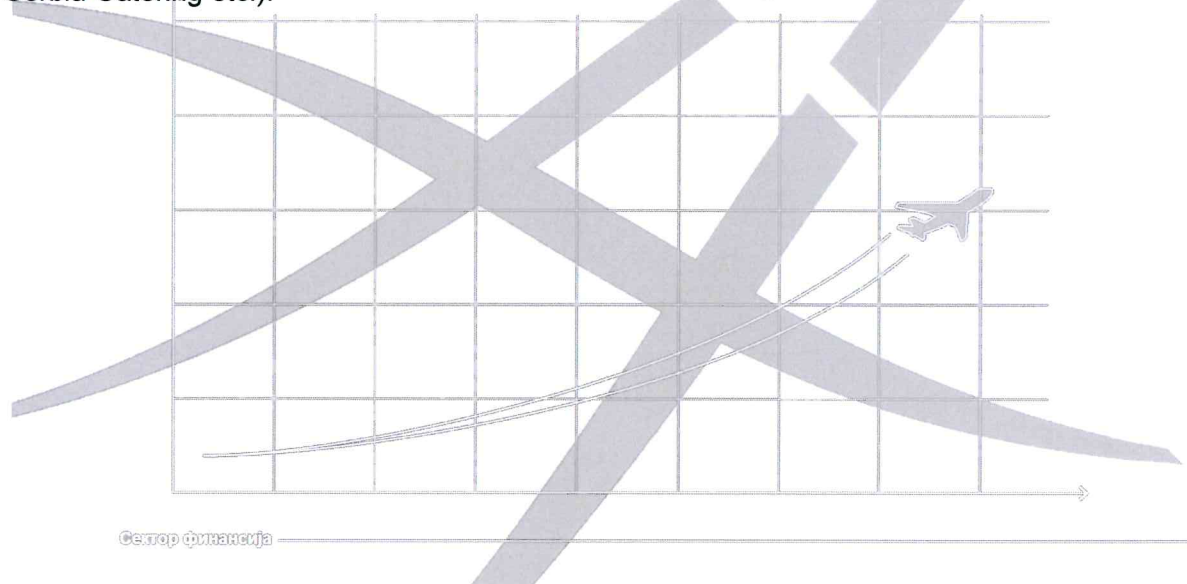
- **costs of representation** which in the period VII-IX 2017 amount RSD 2,316,652;
- **costs of insurance premium** which in the period VII-IX 2017 amount RSD 7,919,646;
- **costs of payment operations** which in the period VII-IX 2017 amount RSD 1,067,911;
- **costs of memberships** which in the period VII-IX 2017 amount RSD 2,421,444;
- **costs of taxes** which in the period VII-IX 2017 amount RSD 20,657,444;
- **other intangible costs** which in the period VII-IX 2017 amount RSD 2,822,209;

Financial expenditures (group 56) in the period VII-IX 2017 are disclosed in the amount of RSD 73,121,801 and they are four times higher than in the same period of the previous year.

Increase of financial expenditures in the period VII-IX 2017 resulted mostly from increase of negative exchange rate differences, i.e. from fall of RSD exchange rate for Euro (1EUR on 30/09/2016 equaled RSD 123.2929, while on 30/09/2017 it was RSD 119.3659).

Other expenditures (group 57, 58 and 59) in the period VII-IX 2017 are achieved in the amount of RSD 39,590,949, while in the same period of the last year they amounted RSD 210,199,890.

It is necessary to notice that the decrease in realized Other expenditures in the period VII-IX 2017 in comparison to the same period of 2016, results from significantly lower expenditures on the basis of correction of receivables from domestic buyers, (Jat Tehnika, Air Serbia, Air Serbia-Catering etc.).



EXPENDITURE STRUCTURE VII-IX 2017

Account t	Account name	Achievement VII-IX 2016	Rebalancing Plan II VII-IX 2017	Achievement VII-IX 2017	INDEX	
					6(5/3)	7(5/4)
1	2	3	4	5	6(5/3)	7(5/4)
50	PURCHASE VALUE OF SOLD GOODS	428,712	95,550,000	377,413	88	0
501	PURCHASE VALUE OF SOLD GOODS	428,712	95,550,000	377,413	88	0
51	COSTS OF MATERIAL AND ENERGY	112,904,723	134,721,427	107,031,489	95	79
511	COSTS OF MAKING MATERIAL	28,489,290	50,565,342	27,892,412	98	55
512	COSTS OF OVERHEAD MATERIALS	4,564,454	2,814,234	4,264,396	93	152
513	COSTS OF FUEL AND ENERGY	59,963,140	60,250,000	62,207,705	104	103
514	COSTS OF SPARE PARTS	14,919,210	19,630,332	12,628,976	85	64
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	4,968,630	1,461,519	38,000	1	3
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	688,788,499	724,086,719	740,770,012	108	102
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	399,126,477	422,230,312	419,812,928	105	99
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	71,443,640	75,579,226	75,146,511	105	99
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	0	95,860	55,696	0	58
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	136,480,222	138,474,517	157,548,608	115	114
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	50,000	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	1,916,311	2,025,603	2,210,756	115	109
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	79,821,849	85,631,202	85,995,513	108	100
53	COSTS OF PRODUCTION SERVICES	70,653,707	183,518,764	78,716,468	111	43
531	COSTS OF TRANSPORTATION SERVICES	18,677,177	19,080,641	16,987,467	91	89
532	COSTS OF MAINTENANCE SERVICES	26,613,201	91,770,621	28,754,145	108	31
533	COST OF LEASE	7,120,705	19,640,038	12,292,125	173	63
535	ADVERTISING COSTS	7,309,288	23,517,500	6,398,505	88	27
539	COSTS OF OTHER SERVICES	10,933,357	29,509,964	14,284,226	131	48
54	COSTS OF AMORTISATION AND RESERVES	232,939,645	213,250,000	214,903,461	92	101
540	AMORTISATION COSTS	226,139,645	211,250,000	211,903,461	94	100
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	6,800,000	2,000,000	3,000,000	44	150
55	INTANGIBLE COSTS	85,239,215	233,951,702	98,830,454	116	42
550	COSTS OF NON-PRODUCTION SERVICES	48,070,947	192,468,708	61,625,148	128	32
551	COSTS OF REPRESENTATION	1,000,342	1,973,138	2,316,652	232	117
552	COSTS OF INSURANCE PREMIUMS	4,056,910	8,788,686	7,919,646	195	90
553	COSTS OF PAYMENT SYSTEM	1,327,735	1,310,638	1,067,911	80	81
554	COSTS OF MEMBERSHIPS	1,776,118	2,513,862	2,421,444	136	96
555	COSTS OF TAXES	20,276,061	20,759,076	20,657,444	102	100
559	OTHER INTANGIBLE COSTS	8,731,102	6,137,594	2,822,209	32	46
I	OPERATING EXPENDITURES	1,190,954,499	1,585,078,612	1,240,629,298	104	78
56	FINANCIAL EXPENDITURES	18,154,816	13,967,956	73,121,801	403	523
562	INTEREST EXPENDITURES	9,445,880	8,980,007	8,001,430	85	89
563	NEGATIVE EXCHANGE RATE DIFFERENCES	8,705,167	4,982,065	62,704,321	720	1,259
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	3,769	5,884	2,416,051	64106	41,060
II	FINANCIAL EXPENDITURES	18,154,816	13,967,956	73,121,801	403	523
57	OTHER EXPENDITURES	6,080,989	5,529,677	19,442,916	320	352
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	688,219	25,000	0	0	0
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	0	0	0	0	0
574	DEFICIT	0	0	0	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	0	0	6,462	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	0	2,021,353	0	0
577	WRITE-OFF	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	5,392,770	5,504,677	17,415,101	323	316
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	204,118,901	0	19,699,793	10	#DIV/0!
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0	0	0
583	IMPAIRMENT OF LONG-T. FIN.INVST AND OTHER SECURITIES FOR SALE	0	0	2,618,531	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	204,118,901	0	17,081,262	8	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	0	0	448,240	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	0	0	448,240	0	0
III	OTHER EXPENDITURES	210,199,890	5,529,677	39,590,949	19	716
	TOTAL EXPENDITURES	1,419,309,206	1,604,576,246	1,353,342,048	95	84

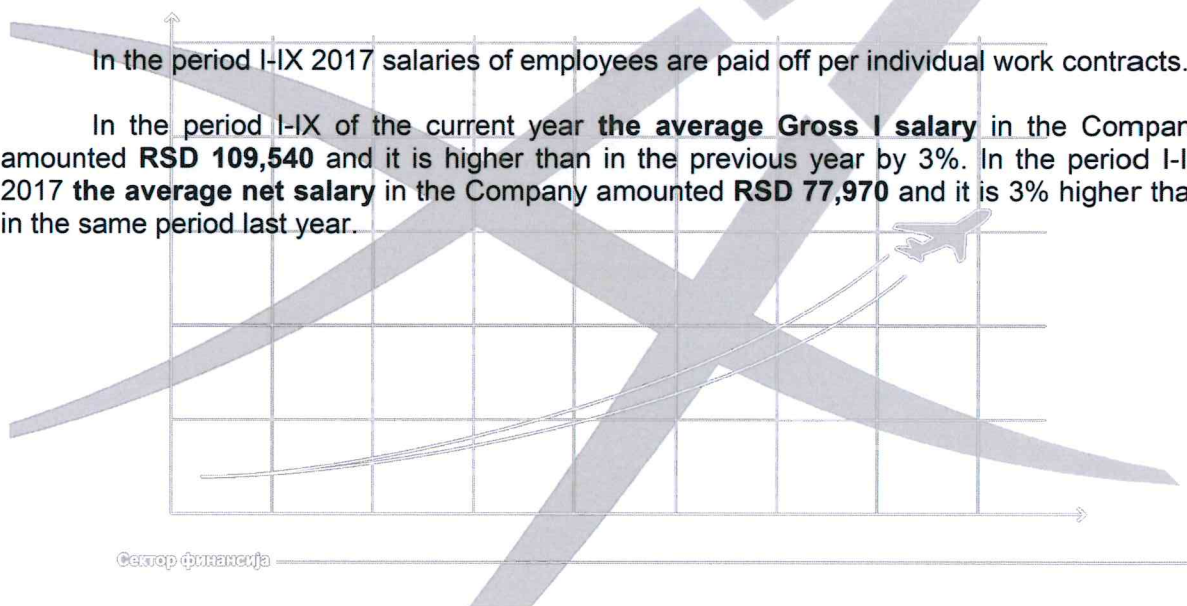
4.3. SALARIES

In the period I-IX 2017 the total amount of **RSD 1,273,603,457 (gross I)** was paid for **salaries**. It is 4 % higher than in the same period 2016 and 1% higher than the planned figures for the period I-IX 2017.

SALARIES GROSS I					
Month	Achievement I-IX 2016	Rebalancing Plan II I-IX 2017	Achievement I-IX 2017	Index	
				5(4/2)	6(4/3)
1	2	3	4		
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
April	148,264,265	140,743,437	141,617,053	96	101
May	135,787,982	140,743,437	140,344,009	103	100
June	130,351,868	140,743,437	137,367,769	105	98
July	129,865,654	140,743,437	137,263,594	106	98
August	138,429,129	140,743,437	144,345,988	104	103
September	130,831,694	140,743,437	138,161,173	106	98
Total salaries:	1,223,334,165	1,266,690,933	1,273,603,457	104	101

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

In the period I-IX of the current year **the average Gross I salary** in the Company amounted **RSD 109,540** and it is higher than in the previous year by 3%. In the period I-IX 2017 **the average net salary** in the Company amounted **RSD 77,970** and it is 3% higher than in the same period last year.



AVERAGE GROSS I SALARIES	
Month	AD ANT
January	109,462 RSD
February	107,288 RSD
March	122,177 RSD
April	109,278 RSD
May	108,368 RSD
June	105,506 RSD
July	105,074 RSD
August	113,608 RSD
September	105,100 RSD
Average I-IX 2017	109,540 RSD
Average I-IX 2016	106,170 RSD

AVERAGE NET SALARIES	
Month	AD ANT
January	77,907 RSD
February	76,400 RSD
March	86,827 RSD
April	77,785 RSD
May	77,145 RSD
June	75,137 RSD
July	74,834 RSD
August	80,847 RSD
September	74,847 RSD
Average I-IX 2017	77,970 RSD
Average I-IX 2016	75,576 RSD

I-IX 2017/I-IX 2016	103
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I-IX 2017/I-IX 2016	103
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Average number of employees and engaged persons

NUMBER OF EMPLOYEES IN 2017						
Period	Definite	Indefinite	Total	Youth Co.	Tem/Occ jobs	TOTAL
Average I-III 2017	503	827	1331	416	245	1992
Average I-VI 2017	380	958	1338	408	255	2001
Average I-IX 2017	343	1001	1345	401	261	2007

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4.4. FINANCIAL RESULT I-IX 2017

In the period I-IX 2017 **gross profit** of the Company was achieved in the amount of RSD 3,197,134,023.

This gross profit is higher by 13% than gross profit in the same period of 2016, and by 2% higher than the gross profit planned in the Rebalancing Plan II for the third quarter of 2017.

FINANCIAL RESULT ANT/GH I-IX 2017

No.	Position	Achievement I-IX 2016	Rebalancing Plan II I-IX 2017	Achievement I-IX 2017	Index	
					6(5/3)	7(5/4)
1	2	3	4	5	6(5/3)	7(5/4)
1	Operating revenues	6,509,222,407	7,772,402,633	7,195,345,624	111	93
2	Operating expenditures	3,580,127,083	4,755,235,836	3,816,486,924	107	80
3	Business profit (1-2)	2,929,095,324	3,017,166,797	3,378,858,700	115	112
4	Financial revenues	150,759,971	130,234,401	116,719,014	77	90
5	Financial expenditures	72,648,525	41,903,869	237,324,303	327	566
6	Financial profit (4-5)	78,111,445	88,330,532		0	0
6a	Financial loss (5-4)			120,605,290	0	0
7	Other revenues	43,114,213	35,319,774	19,097,149	44	54
8	Other expenditures	227,310,045	16,589,032	80,216,536	35	484
9	Other profit (7-8)		18,730,742		0	0
9a	Other loss (8-7)	184,195,832		61,119,387	33	0
10	Total revenues (1+4+7)	6,703,096,590	7,937,956,808	7,331,161,787	109	92
11	Total expenditures (2+5+8)	3,880,085,653	4,813,728,737	4,134,027,764	107	86
12	Total gross profit (10-11)	2,823,010,937	3,124,228,071	3,197,134,023	113	102
12a	Total gross loss (11-10)					
13	Period tax expenditure	294,099,598	468,634,211	446,244,780	152	95
14	Deferred period tax expenditure	174,697,289	37,500,000	58,268,250	33	155
15	Deferred income tax					
16	Earnings paid by employer					
17	Net profit	2,354,214,050	2,618,093,861	2,692,620,993	114	103

In the period I-IX 2017 **gross profit** of the Company was disclosed in the amount of RSD 2,692,620,993. This gross profit is higher by 14% than gross profit in the same period of 2016, and by 3% higher than the gross profit planned in the Rebalancing Plan II for the third quarter of 2017.

III quarter

In the period VII-IX 2017, the Company's **gross profit** was recorded in the amount of RSD 1,556,882,821 and it is higher by 30% than the gross profit in the same period of 2016, and by 3% lower than the gross profit planned in the Rebalancing Plan II for the third quarter of 2017.

FINANCIAL RESULT ANT/GH VII-IX 2017

No.	Position	Achievement VII-IX 2016	Rebalancing Plan II VII-IX 2017	Achievement VII-IX 2017	Index	
					6(5/3)	7(5/4)
1	2	3	4	5	6(5/3)	7(5/4)
1	Operating revenues	2,588,865,746	3,149,290,956	2,864,943,390	111	91
2	Operating expenditures	1,190,954,499	1,585,078,612	1,240,629,298	104	78
3	Business profit (1-2)	1,397,911,246	1,564,212,344	1,624,314,092	116	104
4	Financial revenues	24,447,669	43,411,467	37,724,516	154	87
5	Financial expenditures	18,154,816	13,967,956	73,121,801	403	523
6	Financial profit (4-5)	6,292,853	29,443,511		0	0
6a	Financial loss (5-4)			35,397,286	0	0
7	Other revenues	6,563,724	11,773,258	7,556,964	115	64
8	Other expenditures	210,199,890	5,529,677	39,590,949	19	716
9	Other profit (7-8)		6,243,581		0	0
9a	Other loss (8-7)	203,636,166		32,033,985	16	0
10	Total revenues (1+4+7)	2,619,877,139	3,204,475,682	2,910,224,869	111	91
11	Total expenditures (2+5+8)	1,419,309,206	1,604,576,246	1,353,342,048	95	84
12	Total gross profit (10-11)	1,200,567,933	1,599,899,436	1,556,882,821	130	97
12a	Total gross loss (11-10)					
13	Period tax expenditure	122,546,690	239,984,916	230,598,172	188	96
14	Deferred period tax expenditure	97,869,118	12,500,000	20,894,824	21	167
15	Deferred income tax					
16	Earnings paid by employer					
17	Net profit	980,152,125	1,347,414,520	1,305,389,825	133	97

In the period VII-IX 2017 **net profit** of the Company was expressed in the amount of **RSD 1,305,389,825** and it is 33% higher than net profit in the same period of 2016, and by 3% lower than net profit planned in the Rebalancing Plan II for the third quarter of 2017.

4.5. ECONOMIC BUSINESS INDICATORS FOR THE PERIOD I-IX 2017

BUSINESS RATIO OF THE COMPANY FOR THE PERIOD I-IX 2017					
NO.	Description of ratio indicators		ADP	RATIO NUMBER FOR I-IX 2016	RATIO NUMBER FOR I-IX 2017
1	LIQUIDITY RATIO	Cash ratio (current capital / short-term liabilities)	0043 / 0442	9.42	9.34
		Acid test ratio (current capital / short-term liabilities)	(0043-0044) / 0442	9.26	9.11
		Cash ratio (cash equivalents and cash / short-term liabilities)	0068 / 0442	1.68	2.89
		Financial stability ratio (fixed assets / capital assets + long-term liabilities)	0002 / (0402+0432)	1.04	1.19
2	Profitability ratio	Net profit margin (net profit / profit from sale of goods + profit from sale of services)	1064 / (1002+1009+1017) *100	36.17	37.42
		Gross profit margin (gross profit / profit from sale of goods + profit from sale of services)*100 <i>*Gross profit margin gives information how much profit is kept once all the costs are paid after realisation of products and services on a market</i>	1058 / (1002+1009+1017) *100	43.37	44.43
		Return on assets (ROA) Net profit / Total assets*100	1064 / 0071*100	8.06	8.67
3	PRODUCTIVITY RATIO	Leverage ration (total liabilities / fixed assets)	(0424+0442) / 0002	0.08	0.06
		Return of short-term assets ratio (total profit / working capital)	tot.prof. / 0043	0.95	1.25
4	EBIT	EBIT (operating profit - operating expenditures)	1001-1018	2,929,095,324.05	3,378,858,699.77
5	EBITDA	EBITDA (operating profit-operating expenditures) + amortisation	(1001-1018)+1027	3,572,127,557.61	3,957,160,741.94
6	SOLVENCY RATIO	Solvency ration (total assets / total liabilities) <i>*Solvency is capability of the Company to settle its liabilities in due time. Company is solvent if the ratio is > or = 1</i>	0071 / (0424+0442)	16.72	20.61
7	EBITDA MARGIN	Ebitda margin (ebitda / operating profit)*100 <i>*It indicates percentage of profit in revenues of the Company, without consideration of amortisation and financial result</i>	Ebitda / 1001*100	54.88	55.00
8	NET CURRENT ASSETS	Net current assets - NCA (current assets-short-term liabilities)	0043-0442	6,283,547,976.85	5,228,071,663.12
9	BUYERS TURNOVER RATIO	Business revenues/average balance of receivables		3.95	5.53
10	SUPPLIER TURNOVER RATIO	Business expenditures(decreased for 52(excluding 529100,529290,524000) and 54/average balance of liabilities		5.71	7.70

5. OU GROUND HANDLING IN AIRPORT NIKOLA TESLA BEOGRAD

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-IX 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-IX 2017 has achieved the **total revenue** in the amount of RSD 1,180,478,127, which is 16% 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-IX 2017 amount RSD 1,177,483,057 and participates with 16% in the realised business revenues of ANT for 2017.

Within business revenues, the largest share of 58% consists of revenues generated from air services, the share of revenues from other services participates with 23%, revenues from RCM services account for 11% of operating income, and revenues from passenger services account for 8% of operating revenues in period I-IX 2017.

У оквиру пословних прихода највеће учешће од 58% чине приходи остварених по основу авио услуга, учешће прихода по основу осталих услуга учествује са 23%, приходи по основу РЦМ услуга чине 11% пословног прихода, а приходи од путничког сервиса чине 8% пословног прихода у периоду I-IX 2017. године.

Financial revenues are realized in the amount of RSD 431,018 for the period I-IX 2017 and they refer to realized exchange rate differences.

Other revenues are realized in the amount of RSD 2,564,052 for the period I-IX 2017 and they refer to revenues from sale of secondary materials.

Сектор финансија

REVENUE STRUCTURE ANT/GH I-IX 2017						
No.	Service type	Service description	Achievement 2017 ANT	I-IX	Achievement IX 2017 GH	I- INDEX
1	2	3	4		5	6 (5/4)
	Air services of domestic carrier					
	614000+614004+614300+614302+614303+614304	Landing	149,614,709		0	0
	614010+614014+614310+614312+614313+614314	Lighting	44,617,883		0	0
	614030+614034+614330+614332+614333+614334	GH	155,810,750		155,810,750	100
	614040+614042+614043+614044	Infrastructure	86,234,757		0	0
	614050	Air-bridges	10,388		1,039	10
	614020+614024+614320+614323+614324	Aircraft abode revenue	4,103,473		0	0
I	Total air services (domestic carrier):		440,391,960		155,811,789	35
	Air services of foreign carrier					
	615010+615011+615012+615013+615014	Landing	564,446,215		0	0
	615020+615021+615022+615023+615024	GH	512,356,920		512,356,920	100
	615030+615031+615032+615033+615034	Lighting	56,214,695		0	0
	615040+615042+615043+615044	Infrastructure	370,071,234		0	0
	615060+615062	Air-bridges	163,419,015		16,341,902	10
	615000+615001+615002+615003+615004	Aircraft abode revenue	23,345,734		0	0
II	Total air services (international carrier):		1,689,853,812		528,698,821	31
I+II	Total air services		2,130,245,773		684,510,611	32
	Passenger service					
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c./c.	872		0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.at/Lat.	991,590,248		43,224,786	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service inter.carr.	1,552,010,767		48,708,839	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	911,809,295		0	0
III	Total passenger service		3,455,411,182		91,933,625	3
I+II+III	Total air services and passenger service		5,585,656,955		776,444,236	14
	CCW service					
	614500+614510	CCW service dom.market	119,923,238		119,923,238	100
	615300 +615310 (foreign)	CCW service intern.market	9,692,905		9,692,905	100
IV	Total CCW services		129,616,143		129,616,143	100
V	Total services related to air traffic (I to IV):		5,715,273,098		906,060,379	16
	Other services					
1	614360+615100+615102	DCS services	14,512,498		14,512,498	100
2	614110+614112+614114+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	130,066,134		118,937,574	91
3	614130+614131+615072+615071	VIP lounge	5,107,250		0	0
4	614140+614142+615090+615092	CUTE (dom.-intl)	144,417,319		0	0
5	614380+615080	Lost and found	14,844,988		14,844,988	100
6	6146+615120+615400+615401	Public services	118,702,789		0	0
7	614820+615170	Catering services business class	182,615		0	0
8	614870+615810	Advertising space	50,988,733		0	0
9	614883	Commercial usage of the apron	48,231,362		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		62,739,621		7,155,212	11
VI	Other services (1 to 11):		705,765,714		271,422,678	38
VII	Total 61 - Revenues from sale of services (V+VI)		6,421,038,813		1,177,483,057	18
	Revenues from sale of goods					
VIII	60 - Revenues from sale of kerosene + goods		10,887,292		0	0
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		6,431,926,105		1,177,483,057	18
X	64 & 65 - Lease of business premises		763,419,520		0	0
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	7,195,345,624		1,177,483,057	16
XII	66 - FINANCIAL REVENUES		116,719,014		431,018	0
1	interest		69,118,464		0	0
2	exchange rate differences - realised		18,547,605		430,795	2
3	exchange rate differences - non-realised		29,052,945		223	0
XIII	67, 68 AND 69 OTHER REVENUES		19,097,149		2,564,052	13
XIV	Total revenues (XI+XII+XIII)		7,331,161,787		1,180,478,127	16

III quarter

OU Ground handling in the period VII-IX 2017 has achieved the **total revenue** in the amount of RSD 403,998,939, which is 14% 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 VII-IX 2017 amount RSD 402,581,730 and participates with 14% in the realised business revenues of ANT for 2017.

Operating revenue in the period VII-IX 2017 is composed of:

- revenues from air services 65%,
- revenues from other services 15%,
- revenues from CCW services 11%
- revenues from passenger services make 10% of operating revenue.

Financial revenues are realised in the amount of RSD 80,421 for the period VII-IX 2017 and they mostly refer to realised exchange rate differences.

Other revenues are realised in the amount of RSD 1,336,789 for the period VII-IX 2017 and they refer to revenues from sale of secondary materials.



REVENUE STRUCTURE ANT/GH VII-IX 2017

No.	Service type	Service description	Achievement VII-IX 2017 ANT	Achievement VII-IX 2017 GH	INDEX
1	2	3	4	5	6 (5/4)
	Air services of domestic carrier				
	614000+614004+614300+614302+614303+614304	Landing	61,288,147	0	0
	614010+614014+614310+614312+614313+614314	Lighting	17,009,926	0	0
	614030+614034+614330+614332+614333+614334	GH	62,935,399	62,935,399	100
	614040+614042+614043+614044	Infrastructure	34,788,019	0	0
	614050	Air-bridges	0	0	0
	614020+614024+614320+614323+614324	Aircraft abode revenue	1,910,817	0	0
I	Total air services (domestic carrier):		177,932,308	62,935,399	35.37042
	Air services of foreign carrier				
	615010+615011+615012+615013+615014	Landing	215,110,971	0	0
	615020+615021+615022+615023+615024	GH	191,023,550	191,023,550	100
	615030+615031+615032+615033+615034	Lighting	20,395,082	0	0
	615040+615042+615043+615044	Infrastructure	141,043,855	0	0
	615060+615062	Air-bridges	62,791,268	6,279,127	10
	615000+615001+615002+615003+615004	Aircraft abode revenue	9,571,179	0	0
II	Total air services (international carrier):		639,936,905	197,302,677	31
I+II	Total air services		817,868,213	260,238,076	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.at/i.at.	422,506,204	19,151,393	5
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service inter. Carr	641,162,189	20,151,409	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	405,554,384	0	0
III	Total passenger service		1,469,222,777	39,302,802	3
I+II+III	Total air services and passenger service		2,287,090,990	299,540,878	13
	CCW service				
	614500+614510	CCW service dom.market	39,561,750	39,561,750	100
	615300 +615310 (foreign)	CCW service inter. market	3,263,436	3,263,436	100
IV	Total CCW services		42,825,186	42,825,186	100
V	Total services related to air traffic (I to IV):		2,329,916,176	342,366,064	15
	Other services				
1	614360+615100+615102	DCS services	6,576,710	6,576,710	100
2	614110+614112+614114+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	49,045,974	43,744,244	89
3	614130+614131+615072+615071	VIP lounge	1,415,164	0	0
4	614140+614142+615090+615092	CUTE (dom.+intl)	62,332,046	0	0
5	614380+615080	Lost and found	7,215,637	7,215,637	100
6	6146+615120+615400+615401	Public services	35,040,228	0	0
7	614820+615170	Catering services business class	181,890	0	0
8	614870+615810	Advertising space	16,150,207	0	0
9	614883	Commercial usage of the apron	18,758,921	0	0
10	614160+614164+615110+615114+614163+615112+615113	Aircraft de-icing services	0	0	0
11	Other non-mentioned services dom+intl		21,855,693	2,679,074	12
VI	Other services (1 to 11):		218,572,470	60,215,666	28
VII	Total 61 - Revenues from sale of services (V+VI)		2,548,488,646	402,581,730	16
	Revenues from sale of goods				
VIII	60 - Revenues from sale of kerosene + goods		466,300	0	0
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		2,548,954,946	402,581,730	16
X	64 & 65 - Lease of business premises		315,988,444	0	0
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	2,864,943,390	402,581,730	14
XII	66 - FINANCIAL REVENUES		37,724,516	80,421	0
1	interest		21,694,186	0	0
2	exchange rate differences - realised		3,763,312	80,198	2
3	exchange rate differences - non-realised		12,267,018	223	0
XIII	67, 68 AND 69 OTHER REVENUES		7,556,964	1,336,789	18
XIV	Total revenues (XI+XII+XIII)		2,910,224,869	403,998,939	14

5.2. EXPENDITURES OF OU GROUND-HANDLING

In the period I-IX 2017 **total expenditures** of GH were achieved in the amount of RSD 1,063,818,654, which represents 26% of realized 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-IX 2017 amount RSD 1,054,511,699 and participates with 28% in the realized business expenditures of ANT for 2017.

Within business expenditures, the largest share of 71% consists of costs incurred on the basis of the costs of salaries, fees and other personal expenses, material and energy costs accounting for 12%, amortization and provision costs constitute 10% of business expenditures of Ou GH, other business expenditures relate to intangible expenses and costs of production services.

Financial expenditures are realised in the amount of RSD 5,222,433 for the period I-IX 2017 and they refer to negative exchange rate differences.

Other expenditures are realized in the amount of RSD 4,084,522 for the period I-IX 2017.



EXPENDITURE STRUCTURE ANT/GH I-IX 2017				
Account	Account name	Achievement I-IX 2017	Achievement I-IX 2017	INDEX
1	2	3	4	5(4/3)
50	PURCHASE VALUE OF SOLD GOODS	14,636,256	0	0
501	PURCHASE VALUE OF SOLD GOODS	14,636,256	0	0
51	COSTS OF MATERIAL AND ENERGY	343,287,035	122,874,178	36
511	COSTS OF MAKING MATERIAL	103,303,093	55,910,231	54
512	COSTS OF OVERHEAD MATERIALS	15,638,332	2,732,161	17
513	COSTS OF FUEL AND ENERGY	202,682,329	59,325,169	29
514	COSTS OF SPARE PARTS	21,625,280	4,868,617	23
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	38,000	38,000	100
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	2,246,004,871	750,445,451	33
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	1,273,603,456	400,220,863	31
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	227,975,031	71,639,539	31
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	263,585	0	0
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	473,709,320	207,182,002	44
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	6,588,967	783,820	12
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	263,864,512	70,619,227	27
53	COSTS OF PRODUCTION SERVICES	282,459,056	37,997,320	13
531	COSTS OF TRANSPORTATION SERVICES	46,832,488	18,465,749	39
532	COSTS OF MAINTENANCE SERVICES	116,662,269	13,430,615	12
533	COST OF LEASE	29,806,007	766,110	3
535	ADVERTISING COSTS	54,680,309	0	0
539	COSTS OF OTHER SERVICES	34,477,983	5,334,846	15
54	COSTS OF AMORTISATION AND RESERVES	586,672,042	100,689,136	17
540	AMORTISATION COSTS	578,302,042	100,573,630	17
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0
549	OTHER LONG-TERM RESERVES	8,370,000	115,506	1
55	INTANGIBLE COSTS	343,427,664	42,505,614	12
550	COSTS OF NON-PRODUCTION SERVICES	219,461,625	25,868,640	12
551	COSTS OF REPRESENTATION	4,004,835	302,703	8
552	COSTS OF INSURANCE PREMIUMS	25,222,642	7,574,134	30
553	COSTS OF PAYMENT SYSTEM	4,021,272	357,930	9
554	COSTS OF MEMBERSHIPS	3,802,408	644,752	17
555	COSTS OF TAXES	60,875,369	4,938,876	8
559	OTHER INTANGIBLE COSTS	26,039,514	2,818,577	11
I	OPERATING EXPENDITURES	3,816,486,924	1,054,511,699	28
56	FINANCIAL EXPENDITURES	237,324,303	5,222,433	2
562	INTEREST EXPENDITURES	27,002,544	0	0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	203,723,746	5,222,433	3
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	6,598,014	0	0
II	FINANCIAL EXPENDITURES	237,324,303	5,222,433	2
57	OTHER EXPENDITURES	34,173,171	4,084,522	12
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	2,571,612	1,034,228	40
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	80,000	0	0
574	DEFICIT	581	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	6,462	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	2,021,353	0	0
577	WRITE-OFF	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	29,493,164	3,050,294	10
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	44,738,215	0	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0
583	IMPAIRMENT OF LONG-T. FIN.INVST AND OTHER SECURITIES FOR SALE	3,487,309	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	41,250,906	0	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	1,305,150	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV.YEARS MATERIALLY INSIGNIFICANT	1,305,150	0	0
III	OTHER EXPENDITURES	80,216,536	4,084,522	5
	TOTAL EXPENDITURES	4,134,027,764	1,063,818,654	26

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III quarter

In the period VII-IX 2017 **total expenditures** of GH were achieved in the amount of RSD 359,129,700, which represents 27% 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 VII-IX 2017 amount RSD 352,777,674 and participates with 28% in the realised business expenditures of ANT for 2017.

Within business expenditures, the largest share of 71% consists of costs incurred on the basis of the costs of salaries, fees and other personal expenses, amortization and provision costs constitute 10% of business expenditures of Ou GH, material and energy costs accounting for 10%, other business expenditures relate to intangible expenses and costs of production services.

Financial expenditures are realised in the amount of RSD 4,118,899 for the period VII-IX 2017 and they refer to negative exchange rate differences.

Other expenditures are realised in the amount of RSD 2,233,127 for the period VII-IX 2017.



EXPENDITURE STRUCTURE ANT/GH VII-IX 2017

Account	Account name	Achievement VII-IX 2017	Achievement GH VII-IX 2017	INDEX
1	2	3	4	5(4/3)
50	PURCHASE VALUE OF SOLD GOODS	377,413	0	0
501	PURCHASE VALUE OF SOLD GOODS	377,413	0	0
51	COSTS OF MATERIAL AND ENERGY	107,031,489	33,856,381	32
511	COSTS OF MAKING MATERIAL	27,892,412	11,639,253	42
512	COSTS OF OVERHEAD MATERIALS	4,264,396	1,169,396	27
513	COSTS OF FUEL AND ENERGY	62,207,705	17,455,861	28
514	COSTS OF SPARE PARTS	12,628,976	3,553,871	28
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	38,000	38,000	100
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	740,770,012	252,089,396	34
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	419,812,928	131,303,640	31
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	75,146,511	23,503,349	31
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	55,696	0	0
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	157,548,608	74,441,495	47
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	2,210,756	281,905	13
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	85,995,513	22,559,007	26
53	COSTS OF PRODUCTION SERVICES	78,716,468	19,465,591	25
531	COSTS OF TRANSPORTATION SERVICES	16,987,467	7,366,127	43
532	COSTS OF MAINTENANCE SERVICES	28,754,145	9,722,019	34
533	COST OF LEASE	12,292,125	228,678	2
535	ADVERTISING COSTS	6,398,505	0	0
539	COSTS OF OTHER SERVICES	14,284,226	2,148,767	15
54	COSTS OF AMORTISATION AND RESERVES	214,903,461	34,577,287	16
540	AMORTISATION COSTS	211,903,461	34,461,781	16
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0
549	OTHER LONG-TERM RESERVES	3,000,000	115,506	4
55	INTANGIBLE COSTS	98,830,454	12,789,019	13
550	COSTS OF NON-PRODUCTION SERVICES	61,625,148	8,638,194	14
551	COSTS OF REPRESENTATION	2,316,652	153,246	7
552	COSTS OF INSURANCE PREMIUMS	7,919,646	1,834,337	23
553	COSTS OF PAYMENT SYSTEM	1,067,911	112,861	11
554	COSTS OF MEMBERSHIPS	2,421,444	184,471	8
555	COSTS OF TAXES	20,657,444	1,616,634	8
559	OTHER INTANGIBLE COSTS	2,822,209	249,274	9
I	OPERATING EXPENDITURES	1,240,629,298	352,777,674	28
56	FINANCIAL EXPENDITURES	73,121,801	4,118,899	6
562	INTEREST EXPENDITURES	8,001,430	0	0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	62,704,321	4,118,899	7
564	EXPENDITURES FOR EFFECTS OF CURRENCY-CLAUSE	2,416,051	0	0
II	FINANCIAL EXPENDITURES	73,121,801	4,118,899	6
57	OTHER EXPENDITURES	19,442,916	2,233,127	11
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	0	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	6,462	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	2,021,353	0	0
577	WRITE-OFF	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	17,415,101	2,233,127	13
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	19,699,793	0	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0
583	IMPAIRMENT OF LONG-T. FIN.INVST AND OTHER SECURITIES FOR SALE	2,618,531	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	17,081,262	0	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	448,240	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM PREV. YEARS MATERIALLY INSIGNIFICANT	448,240	0	0
III	OTHER EXPENDITURES	39,590,949	2,233,127	6
TOTAL EXPENDITURES		1,353,342,048	359,129,700	27

Сектор финансија

5.3. FINANCIAL RESULT OF OU GROUND HANDLING

From the above tables it can be concluded that for the period I-IX 2017 Ground Handling realized total revenues in the amount of RSD 1,180,478,127, total expenditures in the amount of RSD 1,063,818,654 which resulted in **gross profit** in the amount of RSD 116,659,473.

The generated gross profit of GH represents 4% of the total generated gross profit of ANT.

FINANCIAL RESULT ANT/GH I-IX

No.	Position	Achievement I-IX 2017	Achievement GH I-IX 2017	Index
1	2	3	4	5(4/3)
1	Operating revenues	7,195,345,624	1,177,483,057	16
2	Operating expenditures	3,816,486,924	1,054,511,699	28
3	Business profit (1-2)	3,378,858,700	122,971,358	4
4	Financial revenues	116,719,014	431,018	0
5	Financial expenditures	237,324,303	5,222,433	2
6	Financial profit (4-5)			
6a	Financial loss (5-4)	120,605,290	4,791,414	4
7	Other revenues	19,097,149	2,564,052	13
8	Other expenditures	80,216,536	4,084,522	5
9	Other profit (7-8)			
9a	Other loss (8-7)	61,119,387	1,520,470	2
10	Total revenues (1+4+7)	7,331,161,787	1,180,478,127	16
11	Total expenditures (2+5+8)	4,134,027,764	1,063,818,654	26
12	Total gross profit (10-11)	3,197,134,023	116,659,473	4
12a	Total gross loss (11-10)			
13	Period tax expenditure	446,244,780	17,499,000	4
14	Deferred period tax expenditure	58,268,250		0
15	Deferred income tax			
16	Earnings paid by employer			
17	Net profit	2,692,620,993	99,160,473	4

OU Ground handling in the period I-IX 2017 achieved **net profit** in the amount of RSD 99,160,473, which is 4% of the generated net profit of ANT.

III quarter

From the above tables it can be concluded that for the period VII-IX 2017 Ground Handling realized total revenues in the amount of RSD 403,998,939, total expenditures in the amount of RSD 359,129,700 which resulted in **gross profit** in the amount of RSD 44,869,239.

The generated gross profit of GH represents 3% of the total generated gross profit of ANT.

FINANCIAL RESULT ANT/GH VII-IX				
No.	Position	Achievement VII-IX 2017	Achievement GH VII-IX 2017	Index
1	2	3	4	5(4/3)
1	Operating revenues	2,864,943,390	402,581,730	14
2	Operating expenditures	1,240,629,298	352,777,674	28
3	Business profit (1-2)	1,624,314,092	49,804,056	3
4	Financial revenues	37,724,516	80,421	0
5	Financial expenditures	73,121,801	4,118,899	6
6	Financial profit (4-5)			
6a	Financial loss (5-4)	35,397,286	4,038,478	11
7	Other revenues	7,556,964	1,336,789	18
8	Other expenditures	39,590,949	2,233,127	6
9	Other profit (7-8)			
9a	Other loss (8-7)	32,033,985	896,338	3
10	Total revenues (1+4+7)	2,910,224,869	403,998,939	14
11	Total expenditures (2+5+8)	1,353,342,048	359,129,700	27
12	Total gross profit (10-11)	1,556,882,821	44,869,239	3
12a	Total gross loss (11-10)			
13	Period tax expenditure	230,598,172	6,730,465	3
14	Deferred period tax expenditure	20,894,824		0
15	Deferred income tax			
16	Earnings paid by employer			
17	Net profit	1,305,389,825	38,138,774	3

OU Ground handling in the period VII-IX2017 achieved **net profit** in the amount of RSD 38,138,774, which is 3% 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-IX 2017

Below is the description of all major business events that took place at the Nikola Tesla Airport in Belgrade in the period I-IX 2017:

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.

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 the reconstruction of the existing hot water system and the construction of a new branch of the hot water system were completed and the system was used in the previous winter season.

Arrangement of the central hall of the Terminal 1

- **Purpose:** For the purpose of commercialisation of the space in the Terminal building 1 it was necessary to carry out the works on arrangement of that space. By arrangement of the space in subject we made a new, more modern and more representative space, which is easily and efficiently used for commercial purposes.

- **Status:** Works on the central hall were completed on 15 March 2017.

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:** Execution of works on adaptation of passenger check-in hall were completed on 15.09.2017. The hall is put into operation together with transport system in Terminal 1.

Procurement of the Visual Docking Guidance System

- **Purpose:** By installation of the system on the parking positions A6-A10 the aircraft guidance 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 (Marshallers 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:** The equipment for visual docking guidance is installed. Reiterated testing of the system, verification of expertise of users and process of obtaining approval for regular usage from CAD are in progress. After completing testing and obtaining approval, the system will be put into operation.

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 was not constructed to support such concentrated load it is necessary to additionally enforce the construction.

- **Status:** The realization of the first phase of the works - reinforcement of the construction in the basement of Terminal 2 is completed, and the continuation and completion of works - in the outgoing baggage sorting area of Terminal 2, is planned for the second half of November 2017.

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:** The drafting of the plan is in progress. The development of the concept of development, which is the basis of the Draft, depends on the dynamics of the realization of the process of selection of the future strategic partner of ANT. In the draft Concession Agreement, the contractual obligation provides for the functional dependence of the Detailed Regulation Plan and the adopted Master Development Plan of the future strategic partner.

The Airport Nikola Tesla Capacity Assessment Study

- **Purpose:** The Capacity Assessment Study indicated necessary technological and technical capacities of the airport infrastructure, operating technology and capacity utilisation during peak traffic. For that purpose, service provider carried out comprehensive monitoring of airport processes and necessary analysis of collected data. After the analysis, the Study has shown the existing capacities that can be used more efficiently in accordance with international standards and recommendations, as well as weak points of the airport processes with suggestions for their improvement. Also, conclusions regarding the further development of airport capacities and traffic forecast were given.
- **Status:** The study was completed in March 2017 and required internal approvals were obtained. The results of the Capacity Assessment Study are used by ANT as an instrument for the revision of technical offers in the process of selection of the future strategic partner of ANT.

Container facilities for employees

- **Purpose:** In order to relocate users of the facilities in the area of future 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 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 barrack. 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:** The development of technical documentation and the execution of works have been contracted, in principle, in the hands of the consortium, whose leading member is RAS Engineering. The preparation of the appropriate technical documentation has been completed. From the Ministry of Construction, Transport and Infrastructure on September 12, 2017 Locational conditions were obtained. The process of obtaining the Decision of the Ministry authorizing the execution of works is in progress. Works will begin immediately after obtaining the Solution. The contractor fenced the construction site, demolished the existing facilities and flattened the ground.

Arrangement of the parking lot P10

- **Purpose:** The existing parking lot - 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:** Development of technical documentation is completed in August 2017.
 - **Performance of works:** Initiated procedure for selection of the most favorable tenderer for execution of works on parking lot P10.

Legalisation of facilities

- **Purpose:** For certain number of facilities at Belgrade Nikola Tesla Airport documentation in relation to property status is inappropriate despite a course of actions taken in a previous 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. The total area of 11 building construction facilities for legalization is 4,700 m², while the total area of 8 civil engineering facilities for legalization is 57,150 m².
- **Status:** Appropriate Reports on the current situation were prepared for 16 facilities and submitted to the Ministry of Construction, Transport and Infrastructure, with the aim of issuing the Decision on legalization.

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 RSD 12,000,000.00, service provider is *Telekom Srbija*.

Procurement of access control and evacuation systems

- **Purpose:** The procurement envisaged extends the existing access control system and evacuation system in a way that will connect and network existing equipment, purchased through the extension of Finger Halls A and C into a single centralized system. Expansion of the existing access control system and evacuation system is an upgrade of the system in a way to obtain a unique system for access control and evacuation at the airport. The centralized system will have the central feature of central control and control of all modules and equipment that are installed or will be placed at the entrance to gates and pre-gate finger halls, as well as in other places, which are of critical importance in terms of security. Also, the centralized system foreseen by this procurement will be connected and integrated with the fire alarm system, in order to provide and control the flows of passengers and employees at the airport, in case of incidents and evacuations. The centralized system will include hardware platforms - servers and devices for data storage and workstations for monitoring and access control, as well as software platforms that would be installed on the server environment. In addition to the central system, there will be peripheral devices and equipment that will be connected to the centralized system through a computer-network. From the peripheral equipment and devices are foreseen for procurement the control units for the evacuation system, then the electromagnetic locks for holding and opening doors on gates and drives, controllers for access control, card readers, power units with uninterruptible power supply modules. Within the mentioned procurement, a special module for controlling the working hours of employees will be developed, which will also be connected and integrated into a single centralized access control system. The purpose of the expansion of the system for access control and evacuation to the entire complex of Nikola Tesla Airport is to significantly increase the level of security of passengers and employees at Nikola Tesla Airport Belgrade.
- **Value:** RSD 39,583,662.50, VAT excluded
- **Supplier:** *Smart Building Technologies*, under Contract No. UJNV-32/2017 dated 09/05/2017.

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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) The implementation of the SAP business-information system is in progress, and the agreed deadline for the implementation of the last phase of the implementation project is 560 days (December 2018).
- **Value:** RSD 145,253,602.00, VAT excluded
- **Supplier:** A group of tenderers with *S&T Serbia doo* as a group leader, per contract no. UJNV-28/2017 dated 27/04/2017

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. The deadline for delivery of the goods is 90 days, and the deadline for executing the Implementation service is 90 days from the date of delivery of the goods.
- **Value:** RSD 99,993,000.00, VAT excluded
- **Supplier:** Group of Tenderers – *Roaming Networks doo* and *Asseco SEE doo*, under Contract No. UJNV-77/2017 dated 06/09/2017.

Сектор финансија

Procurement of information system for integration of services at the application level

- **Purpose:** The intended procurement involves a set of information solutions and tools designed to support business, ie solutions that will provide IT support to ultimate business processes, which involve the exchange of information between multiple heterogeneous information systems, and direct human interaction with business processes. The purpose of the subject acquisition is to integrate all heterogeneous application environments into a single system, in order to automate the process, as well as faster forwarding, ie exchange of information and services.

The complexity of the application environment and the demands for increasing availability and availability of critical services have highlighted the need for diverse applications to integrate with the aim of automating process and forwarding, or exchange of information. The need for integration exists from internal corporate services, to applications that are related to the basic function that the Airport performs in the transport of passengers in air traffic. The project should provide a framework for the integration of the application environment of the Airport Services.

The goal of the decision is to eliminate manual activity, wherever possible, as well as consolidate and integrate all relevant business process-related data into a single centralized platform, which will be the main point for monitoring, control and optimization of the processes. The integration of heterogeneous information systems, implemented in different technologies and with different interfaces, is the basic task and goal of the mentioned procurement, which will rely on the existing information infrastructure and the implementation of the business process logic with the established communications of all participating information systems. The process platform of the envisaged system, besides providing the environment for the execution of the process, envisions a set of new tools for designing and testing integration and process, then for monitoring key processes and later optimization of the process, thus closing the complete circle of business process management.

Delivery of the hardware platform was on July 17, 2017, while the hardware equipment and hardware implementation of the equipment in the computer communications network of the airport was executed on October 13, 2017. Within the system setup, the equipment was physically embedded in the server room of the airport, the operating system was installed, the virtual segment was erected, the service integration system installed, and a physically embedded security device that plays the role of controlling and preventing all unwanted traffic.

- **Value:** RSD 35,890,000.00, VAT excluded
- **Supplier:** SAGA d.o.o., under Contract No. UJNV-51/2017 dated 09/06/2017

Procurement of information system for digital content management

- **Purpose:** The digital content management system should provide a more flexible and efficient way of creating and distributing digital content over an IP network. The system should provide an easy way to access to airport users through modern ways of communication, with offers, advertisements or information in a way that is interactive, with a lot of functionality that can be found on web communication channels. The system should ensure that the existing IP network is networking and distributing content, and in this way generates additional profit through an additional offer to advertisers who already use advertising space.

Media for informing and displaying digital content can be workstations that are already predefined for this type of purpose, monitors, LCD displays, as well as all modern devices that have the ability to connect to the wireless Internet network of Aerodrom Nikola Tesla Belgrade. The result is interactive participation, advertising, as well as the exchange of other information, which can have great significance in statistics, improving the quality of business, as well as improving the services that Nikola Tesla Belgrade provides to its users.

The delivery of the hardware platform was on September 12.09.2017, and in the following period is expected implementation of the system in the computer communications network of the airport.

- **Value:** RSD 10,919,192.00, VAT excluded
- **Supplier:** SAGA d.o.o., under Contract No. UJNV-71/2017 dated 07/08/2017

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
- **Supplier:** CENTUM d.o.o, Public procurement contract no 3/2017 dated 13/02/2017
- **Status:** The elevators were delivered on 22/02/2017.
They have been in use since 16/03/2017.

Procurement of electric tractors– dolley tractors

- **Purpose:** Increase of capacity and quality of services provided to air carriers during aircraft handling.
- **Value:** RSD 11,700,000.00, VAT excluded
- **Supplier:** EUROPLAST INTERNATIONAL d.o.o., Public procurement contract no 17-37/2016 dated 29/02/2016.

1. Procurement of 3 electric tractors– dolley tractors

Status: Electric tractors are delivered (one on 06.02.2017),(two on 07.03.2017)
They have been in use since 15/05/2017.

2. Procurement of 1 electric tractor– dolley tractor

Status: Електро трактор је испоручен 09.08.2017.
It has been in use since 21/08/2017.

Procurement of 6 container dollies

- **Purpose:** Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail transportation.
- **Value:** EUR 17,800,00, VAT excluded
- **Supplier:** "MILOCO PRODUCTION", Public procurement contract no UJVN-12/2017 dated 28/02/2017
- **Status:** The dollies were delivered on 06/04/2017.

They have been in use since 04/05/2017.

Procurement of 1 cargo loader, capacity 20 t

- **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 41,215,000.00, VAT excluded
- **Supplier:** *CENTUM* d.o.o, Public procurement contract no 17-10/2017 dated 30/01/2017
- **Status:** Cargo transporter delivered on 28/04/2017
It has been in use since 10/05/2017.

Procurement of one pole for tugging and towing of aircraft type - Bombardier CS100/CS300

- **Purpose:** Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during aircraft pushing and towing.
- **Value:** RSD 689,000.00, VAT excluded
- **Supplier:** *PROCES INŽENJERING* d.o.o., Public procurement contract no UJNM-13/2017 dated 24/03/2017.
- **Status:** The pole was delivered on 12/05/2017.
It has been in use since 04/07/2017.

Procurement of passenger vans:

- **Purpose:** Increase of capacity and quality of services provided to air carriers during aircraft handling as well as for transport of employees.
 - **Value:** RSD 8,459,712.50, VAT excluded
 - **Supplier:** *FCA SRBIJA* d.o.o., Public procurement contract no UJNV 4/2017 dated 17/02/2017.
1. **Procurement of 2 passenger vans - FIAT 500L TALENTO**
 - **Status:** The vehicles were delivered on 17/05/2017.
They have been in use since 24/05/2017.
 2. **Procurement of 1 passenger vans - FIAT 500L DUKATO**
 - **Status:** The vehicle was delivered on 19/06/2017.
It has been in use since 25/06/2017.

Procurement of 4 cargo delivery vehicles - FIAT 500L DOBLO

- **Purpose:** Increase of capacity and quality of services provided to air carriers during delivery of lost baggage.

- **Value:** RSD 6,295,800.00, VAT excluded
- **Supplier:** *FCA SRBIJA* d.o.o., Public procurement contract no UJNV-5/2017 dated 17/02/2017.
- **Status:** The vehicles were delivered on 17/05/2017.
They have been in use since 25/05/2017.

Procurement of 1 cargo loader, capacity 7 t

- **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 22,483,000.00, VAT excluded
- **Supplier:** *CENTUM* d.o.o, Public procurement contract no 17-11/2017 dated 30/01/2017.
- **Status:** Cargo loader delivered on 26/05/2017
It has been in use since 19/06/2017.

Procurement of 6 palette dollies

- **Purpose:** Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail transportation.
- **Value:** RSD 4,199,000.00, VAT excluded
- **Supplier:** *EUROPLAST INTERNATIONAL* d.o.o, Public procurement contract no 17-12/2017 dated 06/02/2017
- **Status:** The trailers were delivered on 02/06/2017.
They have been in use since 15/06/2017.

Procurement of 4 passenger cars - FIAT 500L

- **Purpose:** Increase of capacity and quality of services provided to air carriers during aircraft handling.
- **Value:** RSD 15,743,635.00, VAT excluded
- **Supplier:** *FCA SRBIJA* d.o.o., Public procurement contract no UJNV 6/2017 dated 17/02/2017.
- **Status:** The vehicles were delivered on 19/07/2017.
It is expected to put them in use on 01/08/2017.

Procurement 1 water tank

- **Purpose:** Increase of capacity and quality of services provided to air carriers during aircraft handling.
- **Value:** EUR 78,800.00, VAT excluded
- **Supplier:** *EUROPLAST INTERNATIONAL* d.o.o., Public procurement contract no 17-13/2017 dated 06/02/2017.
- **Status:** Water tank is delivered on 01.09.2017.

It has been in use since 25/09/2017.

Procurement 2 wide-body aircraft push-back tractors

- **Purpose:** Increase of capacity and quality of services provided to air carriers during tugging and towing of aircraft.
- **Value:** EUR 734,000.00, VAT excluded
- **Supplier:** FRESIA s.p.a., Public procurement contract no UJNV-45/2017 dated 26/05/2017.
- **Status:** The first tractor is delivered on 15.09.2017. The second is delivered on 19.09.2017.
The first one has been in use since 25/09/2017. The second one has been in use since 30/09/2017.

Introduction of flights of Atlasglobal to IST, Turkey, A321

Since March 15, 2017, *Atlasglobal* has introduced flights on the BEG-IST line. Employees trained for company system and ADS registration of passengers and baggage. During the summer season, flights were carried out every day, with two flights planned on Fridays and Sundays. Engaged groundhandling services successfully accomplished the service of all todote flights.

Introduction of flights of Hainan Airlines to PEK, China, A330-300

On 15.09.2016 The first flight of Hainan Airlines is successfully realized from our airport, the flight number HU7938 for Beijing, through Prague. It is planned to fly twice a week on the BEG-PRG-PEK route. Preparation of procedures for work, additional staff training, supervision by direct managers are some of the additional activities that preceded the successful realization of the flights in question.

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.

Implementation of training for operators of the X-ray screening sector continued in May 2017, organized by the Center for Vocational Training of Belgrade Nikola Tesla Airport, as follows:

- Training for persons screening passengers and non-travelers
- Continuation of training of X-ray screening operators in May 2017 in organization of Center for vocationan training of Belgrade Nikola Tesla Airport 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.

Сектор финансија

In July, training for operators for screening of handed baggage and training for screening of goods and mail was conducted.

Organized tenders :

X-ray screening devices per lots

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

Lot 2: X-ray device three pieces:

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

The contract is concluded with the company Jugoscan d.o.o. for both lots. Delivered in June 2017.

X-ray screeners using millimetric waves

The contract is concluded with the company Centum d.o.o. Delivered in May 2017.

Liquid explosives detectors

The contract is concluded with the company Security company Kobra d.o.o. Delivered in July 2017.

Walk-through metal detector

The contract is concluded with the company Jugoscan d.o.o. Delivered in May 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. Delivered in June 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 cannot 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.

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) Острво 500 у склопу ког спадају нови ренгени у стандарду 3 (2 комада у сотрирници Т1) отворено у јуну. 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 devise for security screening in emergency situations.
The contract is concluded with the company *Jugoscan d.o.o.*
Delivery was in March 2017.
In July conducted public procurement of "Maintenance of explosive trace detector".

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.

Container for requirements of X-ray screening sector (screening of employees) on E security check-point is delivered and in use since May 2017. The goods from the public procurement delivered in the period 07/04-18/04/2017.

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: 21/02/2017

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

The contract concluded on 06/06/2017; delivery term: 90 days from the date of order.

Goods per PP delivered on 06.10.2017.

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: 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.

The contract was concluded on 08/08/2017. Pursuant to the contract, the advance payment was made in the amount of 27,170,832.42 RSD without VAT. Deadline for delivery and release of goods is 150 days from the date of conclusion of the contract.

Endoscope with camera

An endoscope with a camera is an ancillary device for inspecting inaccessible parts of the vehicle in order to detect and prevent the entry of prohibited articles into restrictive airport areas. An endoscope is used to examine parts of a vehicle such as: engine mounting space, baggage part, chassis interior. It consists of a flexible cable at one end of the probe with the camera, and at the other end is a color monitor that displays the image from the camera. By analyzing the image, the operator determines whether the viewing area contains a hidden prohibited item. The device is supplied with internal memory, which stores video files from the camera, which can be stored in a computer via a USB connection later on. The use of an endoscope significantly reduces the time of vehicle inspection, that is, inaccessible parts of the vehicle. A total of 4 devices are purchased.

Public procurement published: on 14/07/2017

Contract (Purchase Order) concluded with the bidder "Alpha System Plus" d.o.o. to the amount of 110,700.00 RSD without VAT

The goods were delivered on 11/09/2017.

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.

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.

The delivery of the "pressure tank" simulator was performed to train members of the rescue and fire fighting unit during the combustion of pressure gases.

Delivery of the simulator "Hydraulic firearm desktop simulator for fire fighting" was carried out for the training of firefighters-drivers and firefighters-rescuers for operation of extended arm (HRET) for fire fighting.

The simulator "helicopter with wing, engine and " is being installed to train members of the rescue firefighter unit, in which real-life training and training of firefighters will be carried out in real conditions on the firefighting field.

It will also provide conditions for the training of members of fire&rescue units from other airports in the region, which would contribute to increasing airport profits.

Telehender Merlo was delivered for the needs of fire & rescue unit that would allow the transportation of equipment for aircraft removal in case of need for the same, as well as other activities at the airport in case there is a need for engagement of the same.

The simulator "helicopter with wing, engine and " is being installed to train members of the rescue firefighter unit, in which real-life training and training of firefighters will be carried out in real conditions on the firefighting field.

The use of this simulator will provide better conditions for the training of both members of fire & rescue units and third persons trained through the airport training center.

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.
- **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 "*PMC 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 "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 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. The technical documentation has been made and delivered to the Purchaser. The Purchaser agreed with the delivered documentation, whereby the contract is executed.

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 "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 has been approved by a decision of the Supervisory Board. The procedure is carried out and signed contract for delivvelopment of technical documentation and delivery of equipment with installation with company „ENEL PS“ Belgrade. Value of the contract is 4,312,224.00 RSD, VAT excluded, on "turnkey" basis. The supplier has submitted technical documentation. Placing and installation of equipment is in progress.

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 New Belgrade and Surcin.

- **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 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. The procedure was cancelled. The position from the procurement plan is merged with the position for the works on "Construction of a temporary fence around airport properties". The consolidated procedure was re-implemented. There we no tenders submitted.

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 are is not in use.
- **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 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 has been approved by a decision of the Supervisory Board. Project task with variant solutions has been prepared. Procurement

process is completed and selected contractor BAUWESEN d.o.o. from Lazarevac. The contractor is introduced into the job on 28.06.2017 and contract implementation 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 dossier is prepared.

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. Public procurement is carried out. Expert evaluation of tenders in in progress.

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 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. Necessary documentation is prepared.

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. Procurement process is completed and selected tenderer EUROSALON FABRIKA d.o.o. from Belgrade. Realisation is underway.

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. Public procurement is initiated.

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 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 was 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 position from the procurement plan is merged with the position for works on "Replacing the fence on parking lots P5, P6, P7 and fences around TS 35/10". The consolidated procedure was re-implemented. There we no tenders submitted.

Investment "Appliances"

- **Purpose:** For the purpose of furnishing space for employees and coffee kitchens, it is necessary to purchase small home appliances and machines. This procurement unifies the needs of all Organizational Units.
- **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 was launched.

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 area-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 area of the terminal 1.
- **Status:** Realized. For the needs of regular technological processes, new doors were put into operation in June 2017.

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. Project realisation is in process.

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: Realised.**

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. Works are completed, lighting is in use from 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: Realised.**
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. Works and commissioning realized 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: Lot 1 – realized; Lot 2 – realization in progress.**
Public procurement is divided into the following lots. Lot 1 – Machine for cutting concrete and Lot 2 – Machine for filling cuttings in asphalt. Public procurement procedure is conducted.
Lot 1 – Machine for cutting concrete: Procurement contract is signed with tenderer *Enel alati d.o.o.* Belgrade on 10.08.2017. Contract value, including VAT is RSD 434,600.00. Delivery of goods under this contract is realized.
Lot 2 – Machine for filling cuttings in asphalt: Procurement contract is signed with tenderer "*MATRIX*" PR Belgrade on 07.08.2017. Contract value, including VAT is RSD 986,000.00. Realisation is underway.

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. The public procurement was commences and published on the web-site on 04/04/2016. Tender opening session was carried out on 15/05/2016. Contract is signed with tenderer *VESTERGAARD COMPANY A/S*, DK-4000 Roskilde, Denmark in the amount of 64,000.00 EUR, VAT excluded. Contract is filed in the archive of the Airport under No. UJNV-63/2017 dated 19.07.2017.

Physical implementation of the equipment under mentioned contract should be completed until 30 September of the current year. Physical implementation of the equipment is realized as stated in the contract.

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: Realisation is in process.**
The public procurement was commences 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.
Decesion of the Civil Aviation Directorate approved the use of the first and second phase of realization, island 400, island 500. Public procurement of goods is realized on 19.09.2017 when handover of the system was carried out.

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 "Machines and special means and vehicles for maintenance of maneuvering surfaces"

- **Purpose:** The purpose of this project is to improve the existing technology in the field of maintenance of maneuvering surfaces and technological equipment, through the procurement of dedicated and special means, machinery and equipment to support the maintenance of maneuvering surfaces in regular conditions, as well as maintenance of equipment in technological processes of ground handling.
- **Status: Preparation phase for the implementation of procurement in progress.** The public procurement is planned in the procurement plan for the year 2017. The decision of the Supervisory Board DG 907/2017 on March 16, 2017 approved investment.
Purchase of Lot 1 - Special purpose vehicle for cleaning of asphalt and non-asphalt surfaces The contract was concluded on 18.08.2017 with the company "GRADATIN" doo, headquartered in Novi Sad, in the amount of 36,615,947.30 RSD without VAT. Delivery is expected within the foreseen deadline.

Сектор финансија

Procurement of Lot 2 - Self-propelled diesel crane, the contract was concluded on 18.08.2017 with the company "GRADATIN" doo, headquartered in Novi Sad, to the amount of 8,971,284.10 RSD without VAT. Delivery is expected within the foreseen deadline.

Procurement: Container for employees and parking booths (value: RSD 10,850,000,00)

- **Purpose:** The purpose of purchasing a container / parking booth is to improve the quality of service within the OU Logistics and OU Securities.

The subject of investment are following goods that serve the following purposes:

- Parking booths for accommodation of employees in open parking lots ANT (P10, P8, P7, P5 / 6, P3 and P9) for the needs of the OU Logistics;
- Containers for the installation of complete equipment for the removal of aircraft, with the possibility of transporting them through low-floor trailers, for the needs of the OU Security;
- Containers for the storage of spare parts for EDS sorting area and gates, for the needs of OU Security.

At the moment there are parking booths placed on the parking lots P8, P7 and P9 temporarily. They are worn out and do not comply with legal regulations, according to which the employer is obliged to provide the employee with a workplace where the measures for safe and healthy work are implemented.

The parking positions P10, P5 / 6 and P3 are not covered by parking booths, and given that parking P3 is already in commercial use, as well as the plan to introduce the parking lots P10 and P5 / 6 for commercial use, the purchase of parking booths allows employees / collectors have their place in parking positions, where they could provide support to customers.

For the needs of the OU Security, containers are purchased for the accommodation of complete equipment for the removal of aircraft, with the possibility of transporting them through low-floor trailers, while the aforementioned equipment is located in various transport boxes that have arrived from the supplier and which are intended only for transportation to the customer and after opening they do not have their functionality and are, as such, unsafe for further use and transport.

The aforementioned equipment has a logical order of packing and matching with other equipment, depending on the situation, and by unification, it facilitates the transport and use of the same.

Also, there is a need for containers for the storage of spare parts for the EDS (explosive detection system) - sorting area and gates, and for the needs of OU Security. At present, the X-ray screening control has about 40 X-ray devices, about 40 walk-through metal detectors, 20 explosive detection detectors, 5 liquid explosive detectors and a lot of accompanying equipment. All this equipment requires maintenance, replacement of spare parts as well as stock of new spare parts.

X-ray screening control currently has only one warehouse in the Terminal 2 sorting area, a useful area of about 10 square meters, which is insufficient for the foregoing.

The subject procurement improves the quality of business for the mentioned segments within OU Logistics and Security.

- **Status:** Public procurement procedure is repeated and making of Report on expert evaluation of tenders is in progress.

Based on the foregoing, it is expected that the realization of the said procurement will be carried out by the end of 2017.

Lease, agreements and contracts with air carriers

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 **16/02/2017** air carrier "Isr Air" commenced air traffic on its scheduled flight Belgrade – Tel Aviv, twice to three times per week, operated with Airbus A320.
4. On **01/03/2017** the Stimulation plan came into force, 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.
5. On **02/03/2017** Israel air carrier "Arkia" commenced air traffic on its scheduled flight Belgrade – Tel Aviv, mostly twice a week, operated with Embraer 90.
6. 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 and it operates seven times a week.

7. 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).
8. On **04/04/2017** the low-cost company "Transavia" launched its flights from Belgrade to Amsterdam. The company operates Boeing 737 on its three flights per week.
9. 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.
10. After the visit of representatives of the Chinese airline "Hainan airlines", which was realized in the period from **13 to 16.06.2017**, negotiations on signing of the SGHA Agreement began. The negotiations are still in progress, and the company starts with flights from September 15, 2017, and as its agent for ground handling, the company chose ANT.
11. On **30.06.2017** we received a letter from the Ministry of Health No. 530-01-266 / 2017-10 of 27 June 2017 in connection with the request for extension of the deadline for the implementation of the second phase of the Pilot Project "User Satisfaction Survey at the ANT Complex", in which the Ministry informs us that they believe that the Project should continue in the next two years.
12. Requests for implementation of Incentive Plan filed the following airlines: „Air Serbia“, „Wizzair“, „LOT“, „Transavia“.
Company „Air Serbia“ submitted application for the use of Incentive Plan (No.1) for introduction of the new regular (scheduled) route.
Company „Wizzair“ submitted application for the use of Incentive Plan (No. 1) for introduction of a new scheduled flight, (No. 2) incentive for introduction of frequencies, (No. 3) for the increased number of departing passengers, (No. 5) total number of departing passengers and (No. 6) for air carriers with based aircraft(s) for night abode at ANT.
„LOT“ airline submitted application for the use of Incentive Plan (No. 2) for increase of frequency and (No. 3) for the increased number of departing passengers.
Company „Transavia“ submitted application for the use of Incentive Plan (No. 2) for increase of frequency.
13. After the reconstruction of Terminal 1 in the period from June to September 2017, contracts were concluded on lease of space, by conducting public advertisement procedure for counters on the ground floor of Terminal 1 for the activities of travel agencies, renting cars, exchange offices and payment transactions –
14. On **17.07.2017** The Commission for the Protection of Competition was submitted an amendment to the individual exemption request No. 4/0-03-192/2017-1 dated February 2, 2017. The change was made by the Lessee "Dufry", it was registered under the

number 5270/17 of 17 July 2017, and the registered number of JSC Belgrade Nikola Tesla Airport is GD-3876/2017 of 17.07.2017.

15. On **September 15, 2017** Hainan Airlines started its regular traffic from our airport to China (Beijing). It is the second inter-continental line with ANT. During the summer and winter timetables of 2017 flights will be made twice a week via Prague, while for the 2018 season, the possibility of increasing frequencies or introducing a direct flight will be considered.
16. On **22.09.2017** signed SGHA contract with "Air Serbia", which defines the acceptance and dispatch operations of AS aircraft by Nikola Tesla Airport. The agreement comes into force on 1.11.2017 and will be valid for the next 5 years, until October 30, 2022.

Audits of airlines at Airport Nikola Tesla:

Audit:
Aegean audit 20-21.3
Eurowings audit 27.3
Austrian airlines audit 19.04. subject of the audit: Manual for safety management.
Pagaus airlines 27.04.
Croatia airlines audit 13.06. subject of the audit: Manual for safety management, System for reporting on air traffic security, Airport emergency plan.
Israir 19.06 audit subject of the audit: Manual for safety management, System for reporting on air traffic security, Airport emergency plan.
WIZZ Air, Ryanair, Easy Jet audit subject of the audit: protection from birds and other animals

In the period from June 21-24, JSC Belgrade Nikola Tesla Airport has accepted 23 aircraft with foreign delegations at the highest state level who brought the Presidents, Prime Ministers, Ministers of Foreign Affairs, Presidents of Parliaments and personal envoys from other countries to inauguration of the new President of the Republic of Serbia, Aleksandar Vučić.

In the period from 21-23 September, a summit was held in Novi Sad, the Fifth Dialogue on Education Policy of the People's Republic of China – CIE countries, as well as the fourth meeting of the Consortium of Higher Education Institutions of the People's Republic of China – CIE countries. The Summit was attended by delegations of the People's Republic of China and the CIE countries at the level of education minister, deputy minister, state secretaries and rectors of 80 universities (of which 45 are universities of NR China, as well as 10 rectors of domestic universities). All delegations came by regular flights to Belgrade; government delegations used the services of the VIP lounge, while the rectors and representatives of the universities used the flows of regular passengers with assistance and accelerated passage through passport and customs control.

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 – 30/09/2017:

	ANT	Third persons
Steward/-ess (level 1)	40	8
Traffic coordinator	/	2
Ground handling controller (category 1)	/	5
Ground handling controller (category 3)	29	/
Aircraft balancer;	/	4
Marshaller (level 1)	2	6
Airport equipment operator (level 1)	37	21
Generator operater	/	13
Foreman of the sorting area	4	/
Foreman of cargo transshipment	21	/
Transport worker - transshipment of cargo on aircraft	20	/
Transport worker in sorting area	13	/

Cargo transshipment worker in Cargo Warehouse	1	/
Worker on hold baggage, mail and cargo handling at airport	25	/
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 – 30/09/2017:

	ANT	third persons
Support staff	9	/
Support staff - practice	48	/
Fire-rescuer	69	/

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 – 30/09/2017:

	ANT	third persons
Transport of dangerous goods in air traffic, cat. 7	6	/
Transport of dangerous goods in air traffic, cat. 10	13	6
Transport of dangerous goods in air traffic, cat. 9	15	2

Transport of dangerous goods in air traffic, cat. 5 and 8	137	19
Transport of dangerous goods in air traffic, cat. 8	3	/
Transport of dangerous goods in air traffic, cat. 12/ module 19	318	/

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 – 30/09/2017:

	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.

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 – 30/09/2017:

	ANT	third persons
Security awareness training	147	1
Module 3 - Basic training for security screening control	58	/
Module 4- Security screening of persons	46	/
Module 10- Access control, monitoring and patrols	25	/

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 JSC 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 – 30/09/2017:

	ANT	third persons
Basics of air traffic safety;	331	5
Independent operation of vehicle/equipment in SRA 1	7	/
Independent operation of vehicle/equipment in SRA 2	72	25

In accordance with the Law on Air Traffic, training of employees at the airport is carried out, which closer area is monitoring and suppression of the presence of birds and other animals.

Number of trained persons in the period 01/01/2017 – 30/09/2017:

	ANT	Third persons
Worker on suppression of the presence of birds and other animals at the airport	/	2

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 – 30/09/2017:

	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 – 30/09/2017:

	CAD	Companies
Inspections	2	9

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.

Сетор финансија

Number of visits in the period 01/01/2017 – 30/09/2017:

	Schools	Faculty of transport and traffic engineering
Visits	7	1

Analysis, planning and development of human resources

In the period from 01/01/2017 until 30/09/2017, 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 ANTB, no. 32-115/1 dated 31/05/2016), there were organized and realised the following:

- 26 internal recruitments and selections, during which 183 candidates were invited for an interview, and selected 74 candidates for training and redeployment;
- 43 external recruitments and selections, during which 247 candidates were invited for an interview, and selected 163 candidates for training and redeployment.

Table review of internal selection for the period from 01/01/2017 until 30/09/2017

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	8
Storekeeper	5
Coordinator of passenger and baggage check-in	2
Supervisor of passenger and baggage check-in, cat. 2	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
Fire-fighter - rescuer	83
Brigadier on maintenance of construction building	1
Auxiliary worker for announcement of information thr. public address system	2
Driver on baggage delivery within the airport complex	2
Operator Assistant	1
Sorting area coordinator	6
Assistant foreman of the sorting area	2
Worker on maintenance in civil engineering	1
Worker on technical maintenance of the facilities	1
Automation technician on maintenance of technological equipment	3

Mechanic on maintenance of technological equipment	1
Assistant electrician	4

Table review of external selection for the period from 01/01/2017 until 30/09/2017

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
30/01/2017	Transportation worker	11	6
06/02/2017	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
06/03/2017	Transportation worker	17	11
06/03/2017	Transportation worker	12	11
08/03/2017	Transportation worker	6	4
09/03/2017	Ground stewardess	2	2
09/03/2017	X-ray screener	19	19
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
30/03/2017	X-ray screener	2	2
31/03/2017	X-ray screener	1	1
10/04/2017	Cleaning jobs	4	4
05/05/2017	Transportation worker	22	15
08/05/2017	Transportation worker	23	15
08/05/2017	Transportation worker	2	2
17/05/2017	Cleaning jobs	2	/
26/05/2017	Transportation worker	10	6
29/05/2017	Airport hostess	2	2
29/05/2017	Transportation worker	2	2
30/05/2017	Transportation worker	1	1
02/06/2017	Transportation worker	11	11
14/06/2017	Transportation worker	1	1
19/06/2017	Airport hostess	3	2
21/06/2017	Transportation worker	1	1

26/06/2017	Transportation worker	12	11
26/06/2017	Airport hostess	1	1
26/06/2017	Cleaning jobs	3	3
29/06/2017	Transportation worker	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	Periodical	Total
Enabling employees for security and health at work at employment and at movement to other positions.	20	763	783
Organizing previous, periodic and targeted medical examinations for employees	232	585	817
Training for operating, keeping and maintaining of scaffolds			30
First aid training for employees			200
Injuries at work: report on injury at work, application to the competent Inspection, the Republic Institute for Health Insurance and the PIO Fund and the BZNR Administration, event research and corrective measures.			11
Measurement and examination of conditions of working environment: microclimate, lighting, noise, aerosols, gasses and evaporation			159
Inspection and testing of equipment for work			6
Inspection and testing of high voltage protective means			16
Publishing of texts for the Bulletin on activities OU Work safety and protection in the Company.			7
Remarks and irregularities: Taking corrective measures in purpose of elimination of irregularities and prevention of further remarks			53
Making instructions for safe and healthy work			6
Construction site visits during construction works. Filling out a checklist, monitoring construction works and controlling the application of safety at work measures.			8

Signing of the Agreement on mutual cooperation and implementation of safety and health at work measures between Air Serbia and ANT	1
Filling content in FP cabinets.	35 locations

By its Decision no. 952-02-859/2011 dated 23/03/2017 the Republic Geodetic Authority, Real Estate Cadaster office 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.

On 27/04/2017, the Republic Geodetic Authority, Real Estate Cadaster Office Surcin adopted a decision, by which it allowed entry of title of JSC Airport Nikola Tesla Belgrade to facilities for which the conditions for entry of title are fulfilled and which are placed on the cadaster lot 3739/1. The basis for acquiring title to the stated facilities are conclusions of the Republic of Serbia 05 number 023-6625/2016 dated 27/07/2016 and 05 number 023-10559/2016 dated 09/11/2016 by which an approval was given to enter JSC Airport Nikola Tesla Belgrade as holder of property title to 27 facilities. By amendments of the Statute of JSC Airport Nikola Tesla Belgrade, dated 13/04/2017 the article 8, which regulates property and core capital of the Company, is amended with the provision that adds entitlement to 27 relevant facilities to the core capital of the Company.

By amendments of the Statute of JSC Airport Nikola Tesla Belgrade, number GD 5694/2017 dated 26/09/2017 the article 8, which regulates property and core capital of the Company, is amended with the provision that adds entitlement to 27 relevant facilities to the core capital of the Company.

3686/2,3686/3,3686/4,3686/5,3711/2,3739/4,3739/13,3740,3741,3743,3745,3750/4,3750/5,3995/1,3995/4,3996/1,3996/4,3997/1,3997/4,3998/1,3998/4,3999/1,3999/2,3999/4,3999/5,4000,4001,4002/3,4002/4,4002/5,4003/2,4019/2,4020/2,4021/2,4022/3,4022/4,4023/2,4024/2,4025/2,4026/2,4027/2,4103/1,4103/2,4104/1,4104/2,4105/1,4105/2,4106/1,4106/2,4108/1,4108/2,4113/1,4113/2,4113/3,4113/4,4113/5,4113/6,4114,4115,4116,4117/1,4117/2,4118,4119/1,4119/2,4120/1,4120/2,4167/2,4168,4169,4170/1,4170/2,4171/1,4171/2,4259/2,4260/2,4827/1,4827/2,4827/3, all registered in real estate sheet number 2348 CM Surcin, NUMBER 4109/1,4109/2 registered in real estate sheet number 452 CM Surcin and number 3925/2 registered in real estate sheet number 658 CM Novi Beograd

By the Decision number 952-02-11-15/2017 dated 12/09/2017 of the Republic Geodetic Authority, Real Estate Cadaster Office Surcin it is allowed to clean registration of payment of the fee for change of allocation of agricultural land for ten parcels per request of JSC Airport Nikola Tesla Belgrade dated 21/08/2017.

On 28/06/2017, the Republic Geodetic Authority, Real Estate Cadaster Office Surcin adopted a decision, by which it allowed entry of title of JSC Airport Nikola Tesla Belgrade to the land, i.e. cadastral lots registered in the property list no. 2348 KO Surcin. The basis for acquiring title to the stated land is the conclusion of the Republic of Serbia on granting ownership of the land 05 number 464-4116/2017 dated 11/05/2017. Furthermore, by the mentioned decision of RGA, Real Estate Cadaster Office Surcin, entry of change of land type

on cadastral lots registered in the property list no. 2348 KO Surcin is allowed, so that the land type is changed from land in agricultural area into land in construction area.. Moreover, by the mentioned decision of RGA, Real Estate Cadaster Office Surcin entry of title of JSC Airport Nikola Tesla Belgrade to the traffic facility - access road, to the facility airport runway and to the facility Parking of area 1 ha, 22 a 33 m2 in the part 4633/12233 is allowed.

The decision of the Republic Geodetic Authority, the Real Estate Cadastre Office Surčin, dated 28 June 2015, is a final decision.

The Republic Geodetic Authority, the Real Estate Cadastre Office of Surčin, passed on September 7, 2017 ex officio decision replacing the decision of 19.07.2017 and correcting a technical error. The said decision enrolles the ownership right in favor of JSC Belgrade Nikola Tesla Airport on immovables registered in the real estate list no. 2348 KO Surčin, on cadastral lot 4109/1, a field of the 2nd class of 2638 m2, and on cadastral lot 4109/2, a field of the 2nd class, of 8599 m2.



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

Following is a description of all major business events that took place at Belgrade Nikola Tesla Airport after the expiration of the period I-IX 2017:

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

- **Status:** The elaboration of land devision/ subdivision project has been completed with a view to delimitate between business entities at the airport complex. The project was handed over to the City Municipality of Surčin for confirmation.

Works on rehabilitation and contstruction of traffic-footpaths

- **Purpose:** Procurement is carried out in order to raise the level of safety of all participants in the traffic, and in particular to the pedestrians in the public area of the airport, and in accordance with the Decision of the Secretariate for Traffic No. IV-06 no. DNJN - 470/2017 dated on 28/06/2017 as well. Foreseen is preparation of technical documentation and construction works on the sidewalk on the former regional road R266 in the zone from Terminal to the Red building with a total length of 950 m. The works will include the construction of a concrete sidewalk on an area of approximately 1,415 m². In addition to the construction of the sidewalk, the subject works envisage the formation of bus stops for public transport vehicles and vehicles for the transport of employees as well as the formation of positions for taxi vehicles waiting. The works will enable the modification of the traffic regime in the zone of the official roadway of security check point D, which will further increase the safe traffic flow.
- **Status:**
 - **Technical documentation:** Drafting of technical documentation by Beograd Put is under way, who is designated as a designer in the said Decision. The designer submitted the preliminary solution of the Preliminary Design. The expected deadline for submitting the complete technical documentation is November 2017.
 - **Performance of works:** After the preparation of the technical documentation, an appropriate public procurement procedure for the selection of the most favorable bidder for the execution of the works will be conducted.

Implementation of the reporting, analysis and analytical system

- **Purpose:** JSC Nikola Tesla Airport has a large number of information systems, both standard and those specific to airport operations. Individually, all these solutions have their role in business processes, they collect data, process them, store them, add value to them, generate information, generate reports and indicators that are used in everyday business and decision making. In every organization that has a large number of data storages (databases), there is a need for an "umbrella" solution that will consolidate the relevant data in one place, thus creating a new database from which reports will be generated, analyzing and analytics of the complete blood picture and be the basis for business management decision-making. By implementing the reporting, analysis and analytics system, the airport can achieve many benefits when it comes to

better resource planning and eventual modification or introduction of new processes that can lead to cost savings and revenue increases. By monitoring the key performance indicators (KPIs) provided by the system, the necessary information is provided for process optimization, planning and decision making based on real and timely information within individual organizational units and management. Implementation of the information system for reports, analysis and analytics is in progress (project preparation phase). The deadline for the delivery and installation of the equipment is 60 days, and the deadline for setting the information system is 365 days.

- **Value:** RSD 29,897,750.00, VAT excluded
- **Supplier:** *Comtrade System Integration doo* with subcontractor *Prointer IT Solutions and Services doo*, per Contract no. UJNV-83/2017 dated 06/10/2017

Security awareness training-AVSEC (engl. Aviation Security)

AVSEC training for employees in the OJ Ground Handling, which participate in the process of baggage and passengers reconciliation, is in progress.

The training is given by seven employees of the Ground Handling, who in organization by the Civil Aviation Directorate, successfully completed the training in relation to the importance of aviation security for the module *Passenger and Baggage Reconciliation*, and received the title Instructor in the field of aviation security and authorized by the Civil Aviation Directorate of the Republic of Serbia.

Purpose: Compliance with legal regulations in the field of air traffic.

Procurement Belt stanchions - posts with spare mechanism and PPLV 149/16

3. **Purpose:** Increase of quality of services provided to air carriers during passenger and aircraft handling.
4. **Value:** RSD 1,834,000.00, VAT excluded
5. **Supplier:** *TEHNOMERKUR d.o.o.* BELGRADE, Public procurement contract no PPLV 149/16 dated 08/06/2017.
6. **Status:** The goods were delivered on 04/10/2017.
7. They have been in use since 04/10/2017.

Negotiations regarding the signing of an agreement with the carrier AZ defining the provision of groundhandling services by the OU GH, which affects the Company's financial revenues.

On 06.10.2017 SGHA Agreement was signed with regard to the services of AIR SERBIA flights, by which to OU Ground Handling is transferred 340 employees of ASGS and therefore from 01.11.2017 JSC Belgrade Nikola Tesla Airport becomes a provider of ground handling services for flights of our national airline AIR SERBIA.

Investment "Automatic and segment doors for Terminal, CCW and VIP lounges"

- **Purpose:** The purpose of this project is to purchase new doors in Terminal T1, drive groups for automatic doors in VIP lounge and segment doors in the Cargo warehouse due to the obsolete existing equipment, the inability to purchase adequate spare parts and the ineffective maintenance.
- **Status:** The preparatory phase for the implementation of procurement in progress. The public procurement is planned in the procurement plan for the year 2017. The decision of the Supervisory Board DG 3361/2017 of 22.06.2017 approved investment. The procedure for preparation of the public procurement procedure is in progress.

Investment "Elevators and escalators"

- **Purpose:** Elevators and escalators, planned for general reconstruction, after forty years of exploitation, are increasingly more subject to downtime. Original spare parts, especially mechanical ones, can no longer be obtained due to the obsolescence of the equipment, so the deadlock lasts longer. Due to the deterioration of the components of the equipment, repair of one mechanical part causes an accelerated problem occurrence in the mechanically connected part. Increasing number of passengers through terminal 1 expected in the coming years requires increasing reliability and safety of lifts and escalators for the needs of passengers in terminal 1. General reconstruction of elevators and escalators in terminal 1 is the only way to provide quality, reliable and safe services to passengers in that area.
- **Status:** The preparatory phase for the implementation of procurement in progress. The public procurement is planned in the procurement plan for the year 2017. The decision of the Supervisory Board DG 3361/2017 of 22.06.2017 approved investment. The procedure for preparation of the public procurement procedure is in progress.

Investment „Services of development of the study and project-technical documentation for upgrading of airfield lighting system “

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

Investment "Rehabilitation of plants for fuel storage and decanting"

Сектор финансија

- **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 "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. Public procurement is deleted from the procurement plan by Rebalancing Plan 3 dated 11.10.2017

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. Public procurement is reinstituted after adoption of procurement plan of Rebalancing Plan 2 dated 26.05.2017. Investment has been approved by a decision of the Supervisory Board. Tender opening session was carried out on 09/10/2017. The Committee prepared Report on expert evaluation of tenders.

Procurement: Office cleaning services (value: RSD 194,000,000.00)

In the Report of the State Audit Institution on audit of financial statements and regularity of operation of Joint Stock Company Airport Nikola Tesla Belgrade for the year 2013 it was indicated (page 30) that services were provided by the provider "Aerodrom čistoća terminali" d.o.o. without conducted public procurement procedure, per contract number 1006/2005 dated 8/12/2005.

JSC Airport Nikola Tesla Belgrade has submitted a request to the Public Procurement Office to give its expert's opinion, pursuant to its legal authorisation, whether services being subject of the dispute contract (cleaning services) are subject to the Public Procurement Law, whether the Airport is obliged to conduct public procurement procedure for the services which are subject of the Contract on service provision no. 1006 dated 08/12/2005 and whether the Contract on service provision number 1006 dated 08/12/2005 terminates ex lege, providing that it has not been concluded in accordance with the Public Procurement Law and considering change of ownership from 2005 and 2007.

From the Opinion of the Public Procurement Office no. 011-00-342/15 of 30.09.2015 it was undisputedly established that in the specific case the provisions of the Law on Public Procurement are being applied and that we are obliged to carry out the public procurement procedure.

JSC Belgrade Nikola Tesla Airport in accordance with the public procurement plan for 2015 launched the public procurement procedure No. 60/2015. After the announcement of Invitation to tender, the tenderer "Aerodrom čistoća terminali" d.o.o. Belgrade filed a request for the protection of tenderers' rights, based on which the Republic Commission for the Protection of Rights in Public Procurement Procedures, by Decision <no. 4-00-2519/2015 of 08.12.2015 annulled the public procurement procedure in its entirety.

Nevertheless, by analyzing of the reasons for annulment of public procurement procedures, the criteria in the future tender documentation can be undoubtedly corrected, in order to prevent the further cancellation of the public procurement procedure by the "Aerodrom čistoća terminali " d.o.o.

JSC Belgrade Nikola Tesla Airport in this regard planned procurement plan for 2016 planned for the implementation of the public procurement procedure and initiated the public procurement procedure No. 62/2016 Office cleaning services, estimated value up to 194,000,000.00 RSD and contract validity period of two years.

On two occasions the tenderer "Aerodrom čistoća terminali" d.o.o. Belgrade submitted a request for the protection of the tenderer's rights, based on which the Republic Commission for the Protection of Rights in Public Procurement Procedures, for the first time by Decision No. 4-00-495/2017 of 17.05.2017 partially annulled the open procedure PP and the second time by Decision 4-00-1162/2017 of 21.09.2017 rejected as unfounded a request for the protection of the rights of the Applicant, Aerodrom čistoća terminali, d.o.o. Belgrade. The evaluation of the received tenders is in progress and a report on expert evaluation of tenders will be prepared afterwards. Based on the foregoing, it is expected that the realization of the said procurement will be carried out by the end of 2017.

Procurement: Purchase of infrastructure facilities and equipment of JKP Parking servis (value: RSD 90,000,000.00)

Following the decision to take over management of the parking space of JKP Parking Servis at the ANT complex by JSC Belgrade Nikola Tesla Airport, it is necessary to repurchase the infrastructure facilities and equipment currently owned by JKP Parking servis. The acquisition will directly affect the increase in revenues of JSC Nikola Tesla Airport. For the realization of the subject purchase, total assets in the amount of 90,000,000.00 RSD are

planned and the implementation of the procedure will start after obtaining the expert report on the performed assessment of the market value of the parking lot.

Based on the foregoing, it is expected that the realization of the said procurement will be carried out by the end of 2017.

Procurement: Intelligent Building Management System – BMS (value: RSD 250,000,000.00)

Procurement is being carried out with the aim of implementing intelligent building management system and introducing integrated management of a complete building from a central location. The introduction of a management system improves the safety, comfort and efficiency of the facility. Integrated building management solutions provide visible savings and lower energy consumption, and within the implementation of the project, the existing automated control system will be reconstructed and restored. Funds in the amount of 250,000,000.00 RSD have been envisaged for investments in the system in question according to the plan of the PP, which will be mostly used during 2018.

Opening of tenders in the public procurement procedure in question is planned for 13.11.2017.

Lease, agreements and contracts with air carriers

1. On **October 2, 2017** The Contract on the lease of space for advertising media under No. UZPRP-146/2017 of 02.10.2017 was concluded for a period of 5 years, consisting of 7 individual packages of space for placement of advertising media with the stated total surfaces of each of the individual package of space, and based on the Decision of the Supervisory Board number DNO-394/2017 of 28.09.2017, which approved a 50% discount on the total value of the contracted amount, as well as the individual prices per unit of measure.
2. On **October 20, 2017** the Supervisory Board adopted the decision DNO-420/2017 on the entry into force of the new Incentive Plan for increasing the volume of traffic by which the previous plan is amended and supplemented. The new Incentive Plan defines new categories of incentives users for airlines with a certain number of passengers on an annual basis.
3. On **October 25, 2017** We received the Decision of the Commission for Protection of Competition No. 4/0-03-192/2017-50 of October 23, 2017. registered under number 01 GD-6352/2017, which exempts from ban restrictive agreement - lease contract number UZPRP-67/2017 of 30.06.2017 concluded between the company "Dufry", as a tenant and JSC Belgrade Nikola Tesla Airport, as a lessor. The decision specifies the period of individual exemption of the Lease Agreement number UZPRP-67/2017 of 30.06.2017. from the ban of the restrictive agreement until 02.04.2021.
4. On **October 27, 2017**, under the terms of the advertisement for renting business premises, which was published in the daily newspaper "Politika" dated October 13, 2017 and correction of the ad of 20.10.2017 an offer has been submitted for the lease of office space in the facility of PE „Pošta Srbije“ at the Airport Nikola Tesla, on the first floor, surface area of 637.14 m², with a separate entrance, which is located in the building built on cadastral plot No. 3739/1 KO Surčin for the period of 10 (ten) years and

according to the Decision of the Supervisory Board number DNO-417/2017 dated October 20, 2017.

Analysis, planning and development of human resources

In the period after 30/09/2017 until today there were five internal advertisements and two external selections published in the field of analysis, planning and development of human resources at Airport Nikola Tesla Belgrade.

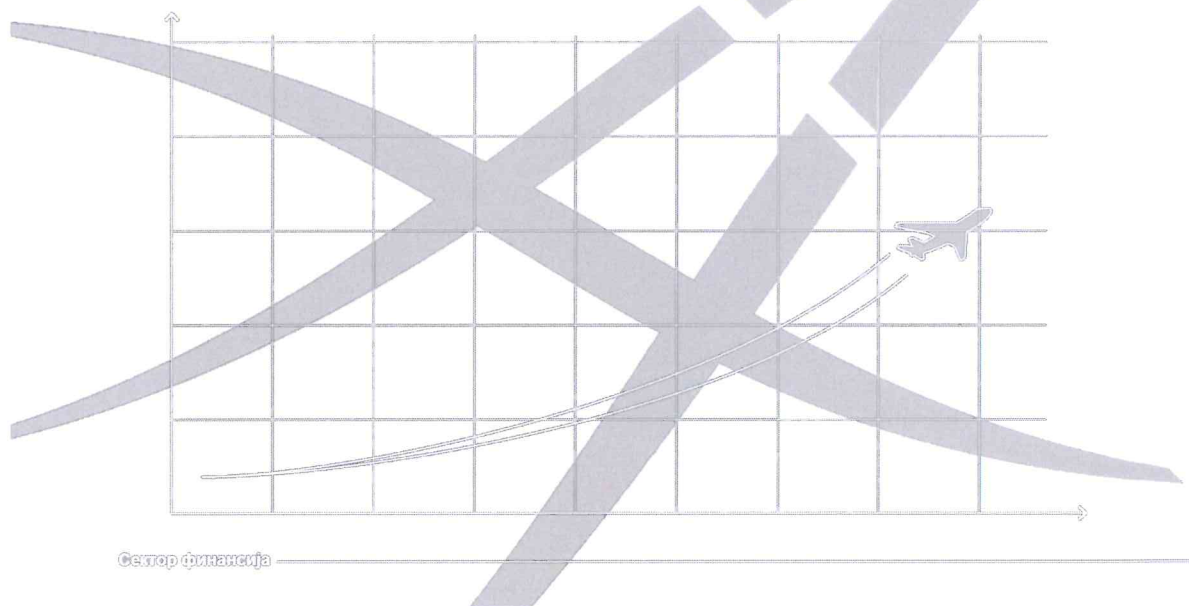
Table review of internal selections after 30/09/2017

Internal advertisement	Applicants
Assistant foreman of the sorting area	3
Driver on baggage delivery within the airport complex	11
Storage equipment operator	5
Assistant worker - hygiene	/
Worker on sewerage installation maintenance	1

Table review of external selections after 30/09/2017

Date of selection	Selection for positions	Number of recruited candidates	Number of selected candidates
04/07/2017	X-ray screener	1	1
12/07/2017	Airport hostess	6	6

On 19/07/2017, the Republic Geodetic Authority, Real Estate Cadaster Office Surcin adopted a decision, by which it allowed entry of title of JSC Airport Nikola Tesla Belgrade to the real estates, registered in the real estate sheet no. 452 CM Surcin, on cadaster plot 4109/1, arable land class 2 with area of 2638 m², and to cadaster plot 4109/2, arable land class 2, with area o 8599 m².



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

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 and China.
- 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

In the period I-IX 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. Procedures for the abovementioned risks have not been completed yet.

At the AOC meeting in June, announcements were made about the increased risks of the existence of electronic devices (most relevant to laptops) in hand baggage. It has been noted that consideration is being given to possible measures that will be applied in terms of examination of this type of devices. It is also considered to prohibit their carrying in hand baggage.

Since September, special measures have been applied on flights to the United States regarding screening of electronic devices larger than mobile phones, in hand baggage.

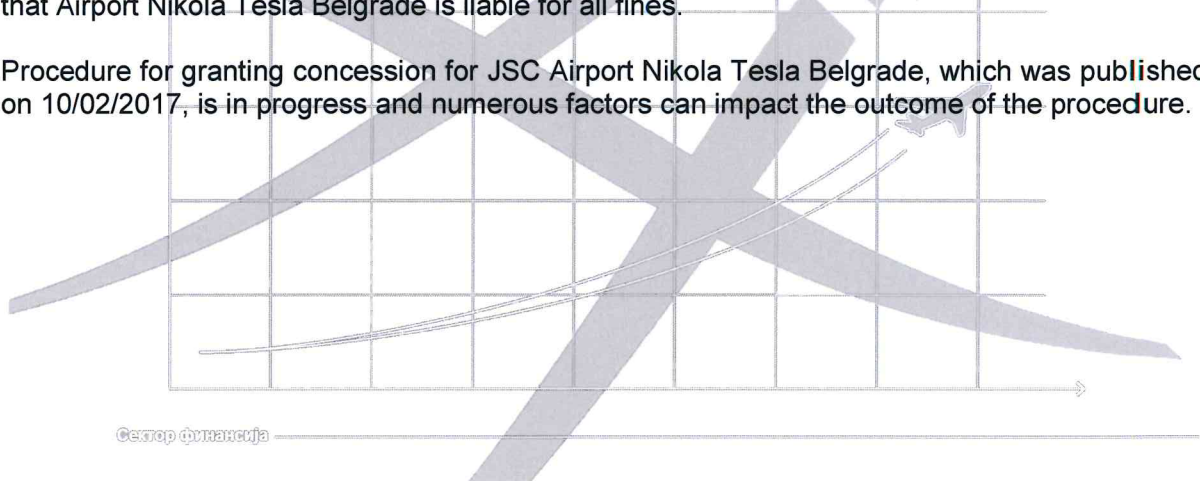
Since August, on flights to Moscow of the Russian aircarrier, is introduced supervision of passenger and their hand baggage security screening, considering announced possible threats to Russian aircraft.

A smaller number of employees in the GH in relation to the needs anticipated by the analysis of the required number of employees, so that with the increased volume of traffic, passengers, goods and mail, the employees make an extraordinary effort to keep the flights safe first and then on time according to quality standards that are in our Company at the highest level.

The number of 340 employees from ASGS should be transferred into JSC Belgrade Nikola Tesla Airport on November 1, 2017 within JSC Belgrade Nikola Tesla Airport, was obtained by analyzing the winter timetable. If the above mentioned is not fully realized, there is a risk that handling of flights of AIR SERBIA from 01.11.2017 will be done with reduced quality of service.

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.

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.



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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.

a) Currency risk (foreign exchange risk)

Considering balance and sources of resources of the Company on 30/09/2017 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 30/09/2017, 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.

b) 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.

Looking at liquidity indicators, we note that the current and accelerated liquidity ratios are over 9.1, which indicates that the Company is able to settle its current and short-term liabilities within maturity of its own sources.

The average time of collection of receivables is at an average 49 days (69 days in the same period of 2016). It is important to give high priority to collecting matured receivables, provide payment mechanisms with constant monitoring of the balance of receivables and daily update of collections with permitted mechanisms, as indicated by the indicator of the customer turnover ratio, which is 5.53. The average payback time for suppliers is 35 days (48 days in the same period of 2016). We emphasize that the Company settles its current obligations within the agreed deadlines and that the supplier's turnover ratio is 7.70.



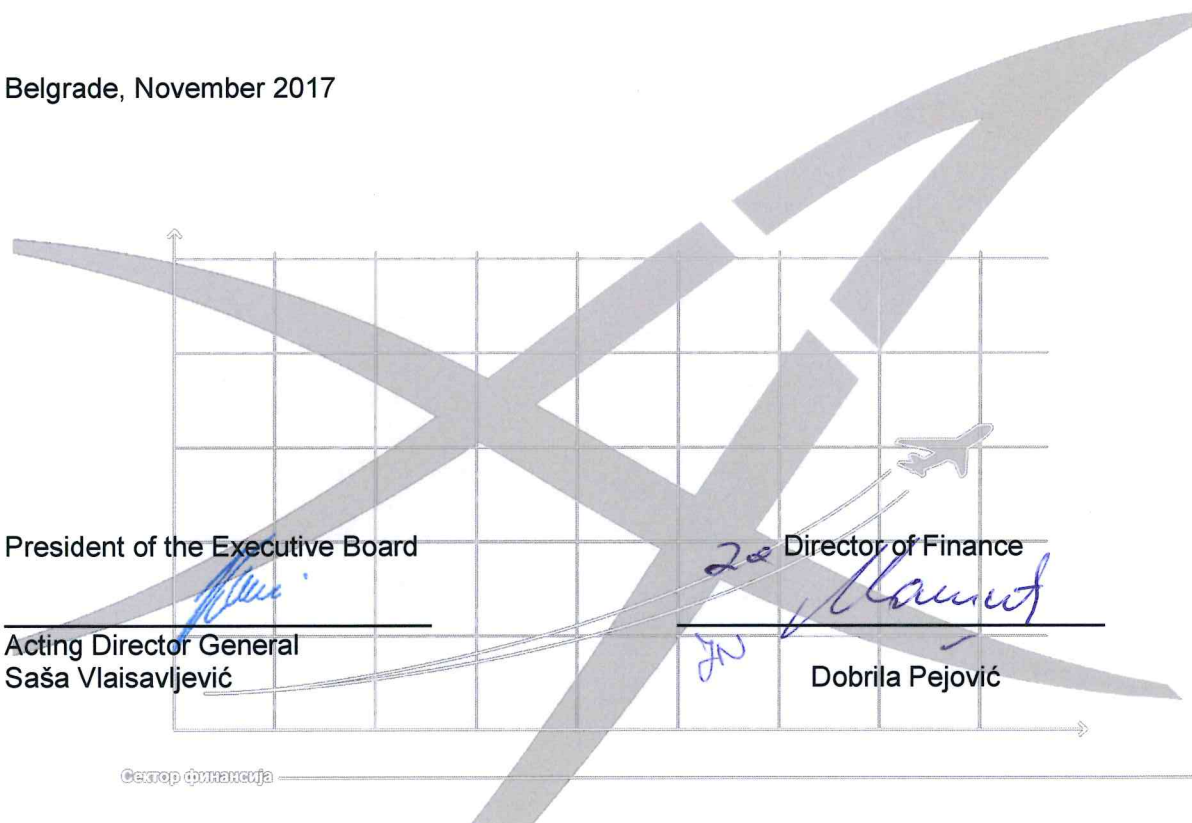
10. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

JSC Belgrade Nikola Tesla Airport does not have any related parties under the Companies Act (Official Gazette RS No. 36/2011, 99/2011, 83/2014 and 5/2015 Article 62) accordingly, there are no business activities with related parties.

10.1. BRANCHES

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

Belgrade, November 2017



President of the Executive Board

Acting Director General
Saša Vlasiavljević

Director of Finance

Dobriša Pejović

Сектор финансија

c.o.

**JSC BELGRADE NIKOLA TESLA AIRPORT
EXECUTIVE BOARD
Director General
President of the Executive Board**



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STATEMENT

Hereby we state that, according to our best knowledge, the Quarterly report for the third quarter 2017, and for the period I-IX 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



Saša Vlaisavljević

Finance Director



Dobrila Pejović

Head of Accountancy



Zorka Latinović

C.O.