

In accordance with Article 50 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 publishes:

ANNUAL BUSINESS REPORT FOR 2017



Content of the report:

1. Financial statements

- Income Sheet for the period I-XII 2017;
- Balance Sheet on 31.12.2017;
- Report on other results for the period I-XII 2017;
- Statement on changes in capital for the period I-XII 2017;
- Cash Flow Statement for the period I-XII 2017 and
- Notes to the financial statements with 31.12.2017.

2. Independant Auditor's Report with funancial statements for 2017;

3. Report on company operations for the period I-XII 2017;

4. Statement

5. Note

FINANCIAL STATEMENTS December 31, 2017

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

February 19, 2018

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



INCOME SHEET

for the period from 01/01/2017 until 31/12/2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	REVENUES OF REGULAR BUSINESS				
60 to 65, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		9,390,121	8,528,703
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	11,313	57,397
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	11,313	2,067
605	6. Revenues from sale of goods in foreign markets	1008	5	0	55,330
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6;7; 8;	8,383,071	7,552,237
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	3,519,086	3,314,644
615	6. Revenues from sale of products and services in foreign markets	1015	7	4,863,985	4,237,593
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		48	285
65	IV OTHER OPERATING REVENUES	1017	9	995,689	918,784

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

INCOME SHEET

for the period from 01/01/2017 until 31/12/2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	EXPENDITURES OF REGULAR BUSINESS				
	B. OPERATING EXPENDITURES				
50 to 55, except 62 & 63	(1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		5,365,220	4,941,794
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	15,026	52,919
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	218,931	175,073
513	VI. COSTS OF FUEL AND ENERGY	1024	12	270,944	258,963
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	3,072,948	2,821,301
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	415,465	336,036
540	IX. AMORTISATION COSTS	1027	15	848,477	884,949
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	39,943	36,817
55	XI. INTANGIBLE COSTS	1029	17	483,486	375,736
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		4,024,901	3,586,909
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		149,042	227,443
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	93,435	108,676

INCOME SHEET (continued)

in the period from January 1 to December 31, 2017

INCOME SHEET					
for the period from 01/01/2017 until 31/12/2017					
- in thousand RSD -					
Group of accounts - account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	55,607	118,767
56	Đ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		287,926	89,907
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	34,838	44,600
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	253,088	45,307
	E. PROFIT FROM FINANCING(1032 – 1040)	1048			137,536
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049		138,884	0
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	22	56,859	75,215
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	23	12,010	165,133
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	24	26,403	53,989
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	25	83,879	30,144
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		3,873,390	3,658,372

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

INCOME SHEET					
for the period from 01/01/2017 until 31/12/2017					
- in thousand RSD -					
Group of accounts - account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	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	26	7,254	126,433
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057			
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	27;	3,880,644	3,784,805
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059			
	p. PROFIT TAX				
721	I. INCOME TAX EXPENDITURE	1060	27;	529,000	393,279
part 722	II. DEFERRED TAX EXPENDITURE	1061	27;	85,970	200,787
part 722	III. DEFERRED INCOME TAX	1062		0	0
723	R. EARNINGS PAID BY EMPLOYER	1063			
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28	3,265,674	3,190,739
	T. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET INCOME OF MINORITY SHAREHOLDERS	1066			
	II NET INCOME OF THE MAJORITY OWNER	1067			
	III PROFIT PER SHARE				
	1. Basic earning per share	1068	28		
	2. Reduced (diluted) earning per share	1069			
6	TOTAL REVENUES			9,634,118	9,016,436
5	TOTAL EXPENDITURES			5,753,474	5,231,631

BALANCE SHEET
On December 31, 2017

BALANCE SHEET

on 31/12 2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 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		25,480,013	23,895,702	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0008 + 0009)	3	29	173,389	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	105,963	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		59,941		
016 & part 019	6. Advances for intangible assets	9		7,485		
2	II. REAL ESTATES, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	25,128,977	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	10,177,454	9,678,995	
023 & part 029	3. Plant and equipment	13	29	5,119,779	3,101,024	
024 & part 029	Investment property	14	29	29,516	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	349,493	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	11,999	120,507	
3	III. BIOLOGICAL RESOURCES (0020 + 0021 + 0022 + 0023)	19		123	145	0
030, 031 & part 039	1. Forests and perennial plants	20				
032 & part 039	2. Livestock unit	21	29	123	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		136,261	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	136,260	140,945	

BALANCE SHEET (continued)
On December 31, 2017

BALANCE SHEET						
on 31/12 2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 2017	Previous year	
					Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	ASSETS					
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		41,263	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	41,263	83,819	
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER ASSETS					
	(0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		6,566,562	6,455,664	0
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		133,226	85,637	0
10	1. Material, spare parts, tools and small inventory	45	32	93,771	62,272	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	4,863	4,816	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	34,592	18,549	
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1,118,684	1,020,436	0
200 & part 209	1. Buyers in the country - parent companies and subsidiaries	52				
201 & part 209	2. Buyers abroad - parent companies and subsidiaries	53				
202 & part 209	3. Buyers in the country - other related parties	54				
203 & part 209	4. Buyers abroad - other related parties	55				
204 & part 209	5. Buyers in the country	56	35	426,265	360,511	
205 & part 209	6. Buyers abroad	57	36	692,419	659,925	
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	81,537	388,411	
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 & 237	VI SHOR-TERM INVESTMENT (0063 + 0064 + 0065 + 0066 + 0067)	62		2,760,377	3,985,447	0
230 & part 239	1. Short-term loans and invest.- parent companies and subsidiaries	63				
231 & part 239	2. Short-term loans and invest.- other related parties	64				
232 & part 239	3. Short-term credits and loans in the country	65	38	80,386	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	2,679,991	3,934,494	
24	VII CASH AND CASH EQUIVALENTS	68	41	2,386,010	740,102	
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	86,728	235,631	
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		32,046,575	30,351,366	0
88	Ø. OFF-BALANCE SHEET ASSETS	72	62	668,417	524,556	

BALANCE SHEET (continued)
On December 31, 2017

BALANCE SHEET

on 31/12 2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 2017	Previous year	
					Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	LIABILITIES					
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401	43	29,708,442	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	596,114	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	17,482	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	3,267,110	1,775,235	0
340	1. Non-distributed profit of previous years	418	46	1,436	303	
341	2. Non-distributed profit of the current year	419	46	3,265,674	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		802,690	908,241	0
40	I LONG -TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48	227,955	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	131,379	125,836	
405	5. Reserves for litigations	430	47;48;49	96,576	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		574,735	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 December 31, 2017

BALANCE SHEET

on 31/12 2017

- In thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 2017	Previous year	
					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	574,735	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	456,253	370,283	
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,079,190	1,985,321	0
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		98,752	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	98,752	102,919	
430	II RECEIVED PREPAYMENTS, DEPOSITS AND BAILS	450	53	124,908	82,663	
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		522,262	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	401,299	396,580	
436	6. Suppliers abroad	457	55	6,398	51,240	
439	7. Other liabilities from operation	458	56	114,565	14,882	
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	152,802	1,138,394	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	1,339	57,398	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59;60	15,490	1,936	
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	163,637	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		32,046,575	30,351,366	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	668,417	524,556	

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

REPORT ON OTHER RESULTS					
for the period from 01/01/2017 until 31/12/2017					
- in thousand RSD -					
Group accounts, account	POSITION	ADP	Notes no:	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET RESULTS FROM OPERATIONS				
	I. NET PROFIT (ADP 1064)	2001	28;	3,265,674	3,190,739
	II. NET LOSS (ADP 1065)	2002			
	B. OTHER COMPREHENSIVE PROFITS AND LOSS				
	a) Items that will not be reclassified in income sheet n future periods				
	1. Changes in revaluation of intangible assets, property, plant and equipment				
330	a) increase in revaluation reserves	2003	45	0	536,780
	b) decrease in revaluation reserves	2004	45	0	2,170
	2. Actuarial gains and losses on defined benefit plans				
331	a) gains	2005	45	892	4,473
	b) losses	2006			
	3. Gains and losses on investment in equity capital instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses on shares in other comprehensive profit or losses of associated companies				
333	a) gains	2009			
	b) losses	2010			
	a) Items that can subsequently be reclassified in income sheet n future periods				
	1. Gains or losses based on recalculation of financial statements of foreign operations				
334	a) gains	2011			
	b) losses	2012			
	2. Gains or losses on hedging instruments of net investment in a foreign operation				
335	a) gains	2013			
	b) losses	2014			
	3. Gains or losses on risk hedging instruments of cash flow				
336	a) gains	2015			
	b) losses	2016			
	4. Gains or losses on securities available for sale				
337	a) gains	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE PROFIT				
	(2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		892	539,083
	II. OTHER GROSS COMPREHENSIVE LOSS				
	(2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			
	III. TAX ON OTHER COMPREHENSIVE PROFIT OF LOSS FOR THE PERIOD	2021	45	134	81,188
	IV. NET OTHER COMPREHENSIVE PROFIT				
	(2019 – 2020 – 2021) ≥ 0	2022	45	758	457,895
	V. NET OTHER COMPREHENSIVE LOSS				
	(2020 – 2019 + 2021) ≥ 0	2023			
	B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD				
	I. TOTAL NET COMPREHENSIVE PROFIT				
	(2001 – 2002 + 2022 – 2023) ≥ 0	2024		3,266,432	3,648,634
	II. TOTAL NET COMPREHENSIVE LOSS				
	(2002 – 2001 + 2023 – 2022) ≥ 0	2025		0	0
	G. TOTAL NET COMPREHENSIVE PROFIT OF LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0	2026		0	0
	1. Attributable to majority owners of capital	2027			
	2. Attributable to owners who do not have control	2028			

STATEMENT ON CHANGES IN CAPITAL for the period from 01/01 until 31/12/2017

No.	DESCRIPTION	Capital components											Components of other result						17
		30	31	32	35	36	37	38	39	40	41	42	43	44	45	46	47		
		A/P Core capital	A/P Non-paid up subscribed capital	A/P Reserves	A/P Loss	A/P Reserves of own shares	A/P Non- distributable dividend	A/P Revalued in reserves	A/P Actuarial gains and losses	A/P Gains and losses on derivatives and equity instruments	A/P Gains or losses on shares in other companies and associated companies	A/P Gains and losses on foreign operations and conversion of financial statements	A/P Gains or losses on disposing of cash flow	A/P Gains or losses on recognition of financial instruments	A/P Gains or losses on recognition of financial instruments	A/P Gains or losses on recognition of financial instruments	A/P Gains or losses on recognition of financial instruments		
1	Opening balance on 01/01/2016																		
1	a) debit balance account	4001	4003	4007	4005	4073	4001	4009	4045	4063	4001	4009	4073	4005	4007	4005	4007		
	b) credit balance account	4002	4004	4008	4006	4004	4002	4010	4046	4064	4002	4010	4004	4006	4004	4002	4010		
	Correction of materially significant errors and changes of accounting policies																		
2	a) turnover on the debit side of the account	4003	4001	4009	4007	4005	4003	4011	4047	4065	4003	4011	4005	4007	4001	4009	4007		
	b) corrections on the credit side of the account	4004	4002	4008	4006	4004	4002	4012	4048	4066	4004	4012	4006	4008	4002	4008	4012		
	Updated opening balance on 01/01/2016																		
3	a) corrected debit balance of account (2a + 2b - 2a)	4005	4003	4001	4009	4007	4005	4013	4049	4067	4005	4013	4007	4001	4009	4007	4005		
	b) corrected credit balance of account (2b - 2a + 2b) > 0	4006	4004	4002	4006	4004	4002	4014	4050	4068	4006	4014	4006	4008	4004	4002	4014		
	Changes in the previous 2016																		
4	a) turnover on the debit side of the account	4007	4005	4003	4001	4009	4007	4005	4051	4069	4007	4005	4007	4001	4009	4007	4005		
	b) turnover on the credit side of the account	4008	4006	4004	4006	4004	4002	4016	4052	4070	4008	4016	4008	4006	4004	4006	4016		
	Balance at the end of prev. year on 31/12/2016																		
5	a) debit balance of account (3a + 4a - 4b) > 0	4009	4007	4005	4003	4001	4009	4007	4053	4071	4009	4007	4005	4003	4001	4009	4007		
	b) credit balance of account (3b - 4a + 4b) > 0	4010	4008	4006	4004	4002	4002	4018	4054	4072	4010	4018	4008	4004	4006	4002	4018		
	Correction of materially significant errors and changes of accounting policies																		
6	a) corrections on the debit side of the account	4011	4009	4007	4005	4003	4001	4019	4055	4073	4011	4019	4009	4007	4005	4003	4019		
	b) corrections on the credit side of the account	4012	4010	4008	4006	4004	4002	4020	4056	4074	4012	4020	4008	4006	4004	4002	4020		
	Corrected opening balance on 01/01/2017																		
7	a) corrected debit balance of account (5a + 6a - 6b) > 0	4013	4011	4009	4007	4005	4003	4021	4057	4075	4013	4021	4009	4007	4005	4003	4021		
	b) corrected credit balance of account (5b - 6a + 6b) > 0	4014	4012	4010	4008	4006	4004	4022	4058	4076	4014	4022	4010	4008	4006	4004	4022		
	Changes in the current 2017																		
8	a) turnover on the debit side of the account	4015	4013	4011	4009	4007	4005	4023	4059	4077	4015	4023	4011	4009	4007	4005	4023		
	b) turnover on the credit side of the account	4016	4014	4012	4010	4008	4006	4024	4060	4078	4016	4024	4012	4010	4008	4006	4024		
	Balance at the end of the current year on 31/12/2017																		
9	a) debit balance of account (7a + 8a - 8b) > 0	4017	4015	4013	4011	4009	4007	4025	4061	4079	4017	4025	4013	4011	4009	4007	4025		
	b) credit balance of account (7b - 8a + 8b) > 0	4018	4016	4014	4012	4010	4008	4026	4062	4080	4018	4026	4014	4012	4010	4008	4026		

CASH FLOW STATEMENT
for the period from 01/01 until 31/12/2017

CASH FLOW STATEMENT

in the period from 01/01/2017 until 31/12/2017

- 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		10,780,387	10,335,407
1. Sale and received advance payments	3002		9,523,622	9,219,279
2. Interest received from business activity	3003		22,638	7,404
3. Other inflows from regular operations	3004		1,234,127	1,108,724
II. Cash outflow from business activities (1 to 5)	3005		5,473,829	5,901,306
1. Payments for suppliers and given advance payments	3006		1,550,419	1,569,954
2. Salaries, salary compensations and other personal expenses	3007		2,937,901	2,830,291
3. Paid interest	3008		33,803	62,716
4. Income tax	3009		248,007	766,395
5. Payment from other public revenues	3010		703,699	671,950
III. Net cash inflow from business activities (I-II)	3011		5,306,558	4,434,101
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		1,182,551	103,004
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		1,502	361
3. Other financial investments (net inflows)	3016		1,086,827	0
4. Interest received from investment activity	3017		94,222	102,643
5. Dividend received	3018		0	0
II. Cash outflow from investment activities (1 to 3)	3019		2,942,614	2,451,299
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021		2,942,614	2,416,007
3. Other financial investments (net outflows)	3022		0	35,292
III. Cash net inflow from investment activities (I-II)	3023		0	0
IV. Cash net outflow from investment activities (II-I)	3024		1,760,063	2,348,295

CASH FLOW STATEMENT (cont'd)
for the period from 01/01 until 31/12/2017

CASH FLOW STATEMENT

in the period from 01/01/2017 until 31/12/2017

- 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		1,857,959	2,060,669
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033		100,784	102,738
3. Short-term loans (outflows)	3034		0	0
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036		0	0
6. Paid-up dividends	3037		1,757,175	1,957,931
III Cash net inflow from financing activities (I-II)	3038			
IV. Cash net outflow from financing activities (II-I)	3039		1,857,959	2,060,669
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)	3040		11,962,938	10,438,411
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)	3041		10,274,402	10,413,274
Ø. OVERALL CASH INFLOW (3040 – 3041)	3042		1,688,536	25,137
E. OVERALL CASH OUTFLOW (3041 – 3040)	3043			
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		740,102	704,127
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERISON	3045		7,584	22,768
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERISON	3046		50,212	11,930
J. CASH AT THE END OF ACCOUNTING PERIOD	3047		2,386,010	740,102
(3042 – 3043 + 3044 + 3045 – 3046)				

JSC AIRPORT NIKOLA TESLA BELGRADE

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

1. FOUNDING AND OPERATION OF THE COMPANY

1.1. General data of the Company:

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

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

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

The Government of the Republic of Serbia on 17/06/2010 made the Decision No. 023-4432/2010 on change of legal form of JP Aerodrom "Nikola Tesla" Beograd from a public company into closed joint stock company. The change of legal form is registered with the Business Registers Agency on 22/06/2010 by the Rescript No. BD 68460/2010.

After the change of legal form the company continued its business under the full name **Joint Stock Company Airport Nikola Tesla Belgrade**.

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

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

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

1.2. Number of employees and engaged persons

On Balance Sheet date on 31 December, 2017 the Company had 2,382 engaged workers of which 1,715 employees of the Company including 1,206 permanent employees, employees on a definite period of time 509, temporary workers 293, and 374 workers engaged through youth organizations (on 31 December 2016 there were 1,994 engaged workers, of which 1,323 permanent employees, 822 employed for a definite period of time, 425 workers engaged through youth organizations, and 246 workers engaged in temporary and occasional jobs).

In I-XII 2017, the average number of employees engaged by the Company at the end of each month was 2,067 of which average number of employees of the Company is 1,408 (1,042 permanent employees, 366 employees for a definite period of time), averagely 266 workers engaged in temporary and occasional jobs, 393 workers engaged through youth organizations (during 2016 there were on average 1,916 employees: 496 permanent employees, 798 employed for a definite period of time, 422 workers hired through youth organizations and 201 workers engaged in temporary and occasional jobs).

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

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

The Assembly comprises of the Company Shareholders entitled to participate in Assembly's work. The Shareholder in possession of 1% of ordinary shares (34,289 shares) is entitled to participate in Assembly work.

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

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

1.4. Ownership structure

After change of legal form into a closed joint stock company, the Central depository and clearing house registered on 07.07.2010, 34,289,350 shares; 100% in ownership of the Republic of Serbia.

On 09/12/2010 the Government of the Republic Serbia made the Decision No. 023-9103/2010-1, by which citizens of the Republic of Serbia, the employees and former employees of the Company have acquired the right to 16.85% of ownership of the Company. After transfer of the right to free of charge shares to citizens, employees and former employees, the Republic of Serbia owns 28,511,988 ordinary shares, which represents 83.15% of the total share capital of the Company.

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

2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD**2.1. Basis for composition and presentation of financial statements**

Financial statements for the I-XII 2017 are prepared in a manner and in accordance with the legislation and approved at the meeting of the Supervisory Board on 19/02/2018.

Legal persons and entrepreneurs in the Republic of Serbia are obliged to perform recording of financial accounts, assessment of property and liabilities, revenues and expenditures, displaying, submission and disclosure of financial statements in accordance with the Law on Accounting (hereinafter "the Law", published in the "Official Gazette of RS " no. 62/2013), as well as in accordance with other applicable regulations. The Enterprise, as a large legal person, is obliged to apply International financial reporting standards (IFRS), which in terms of the said law, comprise of: Framework for preparation and disclosure of financial statements ("Framework"), International accounting standards ("IAS"), International financial reporting standards ("IFRS) and relevant interpretations, issued by the IFRS Interpretation Committee ("IFRIC"), subsequent amendments to the standards and relevant interpretations, approved by the International Accounting Standards Board (the "Board"), whose translation has been established and published by a ministry governing financial affairs.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (CONT'D)**2.1. Basis for composition and presentation of financial statements (cont'd)**

By the Decision of the Ministry dated on March 13, 2014 and published in the "Official Gazette of RS", no. 35, on March 27, 2014 (hereinafter the "Decision on translation establishing") translations of basic texts of IAS and IFRS, the Conceptual framework for financial reporting ("Conceptual framework") adopted by the Board as well as translations of the relevant IFRIC interpretations were adopted and published. The said translations published in the Decision on translation establishing do not include basis for conclusion, illustrative examples, guidelines, comments, opposite opinions, elaborate examples, as well as other supplementary explanatory materials, which may be adopted in relation to standards, i.e. interpretations, unless it is clearly stated that such material is integral part of the standard, i.e. interpretation. Based on the Decision on translation establishing the Conceptual framework, IAS, IFRS, IFRIC and related interpretation have been translated and applied since the financial statements composed on December 31, 2014. Amended or IFRS and interpretations issued after this date have not been translated nor published, therefore they have not been applied in composition of the attached financial statements.

However, up to the date of composition of the attached financial statements not all amendments to IAS/IFRS and IFRIC interpretations, effective for annual periods starting from January 1, 2015, were translated. Besides, certain regulations and by-laws prescribe accounting procedures, evaluations and disclosing, which in certain cases derogate from the requirements of IAS/IFRS and IFRIC interpretations.

Beside the aforementioned, the attached financial statements derogate from IAS and IFRS in the following items:

- Derogations from IAS 1 "Presentation of financial statements" and IAS 16 "Real estate, plants and equipment" in treatment and evidence of the effects of value assessment of the capital, where the main part is value assessment of property, plants and investment property. Namely, in accordance with article 27 of independent articles of the Law on amendments on the Law on right to free shares and financial compensation realized by the citizens in the privatization procedure ("Official Gazette" no. 30/2010) the founder of the Company was obliged to ensure that up to June 30, 2010 the Company changes its legal form and expresses its basic capital in shares with defined nominal value based on corrected accounting value of the capital. Accordingly, after capital value assessment the assessed value of the property and liabilities was accounted in favour of revaluation reserves. Based on the Decision of the Board of Managers no. 04-100/1 dated May 31, 2010 on increase of the capital, and the Decision of the Government of the Republic of Serbia no. 023-4175/2010 dated June 4 2010 on approval for the said Decision on increase of the core capital from own resources by conversion of reserves and undistributed profit into the core capital of PE Airport Nikola Tesla Belgrade, the Company registered in its accounting records increase of the state capital on January 1, 2010, correcting of the initial balance by reduction of the other capital, reserves, revaluation reserves and undistributed profit. The mentioned accounting treatment derogates from the requirements of IAS 16 "Real estate, plants and equipment" according to which: 1) the result of revaluation is attributed directly to capital, within the position revaluation reserves, i.e. it is recognised as profit in income sheet up to the amount of returned revaluation reduction of the same resource, which had previously been recognised as expenditure, as well as in the part according to which 2) revaluation reserves which are an integral part of the capital related to property, plants and equipment, may be transferred directly to undistributed profit, when the resource is not recognised any more. Due to afore-mentioned recognition of value assessment in the attached financial statements in line with the mentioned documents is not in line with the requirements of IAS 1 "Presentation of financial statements" and IAS 16 "Property, plants and equipment"

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

3. 2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (CONT'D)**2.1. Basis for composition and presentation of financial statements (cont'd)**

- In the opinion of the Ministry, participation of employees in profit is recorded as a decrease of undistributed profit and not at the cost of results of the current period, as it is required by IAS 19 "Employee benefits".

Accordingly and considering potential material effects that derogation of the accounting regulation of the Republic of Serbia from IFRS and IAS may have on reality and impartiality of the financial statements of the Company, the attached financial statements cannot be regarded as financial statements composed in accordance with IFRS and IAS.

The published standards and interpretations, which came into effect in the current period based on the Decision on translation establishing are disclosed in the note 2.2. The published standards and interpretations valid in the current period, which have not been officially translated and adopted are disclosed in the note 2.3. The published standards and interpretations which have not been implemented are disclosed in the note 2.4.

The financial statements are composed in line with the principle of historical cost, unless it is noted differently in accounting policies given hereinafter.

While composing these financial statements, the Company applied accounting policies explained in the Note 3.

In accordance with the Law on accounting the financial statements of the Company are expressed in thousands. Dinar is the official reporting currency in the Republic of Serbia.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (cont'd)**2.2. Published standards and interpretations effective based on the Decision on translation establishing**

- Amendments to IFRS 7 "Financial instruments: Disclosures" - Amendments improving disclosure of fair value and liquidity risks (revised in March 2009, effective for annual periods beginning on or after January 1, 2009);
- Amendments to IFRS 1 „First-time adoption of IFRS“ – Additional exemptions for persons who implement IFRS for the first time. Amendments refer to resources in oil and gas industry and confirmation whether contracts contain leasing provisions (revised July 2009, effective for annual periods beginning on or after January 1, 2010);
- Amendments to different standards and interpretations are a result of the Annual improvement project of IFRS published on April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with the purpose of removal of inconsistency and clarification of text wording (amendments to standards became effective for annual periods beginning on or after January 1, 2010, and amendments to IFRIC on or after July 1, 2009).
- Amendments to IAS 38 „Intangible assets“ (effective for annual periods beginning on or after July 1, 2009);
- Amendments to IFRS 2 "Share-based payment": Amendments as a result of the Annual improvement project of IFRS (revised in April 2009, effective for annual periods beginning on or after July 1, 2009) and amendments referring to transactions of payment by shares of a group based on cash (revised in June 2009, effective for annual periods beginning on or after January 1, 2010);
- Amendments to IFRIC 9 „Reassessment of Embedded Derivatives“ effective for annual periods beginning on or after July 1, 2009 and IAS 39 "Financial instruments: Recognition and Measurement" - Embedded derivatives (effective for annual periods beginning on or after June 30, 2009);
- IFRIC 18 „Transfer of assets from customers" - Embedded derivatives (effective for annual periods beginning on or after July 1, 2009);
- "Conceptual Framework for Financial Reporting 2010" representing amendment of the „Framework for the Preparation and Presentation of Financial Statements" (effective for transfer of assets from customers received on or after September 2010).
- Amendments to IFRS 1 "First-time adoption of IFRS" – Limited exemption of comparative disclosures proscribed within IFRS 7 for the persons which adopt IFRS for the first time (effective for annual periods beginning on or after July 1, 2010);
- Amendments to IAS 24 "Related party disclosures" – Simplified requirements for disclosures for persons under (significant) control or influence of a Government and clarification of the definition of the related party (effective for annual periods beginning on or after January 1, 2011);
- Amendments to IAS 32 "Financial instruments: presentation" - Inclusion of the pre-emption right to new shares in accounting (effective for annual periods beginning on or after February 1, 2010);
- Amendments to different standards and interpretations "Improvements of IFRS (2010)" are a result of the Annual improvement project of IFRS published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with the purpose of removal of inconsistency and clarification of text wording (most of amendments will be effective for annual periods beginning on or after January 1, 2011);

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (cont'd)**2.2. Published standards and interpretations effective based on the Decision on translation establishing (cont'd)**

- Amendments to "IFRIC 14 - IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their Interaction" Advance payment of minimum assets necessary for funding (effective for annual periods beginning on or after January 1, 2011);
- IFRIC 19 "Extinguishing financial liabilities with equity instruments" (effective for annual periods beginning on or after July 1, 2010);
- Amendments to IFRS 1 "First-time adoption of IFRS" – Severe hyperinflation and removal of fixed dates for first-time adopters (effective for annual periods beginning on or after July 1, 2011);
- Amendments to IFRS 7 "Financial instruments: Disclosures" - Transfer of financial assets (effective for annual periods beginning on or after January 1, 2011);
- Amendments to IAS 12 „Income taxes“ – Deferred taxes recovery of assets used for tax calculation (effective for annual periods beginning on or after January 1, 2012);
- IFRS 10 "Consolidated financial statement" (effective for annual periods beginning on or after January 1, 2013);
- IFRS 11 "Joint arrangements" (effective for annual periods beginning on or after January 1, 2013);
- IFRS 12 "Disclosure of interests in other entities" (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IFRS 10, IFRS 11 and IFRS 12 „Consolidated financial statement, Joint arrangements and Disclosure of interests in other entities: Transition guidance" (effective for annual periods beginning on or after January 1, 2013);
- IAS 27 (revised in 2011) "Separate financial statements" (effective for annual periods beginning on or after January 1, 2013);
- IAS 28 (revised in 2011) "Investments in associates and joint ventures" (effective for annual periods beginning on or after January 1, 2013);
- IFRS 13 "Fair value measurement" (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IFRS 1 "First-time adoption of IFRS" – Government loans with interest rate below market rates (effective for annual periods beginning on or after July 1, 2013);
- Amendments to IFRS 7 "Financial instruments: Disclosures" - Offsetting financial assets and financial liabilities (effective for annual periods beginning on or after January 1, 2013);

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (cont'd)**2.2. Published standards and interpretations effective based on the Decision on translation establishing (cont'd)**

- Amendments to IAS 1 "Presentation of financial statements" - Presentation of items of other comprehensive income (effective for annual periods beginning on or after July 1, 2012);
- Amendments to IAS 19 "Employee benefits" - Improvement of accounting requirements for benefits upon termination of employment (effective for annual periods beginning on or after January 1, 2013);
- Annual improvement for the period 2009-2011 published in May 2012 referring to different improvement projects of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily to removal of inconsistency and clarification of text wording (effective for annual periods beginning on or after January 1, 2013);
- IFRIC 20 "IFRIC 20 — Stripping costs in the production phase of a surface mine" (effective for annual periods beginning on or after January 1, 2013);

2.3. The published standards and interpretations valid in the current period, which have not been officially translated and adopted

On the date of disclosure of these financial statements, undermentioned standards and amendments to the standards had been published by the IAS Board and the following interpretations had been published by the IFRS Interpretations Committee, but they had not been adopted in the Republic of Serbia:

- Amendments to IAS 32 "Financial instruments: Presentation" - Offsetting financial assets and financial liabilities (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 "Consolidated financial statements", IFRS 12 „Disclosure of interests in other entities" and IAS 27 „Separate financial statements" – Exemption of depending persons from consolidation according to IFRS 10 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 "Impairment of assets" - Disclosure of recoverable amount for non-financial assets (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 39 "Financial instruments" - Novation of derivatives and continuation of hedge accounting (effective for annual periods beginning on or after January 1, 2014);
- IFRS 21 "Levies" (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 19 „Employee benefits" – Defined plans for benefits: Employee contributions (effective for annual periods beginning on or after July 1, 2014);
- Annual improvement for the period 2010-2012 as a result of the Annual improvement project for IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 13, IAS 16, IAS 24, IAS 38) in order to remove inconsistency and clarify text wording (effective for annual periods beginning on or after July 1, 2014);
- Annual improvements for the period 2011-2013, as a result of the Annual improvement projects for IFRS (IFRS 1, IFRS 3, IFRS 13 и IAS 40) for the purpose of

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (cont'd)**2.3. The published standards and interpretations valid in the current period, which have not been officially translated and adopted (cont'd)**

removal of inconsistency and clarification of text wording (effective for annual periods beginning on or after July 1, 2014);

- Amendments to IFRS 11 "Joint arrangements" - accounting for acquiring participation in joint arrangements (effective for annual periods beginning on or after January 1, 2016);
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible assets" - Interpretation of acceptable methods of amortisation (effective for annual periods beginning on or after January 1, 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Bearer plants (effective for annual periods beginning on or after January 1, 2016).
- Amendments to IAS 27 "Separate financial statements" - 'Equity method in separate financial statements (effective for annual periods beginning on or after January 1, 2016);
- IFRS 10, IFRS 12 and IAS 28 „Investment entities: Applying the consolidation exception" Amendments clarify that parent company may be exempt from preparation of consolidated financial statements if it is simultaneously a depending entity of an investment entity, even in case that investment entity measures investments in all of its depending entities at fair value in accordance with IFRS 10. As a result of these amendments, IAS 28 has been changed with purpose of clarification of application of equity method (i.e. keeping fair-value measurement), which refers to investor into associate or their joint venture, if the investor is depending entity of investment company which measures all its investments into depending entities at fair value. (Amendments are applied retroactively for annual periods beginning on or after January 1, 2016 with permission to apply them earlier.)
- Amendments of different standards Annual improvement of IFRS (for the period 2012-2014) resulting from Annual improvement project for IFRS (IFRS 5, IFRS 7, IAS 19, IAS 34) in order to remove inconsistency and clarify text wording (effective for annual periods beginning on or after January 1, 2016);

2.4. The published standards and interpretations which has not come into effect

On the date of issuance of all financial statements the following standards, their amendments and interpretations had been published, but they had not come into effect (but their earlier application is supported) for the year ending on December 31, 2016:

- IFRS 9 "Financial instruments" and their subsequent amendments, replacing requirements from IAS 39 "Financial instruments: recognition and measurement", related to classification and measuring of financial assets. The standard eliminates the existing categories from IAS 39 - assets retained until maturity, available-for-sale assets, loans and receivables. IFRS 9 are effective for annual periods beginning on or after January 1, 2018 with permission to apply them earlier.)

In accordance with IFRS 9, financial assets will be classified into one out of two indicated categories upon initial recognition: Financial assets valued per depreciated cost or financial assets valued per fair value. Financial asset will be recognised per depreciated cost if the following two criteria are fulfilled: if assets relate to business model whose objective is to collect

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (cont'd)

2.4. The published standards and interpretations which has not come into effect (cont'd)

contractual cash flows and if the contracted terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All other financial assets will be valued per fair value. Gains and losses based on measurement of financial assets per fair value will be recognised in an Income sheet, except for investment in equity instruments which is not held for trade, where IFRS 9 allows, on initial recognition, subsequently unchangeable choice that all changes of fair value are recognised within other gains and losses in a statement on comprehensive income. Amount recognised in such manner within the statement on comprehensive income cannot be later recognised in a Balance sheet;

- IFRS 15 "Revenue from contracts with customers", which defines a framework for revenue recognition. IFRS 15 substitutes IAS 18 "Revenues", IAS 11 "Construction contracts", IFRIC13 "Customer loyalty programmes", IFRIC 15 "Agreements for the construction of real estate" and IFRIC 18 "Transfers of assets from customers". IFRS 15 are effective for annual periods beginning on or after January 1, 2018 with permission to apply them earlier.)
- IFRS 16 "Leases", ensures comprehensive model for identification of lease arrangements and their treatment in financial statements of both lessors and lessees. On the date when it comes into effect, January 1, 2019, this standard will substitute the following lease standards and interpretations: IAS 17 "Lease", IFRIC 4 "Determining whether an arrangement contains a lease", SIC 15 "Operating leases – incentive references" and SIC 27 "Evaluating the substance of transactions in the legal form of a lease";
- Amendments to IFRS 2 "Share-based payment– classification and measurement of transactions", effective for annual report period beginning on January 1, 2018 or later, with supported earlier application;
- Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investment into associates and joint ventures" - Sale or contribution of assets between and investor and its associate or joint venture. Standard should come into effect for annual periods beginning on or after January 1, 2016, but in December 2015 IASB postponed effectiveness to a future date , but its earlier application is allowed;
- Amendment to IAS 7 – "Disclosure initiative" require from entities disclosure of such information that provide to users of financial statements to estimate the changes in obligations resulting from an entity's financing activities, including changes resulting from cash changes and non-cash changes. Amendments to IAS 7 are effective for annual periods beginning on or after January 1, 2017 with earlier application being permitted.)
- Amendments to IAS 12 "Income taxes" related to identification of deferred tax assets for non-realised losses is applied retrospectively for annual periods beginning on or after January 1, 2017 with earlier application being permitted.)

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES

3.1 Incomes and outcomes

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

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

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

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

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

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

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

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

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

3.2. Costs of borrowings

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

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

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

3.3. Conversion of assets and liabilities in foreign currencies

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

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

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

Description	31/12/2017	31/12/2016
Middle exchange rate of NBS:	Value in RSD	
EUR	118.4727	123.4723
USD	99.1155	117.1353
CHF	101.2847	114.8473
GBP	133.4302	143.8065

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

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

Description	31/12/2017	31/12/2016
Contracted exchange rate:	Value in RSD	
EUR - for EIB loan	118.8281	123.8427

3.4. Intangible investment

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

3.5. Property, plants, equipment, biological resources

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

After initial recognition, property, plant and equipment (except tools and inventory for which purchase price model is implemented) are presented at revalued amount that reflects their fair value at the date of revaluation, less the total amount of the value correction based on amortization and total amount of value correction for impairment loss.

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

The last assessment of the value of property, plant and equipment was made on 31/12/2016.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.5. Property, plants, equipment, biological resources (cont'd)**

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

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

3.6. Amortisation

Depreciation of property, plant and equipment is calculated using straight-line method over the estimated useful life. The depreciation rates that were used in the 2016 business year, as well as the rate of amortization calculated based on the useful life of the assets applied in 2017 are given in the following table:

DESCRIPTION	2017	2016
Buildings	%	%
Water and electricity facilities	2,27 - 7,14	2,27 - 7,14
Roads, airports and parking lots	2,22 - 20,00	2,22 - 33,33
Other building facilities	5,00 - 20,00	5,00 - 25,00
Flats given to employees for use	1,43	1,49
Equipment	%	%
New specific equipment	5 - 33,33	6,67 - 50,00
Equipment for road traffic	6,67- 50,00	5- 50,00
Equipment for PTT and TV	14,33 - 33,33	7,14 - 50,00
Equipment for air-traffic	6,67- 50,00	4 - 50,00
Measuring and control devices and specific devices	5,00 - 33,33	4,00 - 33,33
Labor.equipment, teaching aids and med. devices	12,50 - 50,00	20,00 - 25
Electronic, calculating machines and computers	10,00- 50,00	10- 50,00
Furniture and equipment for general purpose	5,00- 50,00	4- 50,00
Equipment for road traffic under financial leasing	10,00- 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 - Belgrade, to assess the value of investment property as on 31/12/2017. The method used in the Fair value assessment is the profit method.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.8. Impairment**

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

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

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

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

On 31 December, 2017, based on the Company's management estimates there are no indications that the value of the assets is impaired.

3.9. Stocks

Stocks are disclosed per purchase value, i.e. cost value or net sale value, whichever is lower.

Net sale value is price for sale of stocks in nominal operation conditions after price decrease by sale costs. Cost includes the invoiced value, transport and acquisition costs.

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

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

Charging to other expenses inventory value correction is done in cases where it is determined that it is necessary to resume the value to their net estimated realizable value (including inventories with slow turnover, excess and obsolete inventories). Damaged inventory and inventory that does not meet the standards are written off.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

3.10. Taxes and contributions

Income tax

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

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

Current income tax

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

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

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

The Law on Corporate Income Tax of the Republic of Serbia in the part relating to tax credit provides that taxpayers who have until December 31, 2013 acquired the right to a tax incentive under Art. 48. of the previous law and expressed information in Tax balance and Tax return for 2013 may exercise that right up to the deadline and in the manner provided by that previous law. According to Art. 48 Paragraph 5 of the previous law, "unused tax credits can be offset against income tax in future periods up to the prescribed limit of 33% (for large and medium-sized enterprises), but not longer than ten (10) years that you apply as of the tax balance sheet for the year 2003". In determining the income tax for 2017, the earliest previous tax period from which they can use unused tax credit is the tax account or PK form in 2007. Transferred tax credit is used in the order of investment.

Deferred income tax

Deferred tax effects arise as a consequence of difference between basis for amortization calculation according to accounting and tax regulations. Also, this difference accrues on basis of existence of equipment with purchase value in the moment of purchase lower than average gross salary in RS, on basis of non-used tax loan and in other cases when there is time difference between tax liability arising and tax payment due date. Deferred tax liabilities are recognized for all chargeable temporary differences, while deferred tax resources are recognized in extent in which it is possible for chargeable profits to be available for usage of deducting temporary differences. The carrying value of deferred tax assets is examined on the financial statement date and adjusted if necessary to comply with the current assessment of the taxable profits of future periods.

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

3.10. Taxes and contributions (cont'd)

Deferred income tax (cont'd)

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

Taxes and contributions independent of results

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

Tax risks

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

3.11. Benefits for employees

Taxes and contributions to funds for social security of employees

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

Reserving for terminal wages and jubilee bonuses

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

- Terminal wage for retirement in amount of 4 average month salaries without tax and contributions paid at the employer's in the very month before payment of terminal wage
- Jubilee awards for total time spent in employment with the employer in the amount of the average monthly salary without tax and contributions paid by the employer for the month preceding the month in which the employee is entitled to jubilee awards as follows:
 - 10 years – one average month salary
 - 20 years – two average month salaries
 - 30 years – three average month salaries
 - 35 years for women and men - four average month salaries.

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

The Company has engaged an authorized actuary to assess provisions for retirement benefits and jubilee awards on 31 December 2017. The assumptions used for the actuarial calculation and changes in provisions in the current period are disclosed in Note 49.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

3.12. Leasing

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

The Company as lessor

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

The Company as lessee

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

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

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

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

3.13. Information on business segments

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

3.14. Financial instruments

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

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

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

Long term investments

Long-term investments after initial recognition are measured by:

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

3.14. Financial instruments (cont'd)

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

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

Short-term receivables and investments

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

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

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

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

Devaluation of funds

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

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

Cash and cash equivalents

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

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.15. The capital, reserves and payment of profits (dividends)**

The basic capital consists of the nominal value of the issued shares.

Other components of the capital include:

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

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

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

3.16. Provisions, contingent assets and contingent liabilities

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

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

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

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

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

3.17. Preview of important accounting estimates

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

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.17. Preview of important accounting estimates (cont'd)****3.17.1. Amortisation and amortisation rate**

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

In addition, due to the significance of fixed assets in the total assets of the Company, any change in the aforementioned assumptions may lead to material effects on the financial position of the Company as well as the financial result. As an example, if the Company shorten the average useful life by 10%, this would result in additional amortization charges for the year ended on 31 December, 2017 for about RSD 84.848 thousand (year ended on 31 December 2016: RSD 88.495 thousand).

3.17.2. Correction of values of uncollectable receivables

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

3.17.3. Litigations

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

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

3.17.4. Fair value

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

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

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

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

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

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

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

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

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

Article 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-XII 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-XII 2017 in which financial results of the airport operator's activities and activities of ground handling services are shown separately, alongside the last year as follows:

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

INCOME SHEET for AIRPORT OPERATOR and GROUND HANDLING										
for the period from 01/01/2017 until 31/12/2017										
- in thousand RSD -										
Group of accounts - account	POSITION	ADP	Note No.	Amount			Amount			
				Current year			Previous year			
				AIRPORT OPERATOR (01/01-31/12/2017)	GROUND HANDLING (01/01-31/12/2017)	Total AIRPORT (01/01-31/12/2017)	AIRPORT OPERATOR (01/01-31/12/2016)	GROUND HANDLING (01/01-31/12/2016)	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		7,783,622	1,606,499	9,390,121	7,045,301	1,483,402	8,528,703	
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002		11,313	0	11,313	57,397	0	57,397	
604	5. Revenues from sale of goods in domestic market	1007		11,313	0	11,313	2,067	0	2,067	
605	6. Revenues from sale of goods in foreign markets	1008		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	6,776,572	1,606,499	8,383,071	6,068,835	1,483,402	7,552,237	
614	5. Revenues from sale of products and services to other related parties in domestic	1014	6	2,784,767	734,319	3,519,086	2,685,178	629,466	3,314,644	
615	6. Revenues from sale of products and services in foreign markets	1015	7	3,991,805	872,180	4,863,985	3,383,657	853,936	4,237,593	
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		48	0	48	285	0	285	
65	IV OTHER OPERATING REVENUES	1017		995,689	0	995,689	918,784	0	918,784	
	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		3,852,700	1,512,520	5,365,220	3,567,282	1,374,512	4,941,794	
50	I. PURCHASE VALUE OF SOLD GOODS	1019		15,026	0	15,026	52,919	0	52,919	
51 except 513	V. COSTS OF MATERIALS	1023		121,476	97,455	218,931	114,539	60,534	175,073	
513	VI. COSTS OF FUEL AND ENERGY	1024		191,555	79,389	270,944	187,587	71,376	258,963	
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025		1,996,591	1,076,357	3,072,948	1,813,777	1,007,524	2,821,301	
53	VIII. COSTS OF PRODUCTION SERVICES	1026		355,838	59,627	415,465	276,697	59,339	336,036	
540	IX. AMORTISATION COSTS	1027		713,212	135,265	848,477	742,884	142,065	884,949	
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028		34,883	5,060	39,943	29,858	6,959	36,817	
55	XI. INTANGIBLE COSTS	1029		424,119	59,367	483,486	349,021	26,715	375,736	
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		3,930,922	93,979	4,024,901	3,478,019	108,890	3,586,909	

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

INCOME SHEET for AIRPORT OPERATOR and GROUND HANDLING									
for the period from 01/01/2017 until 31/12/2017									
- in thousand RSD -									
Group of accounts - account	POSITION	ADP	Note No.	Amount			Amount		
				Current year			Previous year		
				AIRPORT OPERATOR (01/01-31/12/2017)	GROUND HANDLING (01/01-31/12/2017)	Total AIRPORT (01/01-31/12/2017)	AIRPORT OPERATOR (01/01-31/12/2016)	GROUND HANDLING (01/01-31/12/2016)	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		148,417	625	149,042	227,295	148	227,443
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038		93,435	0	93,435	108,676	0	108,676
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039		54,982	625	55,607	118,619	148	118,767
56	D. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		282,895	5,031	287,926	89,727	180	89,907
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046		34,838	0	34,838	44,600	0	44,600
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047		248,057	5,031	253,088	45,127	180	45,307
	E. PROFIT FROM FINANCING(1032 – 1040)	1048		0	0	0	137,568		137,536
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049		134,478	4,406	138,884		32	
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050		56,859	0	56,859	75,215	0	75,215
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051		11,827	183	12,010	165,133	0	165,133
67 & 68, except 683 & 685	J. OTHER REVENUES	1052		23,835	2,568	26,403	53,440	549	53,989
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053		78,661	5,218	83,879	28,100	2,044	30,144
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		3,786,650	86,740	3,873,390	3,551,009	107,363	3,658,372
	M. NET PROFIT FROM CORRECTION OF MISTAKS FROM PREVIOUS YEARS	1056		4,187	3,067	7,254	126,433	0	126,433
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058		3,790,837	89,807	3,880,644	3,677,442	107,363	3,784,805
	p. PROFIT TAX								
721	I. INCOME TAX EXPENDITURE	1060		515,529	13,471	529,000	377,175	16,104	393,279
part 722	II. DEFERRED TAX EXPENDITURE	1061		85,970	0	85,970	200,787	0	200,787
part 722	III. DEFERRED INCOME TAX	1062		0	0	0	0	0	0
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064		3,189,338	76,336	3,265,674	3,099,480	91,259	3,190,739
6	TOTAL REVENUES (1001+1032+1050+1052)			8,021,359	1,612,759	9,634,118	7,532,337	1,484,099	9,016,436
5	TOTAL EXPENDITURES (1018+1040+1051+1053)			4,230,522	1,522,952	5,753,474	3,854,895	1,376,736	5,231,631

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

5. REVENUES FROM SALE OF GOODS	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	1,555	1,084
Revenues from sale of fuel in domestic market	0	983
Revenues from sale of crude oil	9,758	0
Revenues from sale of goods in domestic market	11,313	2,067
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
	11,313	57,397

6. REVENUES FROM THE SALE OF SERVICES of the Airport in domestic and foreign markets in the period I-XII 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-XII 2017					I-XII 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
	2	3	4 (2+3)	5	6 (4-5)	7	8	9 (7+8)	10	11 (9-10)
	in 000 RSD									
Passenger service *	1,251,462	54,921	1,306,383	104,330	1,202,053	1,320,893	57,518	1,378,411	103,128	1,275,283
Security fee	617,116	0	617,116	27,490	589,626	472,559	0	472,559	20,479	452,080
Landing	219,830	0	219,830	33,723	186,107	225,634	0	225,634	39,062	186,572
Aircraft handling *	-	287,653	287,653	39,492	248,161	-	250,894	250,894	48,620	202,274
Infrastructure	165,447	0	165,447	27,082	138,365	140,919	0	140,919	29,353	111,566
Air-bridges *	15,024	1,682	16,706	7,023	9,683	9,622	1,069	10,691	10,641	50
Lighting	60,992	0	60,992	1,454	59,538	65,333	0	65,333	1,548	63,785
Aircraft abode tax	6,208	0	6,208	59	6,149	4,416	0	4,416	32	4,384
Aircraft de-icing services *	0	91,276	91,276	4,323	86,953	0	62,628	62,628	3,434	59,194
Commercial use of apron	55,419	0	55,419	-	55,419	60,656	0	60,656	1	60,655
Usage of the CJTE system	78,081	0	78,081	5,235	72,846	81,663	0	81,663	5,151	76,512
Services on special request *	8,147	130,521	138,668	484	138,184	17,578	106,977	124,555	652	123,903
Renting of advertisement space	63,397	0	63,397	-	63,397	62,288	0	62,288	-	62,288
Public services	168,744	0	168,744	973	167,771	163,173	0	163,173	917	162,256
Cargo-custom services *	0	164,480	164,480	802	163,678	0	146,938	146,938	665	146,273
DCS services *	0	0	-	-	-	0	0	-	-	-
Lost and found services *	0	1,222	1,222	1,222	0	0	1,126	1,126	1,126	0
Use of parking lots	65,944	0	65,944	658	65,286	51,494	0	51,494	600	50,894
Other services *	8,956	2,564	11,520	522	10,998	8,950	2,316	11,266	726	10,540
I Total services in domestic market	2,784,767	734,319	3,519,086	254,872	3,264,214	2,685,178	629,466	3,314,644	266,135	3,048,509

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

7. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-XII 2017					I-XII 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 *	1,884,271	61,451	1,945,722	104,330	2,050,052	1,587,433	52,020	1,639,453	103,128	1,742,581
Security fee	554,644	0	554,644	27,490	582,134	351,329	0	351,329	20,479	371,808
Landing	682,947	0	682,947	33,723	716,670	641,999	0	641,999	39,062	681,061
Aircraft handling *	0	649,101	649,101	39,492	688,593	0	655,930	655,930	48,620	704,550
Infrastructure	463,550	0	463,550	27,082	490,632	421,690	0	421,690	29,353	451,043
Air-bridges *	179,783	20,708	200,491	7,023	207,514	170,321	18,926	189,247	10,641	199,888
Lighting	78,741	0	78,741	1,454	80,195	72,552	0	72,552	1,548	74,100
Aircraft abode tax	24,786	0	24,786	59	24,845	26,363	0	26,363	32	26,395
Aircraft de-icing services *	0	66,198	66,198	4,323	70,521	0	42,507	42,507	3,434	45,941
Commercial use of apron	0	0	0	-	-	0	0	0	1	1
Usage of the CUTE system	105,061	0	105,061	5,235	110,296	89,084	0	89,084	5,151	94,235
Services on special request *	6,698	20,217	26,915	484	27,399	3,151	26,843	29,994	652	30,646
Renting of advertisement space	0	0	0	-	-	1,452	0	1,452	-	1,452
Public services	1,096	0	1,096	973	2,069	5,287	0	5,287	917	6,204
Cargo-custom services *	0	12,486	12,486	802	13,288	0	12,461	12,461	665	13,126
Consulting services	0	0	0	-	-	0	0	0	-	-
DCS services *	0	18,199	18,199	-	18,199	0	22,098	22,098	-	22,098
Lost and found services *	0	17,260	17,260	1,222	18,482	0	16,861	16,861	1,126	17,987
Use of parking lots	13	0	13	658	671			0	600	600
Other services *	10,215	6,560	16,775	522	17,297	12,996	6,290	19,286	726	20,012
II Total services in foreign market	3,991,805	872,180	4,863,985	254,872	5,118,857	3,383,657	853,936	4,237,593	266,135	4,503,728
III Total revenues from the sale of products and services (I+II)	6,776,572	1,606,499	8,383,071	-	8,383,071	6,068,835	1,483,402	7,552,237	-	7,552,237

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

8. Revenues from sale of <u>services</u> per gegraph.region	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Serbia	3,184,735	3,048,509
Germany (Lufthansa+Germanwings +Europi.+Air Berlin+Eurojet)	706,525	660,593
Montenegro (Montenegro+other buyers in MN)	525,671	534,477
Austria (branch of Austrian Airlines +Niki)	253,784	247,257
Switzerland (Swis Air)	341,575	335,220
Russia (Aeroflot)	382,876	349,895
Turkey (Turkish +Pegasus)	511,368	477,797
Italy (Al italia)	165,316	159,927
Abu Dhabi (branch Etihad Air+Etihad Air)	170,612	160,205
Hungary (Wizz air+Cityline)	733,491	628,909
Romania (Tarom)	56,735	48,596
Tunisia (Tunis Air)	42,903	33,956
Greece (Aegean)	93,126	124,118
England (Easyjet)	75,553	70,007
Norway (Norwegian)	111,661	108,660
Poland (Polskie linie)	109,206	79,008
Dubai (Fly Dubai)	119,194	92,405
Qatar (Qatar Airways)	129,152	98,831
Slovenia (Adria Airways+Fenixsped branch)	426	1,202
Other foreign buyers	669,162	1,123,499
	8,383,071	7,552,237

Revenues from sale of <u>services</u> per buyers	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Air Serbia-Serbia	2,648,095	2,506,992
Deutsche Lufthansa-Germany	620,792	583,633
Montenegro Airlines-Montenegro	521,954	530,760
Austrian Airlines branch-Austria	252,734	246,207
Swiss Air-Switzerland	341,575	335,220
Turkish Airlines-Turkey	407,094	383,882
Aeroflot-Russia	382,876	349,895
LOT-Poland	109,206	79,008
Alitalia-Italy	165,316	159,927
Norwegian-Norway	111,661	108,660
Easyjet-England	75,553	70,007
Wizz Air+branch (Hungary)	733,491	628,909
Tarom-Romania	56,735	48,596
Pegasus-Turkey	104,274	93,915
Tunis Air-Tunisia	42,903	33,956
Fly Dubai-Dubai	119,194	92,405
Aegean	93,126	124,118
Iran Air-Iran	0	3,003
Qatar Airways-Qatar	129,152	98,831
Etihad Airways PJSC+branch - Abu Dhabi	170,612	160,205
NIS AD - Serbia	55,844	52,640
JAT Tehnika -Serbia	18,136	20,263
Parking servise - Serbia	28,658	28,673
Alma Quatro - Serbia	16,541	21,439
Dufry Ltd Belgrade - Serbia	55,827	56,868
Mondial Bodrum -for consultancy services-Turkey	0	0
Other domestic buyers - Serbia	361,634	361,634
Other foreign buyers	760,088	372,591
	8,383,071	7,552,237

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

9. OTHER BUSINESS REVENUES	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	987,031	911,900
Revenues from lease to foreign legal persons	8,658	6,884
	995,689	918,784
10. PURCHASE VALUE OF SOLD GOODS	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	1,244	836
Purchase value of sold kerosene - re-export	-	51,075
Purchase value of sold crude oil	13,782	-
Purchase value of sold fuel	-	1,008
	15,026	52,919
11. COSTS OF MATERIALS	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	153,842	115,020
Overhead costs of material (office material)	23,030	11,735
Costs of spare parts	41,966	44,133
Costs of tools and inventory	93	4,185
	218,931	175,073
12. COSTS OF FUEL AND ENERGY	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	70,436	62,127
Costs of oil fuel for heating	25,434	22,013
Costs of electric energy	175,074	174,823
	270,944	258,963
13. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	1,707,587	1,588,173
Gross salaries and salary reimbursements - management	38,656	32,167
Taxes and contributions at cost of employer	312,578	290,041
Costs of reimburs. per service contract and royalties	264	320
Costs of reimbursement for youth organisations etc.	625,872	558,810
Costs of reimburs. for member of SB, SA, rev. committee	8,559	8,165
Transport of employees	77,115	68,520
Cots of business trip	19,110	10,684
Terminal wages and jubilee bonuses	3,076	1,255
Difference for payment to the budget of RS, based on the Law on reduction of public sector wages	160,139	148,901
Premiums for voluntary pension insurance	94,432	85,524
New Year presents for children of employees - not subject to taxa	3,996	3,758
Compensation on Contracts for professional development	4,195	5,984
Solidarity allowance (newborns, treatment, natural disasters etc.)	17,043	16,761
Other personal expenditures	326	2,238
	3,072,948	2,821,301

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

14. COSTS OF PRODUCTION SERVICES	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
IT services on passenger and baggage check-in	40,452	45,862
Costs of phone and other PTT services	21,872	28,517
Costs of maintenance services	165,557	148,445
Lease costs	47,620	36,896
Advertising costs	93,354	35,366
Costs of catering services of tenants - (re-invoiced to airlines)	1,616	2,010
Costs of utilities	35,573	31,123
Costs of production services	9,421	7,817
	415,465	336,036
15. AMORTISATION COSTS	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Amortisation costs for intangible investments	44,252	28,964
Amortisation costs for property	346,048	437,768
Amortisation costs for equipment	458,177	418,217
	848,477	884,949
16. COSTS OF LONG-TERM RESERVING	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Costs of reserving for terminal wages	7,644	7,133
Costs of reserving for jubilee awards	12,289	21,384
Costs of reserving for litigations	20,010	8,300
	39,943	36,817
17. INTANGIBLE COSTS	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Costs of health services	16,167	15,709
Costs of cleaning services	60,164	53,114
Costs of Data room	13,483	-
Costs of consulting services	95,970	64,165
Costs of different kinds of assessments	44,843	32,532
Costs of professional development	25,403	19,661
Costs of services for the current accounting software	10,357	7,518
Costs of other non-production services	48,071	30,371
Costs of representation	8,607	7,392
Costs of insurance	36,364	25,285
Costs of payment system	5,222	5,132
Memberships	4,531	9,568
Property tax and other reimbursements	82,068	80,025
Other intangible costs	32,236	25,264
	483,486	375,736

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

18. INTEREST INCOME	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	32,121	33,783
Interest for RSD deposits in current accounts	2,285	3,088
Interest in term deposits in foreign currency	47,863	53,069
Interest for foreign currency deposits in current accounts	2,811	4,898
Interest on housing loans	1,308	1,342
Interests upon court decisions	2,073	9,782
Interest on arrears for untimely payment of buyers	4,886	2,638
Other interests	88	76
	93,435	108,676

19. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF CURRENCY CLAUSE TOWARD THIRD PARTIES)	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	25,910	77,102
Revenues from non-realized exchange rate differences	29,554	38,617
Revenues from effects of contracted currency clause (realized)	143	138
Revenues from effects of contracted currency clause (non-realized)	-	2,910
	55,607	118,767

20. INTEREST EXPENDITURES	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Interests for long-term EIB loan	33,070	38,564
Interest for financial leasing	-	-
Default interest in the country	1,752	4,286
Interest for untimely paid public revenues	16	1,750
	34,838	44,600

21. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	222,572	32,319
Negative exchange rate differences - non-realized	22,363	12,816
Expenditures from effects of contr. currency clause - realised	291	172
Expenditures from effects of contr. currency clause - non-realised	7,862	-
	253,088	45,307

22. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Value adjustment of receivables:		
- from buyers for services	31,568	43,410
- from natural persons for housing loans (cancellation of impairment on collection basis and fair value basis)	25,291	31,805
	56,859	75,215

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

23. EXPENDITURES FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Impairment of receivables from housing loans	11,268	3,112
Value adjustment of receivables from buyers	742	162,021
Value adjustment of receivables from employees	-	-
Other expenditures from impairment	-	-
	12,010	165,133
24. OTHER REVENUES	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	926	450
Revenues of collected, corrected receivables from buyers	1,721	258
Revenues from cancel.of reserv. for litigations and empl.benefits	-	909
Revenues from indemnity from legal and natural persons	7,520	8,808
Revenues from charged court costs	623	2,424
Revenues from decrease of liabilities	4,555	-
Positive effects of contracted revaluation	948	1,394
Revenues from value adjustment for property and equipment	-	34,810
Revenues from adjust.value of investment property "Borik"	2,991	451
Other non-mentioned revenues	7,119	4,485
	26,403	53,989
25. OTHER EXPENDITURES	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Loss from sale and write-off of equipment	4,527	908
Loss from sale and write-off of biological resources	80	15
Costs from carried deficits	364	270
Expenditures from direct write-off	36,028	335
Expenditures of materials per inventory	2,788	-
Litigation costs	3,377	2,595
Costs for humanitarian, health and scientific purposes	29,300	14,125
Expenditures of previous years	-	-
Other non-mentioned expenditures	2,413	5,647
Impairment of property and equipment	-	334
Impairment of livestock units	1	15
Expenditures from advances impairment	-	-
Expenditures from trade unions	5,001	5,900
	83,879	30,144
26. NET PROFIT FROM CORRECTION OF MISTAKS FROM PREVIOUS PERIODS	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Reimbursement for higher interest for financial leasing from previous years	-	48,959
Subsequently established revenues from previous years	11,693	50,197
Cancellation of reserving for litigations	-	31,930
Total established revenues from previous years	11,693	131,086
Subsequently established expenditures from previous years	(4,439)	(4,653)
Total established expenditures from previous years	(4,439)	(4,653)
NET profit from correction of mistakes from previous periods	7,254	126,433

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

27. PROFIT TAX AND DEFERRED PERIOD TAX REVENUES AND EXPENDITURES

<i>a) Components of profit tax</i>	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Period tax expenditure	529,000	393,279
Correction of period tax expenditure	-	-
Period tax expenditure after correction	529,000	393,279
Deferred period tax expenditure	85,970	200,787
Total tax expenditure of the period	614,970	594,066
Effective tax rate	15.85%	15.70%

<i>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</i>	I-XII 2016	I-XII 2015
	in 000 RSD	in 000 RSD
Profit before tax	3,880,644	3,784,805
Profit tax calculated at rate of 15%	582,096	567,722
Tax effect of expenditures not acknowledged in tax balance	17,734	5,991
Correction in tax effect of amortisation expenditures not acknowledged in tax balance	(48,094)	13,271
Tax credit for investment in fixed assets of previous years	(22,736)	(193,705)
Correction of using tax credits from previous years	-	-
Period tax expenditure	529,000	393,279

<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	12/31/2017	
2012	2022	-	0		-	
2013	2023	22,736	0	22,736	-	
Balance of tax credit		22,736	0	22,736	-	

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

27. PROFIT TAX AND DEFERRED PERIOD TAX REVENUES AND EXPENDITURES

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

in 000 RSD

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

<u>b) Deferred tax assets (deferred tax liabilities) 2017</u>	01/01/2017	Recognised in other gains & losses I-XII 2017	Recognised in income sheet I-XII 2017	31/12/2017
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(426,918)	-	(65,387)	(492,305)
Long-term liabilities				
Provisions for retirement and other employee benefits	19,547	-	160	19,707
Provisions for litigations	12,075	-	2,412	14,487
Short-term liabilities				
Liabilities for taxes, contributions and fees	198	-	42	240
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	2,079	-	(461)	1,618
Other				
Unused tax losses	-	-	-	-
Unused tax credits	22,736	-	(22,736)	-
	(370,283)	-	(85,970)	(456,253)

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

27. PROFIT TAX AND DEFERRED PERIOD TAX REVENUES AND EXPENDITURES (cont'd)

Balance of recognized deferred tax assets as of 31/12/2017 in the amount of RSD 36.052 thousand is done calculated on the applicable corporate income tax rate of 15% on the balance of the provisions for retirement provisions for jubilee benefits, provisions for litigation and on the balance of unpaid public revenues, as well as for the amount of unpaid and recognized expenditures for employees' salaries from article 9, paragraph 2 of the Law on corporate income tax, as the same relate to temporary differences that will be recognized in tax period in which the same are paid.

The balance of recognized deferred tax liabilities as of 31/12/2017 amounts to RSD 492.305 thousand.

After application of the requirements of IAS 12 that is offsetting of deferred tax assets and deferred tax liabilities on the balancing date, the balance of deferred tax liabilities as of 31/12/2017 amounts to RSD 456.253 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 85.970 thousand, are recognized at the cost of the deferred period tax expenditures.

28. PROFIT PER SHARE	I-XII 2017	I-XII 2016
	in 000 RSD	in 000 RSD
Net profit for owners	3,265,674	3,190,739
Net profit correction	-	-
Net profit after correction	3,265,674	3,190,739
Averaged weighted number of shares	34,289,350	34,289,350
Basic earnings per share <u>in RSD</u>	95.24	93.05

29.a. INTANGIBLE ASSETS

in 000 RSD

DESCRIPTION	31/12/2017	12/31/2016
Purchase value		
Initial balance,	187,042	102,871
Procurements during the year	80,702	84,171
Advances for intangible investment	7,485	-
Alienation, removal from inventory and sale	(6,792)	-
Final balance	268,437	187,042
Value correction		
Initial balance	51,312	22,348
Amortisation in current year	44,252	28,964
Alienation, removal from inventory and sale	(516)	-
Final balance	95,048	51,312
Net present value	173,389	135,730

Total investment in intangible property in 2017 amounts RSD 88.187 thousand, out of which RSD 80.702 thousand refers to intangible investment and RSD 7.485 thousand refers to advances for intangible investment. In 2017 the intangible investment was activated in the amount of RSD 20.761 thousand, so the balance of intangible investment under preparation on 31/12/2017 amounted RSD 59.941 thousand.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

29.c. 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)	-	(7,502)	(15)	
Other	-	-	-	-	-	-	103,272	103,272	-	
Assets fair value estimation										
Revaluation reserves	278,348	59,468	198,964	-	-	-	-	536,780	-	
Reduction on account of revaluation reserves	-	(1,198)	(972)	-	-	-	-	(2,170)	-	
Revaluation revenues	-	10,472	24,337	452	-	-	-	35,261	-	
Revaluation expenditures	-	-	(334)	-	-	-	-	(334)	(15)	
Reduction of net present value for amort. accumulation	-	(865,819)	(741,025)	-	-	-	-	(1,606,844)	-	
Final balance 31/12/2016	9,416,290	9,678,995	3,105,354	26,525	3,619	1,188,102	136,319	23,555,204	145	
Value correction										
Initial balance 01/01/2016	-	428,109	330,074	-	-	-	15,812	773,995	-	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2016 after correction	-	428,109	330,074	-	-	-	15,812	773,995	-	
Amortisation in current year	-	437,768	418,217	-	-	-	-	855,985	-	
Alienation, disbursement and sale	-	(58)	(2,936)	-	-	-	-	(2,994)	-	
Cancellation of property value per fair value of the property 31/12/2016	-	(865,819)	(741,025)	-	-	-	-	(1,606,844)	-	
Value correction of advanced payments	-	-	-	-	-	-	-	-	-	
Final balance 31/12/2016	-	-	4,330	-	-	-	15,812	20,142	-	
Net present value, 31/12/2016	9,416,290	9,678,995	3,101,024	26,525	3,619	1,188,102	120,507	23,535,062	145	
Net present value, 01/01/2016	9,120,668	9,858,745	2,482,528	26,073	3,619	20,236	17,235	21,529,104	120	

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 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	-	-	-	-	-	2,530,288	-	2,530,288	48	
Transfer from current investments	20,827	847,517	2,497,626	-	-	(3,365,970)	-	-	-	
Alienation, disbursement and sale	-	(15,154)	(23,646)	-	-	(2,927)	(108,508)	(41,727)	(80)	
Other	-	-	-	-	-	-	-	-	-	
Assets fair value estimation										
Revaluation reserves	-	-	-	-	-	-	-	-	-	
Reduction on account of revaluation reserves	-	-	-	-	-	-	-	-	-	
Revaluation revenues	-	-	-	2,991	-	-	-	2,991	11	
Revaluation expenditures	-	-	-	-	-	-	-	-	(1)	
Reduction of net present value for amort. accumulation	-	-	-	-	-	-	-	-	-	
Final balance 31/12/2017	9,437,117	10,511,358	5,579,334	29,516	3,619	349,493	27,811	25,938,248	123	
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	-	346,048	458,177	-	-	-	-	804,225	-	
Alienation, disbursement and sale	-	(12,144)	(2,952)	-	-	-	-	(15,096)	-	
Final balance 31/12/2017	-	333,904	459,555	-	-	-	15,812	809,271	-	
Net present value, 31/12/2017	9,437,117	10,177,454	5,119,779	29,516	3,619	349,493	11,999	25,128,977	123	
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 into property, plants and equipment in the period I-XII 2017 amounts RSD 2,530,288 thousand. In the reported period RSD 3,365,970 thousand for property, plants and equipment is activated, as follows: equipment in the amount of RSD 811,493 thousand, construction facility in the amount of RSD 576,871 thousand and land in the amount of RSD 17,965 thousand. Ongoing investments from previous years in the amount of RSD 2,927 thousand were annulled. The balance of non-activated investments on 31/12/2017 amounts RSD 349,493 thousand. On 31/12/2016 assessment of fair value of the property, plants and equipment was made by a certified assessor. Effects of the assessment are disclosed in the table of changes in property, plants and equipment for 2016.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

30. SHARES IN CAPITAL OF OTHER LEGAL ENTITIES AND OTHER SECURITIES	31/12/2017	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>	(392)	(392)
	-	-
<i>Participation in capital of banks in liquidation</i>		
Union banka a.d. Belgrade - in liquidation	667	667
Beogradska banka a.d. Belgrade - in liquidation	18,988	18,988
Beobanka a.d. Belgrade - in liquidation	38	38
	19,693	19,693
Minus: value correc.of partic. in capital of banks in liquidation	(19,693)	(19,693)
	-	-
<i>Participation in capital of foreign legal entities</i>		
Mondial Bodrum - Turkey	358,598	358,598
Societe International de Telecommun. Aeronautiques Swisse (SITA)	1	1
Minus: value corr.of particip. in capital of Mondial Bodrum - Turkey	(358,598)	(358,598)
	1	1
	1	1

31.a. OTHER LONG-TERM FINANCIAL INVESTMENTS	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	5,261	6,360
Long-term loans to employees	254,174	284,552
Receivables for sold socially owed housing	881	1,168
Receivables for purchase of solidarity housing	2,169	2,196
Total gross	262,485	294,276
Current maturities of long-term investments in SITA	(638)	(698)
Current maturities of long-term loans to employees	(12,005)	(14,233)
Adjustment of fair value of long-term loans to employees	(113,582)	(138,400)
	136,260	140,945

Receivables from employees for long-term loans for purchase and tenant purchaser of apartments as of 31/12/2017 amount to RSD 257.224 thousand ((including current maturities in the amount of RSD 12,005 thousand). Effects of adjustment to fair value amount to total of RSD 113.926 thousand (RSD 113.582 thousand for the part of long-term receivables from employees and RSD 344 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 31/12/2017 is performed by a certified assessor by projection of future cash flows from collection of receivables for housing loans using discount rates: from 5,0% to 18%, depending on whether and in what intervals housing loans are revalued or contracted with currency clause, whether they have contracted interest rate or are contracted without interest rate.

31 b. OTHER LONG-TERM RECEIVABLES - ADP 0041	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Receivables from buyers based on an Agreement on debt rescheduling	41,263	83,819
	41,263	83,819

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32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES - ADP 0045	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Basic material	67,392	46,906
Spare parts	22,003	10,502
Tools and supplies	5,382	4,926
Value correction of material and spare parts stock	(1,006)	(62)
	93,771	62,272

33. GOODS-ADP 0048	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	4,754	4,786
Goods in retail trade	109	30
	4,863	4,816

34. ADVANCES FOR SUPPLIES AND SERVICES ADP 0050	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Advances for services in the country	33,086	17,603
Advances for foreign services	1,506	946
Advance value correction	-	-
	34,592	18,549

35. BUYERS IN THE COUNTRY	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Total balance of receivables from buyers in the country-gross	658,159	638,795
-Value correction of the previous period	(231,744)	(116,263)
-Value correction of the current period	(150)	(162,021)
Total balance of value correction	(231,894)	(278,284)
	426,265	360,511

Receivables from the buyers in the country on 31/12/2017 amount RSD 658.159 thousand, of which to undue receivables refer RSD 343.688 thousand, due receivables up to 30 days RSD 25.389 thousand and due receivables over 30 days RSD 289.082 thousand.

Total value correction of receivables from buyers in the country in the amount of RSD 231.894 thousand mainly relates to value correction of receivables from sued domestic buyers in the amount of RSD 183.973 thousand and other domestic buyers RSD 47.921 thousand.

36. BUYERS ABROAD	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Total balance of receivables from foreign buyers-gross	703,301	672,826
-Value correction of the previous period	(10,290)	(12,411)
-Value correction of the previous period	(592)	(490)
Total balance of value correction	(10,882)	(12,901)
	692,419	659,925

Receivables from foreign buyers on 31/12/2017 amount RSD 703.301 thousand (undue receivables RSD 468.986 thousand, due receivables up to 30 days RSD 96.696 thousand and due receivables over 30 days RSD 137.619 thousand). Total value correction of receivables from foreign buyers in the amount of RSD 10.882 thousand relates to value correction of receivables from sued domestic buyers in the amount of RSD 6.086 thousand and other foreign buyers RSD 4.796 thousand.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

37. OTHER RECEIVABLES	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Receivables from buyers in the country for default interest	4,909	24,905
Receivables for interest on term deposit	31,281	42,136
Receivables from employees	1,837	1,347
Other receivables	46,733	84,518
Receivables for overpaid income tax	-	238,912
Total receivables - gross	84,760	391,818
- Value corr.from buyers for default interest of previous years	(276)	(385)
- Value corr.from buyers for default interest of the current year	(18)	-
-Value correction of the earlier period	(570)	(570)
-Value correction of the current period	-	-
- Value corr.of other receivables	(2,359)	(2,452)
Total balance of value correction	(3,223)	(3,407)
	81,537	388,411

38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint .stores, heating means - 6 mor	80,386	50,953
	80,386	50,953

39. OTHER SHORT-TERM FINANCIAL INVESTMENTS	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Short-term time deposits	2,667,692	3,920,027
Current maturities of long-term housing loans to employees	12,005	14,233
Current maturities of long-term investment in SITA	638	698
	2,680,335	3,934,958
Adjustment of fair value of current maturities of housing loans to employees	(344)	(464)
	2,679,991	3,934,494

Short-term time deposits with balance on 31/12/2017 are disclosed in the amount of RSD 2,667,692 thousand, and relate to foreign currency and dinar deposits, for the period of six months.

40. CHANGES ON VALUE CORRECTION till 31/12/2017						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	-	944	-	760	-	1,704
Devaluation of long-term finan.invest. and securities	-	-	-	-	-	-
Charged corrected receivables	(1,512)	-	-	(1,721)	(332)	(3,565)
Value reconciliation	(16,362)	-	-	(30,747)	256	(46,853)
Write-off	(6,944)	-	-	(16,064)	(44)	(23,052)
Exchange rate differences	-	-	-	(821)	-	(821)
Other	-	-	-	-	-	-
Final balance 31/12/2017	113,582	1,006	-	245,999	344	360,931

NOTES TO THE FINANCIAL STATEMENTS December 31, 2016

41. CASH AND CASH EQUIVALENTS	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Current account - in RSD	144,108	158,629
Current account - in foreign currency	2,238,882	578,893
Treasury	113	13
Other funds	2,907	2,567
Total cash-balance	2,386,010	740,102

42. PREPAYMENTS AND ACCRUED INCOME	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	15,731	33,856
Prepaid insurance costs for the future period	27,221	21,680
Prepaid other costs for the future period Consult.services for the future)	0	93,682
Prepaid other costs for the future period	21,217	34,286
Calculated and non-invoiced revenues fot the current period	22,464	51,957
Other accruals	95	170
	86,728	235,631

43. CAPITAL	31/12/2017	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	596,114	601,827
Actuarial gains	17,482	16,590
Non-distributed profit of previous years	1,436	303
Non-distributed profit of the current year	3,265,674	1,774,932
	29,708,442	27,087,521

44. SHARE CAPITAL

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

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

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

44. SHARE CAPITAL (cont'd)

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

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

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

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

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

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

Shareholder	31/12/2017			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 natural persons	1,960,386	3,267,310	9.53%	2,016,599	3,360,999	9.80%
Domestic legal persons	104,858	174,764	0.51%	108,772	181,287	0.53%
Foreign natural persons	18,460	30,767	0.09%	23,653	39,422	0.11%
Foreign legal persons	687,558	1,145,930	3.34%	607,961	1,013,268	2.96%
Custody entities	696,025	1,160,041	3.38%	710,303	1,183,839	3.45%
	20,573,610	34,289,350	100.00%	20,573,610	34,289,350	100.00%

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

45. OTHER COMPONENTS OF THE CAPITAL	Reserves	Revaluation reserves based on the revaluation of property, plant and equipment	Actuarial gains
Balance on 01/01/2016	2,842,810	148,390	12,788
Legal reserves	-	-	-
Statutory reserves	1,277,449	-	-
Revaluation reserves for land	-	278,348	-
Revaluation reserves for buildings	-	59,468	-
Revaluation reserves for equipment	-	198,964	-
Decrease of revaluation reserves based on estimation	-	(2,170)	-
Decrease of revaluation reserves based on alienation of supplies	-	(656)	-
Actuarial gains on reserves for retirement benefits	-	-	4,473
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	(80,517)	(671)
Balance on 31/12/2016	4,120,259	601,827	16,590
Legal reserves	-	-	-
Statutory reserves	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	-	(5,713)	-
Actuarial gains on reserves for retirement benefits	-	-	892
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	-
Balance on 31/12/2017	5,254,126	596,114	17,482

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

46. NON-DISTRIBUTED PROFIT	31/12/2017	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	3,265,674	3,190,739
Net profit correction	-	-
Total net profit of the current period	3,265,674	3,190,739
Decision on distribution of interim dividend	0	1,415,807
Undistributed profit of the current period	3,265,674	1,774,932
Profit of the previous years, resulting from transfer of revaluation reserves into profit at selling fixed assets in the current year	1,436	303
Correction of undistributed profit of earlier period	0	0
Total undistributed profit of earlier years	1,436	303
Undistributed profit	3,267,110	1,775,235

At the regular session of the Assembly of the Company on 22.06.2017 is made Decision on the distribution of the total undistributed profit as of 01/01/2017 in the amount of RSD 1,775,235 thousand as follows:

- Gross dividend RSD 503,368 thousand;
- Company reserves RSD 1,133,867 thousand;
- Participation of employees in the profit RSD 138,000 thousand;

Amount of distributed profit for gross dividend and participation of employees in the profit is paid out in full in 2017.

Total balance of non-distributed profit on **31/12/2017** in the amount of RSD **3.267.110** thousand is the result of the realised net profit in the period I-XII 2017 in the amount of RSD 3.265.674 thousand and transferred revaluation reserves in the profit of previous years, for alienated written off fixed assets in 2017 in the amount RSD 1.436 thousand.

47. LONG - TERM RESERVES	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Reserves for terminal wages	48,021	42,946
Reserves for jubilee awards	83,358	82,890
Reserves for litigations	96,576	80,496
	227,955	206,332

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

48. CHANGES ON LONG-TERM RESERVES

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

in 000 RSD

CHANGES ON LONG-TERM RESERVES	Terminal wages	Jubilee bonuses	Total	Litigations
Balance on 01/01/2016	41,934	68,305	110,239	114,781
Reserves during the year	7,133	21,384	28,517	8,300
Actuarial gains	(4,473)	-	(4,473)	-
Cancellation during the year	(340)	(364)	(704)	(32,824)
Pay-off during the year	(1,308)	(6,435)	(7,743)	(9,761)
Balance on 31/12/2016	42,946	82,890	125,836	80,496
Balance on 01/01/2017	42,946	82,890	125,836	80,496
Reserves during the year	7,644	12,289	19,933	20,010
Actuarial gains	(892)	-	(892)	-
Cancellation during the year	-	-	-	-
Pay-off during the year	(1,677)	(11,821)	(13,498)	(3,930)
Balance on 31/12/2017	48,021	83,358	131,379	96,576

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

<u>a) The assumptions used when making calculation of reserves for retirement benefits and jubilee bonuses</u>	2017	2016
Discount rate	4.50%	4.50%
Estimated growth rate of average earnings	1.00%	1.00%
Fluctuation percentage	1.50%	1.50%
Amount of average net earning	71,182	73,724
Total number of employees on 31/12	1206	501
Number of retired workers who received terminal wage at retirement	8	5

in 000 RSD

<u>b) The calculation of the reserves for employee benefits on 31/12/2017</u>	Retirement bonuses	Jubilee bonuses
	in 000 RSD	in 000 RSD
1. Reserves on 31/12/2016	42,946	82,890
2. Interest expense	1,933	3,730
3. Cost of current work	5,711	10,304
4. Cost of past work	-	-
5. Actuarial (gain)/loss	(892)	(1,745)
6. Cancellation of provisions during 2017 in the business books of the Company	(1,677)	(11,821)
7. Total net change in the amount reserved in 2016 (1+2+3+4+5+6)	5,075	468
8. Balance of reserving on 31/12/ 2017 (1+7)	48,021	83,358

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

50. LONG-TERM LOANS	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Abroad	673,487	804,828
Current maturities	(98,752)	(102,919)
	574,735	701,909

51. LONG-TERM LOANS	Annual interest rates	Date of maturity	Remaining amount 31/12/2017 (EUR)	31/12/2017	31/12/2016
				in 000 RSD	in 000 RSD
<u>Long-term credits abroad</u>					
European Investment Bank	4,07-5,16%	2025	5,667,741.98	673,487	804,828
Total long-term credits (a+b)			5,667,741.98	673,487	804,828
Current maturities of long-term credits:			-831,048.38	-98,752	-102,919
			4,836,693.60	574,735	701,909

Long-term loans abroad reported on 31/12/2017 in the amount of RSD 673.487 thousand (EUR 5.667.741,98, of which in 2018 mature for payment EUR 831.048,38 or RSD 98.752 thousand), relate to the remaining obligations under the Agreement on financing the project of urgent rehabilitation of transport concluded on 13.12.2001 between the EIB and the Republic of Serbia. By the said contract, the Company was granted a loan in the amount of EUR 13,000,000 for investment and rehabilitation of airport infrastructure. The loan was granted with a repayment period up to 2025, with an interest rate of 5.16% for the first tranche of 3,000,000.00 EUR, 4.85% for the second tranche of 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.

<i>Receivable maturity from long-term loans</i>	Principle		Non-booked interest	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	98,752	102,919	28,655	34,506
one to two years	98,752	102,919	24,201	29,864
two to three years	98,752	102,919	19,746	25,222
three to four years	98,752	102,919	15,292	20,580
four to five years	98,752	102,919	10,838	15,937
five to ten years	179,727	290,233	11,967	23,767
over ten years	-	-	-	-
	673,487	804,828	110,699	149,876

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	31/12/2015	31/12/2016
	in 000 RSD	in 000 RSD
Current maturities of long-term loan EIN	98,752	102,919
	98,752	102,919

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

53. RECEIVED ADVANCES, DEPOSITS AND BAILS	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	59,692	44,216
Advances received from foreign buyers	14,361	14,669
Subscriptions from domestic buyers	12,676	5,774
Subscriptions from foreign buyers	38,179	18,004
	124,908	82,663

54. SUPPLIERS IN THE COUNTRY	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	179,830	132,618
Suppliers in the country- for investments in progress	106,986	94,596
Suppliers in the country-for equipment	114,483	169,366
	401,299	396,580

55. SUPPLIERS ABROAD	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	6,398	2,278
Suppliers abroad-for equipment	-	48,962
	6,398	51,240

56. OTHER LIABILITIES FROM OPERATION	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for charged purchase on behalf of other companies	14,699	14,219
Other liabilities from operation	582	663
Other liabilities from operation-factoring	99,284	-
	114,565	14,882

57. OTHER SHORT-TERM LIABILITIES	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities from salaries	110,141	316
Liabilities from participation in the profits-gross	-	3
Liabilities from interim dividend of RS for 2016	-	877,200
Liabilities from interim dividend of other shareholders for 2016	-	238,607
Other short-term liabilities	42,661	22,268
	152,802	1,138,394

58. Liabilities for VAT	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for VAT	1,339	57,398
	1,339	57,398

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for income tax	2,728	0
Correction of income tax liabilities	0	0
Liabilities for taxes, custom duties and other levies	717	721
Taxes, contributions and other levies	12,045	1,215
	15,490	1,936

60. LIABILITIES FOR INCOME TAX - structure	31/12/2017	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	529,000	393,279
Correction of income tax liabilities	-	-
Specified income tax liabilities for the current year-total	529,000	393,279
Paid income tax liabilities	(287,360)	(94,850)
Pre-payment of income tax	(238,912)	238,912
Advance payment of income tax until 31/12	-	(632,191)
Liability for payment of income tax or overpaid tax	2,728	-

61. ACCRUALS AND DEFERRED INCOME	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Accrued expenses for the reporting period	73,788	71,446
Expenses for purchase of equip. for which the invoice was not received	17,052	47,885
Calculated revenues for the future period	12,631	17,241
Other accruals and deferred income	11,418	2,503
Other accruals and deferred income(calc.discounts to buyers)	48,534	-
Taxes, contributions and other levies	214	234
	163,637	139,309

62. OFF-BALANCE REGISTER	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Received blank bills - piece	1,925	1,922
Given blank bills domestic - pieces	20	13
Received guarantees - RSD	499,382	357,885
Received guarantees - foreign currency	163,911	158,544
Given guarantees - RSD	4,500	7,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	622	625
Total off-balance assets and liabilities	668,417	524,556

Received guarantees in Dinars in the amount of RSD 499.382 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 163.911 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.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 31/12/2017	Fair value in 000 RSD 31/12/2017	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	24,737,969	24,737,969	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	29,516	29,516	26,525	26,525	Level 3	Assessment of a certified assessor 31/12/2017 (the Institute for economic research-Belgrade)
Participation in capital of other legal persons	1	1	1	1	Level 2	Estimation the management is that they are not refundable-banks in bankruptcy
Long-term and short-term financial investments - housing loans	143,298	143,298	149,052	149,052	Level 3	Assessment of a certified actuary with a balance on 31/12/2017 - Discounting of cash flows as follows: 18% for housing loans which are not being revalued ; 6% for housing loans with value adjusted annually and with interest rate 0,5%, 5,0% for housing loans with currency clause and interest rate 0,5%; 6,25% for housing loans with value adjusted semi-annually and 6,5% for housing loans with value adjusted annually
Other long-term receivables	41,263	41,263	83,819	83,819	Level 3	Estimation of collectibility by management according to IAS 39
Receivables from buyers	1,118,684	1,118,164	1,020,436	1,020,436	Level 3	Estimation of collectibility by management according to IAS 39
Other receivables	81,537	81,537	149,499	149,499	Level 3	Estimation of collectibility by management according to IAS 39

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Financial instrument categories	31/12/2017		31/12/2016		in 000 RSD	
	Total	val.correction	net amount	Total		val.correction
1 Long term investments	669,789	(492,265)	177,524	741,848	(517,083)	224,765
- Long-term time deposits	4,623	-	4,623	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	245,219	(113,582)	131,637	273,683	(138,400)	135,283
- Other long-term receivables	41,263	-	41,263	83,819	-	83,819
2 Receivables expressed at nominal value	4,206,941	(246,343)	3,960,598	5,450,438	(295,056)	5,155,382
- Receivables from buyers	1,361,460	(242,776)	1,118,684	1,311,621	(291,185)	1,020,436
- Short-term financial investments	2,760,721	(344)	2,760,377	3,985,911	(464)	3,985,447
- Receivables for interests	36,190	(294)	35,896	67,041	(385)	66,656
- Other receivables	48,570	(2,929)	45,641	85,865	(3,022)	82,843
3 Cash and cash equivalents	2,386,010	-	2,386,010	740,102	-	740,102
	7,262,740	(738,608)	6,524,132	6,932,388	(812,139)	6,120,249
Financial liabilities						
1 - Long-term loans	574,735	0	574,735	701,909	0	701,909
2 - Current maturities of l-term loans	98,752	-	98,752	102,919	-	102,919
3 - Curr. maturities of l-term fin.lease	0	0	0	0	0	0
4 - Short-term liabilities	522,262	-	522,262	462,702	-	462,702
	1,195,749	-	1,195,749	1,267,530	-	1,267,530

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

Financial risk management objectives

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

I - MARKET RISK

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

a) Currency risk (foreign exchange risk)

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

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

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

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

in 000 RSD

Currency description	<u>Total assets</u>				<u>Total liabilities</u>	
	31/12/2017		31/12/2016		31/12/2017	31/12/2016
	gross	net	gross	net		
EUR	4,553,475	4,425,444	3,979,299	3,827,535	677,644	854,799
USD	477,141	477,141	626,857	626,857	134	160
CHF	320	320	363	363	0	0
GBP	630	630	9	9	1,069	66
Total dinar counter-val.of assets and liab. stated in for.currency	5,031,566	4,903,535	4,606,528	4,454,764	678,847	855,025
Value of assets and liab. stated in dinars	2,231,174	1,620,597	2,325,860	1,665,485	516,902	412,505
Total	7,262,740	6,524,132	6,932,388	6,120,249	1,195,749	1,267,530

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

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

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

The following table presents a sensitivity analysis of the Company to increase and decrease in RSD rate of 10%, in comparison to the foreign currency. The sensitivity analysis includes only outstanding (balance of) 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 relevant currency. In the case of weakening of RSD by 10% compared to the foreign currency, the effect on the current period would be negative.

in 000 RSD
31/12/2017

	EUR influence		USD influence		CHF influence		GBP influence	
Changes	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Gain/loss	374,780	-374,780	47,701	-47,701	32	-32	-44	44

in 000 RSD
31/12/2016

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

b) Risk of interest rate change

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

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

in 000 RSD

Financial assets-net	31/12/2017			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	41,263	-	41,263	83,819	-	83,819
Receivables from buyers	1,361,460	(242,776)	1,118,684	1,311,621	(291,185)	1,020,436
Receivables for interests and oth.receiv.	84,760	(3,223)	81,537	152,906	(3,407)	149,499
Short-term fin. invest.	80,386	-	80,386	50,953	-	50,953
Non-interest-total	1,946,553	(624,682)	1,321,871	1,977,983	(673,275)	1,304,708
Fixed interest rate						
Long term fin.investments	249,842	(113,582)	136,260	279,345	(138,400)	140,945
Short term fin.investments	2,680,335	(344)	2,679,991	3,934,958	(464)	3,934,494
Fixed-total	2,930,177	(113,926)	2,816,251	4,214,303	(138,864)	4,075,439
Floating interest rate						
Cash and cash equiv.	2,386,010	-	2,386,010	740,102	-	740,102
Floating-total	2,386,010	0	2,386,010	740,102	0	740,102
	7,262,740	(738,608)	6,524,132	6,932,388	(812,139)	6,120,249
Financial liabilities						
Non-interest						
Liabilities from operation	522,262	0	522,262	462,702	0	462,702
Non-interest-total	522,262	0	522,262	462,702	0	462,702
Fixed interest rate						
Long-term loans	574,735	0	574,735	701,909	0	701,909
Current maturities of long-t. liab.	98,752	0	98,752	102,919	0	102,919
Fixed-total	673,487	0	673,487	804,828	0	804,828
Floating interest rate						
Current maturities of long-t. liab.	0	0	0	0	0	0
Floating-total	0	0	0	0	0	0
	1,195,749	0	1,195,749	1,267,530	0	1,267,530

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd)**v) Risk of price change**

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

The Company does not operate with securities that are subject to price change in securities market. Furthermore, the Company has no turnover of goods subject to price change. The greatest item in turnover of goods is kerosene which has a transit goods treatment.

II - CREDIT RISK

The Company estimates that the greatest of the risks affecting financial instruments is credit risk, representing the risk that debtors will not be in position to settle their debts in full and in due time, which would result in the financial loss for the Company. The Company's exposure to this risk is limited to the amount of receivables from buyers at the balance sheet date.

The Company performs the reconciliation of assets and liabilities annually, with balance as of 30.11. of the current year, or more times during the year for specific clients, if the need arises.

The Company has reconciled receivables with buyers on 30/11/2017 for 56,23% of receivables. . Out of 43,77% of non-reconciled receivables of domestic clients on 30/11/2017, 8,93% refers to undisputed receivables and 34,84% to OIS without response (of which 19,07% refers to sued clients with no answer to OIS).

As for foreign client receivables, the Company reconciled 69,30% of foreign receivables as of 30/11/2017. Unreconciled receivables mainly refer to receivables with sent and not responded OIS.

At the end of the business year, with the balance on 31/12/2017, receivables with Air Serbia and Montenegro Airlines were reconciled.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

II - CREDIT RISK (cont'd)

Structure of receivables from buyers	31/12/2017	participa	31/12/2016	participat
	in 000 RSD	tion	in 000 RSD	ion
Air Serbia	204,823	15.04%	147,816	11.27%
Jat Tehnika	126,106	9.26%	157,448	12.00%
Dufry doo	70,508	5.18%	65,347	4.98%
International CG	41,492	3.05%	41,492	3.16%
Air Serbia-Catering ltd	36,794	2.70%	45,561	3.47%
Aviogenex ltd.	50,820	3.73%	50,820	3.87%
Austrian-branch	27,908	2.05%	14,172	1.08%
Other domestic buyers	99,708	7.32%	116,139	8.85%
Total domestic buyers	658,159	48.34%	638,795	48.70%
Montenegro Airlines	42,272	3.10%	193,036	14.72%
Wizz Air	120,188	8.83%	87,603	6.68%
Deutsche Lufthansa	84,053	6.17%	59,160	4.51%
Turkish Airlines	38,100	2.80%	34,942	2.66%
Etihad Airlines	28,220	2.07%	44,667	3.41%
Aeroflot	33,290	2.45%	33,341	2.54%
Allitalia	51,853	3.81%	20,599	1.57%
Qatar Airways	24,236	1.78%	10,703	0.82%
Swiss Air	25,372	1.86%	29,094	2.22%
FlyDubai	24,529	1.80%	23,440	1.79%
Pegasus	11,545	0.85%	20,125	1.53%
LOT Polskie Linie	14,525	1.07%	16,363	1.25%
Other foreign buyers	205,118	15.07%	99,753	7.61%
Total foreign buyers	703,301	51.66%	672,826	51.30%
Total gross receivables from domestic and foreign buy	1,361,460	100.00%	1,311,621	100.00%
Total value correction	242,776		291,185	
Total net receivables	1,118,684		1,020,436	

The Company has large receivables from domestic and foreign buyers on 31/12/2017 (RSD 1.361.460 thousand), so that the credit risk is constantly there. 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.

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

Receivables from domestic buyers for goods and services on 31/12/2017 in the amount of RSD 658.159 thousand, accounted for 48,34% of total receivables from buyers for goods and services. Total balance of value adjustment of receivables from domestic buyers was RSD 231.894 thousand (accounted to results of previous years RSD 231.744 thousand and charged to result of the current year RSD 150 thousand), so the net value of receivables from domestic buyers amounts to RSD 426.265 thousand.

Receivables from foreign buyers for goods and services amounted to RSD 703.301 thousand, which makes 51,66% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers was RSD 10.882 thousand (accounted to results of previous years 10.290 and charged to result of the current year RSD 592 thousand), so the net value of receivables from foreign buyers amounts to RSD 692.419 thousand.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

II - CREDIT RISK (cont'd)

Age structure of receivables	31/12/2017	participati	31/12/2016	participat
	in 000 RSD	on	in 000 RSD	ion
Undue receivables from buyers-uncorrected	812,675	59.69%	728,524	55.54%
Undue receivables from buyers-corrected	0	0.00%	0	0.00%
Total undue receivables	812,675	59.69%	728,524	55.54%
Due receivables up to 60 days-uncorrected	155,573	11.43%	144,110	10.99%
Due receivables up to 69 days-corrected	0	0.00%	0	0.00%
Total due receivables up to 60 days	155,573	11.43%	144,110	10.99%
Due receivables over 60 days-uncorrected	150,436	11.05%	147,802	11.27%
Due receivables over 60 days-corrected	242,776	17.83%	291,185	22.20%
Total due receivables over 60 days	393,212	28.88%	438,987	33.47%
Total receivables-gross	1,361,460	100.00%	1,311,621	100.00%
Total value correction	242,776		291,185	
Total receivables - net (gross-correction)	1,118,684		1,020,436	

Undue receivables from domestic and foreign buyers for goods and services, on 31/12/2017, amounted to RSD 812.675 thousand (and on 31/12/2016 they amounted to RSD 728.524 thousand).

Due receivables from domestic and foreign buyers for goods and services, on 31/12/2017 not older than 60 days, amounted to RSD 155.573 thousand (and on 31/12/2016 they amounted to RSD 144.110 thousand).

Due receivables from domestic and foreign buyers for goods and services, on 31/12/2017 older than 60 days, amounted to RSD 393.212 thousand (and on 31/12/2016 they amounted to RSD 438.987 thousand).

Due corrected receivables from domestic and foreign buyers for goods and services older than 60 days as at 31/12/2017 amounted to RSD 242.776 thousand, of which for value correction of receivables of the current period was placed RSD 742 thousand, and at the cost of the results of previous years RSD 242.034 thousand (due corrected receivables from domestic and foreign buyers for goods and services older than 60 days on 31/12/2016 amounted to RSD 291,185 thousand).

Due uncorrected receivables from domestic and foreign buyers for goods and services older than 60 days, on 31/12/2017, amounted to RSD 150.436 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.

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.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

III - LIQUIDITY AND CASH FLOW RISK (cont'd)

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

Maturity of financial assets	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	3,552,969	1,754,695
1 - 3 months	2,742,254	2,224,243
3-12 months	51,385	1,897,689
1 - 5 years	51,157	130,547
over five years	126,367	113,075
	6,524,132	6,120,249

The average time to collect receivables from customers in the period I-XII 2017 amounted to 48 days (2016: 62 days). Shortening of the average time to collect receivables from buyers in the period I-XII 2017, compared to 2016 is influenced by regular collection of accounts receivable maturities, by our largest customers, as well as the collection of receivables from 2016 in accordance with the concluded reprograms which define new terms of payment of receivables incurred in 2015 and earlier years.

Maturity of receivables for interests	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	6,595	3,983
1 - 3 months	29,301	30,464
3-12 months	0	32,209
	35,896	66,656

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

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

Maturity of financial liabilities	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	522,262	462,702
1 - 3 months	11,883	12,384
3-12 months	86,869	90,535
1 - 5 years	470,760	411,677
over five years	103,975	290,232
	1,195,749	1,267,530

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

III - LIQUIDITY AND CASH FLOW RISK (cont'd)

In the total liabilities of the Company the largest share have liabilities based on long-term loans in the amount of RSD 673.487 thousand, of which in 2018 becomes due RSD 98.752 thousand.

Liabilities towards suppliers on December 31, 2017 are expressed in the amount of RSD 522.262 thousand. (on December 31, 2016: RSD 462,702 thousand).

The company has harmonized its obligations with suppliers. There is a discrepancy in obligations only with one supplier who claims us for unjustifiably invoiced services that have not been contracted nor executed and for which all invoices have been challenged and returned by the Organisational Unit of the Company that controls the execution of received goods and services.

Suppliers do not charge interest on arrears to due liabilities, whereby the Company, in accordance with the policy of financial risk management, settles due liabilities to suppliers within the agreed period. Average time of settlement of liabilities towards suppliers in the period I- XII 2017 is 40 days (in 2016 it was 46 days).

Maturity of liabilities for interests (for loans)	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	-	-
1 - 3 months	3,458	4,204
3-12 months	25,197	30,302
1 - 5 years	70,077	91,603
over five years	11,967	23,768
	110,699	149,877

Capital risk management

The aim of capital risk management is provision of such a structure of capital that will secure safety in operating, liquidity and solvency, at the same time maximizing profit increase of the owner, through the optimization of debt and equity. In addition to its own capital, which consists of core capital, reserves and undistributed profit, the Company uses the borrowed funds in the form of long-term loans. Free cash flow from current accounts, the Company invests in the form of short-term deposits.

Indicators of indebtedness of the Company as at the end of the reporting current period of 2017 and the end of 2016 were as follows:

	31/12/2017	31/12/2016
	in 000 RSD	in 000 RSD
1 Indebtedness (ADP 432 + ADP 443)	673,487	804,828
2 Cash and cash equivalents (ADP 068)	2,386,010	740,102
I GROSS INDEBTEDNESS (1-2)	(1,712,523)	64,726
3 Ratio indebtedness/capital (I/5)	-0.0576	0.0024
4 Short-term financial investment (ADP 062)	2,760,377	3,985,447
II NET INDEBTEDNESS (I - 4)	(4,472,900)	(3,920,721)
5 Capital (ADP 401)	29,708,442	27,087,521
6 Ratio indebtedness/capital (II/5)	-0.1506	-0.1447

65. MANAGEMENT EARNINGS

The Company paid remuneration (salaries and share in profit) to key management, including members of the Supervisory Board, the Audit Commission and the General Assembly of Shareholders and Executive directors and Department directors (number of members on 31/12/2017: 24; on 31/12/2016: 23). In the period I - XII 2017 was paid in the gross amount RSD 49.061 thousand (in the period I- XII 2016: RSD 41,784 thousand).

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

65. MANAGEMENT EARNINGS (cont'd)

Management earnings	31/12/2017	I-XII 2017	31/12/2016	I-XII 2016
Management	Number	Amount in 000 RSD	Number	Amount in 000 RSD
Earnings	15	38,656	14	32,167
Participation in profit distribution		1,846		1,452
Total management	15	40,502	14	33,619
Compensations to members of the Supervisory Board	7	6,578	7	6,316
Compensations to members of the Commission for Revision	1	774	1	673
Compensations to members of the Shareholders Assembly	1	1,207	1	1,176
Total for members of the Supervisory Board, the Commission for Revision and the Shareholders Assembly.	9	8,559	9	8,165
TOTAL:	24	49,061	23	41,784

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 December 31, 2017, against the Company there are litigations in the amount of RSD 125.119 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 December 31 2017 the Company has made provisions for potential losses on these litigations in the amount of RSD 96.576 thousand (on 31/12/2016 it was RSD 80,496 thousand) (Notes 47 and 48). According to the assessment of the Company's management on this basis they does not expect additional significant losses in the future period.

68. EVENTS AFTER THE REPORTING PERIOD

On 05/01/2018 the Decision on the best Bid in the procedure 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 which was registered with the Ministry of Construction, Traffic and Infrastructure under the number: 023-00-1/2018-12 dated 05/01/2018 and with ANT under the number: GD 111/2018 dated 05/01/2018. The best bidder selected is VINCI AIRPORTS, France.

In accordance with IAS 10 "Events after the reporting period", we found no existence of other events that may influence or affect the truthfulness and objectivity of the financial statements for the period that ended on December 31 2017, or would require adjustment of the financial statements.

Belgrade, February 19, 2018

Legal representative

 Saša Vlasisavljević, acting Director General

JOINT STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT

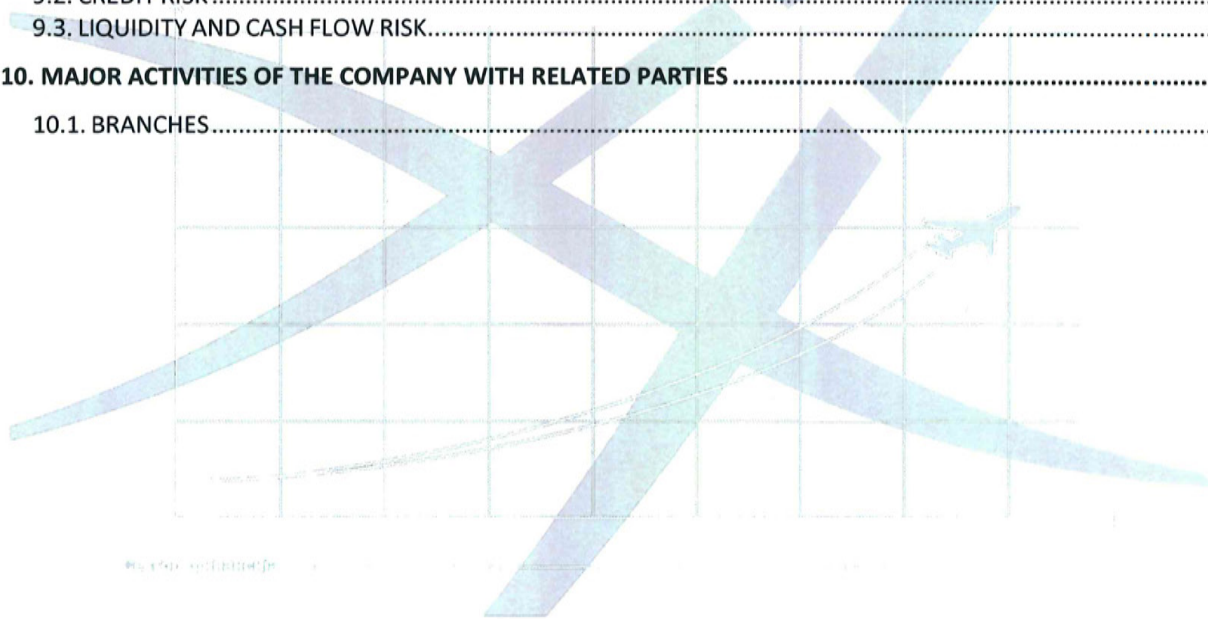
BUSINESS REPORT FOR THE PERIOD I – XII 2017



Belgrade, March 2018

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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	1715 employees on 31/12/2017,
6	Core capital value	RSD 20.573.610.000 (on 31/12/2017)
7	Name, head office of auditor who revised the last financial statement for 2017	„IEF“ d.o.o. Bulevar Mihajla Pupina 106/I, Belgrade
8	Number of issued shares, ISIN number and CFI COD	Number of ordinary shares 34.289.350 (on 31/12/2017) 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 29/12/2017

No.	Name of shareholder	Number of shares	% of share
1	REPUBLIC OF SERBIA	28,510,538	83.15
2	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	464.543	1.35
3	KJK FUND II SICAV SIF	441.137	1.29
4	RAIFFEISEN BANK AD BEOGRAD – CUSTODY ACCOUNT - KS	375.314	1.09
5	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	161.422	0.47
6	EAST CAPITAL – EAST CAPITAL BALK	125,038	0.36
7	GLOBAL MACRO CAPITAL OPPORTUNI	96.686	0.28
8	CONVEST A.D. NOVI SAD-JOINT ACCOUNT	88.883	0.26
9	POLUNIN DISCOVERY FUNDS	70.516	0.21
10	DANSKE INVEST TRANS-BALKAN FUN	63.712	0.19

2. MANAGEMENT DATA

Management members for the period I-XII 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 Dejković, 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

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

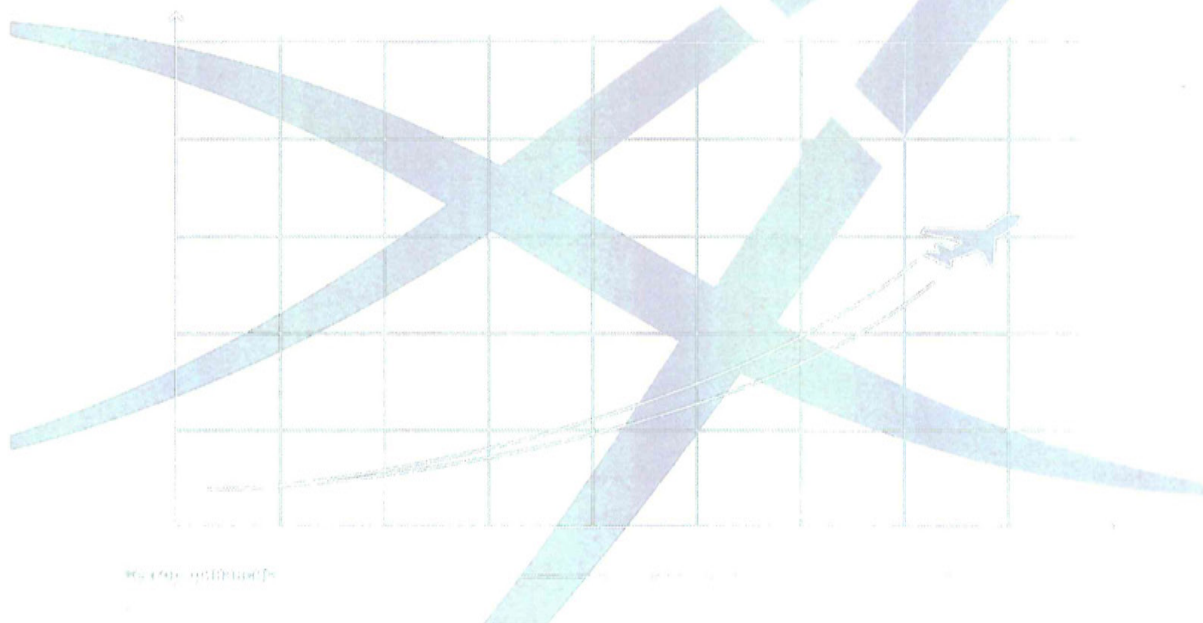
JSC Belgrade Nikola Tesla Airport, as a member of the Chamber of Commerce of Serbia adopted the *Code of Corporate Governance* that was published in the Official Gazette of the Republic of Serbia, No. 99/2012, as well as on the Company's website www.beg.aero.

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

- **58.859 air movements;**
- **5.343.420 passengers and**
- **24.124 tons of cargo and mail.**

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

- **13.590 air movements;**
- **1.192.826 passengers and**
- **6.870 tons of cargo and mail.**

3.1. AIR MOVEMENT TURNOVER

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

Number of air movements per air-traffic types							
Air-traffic types	Achievement I-XII 2016	Rebalancing Plan III I-XII 2017	Achievement I-XII 2017	Index		Participation I-XII 2016	Participation I-XII 2017
				5(4/2)	6(4/3)		
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	61	62	56	92	90	0.10	0.10
International air-traffic-domestic carriers	33,817	34,174	31,912	94	93	57.68	54.22
International air-traffic-foreign carriers	24,755	26,888	26,891	109	100	42.22	45.69
TOTAL:	58,633	61,124	58,859	100	96	100.00	100.00

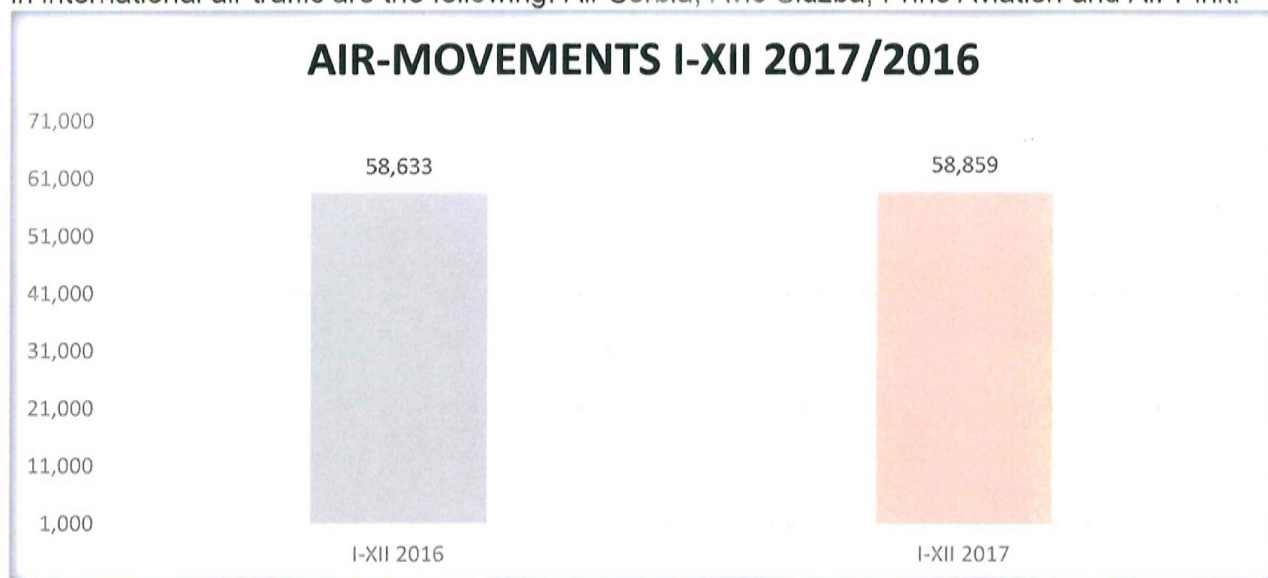
The data from the table indicate total number of air movements in the period from I-XII 2017, which is at the same level as last year in the same period and 4% lower than the one prescribed in the Rebalancing plan III for the period I-XII 2017.

Within carrier pattern of the total traffic in the period I-XII 2017 the domestic carriers in international air traffic have a dominant role with 54.22%, followed by foreign carriers in international air traffic with 45.69% and at the end domestic carriers in domestic air traffic with 0.10% share.

In comparison to the last year, there was fall in the share of domestic carrier in international air traffic by 3.46% and growth in share of foreign carriers in international air traffic by 3,47%.

In international air traffic of domestic carriers total turnover of 31,912 air movements is achieved which is by 6% lower compared to the same period of the previous year and by 7%

lower in comparison to the Rebalancing Plan III for the period I-XII 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	Achievement I-XII 2016	Rebalancing Plan III I-XII 2017	Achievement I-XII 2017	Index		Participation I-XII 2016	Participation I-XII 2017
				5(4/2)	6(4/3)		
1	2	3	4			7	8
Montenegro Airlines	3,117	3,148	3,003	96	95	12.59	11.17
Lufthansa	2,682	2,718	2,759	103	102	10.83	10.26
Wizz Air	2,693	3,594	3,431	127	95	10.88	12.76
Austrian Airlines	1,870	1,875	1,799	96	96	7.55	6.69
Turkish Airlines	1,593	1,585	1,565	98	99	6.44	5.82
Swiss International	1,254	1,253	1,252	100	100	5.07	4.66
Aeroflot	1,459	1,464	1,461	100	100	5.89	5.43
Alitalia	706	724	724	103	100	2.85	2.69
Easy Jet	290	302	292	101	97	1.17	1.09
Etiihad Airways	737	737	731	99	99	2.98	2.72
LOT	621	623	779	125	125	2.51	2.90
Tarom	698	714	766	110	107	2.82	2.85
Aegean Airlines	585	568	488	83	86	2.36	1.81
Qatar Airways	484	484	551	114	114	1.96	2.05
Pegasus Airlines	422	422	418	99	99	1.70	1.55
Flydubai	370	388	440	119	113	1.49	1.64
Tunis Air	156	160	184	118	115	0.63	0.68
Germanwings	29	29	14	48	48	0.12	0.05
Norwegian Air	358	344	350	98	102	1.45	1.30
Raf Avia	426	426	0	0	0	1.72	0.00
Belavia	217	214	220	101	103	0.88	0.82
Aircairo Company	112	126	222	198	176	0.45	0.83
Croatia Airlines	113	119	120	106	101	0.46	0.45
Vueling Airlines	92	92	92	100	100	0.37	0.34
Adria Airways	3	0	4	133	0	0.01	0.01
Gazprom	13	0	16	123	0	0.05	0.06
Swiftair Aviation	995	997	1,000	101	100	4.02	3.72
Swiftair Hellas	525	527	504	96	96	2.12	1.87
Air Horizont Ltd.	1	0	1	100	0	0.00	0.00
Arkia	44	216	201	457	93	0.18	0.75
Atlasglobal Airlines	5	0	610	12,200	0	0.02	2.27
Freebird Airlines	0	0	8	0	0	0.00	0.03
Israir Airlines	56	302	338	604	112	0.23	1.26
Sun Express	0	0	15	0	0	0.00	0.06
Transavia Airlines	1	312	220	22,000	71	0.00	0.82
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	62	0	0	0.00	0.23
Niki Luftfahrt	7	0	0	0	0	0.03	0.00
Atlas Jet	0	0	0	0	0	0.00	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	0.37	0.00
Small Planet Airlines	1	0	0	0	0	0.00	0.00
Corendon Airlines	0	0	4	0	0	0.00	0.01
Elinair	38	38	64	168	168	0.15	0.24
Trto Agency LTD	0	0	1	0	0	0.00	0.00
European Air	170	510	514	302	101	0.69	1.91
Other	1,718	1,785	1,662	97	93	6.94	6.18
TOTAL:	24,755	26,888	26,891	109	100	100.00	100.00

In the period I-XII of 2017 we present the most significant foreign air carriers (42 foreign air carrier)

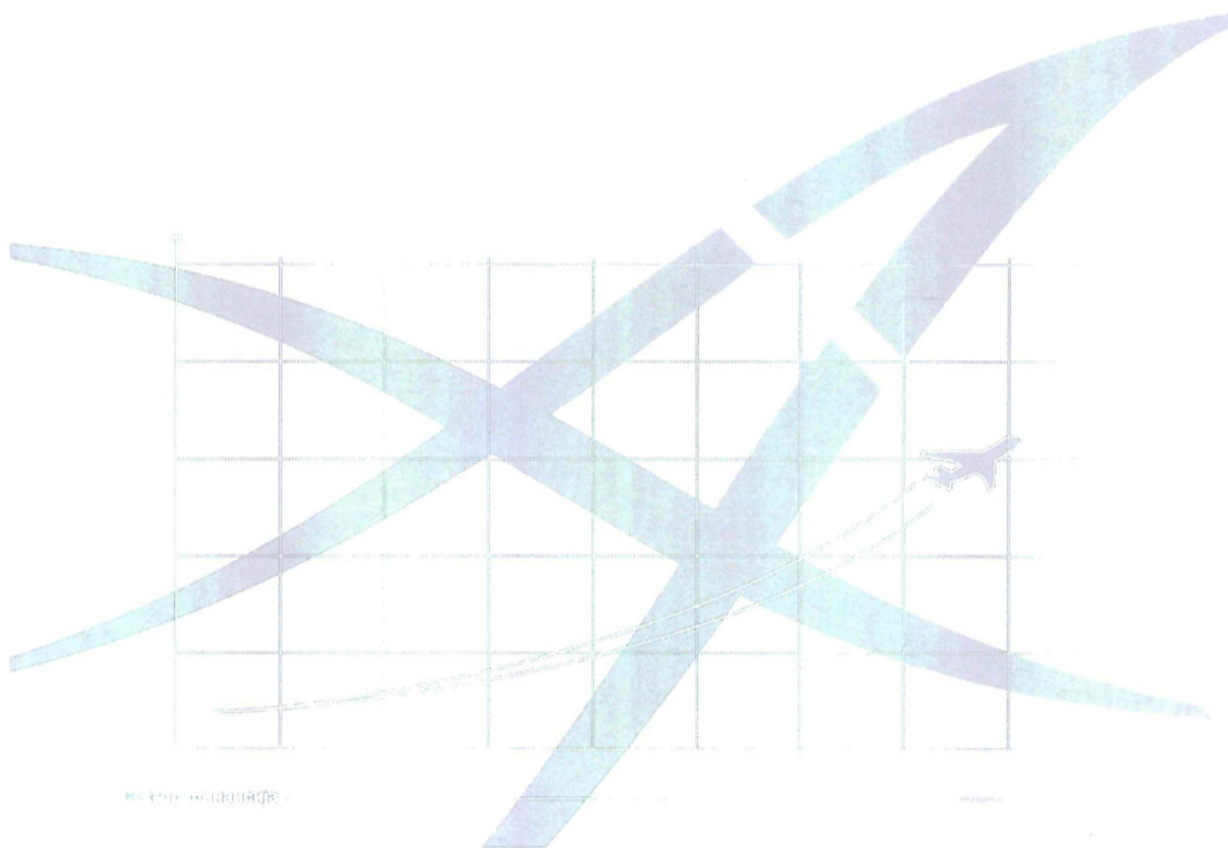
In international air traffic of foreign carriers in the period I-XII 2017 total turnover of 26,891 air movements is achieved which is by 9% higher compared to the same period of the previous year and on the same level in comparison to the Rebalancing Plan III for the period I-XII 2017.

In the pattern of foreign carriers in the period I-XII 2017 the most significant roles are of: Wizz Air with 12.76% of share, then Montenegro Airlines with 11.17% and Lufthansa with 10.26% of share. These three air carriers achieve 34.19% in international air traffic of foreign carriers.

With the share ranging from 6.69% to 3.72% in this type of air traffic there are: Austrian Airlines (6.69%), Turkish Airlines (5.82%), Aeroflot (5.43%), Swiss International (4.66%), Swift Air (3.72%), with total share of 26.32%.

Scheduled **Cargo transport** of express mail in the period I-XII 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-XII 2017 are: Easyjet, Flydubai, Norwegian Air Shuttle, Wizz Air, Vueling, Transavia and Pegasus Airlines.



3.2. PASSENGER TURNOVER

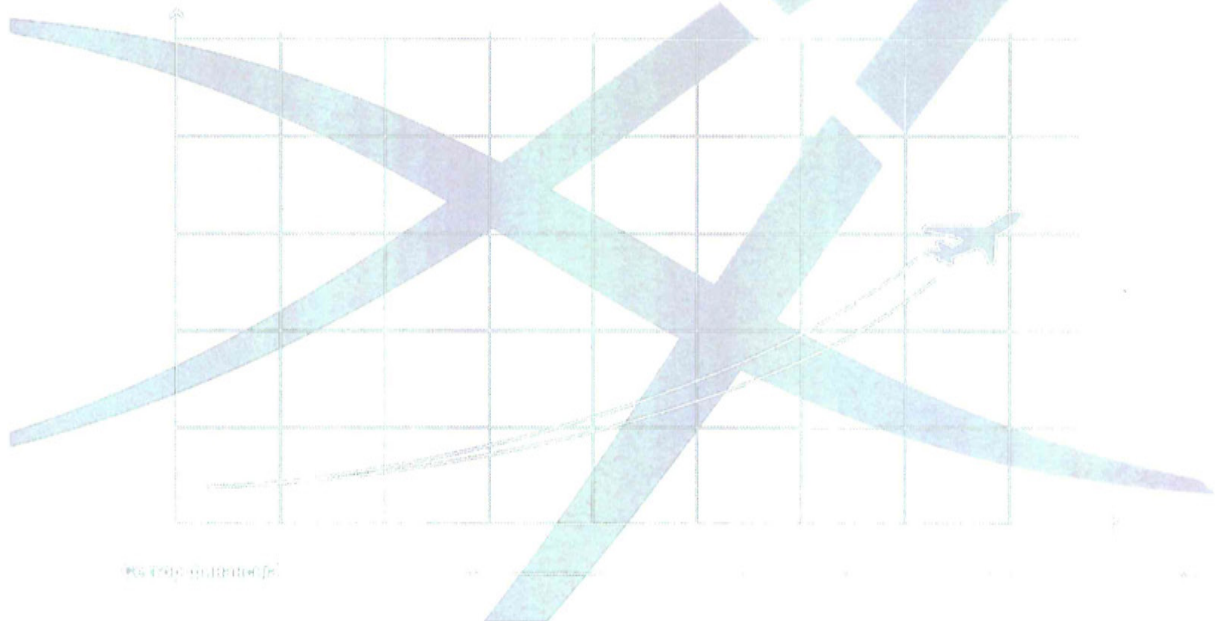
In the period I-XII 2017 a total passenger turnover of 5,343.420 passengers was achieved, which represent an increase 8% in comparison to the same period in 2016 and it is 1% lower than in the Rebalancing Plan III for the period I-XII 2017.

Passenger turnover per air-traffic types							
Air-traffic types	Achievement I-XII 2016	Rebalancing Plan III I-XII 2017	Achievement I-XII 2017	Index		Participation I-XII 2016	Participation I-XII 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	81	83	81	100	98	0.00	0.00
International air-traffic-domestic carriers	2,687,593	2,866,980	2,684,093	100	94	54.57	50.23
International air-traffic-foreign carriers	2,237,318	2,525,803	2,659,246	119	105	45.43	49.77
TOTAL:	4,924,992	5,392,866	5,343,420	108	99	100.00	100.00

The greatest participation in passenger turnover per air traffic types for the period I-XII 2017 is of domestic carriers in international air traffic with 50.23%, then foreign carriers in international air traffic with 49.77%.

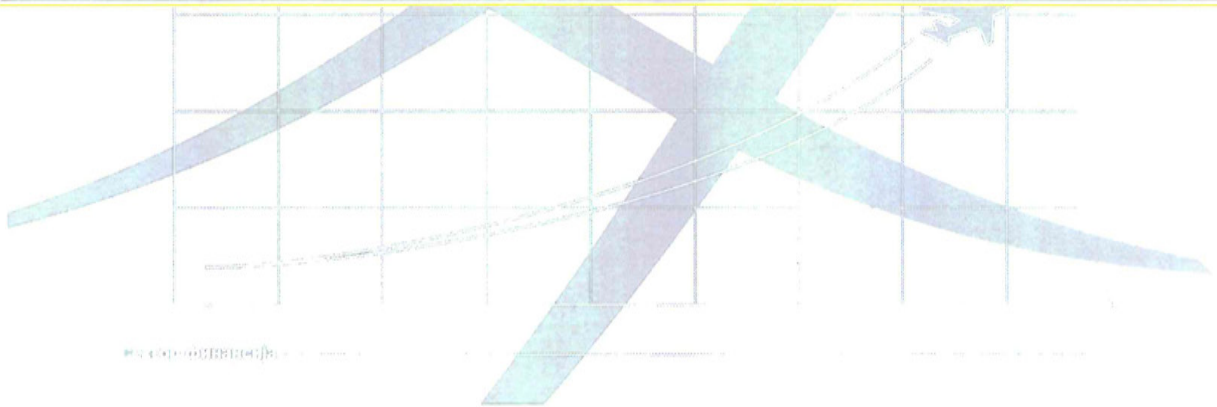
The number of passengers transported by domestic carriers in the period I-XII 2017 is on the same level as in the same period last year and by 6% lower compared to the Rebalancing Plan III for I-XII 2017.

The number of the passengers transported by foreign carriers in international air traffic is by 19% higher compared to the same period last year, and by 5% higher compared to the Rebalancing Plan III for I-XII 2017.





NUMBER OF PASSENGERS I-XII 2017/2016

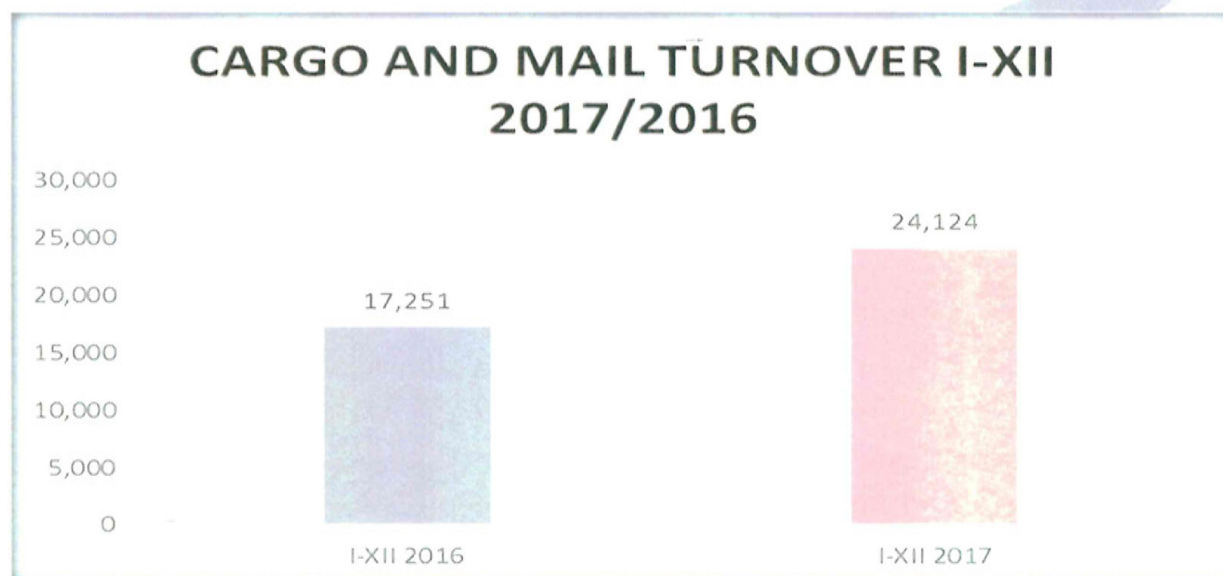


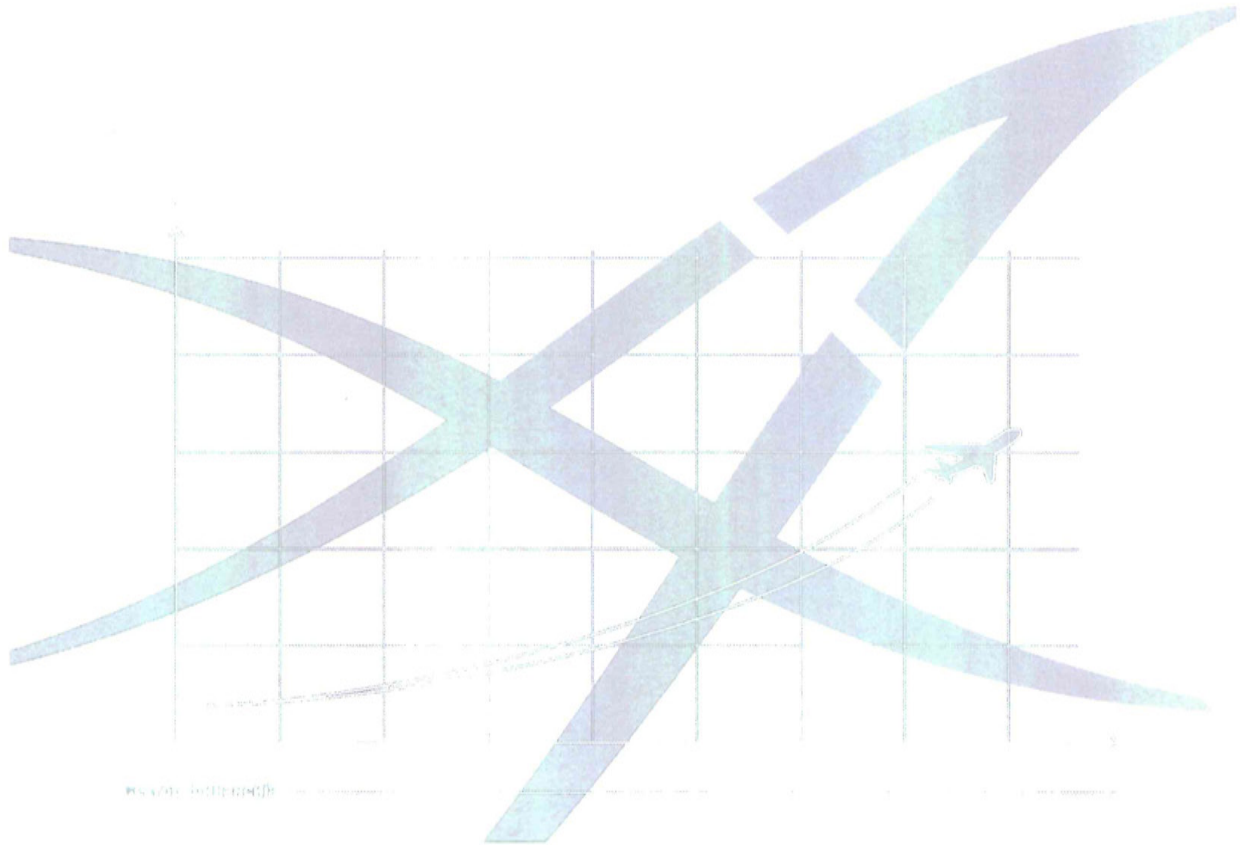
3.3. CARGO AND MAIL TURNOVER

In the period I-XII 2017 total cargo turnover of 24,124 tons is achieved which is by 40% higher compared to the same period of the previous year and by 15% higher in comparison to the Rebalancing Plan III for the period I-XII 2017.

In international air traffic of domestic carriers, cargo and mail turnover in the period I-XII 2017 was 45% higher than the turnover for the same period of 2016 and by 17% higher than in the Rebalancing Plan III for the period I-XII 2017, while in international air traffic of foreign carriers, achievement in the period I-XII 2017 was 38% higher than in the same period of the previous year and by 14% lower than in the Rebalancing Plan III for the period I-XII 2017.

Cargo and mail turnover in tons							
Air-traffic types	Achievement I-XII 2016	Rebalancing Plan III I-XII 2017	Achievement I-XII 2017	Index		Participation I-XII 2016	Participation I-XII 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	4	4	0	0	0	0.02	0.00
International air-traffic-domestic carriers	4,621	5,707	6,689	145	117	26.79	27.73
International air-traffic-foreign carriers	12,626	15,279	17,435	138	114	73.19	72.27
TOTAL:	17,251	20,990	24,124	140	115	100.00	100.00





PHYSICAL VOLUME OF AIR TRAFFIC

Air-traffic types	Achievement I-XII 2016		Rebalancing Plan III I-XII 2017		Achievement I-XII 2017		Index	
	1	2	3	4	5(4/2)	6(4/3)		
	Participation		Participation		Participation			
Domestic air-traffic								
Air movements	61	0	62	0	56	0	92	90
Passengers	81	0	83	0	81	0	100	98
Cargo and mail air+truck (t)	4	0	4	0	0	0	0	0
International air-traffic - domestic carriers								
Air movements	33,817	58	34,174	56	31,912	54	94	93
Passengers	2,687,593	55	2,866,980	53	2,684,093	50	100	94
Cargo and mail air+truck (t)	4,959	29	5,707	27	6,689	28	135	117
International air-traffic - foreign carriers								
Air movements	24,755	42	26,888	44	26,891	46	109	100
Passengers	2,237,318	45	2,525,803	47	2,659,246	50	119	105
Cargo and mail air+truck (t)	12,288	71	15,279	73	17,435	72	142	114
Total								
Air movements	58,633	100	61,124	100	58,859	100	100	96
Passengers	4,924,992	100	5,392,866	100	5,343,420	100	108	99
Cargo and mail air+truck (t)	17,251	100	20,990	100	24,124	100	140	115

4. REVENUES AND EXPENDITURES

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

4.1. REVENUES

In the period I-XII 2017 JSC Belgrade Nikola Tesla Airport achieved the **total revenue** in the amount of **RSD 9,634,118,284**. Thus achieved total revenue is 7% higher in comparison to the achieved revenues in the same period of the previous year and 4% lower in relation to the Rebalancing Plan III for the period I-XII 2017.

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

In the pattern of achieved revenues for the period I-XII 2017 **business revenues** have the greatest participation amounting to **RSD 9.390.120.737** which is 97% of the total revenues. Thus achieved business revenues are **10% higher** than the same in the same period of the previous year and 5% lower in relation to Rebalancing Plan III for the period I-XII 2017.

Part of business revenues generated by providing **air services** in the amount of RSD 2.856.537.360 makes 30% of the total revenues. These revenues are 6% higher than in the same period of the previous year, while they are by 3% lower than it is predicted in the Rebalancing Plan III for the period I-XII 2017.

Revenues from **passenger service and security fees** are realised in the amount of **RSD 4.423.864.864** for the period I-XII 2017, which makes 46% of totally achieved revenues. Thus achieved revenues from passenger service and security fees are **15% higher** than the same in the same period of the previous year and 3% lower in relation to Rebalancing Plan III for the period I-XII 2017.

In the period I-XII 2017 revenues from **rendering services in cargo-customs warehouse** were achieved in the amount of **RSD 176.966.033**. Thus realised revenues from rendering services in cargo-customs warehouse are 11% higher than in the same period of the previous year, while they are by 14% lower than it was predicted in the Rebalancing Plan III for the period I-XII 2017.

In the period I-XII 2017 revenues from **other expenditures** were achieved in the amount of **RSD 925.702.664**. Thus achieved revenues from other services are 9% higher than in the same period of the previous year, while they are by 7% lower than it is predicted in the Rebalancing Plan III for the period I-XII 2017. Increase of revenues from other services in the period I-XII 2017 in comparison to the same period of the previous year mainly relates to:

- revenues from CUTE;
- revenues from utilities;
- revenues from workorder;
- revenues from aircraft de-icing services and other.

Revenues from sale of goods are achieved in the amount of RSD 11.312.490 and they mostly refer to revenues from sale of heating oil in the amount of RSD 9.757.731.

In the period I-XII 2017 285 tons of heating oil was sold.

In the period I-XII 2017 revenue from **lease of business facilities** amounts RSD 995.737.326 and it is 8% higher than in the same period of the previous year. The most part of these revenues refers to lease of business facilities to Dufry Ltd.

Financial revenues in the period I-XII 2017 amount **RSD 149.041.850** and they are 34% lower than in the same period of the previous year.

This decrease of financial expenditures in the period I-XII 2017 in comparison to the same period of the last year partly resulted from decrease of interest rates and partly from the fall of RSD exchange rate for Euro (1EUR on 31/12/2017 equalled RSD 118,4727, while on 31/12/2016 it was RSD 123,4723).

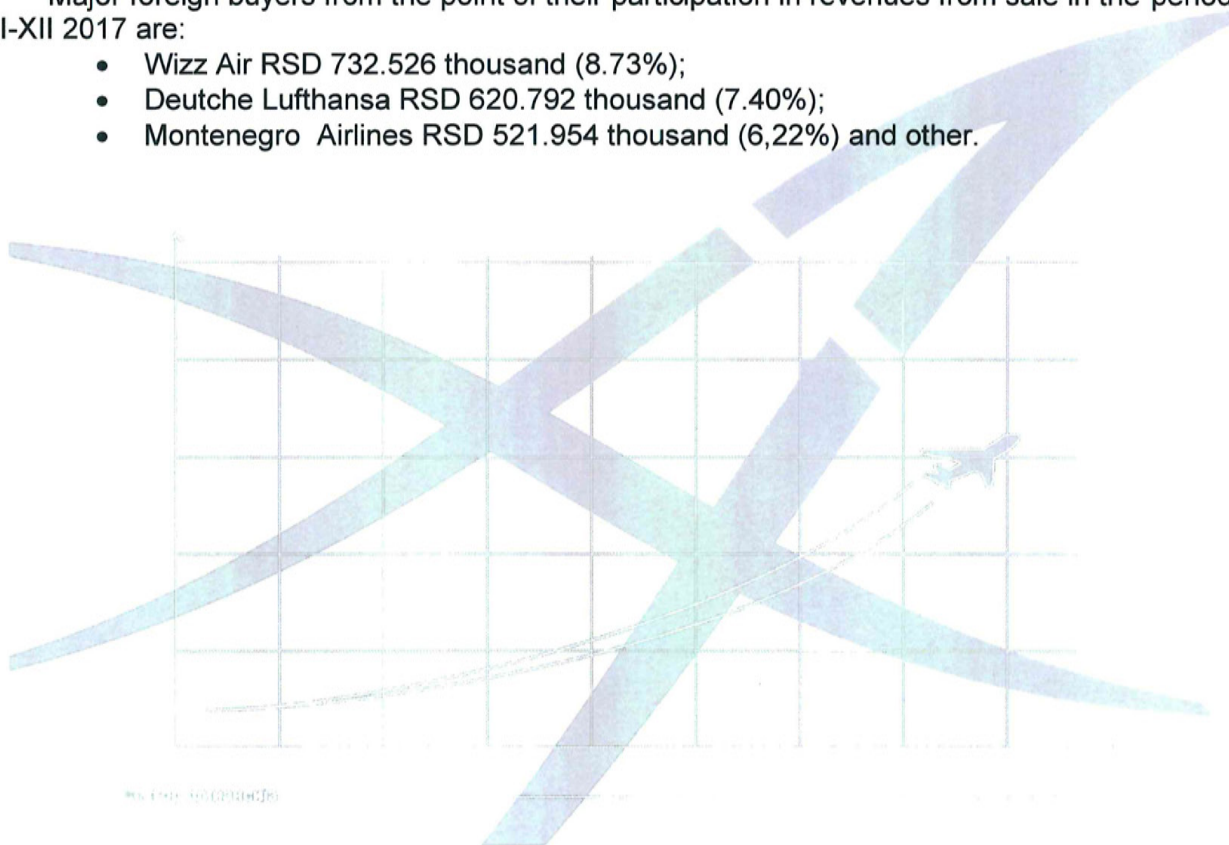
The pattern of financial revenues for I-XII 2017 is composed of:

- revenues from the interest amount RSD 93.434.906 and they participate with 63% in the pattern of total financial revenues.
- revenues from exchange rate differences - non-realised in the amount of RSD 29.553.857 and participate with 20% in the pattern of total financial revenues;
- revenues from exchange rate differences - realised in the amount of RSD 26.053.087 and participate with 17% in the pattern of total financial revenues.

Other revenues in the period I-XII 2017 amount **RSD 94.955.697** and they are significantly lower than in the same period of the previous year. This decrease is recorded mostly due to decrease of revenues within account group 68 - revenues from property value adjustment.

Major foreign buyers from the point of their participation in revenues from sale in the period I-XII 2017 are:

- Wizz Air RSD 732.526 thousand (8.73%);
- Deutsche Lufthansa RSD 620.792 thousand (7.40%);
- Montenegro Airlines RSD 521.954 thousand (6,22%) and other.



REVENUE STRUCTURE I-XII 2017							
No.	Service type	Service description	Achievement I-XII 2016	Rebalancing Plan III I-XII 2017	Achievement I-XII 2017	Indexes	
1	2	3	4	5	6	7(6/4)	8(6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	186,571,768	201,656,510	186,107,630	100	92
	614010+614014+614310+614312+614313+614314	Lighting	63,784,683	64,535,753	59,538,019	93	92
	614030+614034+614330+614332+614333+614334	GH	202,273,125	281,401,338	248,161,133	123	88
	614040+614042+614043+614044	Infrastructure	111,565,463	120,504,232	138,364,888	124	115
	614050+614052	Air-bridges	50,217	0	9,766,851	19,449	0
	614020+614024+614320+614323+614324	Aircraft abode revenue	4,384,860	4,712,163	6,149,286	140	130
I	Total air services (domestic carrier):		568,630,115	672,809,996	648,087,806	114	96
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	681,060,686	718,823,743	716,670,030	105	100
	615020+615021+615022+615023+615024	GH	704,550,456	757,118,171	688,593,002	98	91
	615030+615031+615032+615033+615034	Lighting	74,100,602	73,112,008	80,195,428	108	110
	615040+615042+615043+615044	Infrastructure	451,043,486	476,441,421	490,632,149	109	103
	615060+615062	Air-bridges	199,888,291	210,998,851	207,514,404	104	98
	615000+615001+615002+615003+615004	Aircraft abode revenue	26,394,764	28,057,400	24,844,542	94	89
II	Total air services (international carrier):		2,137,038,284	2,264,551,593	2,208,449,554	103	98
I+II	Total air services		2,705,668,399	2,937,361,589	2,856,537,360	106	97
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	14,843	19,050	872	6	5
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.at/i.at.	1,275,268,452	1,428,343,922	1,202,052,494	94	84
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international ca	1,742,580,442	1,972,718,147	2,050,051,457	118	104
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	823,888,394	1,182,882,974	1,171,760,041	142	99
III	Total passenger service		3,841,752,131	4,583,964,093	4,423,864,864	115	97
I+II+III	Total air services and passenger service		6,547,420,531	7,521,325,682	7,280,402,224	111	97
	CCM service						
	614500+614510	CCM service dom.market	146,272,330	189,622,504	163,678,202	112	86
	615300 +615310 (foreign)	CCM service international mark	13,126,081	16,666,108	13,287,830	101	80
IV	Total CCM services		159,398,410	206,288,612	176,966,033	111	86
V	Total services related to air traffic (I to IV):		6,706,818,941	7,727,614,294	7,457,368,257	111	97
	Other services						
1	614360+615100+615102	DCS services	22,098,317	24,439,708	18,198,738	82	74
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	154,549,250	165,910,266	165,582,620	107	100
3	614130+614131+615071+615072	VIP lounge	6,010,030	6,352,661	6,574,223	109	103
4	614140+614142+615090+615092	CUTE (dom.+intl)	170,747,070	182,774,745	183,142,000	107	100
5	614380+615080	Lost and found	17,986,736	18,850,066	18,481,480	103	98
6	6146+615120+615400+615401	Public services	168,459,320	164,327,065	169,839,791	101	103
7	614820+615170	Catering services business class	0	0	189,290	0	0
8	614870+615810	Advertising space	63,739,665	70,907,952	63,397,467	99	89
9	614883	Commercial usage of the apron	60,655,028	62,550,854	55,418,204	91	89
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	105,135,016	156,723,182	157,473,677	150	100
11	Other non-mentioned services dom+intl		76,037,566	138,800,404	87,405,173	115	63
VI	Other services (1 to 11):		845,417,997	991,636,902	925,702,664	109	93
VII	Total 61 - Revenues from sale of services (V+VI)		7,552,236,938	8,719,251,196	8,383,070,921	111	96
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		57,396,993	66,920,123	11,312,490	20	17
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		7,609,633,931	8,786,171,319	8,394,383,411	110	96
X	64 & 65 - Lease of business premises		919,068,866	1,060,616,618	995,737,326	108	94
XI	OPERATING REVENUES (IX+X)		8,528,702,797	9,846,787,937	9,390,120,737	110	95
XII	66 - FINANCIAL REVENUES		227,443,344	173,645,868	149,041,850	66	86
1	interest		108,675,800	102,475,026	93,434,906	86	91
2	exchange rate differences - realised		77,240,644	71,170,842	26,053,087	34	37
3	exchange rate differences - non-realised		41,526,899	0	29,553,857	71	0
XIII	67, 68 and 69 OTHER REVENUES		260,290,165	47,093,032	94,955,697	36	202
XIV	Total revenues (XI+XII+XIII)		9,016,436,306	10,067,526,838	9,634,118,284	107	96

4.2. EXPENDITURES

In the period I-XII 2017 **total expenditures** were achieved in the amount of **RSD 5.753.473.813**. Thus realised revenues are 10% higher than in the same period of the previous year, while they are by 6% lower than it is predicted in the Rebalancing Plan III for the period I-XII 2017.

Purchase value of sold goods (group 50) in the period I-XII 2017 amount **RSD 15.025.905** and they mostly refer to purchaser value of sold heating oil in the referent period.

The costs of material and energy (group 51) in the period I-XII 2017 amount **RSD 489.875.285** and they are 13% higher than in 2016, while they are 2% lower than it was predicted in the Rebalancing Plan III for the period I-XII 2017. The costs of material and energy participate in total expenditure with 9% and mostly refer to: costs of electricity, spent basic material, spent fuel for cargo vehicles 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-XII 2017 RSD 3.072.947.732 and they are 9% higher than in the same period of the previous year, while they are at the same level as in the Rebalancing Plan III for the period I-XII 2017. Change of number (taking over of 340 employees from Air Serbia for OU Ground handling) 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 2.058.820.755**, while **costs of persons engaged through youth organisations** (account 524000) amount **RSD 365.722.819** (youth organisations Fan, Beograd, Knez, Medijator and Europa).

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

The costs of production services (group 53) in the period I-XII 2017 amount **RSD 415.465.017** and they are 24% higher then in the same period of the previous year.

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

- **costs of transportation services** in the period I-XII 2017 amount **RSD 62.406.909** and they are 16% lower then in the same period of the previous year. They mostly refer to costs of information and passenger check-in, monthly ITT support for passenger and baggage registration and other;
- **the costs of maintenance services** in the period I-XII 2017 amount **RSD 165.557.066** and they are 12% higher then in the same period of the previous year. This increase appears mostly because of increase of the costs of maintenance of other fixed assets

- **the costs of lease** in the period I-XII 2017 amount **RSD 47.620.495** and they are 29% higher than in the same period of the previous year. They mostly refer to renting of business facilities of legal persons and to licence leasing;
- **the costs of advertising** amount **RSD 93.354.453**;
- **the costs of other services** mostly refers to costs of watering, sewage, achieved in the amount of **RSD 46.526.093** and they are 14% higher than in the same period of the previous year.

The costs of **amortization and reserving** (group 54) for the period I-XII 2017 amounted to **RSD 888.419.901** and they are 4% lower than in the same period of the previous year, due to decreased principle for amortisation calculation, which was formed after value assessment for fixed assets dated 31/12/2016.

Intangible costs (account group 55) for the period I-XII 2017 are achieved in the amount of **RSD 483.486.138** and are 29% higher in comparison 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:

- **the costs of non-productive services** are the most significant in the group of intangible costs and are achieved in the amount of **RSD 314.458.233** mostly referring to accrued costs of consulting services in the amount of **RSD 95.969.877**;
- **the costs of representations** (RSD 8.607.221);
- **the costs of insurance premiums** (RSD 36.364.019);
- **the costs of money transfers** (RSD 5.221.579);
- **the costs of membership fees** (RSD 4.530.634);
- **the costs of taxes** (RSD 82.067.931) and
- **the other intangible costs** (RSD 32.236.521).

Financial expenditures (group 56) in the period I-XII 2017 are disclosed in the amount of **RSD 287.925.810** and they are three times higher than in the same period of the previous year.

Increase of financial expenditures in the period I-XII 2017 resulted mostly from increase of negative, realised exchange rate differences, i.e. from fall of RSD exchange rate for Euro (1EUR on 31/12/2017 equalled RSD 118,4727, while on 31/12/2016 it was RSD 123,4723).

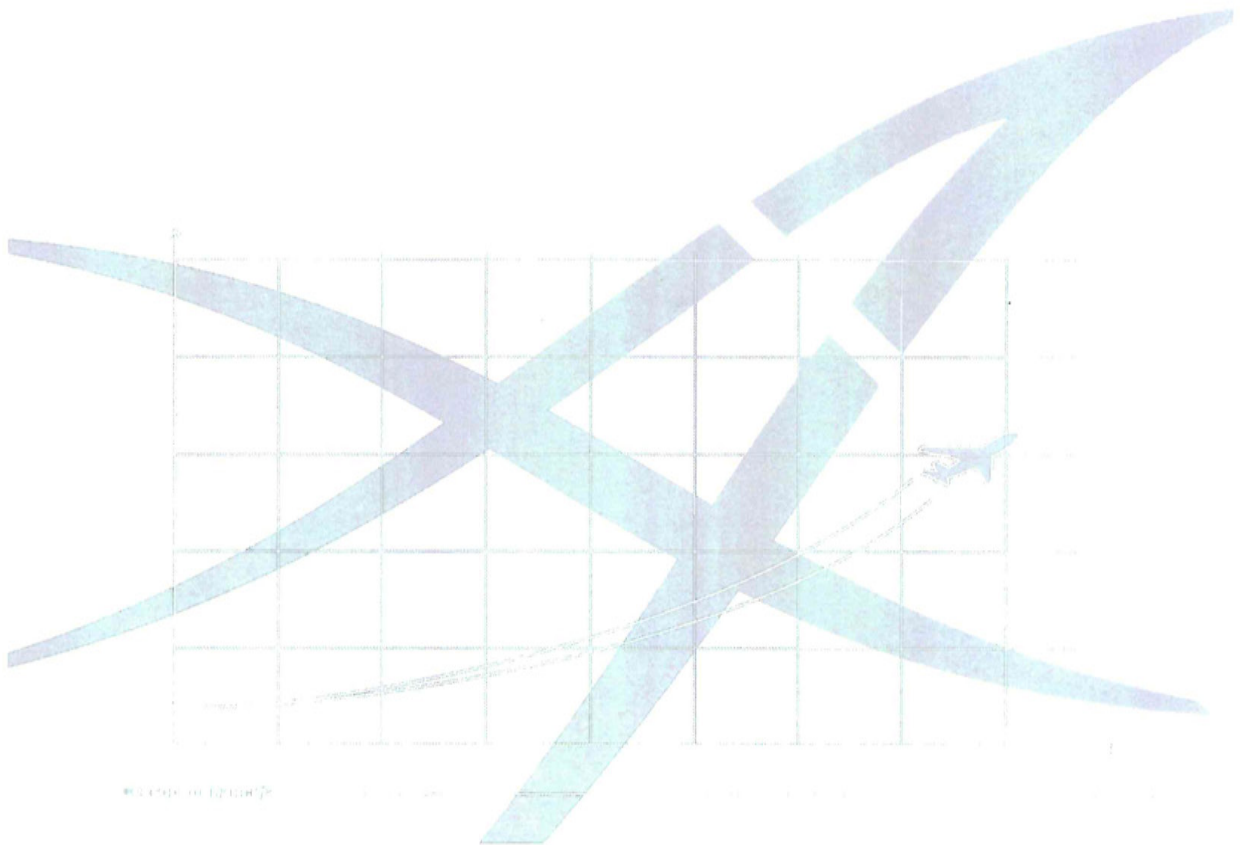
The pattern of financial expenditures for I-XII 2017 is composed of:

- **revenues from exchange rate differences - realised** in the amount of **RSD 222.862.681** and they participate with 77% in the pattern of total financial revenues;
- **expenditures from the interest** in the amount of **RSD 34.838.308** and they participate with 12% in the pattern of total financial expenditures. They mostly refer to interest from long-term loans liabilities (EIB - reconstruction of the Terminal building).
- **revenues from exchange rate differences - non-realised** in the amount of **RSD 30.224.821** and participate with 11% in the pattern of total financial expenditures.

Other expenditures (group 57, 58 and 59) in the period I-XII 2017 were achieved in the amount **RSD 100.328.026** and they are 50% lower than in the same period of the previous year. This decrease is recorded mostly due to decrease of expenditures within account group 58 - expenditures from property impairment.

The main suppliers in terms of turnover in the period I-XII 2017 are:

- Premar services RSD 357.332 thousand;
- Centum RSD 354,485 thousand;
- Jugoscan RSD 306.300 thousand and other.



EXPENDITURE STRUCTURE I-XII 2017

Account t	Account name	Achievement I-XII 2016	Rebalancing Plan III I-XII 2017	Achievement I-XII 2017	INDEXES	
					6(5/3)	7(5/4)
1	2	3	4	5	6(5/3)	7(5/4)
50	PURCHASE VALUE OF SOLD GOODS	52,919,410	52,200,000	15,025,905	28	29
501	PURCHASE VALUE OF SOLD GOODS	52,919,410	52,200,000	15,025,905	28	29
51	COSTS OF MATERIAL AND ENERGY	434,035,876	501,580,709	489,875,285	113	98
511	COSTS OF MAKING MATERIAL	115,019,490	168,976,369	153,842,288	134	91
512	COSTS OF OVERHEAD MATERIALS	11,735,171	3,006,937	23,030,162	196	766
513	COSTS OF FUEL AND ENERGY	258,962,917	241,000,000	270,943,860	105	112
514	COSTS OF SPARE PARTS	44,133,174	80,201,328	41,965,803	95	52
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	4,185,124	8,396,076	93,172	2	1
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	2,821,300,758	3,060,238,042	3,072,947,732	109	100
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	1,620,340,075	1,825,554,977	1,746,243,205	108	96
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	290,040,874	326,774,340	312,577,550	108	96
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	319,532	383,438	263,585	82	69
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	558,809,785	553,898,067	625,872,558	112	113
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	200,000	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	8,165,245	8,102,412	8,558,670	105	106
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	343,625,248	345,324,808	379,432,162	110	110
53	COSTS OF PRODUCTION SERVICES	336,035,865	659,490,056	415,465,017	124	63
531	COSTS OF TRANSPORTATION SERVICES	74,388,844	76,322,563	62,406,909	84	82
532	COSTS OF MAINTENANCE SERVICES	148,445,420	366,547,486	165,557,066	112	45
533	COST OF LEASE	36,895,427	67,385,151	47,620,495	129	71
535	ADVERTISING COSTS	35,365,885	91,195,000	93,354,453	264	102
539	COSTS OF OTHER SERVICES	40,940,290	58,039,856	46,526,093	114	80
54	COSTS OF AMORTISATION AND RESERVES	921,766,171	808,000,000	888,419,901	96	110
540	AMORTISATION COSTS	884,948,459	800,000,000	848,477,253	96	106
545	RESERVES FOR EMPLOYEE COMPENSATION	28,517,712	0	19,932,648	70	0
549	OTHER LONG-TERM RESERVES	8,300,000	8,000,000	20,010,000	241	250
55	INTANGIBLE COSTS	375,736,358	841,924,430	483,486,138	129	57
550	COSTS OF NON-PRODUCTION SERVICES	223,070,312	673,492,457	314,458,233	141	47
551	COSTS OF REPRESENTATION	7,392,364	10,392,554	8,607,221	116	83
552	COSTS OF INSURANCE PREMIUMS	25,285,303	35,154,742	36,364,019	144	103
553	COSTS OF PAYMENT SYSTEM	5,131,980	5,242,551	5,221,579	102	100
554	COSTS OF MEMBERSHIPS	9,567,864	10,055,446	4,530,634	47	45
555	COSTS OF TAXES	80,024,905	83,036,303	82,067,931	103	99
559	OTHER INTANGIBLE COSTS	25,263,630	24,550,378	32,236,521	128	131
I	OPERATING EXPENDITURES	4,941,794,439	5,923,433,237	5,365,219,977	109	91
56	FINANCIAL EXPENDITURES	89,906,503	155,871,825	287,925,810	320	185
562	INTEREST EXPENDITURES	44,599,883	35,920,029	34,838,308	78	97
563	NEGATIVE EXCHANGE RATE DIFFERENCES	45,134,792	119,928,259	244,934,859	543	204
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	171,828	23,537	8,152,643	4745	34638
II	FINANCIAL EXPENDITURES	89,906,503	155,871,825	287,925,810	320	185
57	OTHER EXPENDITURES	29,794,771	23,118,710	82,933,797	278	359
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	907,684	100,000	4,526,857	499	4527
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	15,000	0	80,000	533	0
574	DEFICIT	269,888	0	363,766	135	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	347	0	6,462	1864	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	335,223	0	36,027,714	10747	0
577	WRITE-OFF	0	0	2,787,725	0	0
579	OTHER NON-MENTIONED EXPENDITURES	28,266,629	23,018,710	39,141,274	138	170
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	165,482,247	0	12,955,041	8	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	348,815	0	1,000	0	0
583	IMPAIRMENT OF LONG-T. FIN.INVST AND OTHER SECURITIES FOR SALE	2,639,129	0	10,110,226	383	0
584	IMPAIRMENT OF VAL. SUPPLIES OF MATERIALS AND SPARE PARTS	0	0	943,801	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	162,494,303	0	1,900,014	1	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	4,653,517	0	4,439,188	95	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	4,653,517	0	4,439,188	95	0
III	OTHER EXPENDITURES	199,930,536	23,118,710	100,328,026	50	434
	TOTAL EXPENDITURES	5,231,631,478	6,102,423,772	5,753,473,813	110	94

4.3. SALARIES

In the period I-XII 2017 the total amount of **RSD 1.746.243.205 (gross I)** was paid for **salaries**. It is 8 % higher than in the same period 2016 and 4% lower than the planned figures for the period I-XII 2017.

SALARIES GROSS I					
Month	Achievement I-XII 2016	Rebalancing Plan III I-XII 2017	Achievement I-XII 2017	Index	
1	2	3	4	5(4/2)	6(4/3)
January	148,211,040	140,743,437	141,135,782	95	100
February	132,265,745	140,743,437	136,689,966	103	97
March	129,326,788	140,743,437	156,678,124	121	111
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	138,203,742	106	98
October	129,968,118	140,743,437	137,984,522	106	98
November	134,274,951	209,060,303	167,285,553	125	80
December	132,762,841	209,060,303	167,327,105	126	80
Total salaries:	1,620,340,075	1,825,554,977	1,746,243,205	108	96

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

In the period I-XII of the current year **the average Gross I salary** in the Company amounted **RSD 107.586** and it is higher than in the previous year by 1%. In the period I-XII 2017 **the average net salary** in the Company amounted **RSD 76.598** and it is 1% higher than in the same period last year.

AVERAGE GROSS I SALARIES	
Month	AD ANT
January	109,462 дин.
February	107,288 дин.
March	122,177 дин.
April	109,278 дин.
May	108,368 дин.
June	105,506 дин.
July	105,074 дин.
August	113,608 дин.
September	105,132 дин.
October	104,419 дин.
November	100,723 дин.
December	99,998 дин.
Average I-XII 2017	107,586 дин.
Average I-XII 2016	106,553 дин.

AVERAGE NET SALARIES	
Month	AD ANT
January	77,907 дин.
February	76,400 дин.
March	86,827 дин.
April	77,785 дин.
May	77,145 дин.
June	75,137 дин.
July	74,834 дин.
August	80,847 дин.
September	74,869 дин.
October	74,368 дин.
November	71,783 дин.
December	71,270 дин.
Average I-XII 2017	76,598 дин.
Average I-XII 2016	75,870 дин.

I-XII 2017/I-XII 2016	101
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I-XII 2017/I-XII 2016	101
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Average number of employees and engaged persons

NUMBER OF EMPLOYEES IN 2017						
Period	Determined period	Undetermined period	Total	Youth org	Temp and occas	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
Average I-XII 2017	366	1042	1408	393	266	2067

4.4. FINANCIAL RESULT I-XII 2017

In the period I-XII 2017 **gross profit** of the Company were achieved in the amount of **RSD 3.880.644.471**.

Thus expressed gross profit is 3% higher than gross profit in the same period 2016 and by 2% lower than gross profit planned in the Rebalancing Plan III for 2017.

FINANCIAL RESULT I-XII 2017						
No.	Position	Achievement I-XII 2016	Rebalancing Plan III I-XII 2017	Achievement XII 2017	Index	
					6(5/3)	7(5/4)
1	2	3	4	5	6(5/3)	7(5/4)
1	Operating revenues	8,528,702,797	9,846,787,937	9,390,120,737	110	95
2	Operating expenditures	4,941,794,439	5,923,433,237	5,365,219,977	109	91
3	Business profit (1-2)	3,586,908,358	3,923,354,700	4,024,900,760	112	103
4	Financial revenues	227,443,344	173,645,868	149,041,850	66	86
5	Financial expenditures	89,906,503	155,871,825	287,925,810	320	185
6	Financial profit (4-5)	137,536,840	17,774,043		0	0
6a	Financial loss (5-4)			138,883,960	0	0
7	Other revenues	260,290,165	47,093,032	94,955,697	36	202
8	Other expenditures	199,930,536	23,118,710	100,328,026	50	434
9	Other profit (7-8)	60,359,629	23,974,323		0	0
9a	Other loss (8-7)			5,372,329	0	0
10	Total revenues (1+4+7)	9,016,436,306	10,067,526,838	9,634,118,284	107	96
11	Total expenditures (2+5+8)	5,231,631,478	6,102,423,772	5,753,473,813	110	94
12	Total gross profit (10-11)	3,784,804,828	3,965,103,066	3,880,644,471	103	98
12a	Total gross loss (11-10)					
13	Period tax expenditure	393,279,046	594,765,460	528,999,911	135	89
14	Deferred period tax expenditure	200,786,445	50,000,000	85,970,372	43	172
15	Deferred income tax					
16	Earnings paid by employer					
17	Net profit	3,190,739,337	3,320,337,606	3,265,674,188	102	98

In the period I-XII 2017 **net profit** of the Company were achieved in the amount of **RSD 3.265.674.188**. Thus expressed net profit is 2% higher than gross profit in the same period 2016 and by 2% lower than net profit planned in the Rebalancing Plan III for 2017.

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

BUSINESS RATIO OF THE COMPANY FOR THE PERIOD I-XII 2017					
NO.	Description of ratio indicators		ADP	RATIO NUMBER FOR I-XII 2016	RATIO NUMBER FOR I-XII 2017
1	LIQUIDITY RATIO	Cash ratio (current capital / short-term liabilities)	0043 / 0442	3.25	6.08
		Acid test ratio (current capital / short-term liabilities)	(0043-0044) / 0442	3.21	5.96
		Cash ratio (cash equivalents and cash / short-term liabilities)	0068 / 0442	0.37	2.21
		Financial stability ratio (fixed assets / capital assets + long-term liabilities)	0002 / (0402+0432)	1.12	1.20
2	Profitability ratio	Net profit margin (net profit / profit from sale of goods + profit from sale of services)	1064 / (1002+1009+1017) *100	37.41	34.78
		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	44.38	41.33
		Return on assets (ROA) Net profit / Total assets*100	1064 / 0071*100	10.51	10.19
3	PRODUCTIVITY RATIO	Leverage ration (total liabilities / fixed assets)	(0424+0442) / 0002	0.12	0.07
		Return of short-term assets ratio (total profit / working capital)	tot.prof. / 0043	1.41	1.47
4	EBIT	EBIT (operating profit - operating expenditures)	1001-1018	3,586,908,358.32	4,024,900,760.04
5	EBITDA	EBITDA (operating profit-operating expenditures) + amortisation	(1001-1018)+1027	4,471,856,816.86	4,873,378,013.10
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)	10.49	17.03
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	52.43	51.90
8	NET CURRENT ASSETS	Net current assets - NCA (current assets-short-term liabilities)	0043-0442	4,470,342,802.34	5,487,372,053.42
9	BUYERS TURNOVER RATIO	365/Average receivables charging time		5.9	7.6
10	SUPPLIER TURNOVER RATIO	365/Average liability settlement time		7.9	9.1

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-XII 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-XII 2017 has achieved the **total revenue** in the amount of RSD 1.612.759.226, which is 17% 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-XII 2017 amount RSD 1.606.498.410 and participates with 17% in the realised business revenues of ANT for 2017.

Within operating revenues, the largest share of 60% consists of revenues from air services, which amounted to RSD 959,232,104, share of revenues from other services in the amount of RSD 353,929,245 and participate with 22%, revenues from CCM services in the amount of RSD 176,966,033 and make up 11% of operating revenue, and revenues from passenger services in the amount of RSD 116,371,029 and account for 7% of operating revenue in the period I-IX 2017.

Financial revenues are realised in the amount of RSD 625.212 for the period I-XII 2017 and they mostly refer to realised exchange rate differences.

Other revenues are realised in the amount of RSD 5.635.604 for the period I-XII 2017 and they refer to subsequently recognised revenues from previous years, revenues from damage compensation from domestic legal entities and natural persons and revenues from sale of secondary materials.

REVENUE STRUCTURE ANT/GH I-XII 2017

No.	Service type	Service description	Achievement I-XII 2017 ANT	Achievement I-XII 2017 GH	INDEX
1	2	3	4	5	6 (5/4)
	Air services of domestic carrier				
	614000+614004+614300+614302+614303+614304	Landing	219,830,236	0	0
	614010+614014+614310+614312+614313+614314	Lighting	60,991,922	0	0
	614030+614034+614330+614332+614333+614334	GH	287,652,678	248,161,133	86
	614040+614042+614043+614044	Infrastructure	165,447,431	0	0
	614050+614052	Air-bridges	16,789,864	983,768	6
	614020+614024+614320+614323+614324	Aircraft abode revenue	6,207,838	0	0
I	Total air services (domestic carrier):		756,919,969	249,144,900	33
	Air services of foreign carrier				
	615010+615011+615012+615013+615014	Landing	682,947,424	0	0
	615020+615021+615022+615023+615024	GH	649,101,457	688,593,002	106
	615030+615031+615032+615033+615034	Lighting	78,741,524	0	0
	615040+615042+615043+615044	Infrastructure	463,549,606	0	0
	615060+615062	Air-bridges	200,491,390	21,494,201	11
	615000+615001+615002+615003+615004	Aircraft abode revenue	24,785,991	0	0
II	Total air services (International carrier):		2,099,617,391	710,087,203	34
I+II	Total air services		2,856,537,360	959,232,104	34
	Passenger service				
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	872	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.at/i.at.	1,306,382,109	52,177,375	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	1,945,721,842	64,193,654	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	1,171,760,041	0	0
III	Total passenger service		4,423,864,864	116,371,029	3
I+II+III	Total air services and passenger service		7,280,402,224	1,075,603,133	15
	CCM service				
	614500+614510	CCM service dom.market	164,479,884	163,678,202	100
	615300 +615310 (foreign)	CCM service international market	12,486,149	13,287,830	106
IV	Total CCM services		176,966,033	176,966,033	100
V	Total services related to air traffic (I to IV):		7,457,368,257	1,252,569,165	17
	Other services				
1	614360+615100+615102	DCS services	18,198,738	18,198,738	100
2	614110+614112+614114+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	165,582,620	150,659,053	91
3	614130+614131+615072+615071	VIP lounge	6,574,223	0	0
4	614140+614142+615090+615092	CUTE (dom.+intl)	183,142,000	0	0
5	614380+615080	Lost and found	18,481,480	18,481,480	100
6	6146+615120+615400+615401	Public services	169,839,791	0	0
7	614820+615170	Catering services business class	189,290	0	0
8	614870+615810	Advertising space	63,397,467	0	0
9	614883	Commercial usage of the apron	55,418,704	0	0
10	614160+614164+615110+615114+614163+615112+615113	Aircraft de-icing services	157,473,677	157,473,677	100
11	Other non-mentioned services dom+intl		87,404,673	9,116,297	10
VI	Other services (1 to 11):		925,702,664	353,929,245	38
VII	Total 61 - Revenues from sale of services (V+VI)		8,383,070,921	1,606,498,410	19
	Revenues from sale of goods				
VIII	60 - Revenues from sale of kerosene + goods		11,312,490	0	0
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		8,394,383,411	1,606,498,410	19
X	64 & 65 - Lease of business premises		995,737,326	0	0
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	9,390,120,737	1,606,498,410	17
XII	66 - FINANCIAL REVENUES		149,041,850	625,212	0
1	interest		93,434,906	0	0
2	exchange rate differences - realised		26,053,087	610,402	2
3	exchange rate differences - non-realised		29,553,857	14,810	0
XIII	67, 68 AND 69 OTHER REVENUES		94,955,697	5,635,604	6
XIV	Total revenues (XI+XII+XIII)		9,634,118,284	1,612,759,226	17

5.2. EXPENDITURES OF OU GROUND-HANDLING

In the period I-XII 2017 **total expenditures** of GH were achieved in the amount of RSD 1.522.951.432, which represents 26% of realised expenditures of ANT on this bases for the relevant period of 2017.

Total realised operating expenditures based on services provided by OU GH in ANT in the period I-XII 2017 amount RSD 1.512.520.243 and participates with 28% in the realised business expenditures of ANT for 2017.

Within operating expenditures there are the following expenditures:

- the highest share of 71% are costs incurred on the basis of costs of salaries, fees and other personal expenses in the amount of RSD 1,076,356,793;
- the costs of material and energy make 12% of the costs within operating expenditures and they amount RSD 176.844.583,
- the costs of amortisation and reserving amount RSD 140.324.890 and they represent 9% of operating expenditures of OU GH,
- costs of production services (RSD 59.627.292) and
- intangible costs (RSD 59.366.686).

Financial expenditures are realised in the amount of RSD 5.030.738 for the period I-XII 2017 and they refer to negative exchange rate differences.

Other expenditures are realised in the amount of RSD 5.400.451 for the period I-XII 2017.



EXPENDITURE STRUCTURE ANT/GH I-XII 2017

Account	Account name	Achievement ANT I-XII 2017	Achievement GH I-XII 2017	INDEX
1	2	3	4	5(4/3)
50	PURCHASE VALUE OF SOLD GOODS	15,025,905	0	0
501	PURCHASE VALUE OF SOLD GOODS	15,025,905	0	0
51	COSTS OF MATERIAL AND ENERGY	489,875,285	176,844,583	36
511	COSTS OF MAKING MATERIAL	153,842,288	83,280,352	54
512	COSTS OF OVERHEAD MATERIALS	23,030,162	3,956,482	17
513	COSTS OF FUEL AND ENERGY	270,943,860	79,389,198	29
514	COSTS OF SPARE PARTS	41,965,803	10,141,885	24
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	93,172	78,666	82
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	3,072,947,732	1,076,356,793	35
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	1,746,243,205	584,811,663	33
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	312,577,550	104,645,495	33
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	263,585	0	0
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	625,872,558	278,211,020	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	8,558,670	1,005,579	12
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	379,432,162	107,883,036	28
53	COSTS OF PRODUCTION SERVICES	415,465,017	59,627,292	14
531	COSTS OF TRANSPORTATION SERVICES	62,406,909	23,921,369	38
532	COSTS OF MAINTENANCE SERVICES	165,557,066	26,276,515	16
533	COST OF LEASE	47,620,495	2,698,403	6
535	ADVERTISING COSTS	93,354,453	0	0
539	COSTS OF OTHER SERVICES	46,526,093	6,731,005	14
54	COSTS OF AMORTISATION AND RESERVES	888,419,901	140,324,890	16
540	AMORTISATION COSTS	848,477,253	135,264,916	16
545	RESERVES FOR EMPLOYEE COMPENSATION	19,932,648	4,783,835	24
549	OTHER LONG-TERM RESERVES	20,010,000	276,138	1
55	INTANGIBLE COSTS	483,486,138	59,366,686	12
550	COSTS OF NON-PRODUCTION SERVICES	314,458,233	35,848,806	11
551	COSTS OF REPRESENTATION	8,607,221	422,435	5
552	COSTS OF INSURANCE PREMIUMS	36,364,019	11,574,162	32
553	COSTS OF PAYMENT SYSTEM	5,221,579	508,389	10
554	COSTS OF MEMBERSHIPS	4,530,634	867,306	19
555	COSTS OF TAXES	82,067,931	7,047,330	9
559	OTHER INTANGIBLE COSTS	32,236,521	3,098,257	10
I	OPERATING EXPENDITURES	5,365,219,977	1,512,520,243	28
56	FINANCIAL EXPENDITURES	287,925,810	5,030,738	2
562	INTEREST EXPENDITURES	34,838,308	0	0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	244,934,859	5,030,738	2
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	8,152,643	0	0
II	FINANCIAL EXPENDITURES	287,925,810	5,030,738	2
57	OTHER EXPENDITURES	82,933,797	5,217,348	6
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	4,526,857	1,034,228	23
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	80,000	0	0
574	DEFICIT	363,766	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV. RESERVE	6,462	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	36,027,714	0	0
577	WRITE-OFF	2,787,725	0	0
579	OTHER NON-MENTIONED EXPENDITURES	39,141,274	4,183,120	11
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	12,955,041	183,103	1
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	1,000	0	0
583	IMPAIRMENT OF LONG-T. FIN. INVST AND OTHER SECURITIES FOR SALE	10,110,226	0	0
584	IMPAIRMENT OF VAL. SUPPLIES OF MATERIALS AND SPARE PARTS	943,801	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	1,900,014	183,103	10
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	4,439,188	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	4,439,188	0	0
III	OTHER EXPENDITURES	100,328,026	5,400,451	5
	TOTAL EXPENDITURES	5,753,473,813	1,522,951,432	26

5.3. FINANCIAL RESULT OF OU GROUND HANDLING

From the above tables it can be concluded that for the period I-XII 2017 Ground Handling realized total revenues in the amount of RSD 1.612.759.226, total expenditures in the amount of RSD 1.522.951.432 which resulted in **gross profit** in the amount of **RSD 89.807.794**.

The generated gross profit of GH represents 2% of the total generated gross profit of ANT.

FINANCIAL RESULT ANT/GH I-XII				
No.	Position	Achievement ANT I-XII 2017	Achievement GH I-XII 2017	Index
1	2	3	4	5(4/3)
1	Operating revenues	9,390,120,737	1,606,498,410	17
2	Operating expenditures	5,365,219,977	1,512,520,243	28
3	Business profit (1-2)	4,024,900,760	93,978,167	2
4	Financial revenues	149,041,850	625,212	0
5	Financial expenditures	287,925,810	5,030,738	2
6	Financial profit (4-5)			
6a	Financial loss (5-4)	138,883,960	4,405,526	3
7	Other revenues	94,955,697	5,635,604	6
8	Other expenditures	100,328,026	5,400,451	5
9	Other profit (7-8)		235,153	0
9a	Other loss (8-7)	5,372,329		0
10	Total revenues (1+4+7)	9,634,118,284	1,612,759,226	17
11	Total expenditures (2+5+8)	5,753,473,813	1,522,951,432	26
12	Total gross profit (10-11)	3,880,644,471	89,807,794	2
12a	Total gross loss (11-10)			
13	Period tax expenditure	528,999,911	13,471,169	3
14	Deferred period tax expenditure	85,970,372		0
15	Deferred income tax			
16	Earnings paid by employer			
17	Net profit	3,265,674,188	76,336,625	2

OU Ground handling in the period I-XII 2017 achieved **net profit** in the amount of **RSD 76.336.625**, which is 2% 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 OCCURRENCES IN THE PERIOD I-XII 2017

The following text describes all significant occurrences which happened at the Airport Nikola Tesla Belgrade in the period I-XII 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. Over the course of 2017 there were made changes in signalling in order to improve usage of the apron.

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. 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, the network is constructed for the planned construction of the C finger hall, as well as for the aircraft de-icing and anti-icing apron.
- **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 the works on arrangement of that space were carried out. 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 arrangement of the central hall are completed in 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 facility was completed on 15/09/2017. Area was put in operation together with baggage 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 and the time of engagement of active employees and of the equipment is decreased - Marshalls and Follow me vehicles. 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 which facilitate operation of persons employed in Operation centre of ANT. Those information mainly refer to restrictions in terms of aircraft parking on neighbouring positions.
- **Status:** The equipment for visual docking guidance is installed. Testing is in process. After completing testing and obtaining approval of CAD, 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:** Both phases of works on reinforcement of the construction are completed. Positive report of the Commission for technical inspection of executed works is obtained. The X-ray screener is put in position and in operation.

Drawing out of Detailed regulation plan

- **Purpose:** The plans currently in effect, based on which it is possible to plan new arrangement and contents of the buildings and infrastructure at the airport complex dates back to 1989. Airport Nikola Tesla has already reached most of the capacities foreseen by that plan documentation and is in terms of development in line with current needs of forecasted traffic and trends in the airline industry.
- **Status:** Development of draft plan is in progress.

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 this purpose, a comprehensive review of airport processes is done. The necessary analysis of the collected data were performed and reports, which compare the existing capacity and future needs and propose measures for further capacity development, were compiled. This document will also serve as a basis for making similar internal, airport reports in the future.
- **Status:** The study is completed in March 2017 and necessary internal approvals were provided. Results of the study will be used in process optimization.

Container facilities for employees

- **Purpose:** In order to change the purpose of the existing space in the terminal and to accommodate employees engaged on aircraft handling on one location construction of prefabricated container facilities was launched in the 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 preparation of the appropriate technical documentation has been completed. Necessary approvals of competent authorities for execution of works have been obtained.

Works on construction of container facilities for employees started on 06/11/2017. Deadline for works execution is 120 days.

Arrangement of the parking lot P10

- **Purpose:** The existing car parking - P10 (parking next to the "Red building") need to be rearranged to relocate taxi parking, and in order to free the existing location intended for taxi for other contents, as well as in line with increased demand for parking capacities at the ANT complex 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). Parking will be equipped with appropriate access control, automatic ramps and other equipment and installations for this type and purpose of the facility.

- **Status:**
 - **Technical documentation:** The technical documentation was completed in August 2017.
 - **Performance of works:** Procedure for selection of the most favourable bidder for execution of subject works will be initiated.

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, legalisation procedures have been commenced for the unsatisfactory documentation.
- **Status:** During 2017 there were 9 Decisions for legalization of facilities submitted.

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

- **Purpose:** The land re-division project changes the boundaries of two or more parcels so that one or more new parcels of different sizes and surfaces are formed. This process is carried out in order to clearly identify the user of the object with the land on which the object is located.
- **Status:** The elaboration of project of land division/re has been completed to the end of delineating between business entities at the airport complex. The project was handed over to the City Municipality of Surčin for confirmation.

Works on rehabilitation and construction of roads and pavements

- **Purpose:** Procurement is being carried out in order to raise the level of safety of all participants in the traffic and in particular the pedestrians in the airport public area. Preparation of technical documentation and construction works on the pavement on the former regional road R266 in the zone from the Terminal to the Red building with a total length of 950 m is envisaged. The works will include the construction of a concrete pavement on an area of approximately 1,415 m². In addition to the construction of the pavement, 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 locations for stand-by taxi vehicles. The works will enable the modification of the traffic regime in the zone of the official D roadway, which will further increase the safety of traffic flow.

- **Status:**
 - **Technical documentation:** The elaboration of the subject technical documentation was completed by the designer – Beograd put. The documentation prepared has been harmonized in consultation with the City Secretariat for Transport, which is responsible for the corresponding traffic zone.
 - **Performance of works:** After development of technical documentation, appropriate public procurement procedure will be carried out to select of the most favourable bidder for execution of works.

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 RSD 14.000.000,00, service provider is *Telekom Srbija*.
 - Contracted values for the services of mobile telephony is RSD 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*.

Implementation of the system for reports, analysis and analytics

- **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 with a large number of 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 and analysis of a comprehensive company profile will be generated and which will be the basis for 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 possible 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

Procurement Extension of the system for access control and evacuation

- **Purpose:** The procurement envisaged the existing access control system and evacuation system to be extended in a way that will connect and network existing equipment which was purchased for 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 centralised system for access control and evacuation at the airport. The centralised system will have the main feature of central surveillance and control of all modules and equipment that are installed or will be placed at the entrances to gates and pre-gate finger halls, as well as at other places which are of critical importance in terms of security. Furthermore, the centralised system envisaged by this procurement will be connected and integrated with the fire alarm system, in order to provide safety and control of the flow of passengers and employees at the airport, in case of incidents and evacuations. The centralised system will include hardware platforms - of servers and devices for data storage and workstations for access monitoring and control, as well as software platforms which 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 centralised system through a computer-communication network. Among the peripheral equipment and devices which are envisaged for procurement, there are control units for the evacuation system, then the electromagnetic locks for doors on gates and pre-gates, controllers for access control, card readers, power units with uninterruptible power supply modules. Within the mentioned procurement, a special employee time and attendance registration module will be developed, which will also be connected and integrated into a single centralised 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 the Airport Nikola Tesla Belgrade.
- **Value:** RSD 39.583.662,50, VAT excluded
- **Supplier:** Smart Building Technologies, under Contract No. UJNV-32/2017 dated 09/05/2017.

Procurement of Enterprise Resource Planning system (ERP)

- **Purpose:** Enterprise Resource Planning system (ERP) represents a platform of integrated applications which provides integration and optimisation of operating processes. The basic purpose of the ERP system is to facilitate information flow between all operating functions in the organisation, as well as with external associates and business partners. Future information system should completely integrate operating processes, eliminate manual processes and introduce automatic control at all fields of application. The procurement includes procurement of licences of applicative software,

service of analysis of business processes, implementation and adjustment of the system to the operational needs of the airport, as well as service of preventive and corrective system maintenance upon system launching. Introduction of the new Enterprise Resource Planning system will significantly contribute to development and improvement of information technology of the airport and provide simple and efficient integration with other information systems directly used in operational processes of the airport (specific airport systems and other business systems) Implementation of business-information system SAP is in progress and contracted term for realization of the last phase of 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. Contracted delivery time for the goods is 90 days, and for completion of service of Implementation is 90 days from the date of delivery of goods.
- **Value:** RSD 99.993.000,00, VAT excluded
- **Supplier:** Group of tenderers – Roaming Networks doo и Assecos SEE doo, under Contract No. UJNV-77/2017 dated 06/09/2017

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, i.e. solutions that will provide IT support to vital 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 procurement is to integrate all heterogeneous application environments into a single system, in order to automate the process and to expedite forwarding i.e. exchange of information and services.

The complexity of the application environment and the demands for increasing availability of critical services have highlighted the need for diverse applications to integrate to the end of automating process and forwarding, i.e. exchange of information. There is the need for integration from the level of internal corporate services, to applications related to the basic function of the Airport in air carriage of passengers. The project should provide a framework for the integration of the application environment of the Airport Services. The goal of the solution is to eliminate manual operation, wherever possible, as well as to consolidate and integrate all relevant business process-related data into a single centralised 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, provides 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 installation and implementation of the equipment in the computer communications network of the airport was executed on 13/10/2017. Within the system set up, the equipment was placed in the server room of the airport, the operating system was installed, the virtual segment was configured, the service integration system was installed and a security device that controls and prevents all unwanted traffic was embedded.

- **Value:** RSD 35.890.000,00, VAT excluded
- **Supplier:** SAGA d.o.o, per 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 approach airport users through modern ways of communication, with facilities, advertisements or information in an interactive manner, with offered functional features usually found on web communication channels. The system should ensure that the existing IP network connects and distributes content. In this way it 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, than screens, LCD displays, as well as all modern devices that can connect to the wireless Internet network of Airport Nikola Tesla Belgrade. The result is interactive participation, advertising, as well as the exchange of other information, which can have great significance in statistics, improvement of the quality of business, as well as improvement of the services which Airport Nikola Tesla Belgrade provides to its users.

The hardware platform was delivered on 12/09/2017 and in the following period the implementation of the system in the computer communications network of the airport is expected.

- **Value:** RSD 10.919.192,00, VAT excluded
- **Supplier:** SAGA d.o.o, per contract no. UJNV-71/2017 dated 07/08/2017.

Service of Implementation Information System for comprehensive personalized two-way multi-channel communication with beneficiaries through benefit and loyalty programs

- **Purpose:** With this investment, an information system is provided primarily for the collection and use of data on airport users. In this way, from the existing values the airport permanently creates a new value - data on users.
Using the system, additional benefits are provided to airport users, as well as two-way communication with each user electronically and in writing.
The economic possibility of revenue from all airport partners as well as all directly and indirectly connected legal entities (airlines, tourist agencies etc) is opened, all with analysis and reports and documented in accordance with the law.

With this investment, the implementation of the information system will be carried out with the following applications:

1. Contact centre with benefit program (loyalty), ticketing and CRM (Customer Relationship Management) module
2. CCM (Catalogue Content Management) module for the preparation and generation of personalized communications with users
3. DMS (Document Management System) system for archiving and searching through personalized communications
4. Mobile loyalty applications (IOS and Android platforms)
5. Administrative panel of the editorial board

The information system should ensure that when entering the airport, the user is directed through the web browser to leave data and / or install the application in the following packages for use of the free Internet:

- Authentication without installation with a mobile phone number provides free internet for a limited amount of time
- Authentication with application installation, e-mail address, plus mobile phone provides free internet for a longer period of time
- Authentication with application installation, e-mail address, mobile phone and home address assigns the status of permanent user with unlimited access to the Internet

During the survey, the user would collect points with which (s)he can immediately use from the benefits (Dufry, exchange offices, gifts, taxi, internet codes in Air Serbia, gifts and discounts from business partners, catering tourism)

The system should generate personalized content (letter, leaflet, flyer ..) in relation to the activity, content and user profile. An integral part of the document is a personalized marketing material of an airport partner (airlines and other companies), which can be sent to the e-mail address as well as the home address.

- **Value:** RSD 9.950.000,00, VAT excluded
- **Supplier:** EFFECTA SOLUTIONS and NEW IMAGE d.o.o., under Contract No. UJNV-121/2017 dated 30/11/2017.

Extension of existing licenses for video surveillance software

- **Purpose:** Extension of the existing licenses for video surveillance software is necessary due to the expansion of the existing video surveillance system. Since the existing ELBEX video surveillance system numbered 140 cameras, in the first phase of the replacement of the video surveillance system, 350 video licenses were procured, which were used for new cameras.

The system of video surveillance currently has 300 cameras, and the system is planned to be expanded by additional 70 surveillance cameras for surveillance of the perimeter, 80 video surveillance cameras in Terminal 2, then 50 surveillance cameras for surveillance in Terminal 1 and 30 surveillance cameras in the Cargo-customs warehouse. For the reconstruction of the finger halls for the A6 - A10 gates, 60 cameras are planned.

Therefore, due to the mentioned extensions it is necessary to purchase additional 350 licenses for video surveillance cameras. Licenses that are purchased are permanent. The purchase of new licenses will provide smooth operation and development of video surveillance system at the Airport Nikola Tesla Belgrade.

- **Value:** RSD 5.959.426,00, VAT excluded
- **Supplier:** TELEGROUP, under Contract No. UJNV-78/2017 dated 05/09/2017

Extension of licenses for virtual platform

- **Purpose:** The backbone of the airport's DATA Centre are blade servers that operate most airport information systems. In order to use this hardware resource in the most optimal way, a virtualisation software platform that manages blade servers is required. For this reason and to make the functionality full, it is necessary to procure these licenses in order to complete the upgrade of the DATA Centre.

The extension of the virtualisation platform licenses is necessary because new systems will be implemented and the capacities of the existing systems will be expanded in the coming period.

Virtual platform licenses need to be procured to ensure optimum use of server resources as well as control and redundancy of system software on servers. The virtualisation software package provides direct control over server resources, reliable and efficient troubleshooting, which drastically reduces the time of possible interruption of the correct operation of information systems.

Extension of virtual platform licenses introduces parts of blade servers in operational use. These servers were, due to lack of licenses, used by installing free virtualisation platforms whose functionality is sufficient to operate in a sandbox, for which purpose the parts of the blade server were used but they are not recommended for operational work of servers on which information systems and services should be located in production use.

- **Value:** RSD 5.860.344,00, VAT excluded
- **Supplier:** Serbian Business Systems, under Contract No. UJNM-76/2017 dated 01/09/2017.

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 tug vehicles for dollies

- **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 tug vehicles for dollies**
 - **Status:** Tug vehicles 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 tug vehicles for dollies**
 - **Status:** Delivered on 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 17/2017 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 of 1 water vehicle

- **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:** Delivered on 01/09/2017.

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

Procurement of 2 aircraft nose gear tow-bar tractor

- **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 one was 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.

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

- **Purpose:** Increase of quality of services provided to air carriers during passenger and aircraft handling.
- **Value:** RSD 1.834.000,00, VAT excluded
- **Supplier:** *TEHNOMERKUR d.o.o.* BELGRADE, Public procurement contract no PPLV 149/16 dated 08/06/2017.
- **Status:** The goods were delivered on 04/10/2017.
- They have been in use since 04/10/2017.

Procurement and installation of a chamber with a temperature range of 15-25 degrees

- **Purpose:** Increase of capacity and quality of services provided to air carriers and the representative of Custom Authorities in relation to consignment storing.
- **Value:** RSD 800.000,00, VAT excluded
- **Supply and installation:** *FRIGO ZIKA d.o.o.*, Public procurement contract no UJNV 82/2017 dated 11/08/2017.
- **Status:** The Chamber is delivered and installed on 04/11/2017.
- It has been in use since 13/11/2017.

Procurement of tools and equipment for RCM - lot 1 Battery packing tool

- **Purpose:** Increase of capacity and quality of services provided to air carriers and the representative of Custom Authorities in relation to packing of consignment.
- **Value:** RSD 325.000,00, VAT excluded
- **Supply and installation:** *ERA PACKAGING d.o.o.*, order No.HP-87/2017 dated 18/10/2017
- **Status:** Battery packing tool delivered on 15/11/2017.
- It has been in use since 23/11/2017.

Realised procurement of wheelchairs for transport of PRM

Twenty standard wheelchairs for passenger with reduced mobility were purchased, as well as one special chair for the transport of passenger with reduced mobility through the cabin aisle of the aircraft, with a built-in stair climber.

- **Purpose:** Providing service to PRM and improvement of the quality of this service.
- **Supplier:** Ortopedija Novi život, Public Procurement Contract No. UJNMV-53/2017 from August 2017.
- **Status:** Wheelchairs are delivered and in function from December 2017.

Introduction of flights of Atlasglobal to IST, Turkey, A321

On March 15, 2017, Atlasglobal introduced flights on the BEG-IST route. 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 scheduled on Fridays and Sundays. Engaged ground handling services successfully accomplished the service of all to-date flights.

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

On 15/09/2016 The first flight of Hainan Airlines was 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 realisation of the flights in question.

AVSEC Aviation Security

During 2017, AVSEC training for 210 employees who participates in the process of baggage reconciliation was held in the OU Ground Handling.

The training is provided by seven employees of the Ground Handling, who have successfully undergone the Aviation security training, *Baggage reconciliation* module organized by the Civil Aviation Directorate and thus were awarded the position of an instructor in the field of aviation security.

Purpose: Compliance with aviation transport regulation.

Training in communications

On December 8, 10 and 12, 2017, representatives of the agency *Represent Communications* provided the training "Efficient communication". Twenty eight staff employed in Info centre, ticket sale and baggage tracking took participation.

Purpose: Strengthening employees in the sectors oriented to work with passengers and improvement of communication efficiency. Better understanding of basic communication concepts and broadening of knowledge on successful communication.

Signing SGHA agreement with carriers Air Serbia and Alitalia

On 01/11/2017 JSC Airport Nikola Tesla Belgrade became provider of ground handling services for the flights of our national air carrier Air Serbia and for the carriers Alitalia and Etihad Airways Since then, 340 employees of ASGS was transferred to OU Ground handling.

The Agreements were signed in regard with ground handling services for the flights of Air Serbia and Alitalia, while there are negotiations are in progress in regard with the agreement defining ground handling service provision by OU GH for the flights of Etihad Airways.

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.

Training for operators of the X-ray sector was continued in May 2017 in the organisation of the Employee training centre of the Airport Nikola Tesla Belgrade, namely for the trainings:

- Training of persons performing X-ray screening of passengers and persons other than passengers
- 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.

In July, the training for operators for X-ray screening of hold baggage and the training for X-ray screening of cargo and mail were carried out.

Organised tenders :

X-ray screening devices per lots

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

Lot 2: X-ray device three pieces:

- one with the tunnel opening of 180X180 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.

Wipe sampling papers for explosive trace detection (80.000 pcs)

On security screening spots there are totally 38 explosive trace detectors for which the procurement of spare materials - wipe sampling papers, was conducted.

Public procurement published on 17/02/2017

Tender opening: 20/03/2017

Contract concluded: 13/04/2017.

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) Isle 500 with new X-rays of standard 3 (2 pieces in the sorting area of T1) was opened in June. 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.
The procurement "Maintenance of explosive trace detectors" was carried out in July.

Maintenance of explosive trace detectors

Operator Airport Nikola Tesla, which uses security equipment to take measures it is competent for under the National aviation security programme, must provide that the equipment meets appropriate standards and that it is in full working order.

Public procurement published on 21/07/2017
Tender opening: 15/08/2017
Contract concluded: 05/09/2017.

Regular maintenance of X-ray screeners for passengers, persons other than passengers and the devices for screening of baggage and mail

In accordance with the aviation security regulations, the Airport Nikola Tesla Belgrade is obliged to keep the existing X-ray screeners and explosive detectors of the produces Smiths Heimann in order and to provide regular maintenance due to permanent usage during screening procedures of passengers, persons other than passengers, cabbing baggage, cargo and mail.

Public procurement published on 07/09/2017

Tender opening: 18/10/2017

Contract concluded: 08/11/2017.

Explosion-proof buckets

Public procurement published on 30/08/2017

Tender opening: 12/09/2017

Contract concluded: 08/10/2017.

Sanitary gloves and shoe covers

Public procurement published on 26/09/2017

Tender opening: 06/10/2017

Contract concluded: 08/11/2017.

CEIA NET ID

The system consists of **NET ID** management, monitoring and reporting. **NET ID** management has a task to configure and manage equipment in the net as well as to insert all parameters which are subject to monitoring. With **NET ID** profiles of all users are created and assigned (installers, security staff and cleaning personnel). In this manner security of passengers at the airport will be enhanced.

Public procurement published on 04/08/2017

Tender opening: 04/09/2017

Contract concluded: 08/11/2017

Container for employees and parking booth

Conducted procurement of total 11 containers for employees for the following organisational units:

OU Operations and safety management - 2 containers, one is double

OU Security - 3 containers, 2 are double

OU Logistics - 1 parking booth

OU Commercial and Marketing - 2 containers

Public procurement published on 09/12/2016

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

Container for X-ray screening sector (screening of employees) at E access was delivered in May and it is in use ever since. 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 from the PP was 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. According to the Contract, advance payment was made in the amount of RSD 27.170.832,42, VAT excluding. Deadline for delivery and launching is 150 days from the date of contract conclusion.

The goods were delivered on 25/12/2017.

Endoscope with camera

Endoscope with camera represents auxiliary device for check of inaccessible parts of vehicles in order to discover and prevent entry of prohibited items in restricted area of the Airport. Endoscope is used for check of the parts of a vehicle such as: place for the engine,

trunk, inner part of chassis. It comprises of flexible cable with a probe with camera at one end and of a colour screen at the other end which displays the image taken by the camera. Analysing the image an operator determines whether the checked area contains prohibited item. The device has internal memory where video files from the camera are stored. The files may be copied to a PC through UBS connection. Using endoscope significantly decreases check of vehicles, i.e. inaccessible parts of vehicle. Totally 4 devices are procured.

PPLV was published on 14/07/2017

Contract (Order form) was concluded with a Tenderer "Alfa System Plus" d.o.o. for the amount of RSD 110.700,00, VAT excluded

The goods were delivered on 11/09/2017.

Under car security Camera

A system of cameras for lower part of vehicle represents an additional method for under car security check of vehicle entering restricted area, i.e. in critical parts of the security-restricted area of the Airport. This system significantly enhances quality and comprehensiveness of under car check of vehicle in comparison to the check performed using under car security mirror. The system of cameras records lower part of a vehicle on entrance, no matter is it passenger vehicle, truck, bus or any other type of the vehicle. A permanent record file is created and it is linked to the licence plate number of the vehicle which is subject to check. The obtained record file is analysed by the operator with purpose to discover a prohibited item or its parts which can later be assembled into a prohibited item and used to undermine civil aviation security, endanger personnel or the property of the Airport or other entities which provide aviation services. Saved record file of the lower part of a certain vehicle is then used on each entry of that vehicle in order to determine whether there were any changes and discover prohibited item of parts thereof. The system automatically creates data base of all vehicles checked in this manner.

Public procurement published: 03/10/2017

The contract was concluded on 04/12/2017 with the Tenderer MACCHINA SECURITY d.o.o for the amount of RSD 32.286.260,00, VAT excluded. Delivery term is 60 days from the date of contract conclusion.

Under car security mirror

Under car security mirror represents auxiliary device for check of inaccessible parts of vehicles in order to discover and prevent entry of prohibited items in restricted area of the Airport. Depending on mirror size it is mainly used for check of the lower part of the vehicle, space above wheels or difficultly accessible inner parts of the vehicle. The mirror have integrated torch for use in lower visibility conditions. The security staff use them on D and E official accesses, as well as on the location for assess of delivery vehicles at basement floor of Terminal 2.

The invitation to tender was published on 20/10/2017.

The order form was concluded on 24/11/2017 with the Tenderer PAMPERO d.o.o for the amount of RSD 241.450,00, VAT excluded.

The goods were delivered on 03/01/2018, due to inventory of fixed assets and inability of the warehouse to accept goods in December 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 was carried out. 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 firefighting unit during the combustion of pressure gases.

Delivery of the simulator "Simulator of fire extinguishing firearm " was carried out for the training of fire fighters-drivers and fire-fighters HRET operators.

The simulator "helicopter with wing engine and landing gear" is being installed to train members of the rescue fire fighter unit, on which the training and practice of fire fighters in real conditions on the firefighting training ground will be conducted. It will also provide conditions for the training of members of rescue units from other airports in the region, which would contribute to increasing airport profit.

Telehändler Merlo was delivered for the needs of the rescue firefighting unit which will allow the transportation of aircraft removal equipment in case of need for the same, as well as other activities at the airport in case there is need.

The simulator "helicopter with wing engine and landing gear" has been installed to train members of the rescue fire fighter unit, on which the training and practice of fire fighters in real conditions on the firefighting training ground will be conducted. The use of this simulator will provide better conditions for training of members of the Fire rescue unit and third persons who are trained through the airport school centre.

In December one big fire-fighting vehicle Panther 6x6 with hand for fire extinguishing was delivered to OU Sector for fire rescue and protection. Six fire fighters were trained to handle a large Panther 6x6 fire truck with a fire extinguisher in the company Rosenbauer, Austria, a manufacturer of the fire truck. By delivery of the vehicle we have reached and secured sustainability of fire-fighting category 8 and unimpeded upgrade to categories 9 and 10 if demanded or needed.

Furthermore, a command-and-fire truck Mitsubishi L200 was delivered with a fire extinguisher system and additional equipment. The purchase of the mentioned vehicle contributed to a better mobility and quicker response of the entire firefighting section in case of

an emergency situation as well as better preventive visits to the perimeter and the airport zone on non-paved roads thanks to high passability.

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.

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 "Rehabilitation of plants for fuel storage and decanting"

- **Purpose:** Based on the project of the existing state and suggested measures for rehabilitation of the fuel tank, works on rehabilitation of plants for fuel storage and decanting at Airport Nikola Tesla Belgrade are planned. The works are necessary to obtain exploitation permit.
- **Status:** The public procurement according to the Procurement plan from the year of 2016 is terminated. The same public procurement is planned in the Procurement plan for the year of 2017. The Public procurement is launched according to the decision on investment adopted by the Supervisory board. The public procurement has been deleted from the Procurement plan in the Rebalancing plan no. 3 dated 11/10/2017.

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.

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 "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. The public procurement has been deleted from the Procurement plan in the Rebalancing plan no. 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. The public procurement has been relaunched according to the adopted procurement plan Rebalancing plan 2 dated 26/05/2017. Investment has been approved by a decision of the Supervisory Board. The contract for work execution is signed with the group of tenderers "ELGRA VISION" d.o.o., "LEGIS SGS" d.o.o. and JADRAN d.o.o. The contract value is RSD 27.392.660,99, excluding VAT. Work is in progress.

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 has been conducted and the contract for elaboration of technical documentation and equipment delivery and installation has been signed with the company "ENEL PS" Belgrade. The value of the contract is RSD 4.312.224,00 VAT excluded, for a turn-key project. The supplier has submitted technical documentation and provided service of installation of the equipment. Users undergone a training and take over minutes have been signed, thus the contract has been executed.

Investment "Replacement of fence on parking areas P5, P6, P7 and around PTS 35/10"

- **Purpose:** For the purpose of uniformising of appearance of the fence and improvement of functionality of the parking change of the fence is intended. Newly installed fence will

improve appearance of the access road to terminal buildings from Novi Beograd and Surcin.

- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment 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 has been consolidated with the position for works on "Construction of temporary fence around airport estate". Consolidated procedure has been performed again. There we no tenders submitted. The procurement has been repeated with amended specification and it was published on 16/11/2017. "Replacement of the fence on parking areas P5, P6 and P7 and the fence around power transformer station 35/10" Tender opening session was carried out on 19/02/2018.

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. Procedure cancellation is in process.

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. Contract for elaboration of technical documentation and work performance is signed with "BAUWESEN" d.o.o. Lazarevac. The value of the contract is RSD 8.988.000,00 VAT excluded, for a turn-key project. The works have been completed and the Minutes on handover of works have been signed, thus the contract has been executed.

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. The tender documentation has been prepared. Procedure cancellation is in process.

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

- **Purpose:** The existing TEAM air-conditioners in air-bridges have been in use since 2006. According to technical specification for this type of devices their lifespan has expired. Due to technological obsolescence their efficiency is on much lower level than of the modern generation of this type of air-conditioners. This procurement provides replacement of 10 air-conditioners on 5 air-bridges.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement was carried out The contract for delivery and installation of new air-conditioners has been signed with "KLIMA M" d.o.o. The contract value is RSD 3.868.070,00, excluding VAT. Installation of air conditioners is 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 was launched. Necessary documentation has been 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 has been completed and EUROSALON FABRIKA d.o.o, Belgrade and ARS NOVA, Belgrade have been selected as best bidders. The total value of goods is RSD 2.369.180,00, excluding VAT. The goods have been delivered, Minutes on reception have been signed, thus the contracts have been executed.

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

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

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

- **Purpose:** Based on the pre-existing conditions of certain spaces and areas, as well as ascertained defects, frequent interventions for ongoing maintenance, necessity arose for works of grater scope, which surpass ongoing maintenance and are included in investment maintenance in line with applicable laws and regulations. The aim is to provide undisturbed functioning of these facilities in accordance to their purpose, as well as equipping the facilities on a higher and more modern level, in order to enhance the level of services provided to passengers and users of airport building. Drawing out of technical 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 has been consolidated with the position for works on "Replacement of the fence on parking areas P5, P6, P7 and the fence around power transformer station 35/10". Consolidated procedure has been performed again. There were no tenders submitted.

Investment "Appliances"

- **Purpose:** For the needs of business facilities and kitchenettes it is necessary to procure small appliances. This procurement consolidates needs of all Organisational 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 rooms-total 4 doors is planned by the procurement. Replacement is carried out due to deterioration of the doors and due to necessity to work in special conditions in the sorting room of the terminal 1.
- **Status:** Realised. The new door was set in operation in June 2017 for the purpose of regular technological processes.

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 have been finished and the lighting has been in use since 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 are finished and the generator was put in operation 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 – realised; Lot 2 - realisation 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: Public procurement contract was signed the tenderer *Enel alati d.o.o.* Belgrade dated 10/08/2017. Contract value, including VAT is RSD 434.600,00. Delivery of goods from this contract has been realised.

Lot 2 – Machine for filling cuttings in asphalt: Public procurement contract was signed the 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 commenced and published on the web site on 04/04/2016. Tender opening session was carried out on 15/05/2016. The contract was signed with the Tenderer *VESTERGAARD COMPANY A/S*, DK-4000 Roskilde, Denmark in the amount of EUR 64.000,00, VAT excluded. The contract was filed in the Archive of the Airport under number UJNV-63/2017 on 19/07/2017.

The physical implementation of the equipment according to the said contract should be completed by September 30 of the current year.

The physical implementation of the equipment has been 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:** The public procurement was commenced and published on the web site on 04/04/2016. Tender opening session was carried out on 10/05/2016. The contract is signed with a group of tenderers *PREMAR SERVICES AG*, Zug, Switzerland and *PROFLUSS GmbH*, Leichlingen, Germany in the amount of EUR 6.299.985,50, excluding VAT. The Contract is recorded in the Archive of the Airport on 15/06/2016. By the decision of the Civil Aviation Directorate, the use of the first and the second phase of the realization isle 400 and isle 500 was approved. Public procurement was performed on September 19, 2017 when the system was handed over.

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 devices and vehicles for maintenance of manoeuvring areas"

- **Purpose:** The purpose of this project is to improve the existing technology in the area of maintenance of maneuvering surfaces and technological equipment, through the procurement of dedicated and special devices, machinery and equipment to support the maintenance of maneuvering surfaces under regular conditions as well as maintenance of equipment in the technological handling processes.

- **Status: Preparation phase for the implementation of procurement is in progress.** The public procurement is planned in the procurement plan for the year of 2017. The Decision of the Supervisory Board GD907/2017 16/03/2017 approves investment.

Procurement Lot 1 – Special dedicated vehicle for cleaning of paved and non-paved surfaces the contract was concluded on 18/08/2017 with companies "GRADATIN" d.o.o, with the head office in Novi Sad, for the amount of RSD 36.615.947,30 VAT excluded. Delivery is expected within prescribed deadline.

Procurement Lot 2 – Self-propelled diesel crane the contract was concluded on 18/08/2017 with companies "GRADATIN" d.o.o, with the head office in Novi Sad, for the amount of RSD 8.971.284,10 VAT excluded. Delivery is expected within prescribed deadline.

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

The purpose of purchase of a container / parking booth is to improve the quality of operation in OU Logistics and OU Security.

Subject of the investment are goods for the following purpose:

- Parking booth for accommodation of employees on open parking lots of ANT (P10, P8, P7, P5/6, P3 and P9) and for needs of 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.

Currently, on parking lots P8, P7 and P 9 there are temporary parking booths. They are worn out and do not comply with legal regulations, according to which the employer is obliged to provide employees with a workplace where health and safety-at-work measures have been implemented.

There are no parking booths on parking lots P10, P5 / 6 and P3 and provided that parking P3 is already in commercial use, as well as it is planned to introduce parking lots P10 and P5 / 6 in commercial use, the purchase of parking booths allows employees / collectors have their place on parking lots, where they could provide support to customers.

For the needs of the OU Security, containers are purchased for the accommodation of complete equipment for removal of aircraft, with the possibility of transporting them through low-floor trailers. The aforementioned equipment is currently located in various transport boxes which have been delivered by the supplier. The boxes are intended only for transportation to the customer and after opening they do not have their functionality, therefore, as such, they are unsafe for further use and transport. There is a logical order of packing the equipment and matching it with other equipment, depending on the situation, thus gathering the equipment it is easier to transport and use it.

Furthermore, there is a need for containers for the storage of spare parts for the EDS (explosive detection system) - sorting area and gates, for the needs of OU Security. At present, the X-ray screening sector has about 40 X-ray devices, about 40 walk through metal detectors, 20 explosive detection detectors, 5 detectors of explosive trace in liquids and a lot of

accompanying equipment. All this equipment requires maintenance, replacement of spare parts as well as stock of new spare parts.

The X-ray screening sector currently has only one warehouse in the sorting area of Terminal 2, a about 10 square meters of useful area which is insufficient for all of the above-listed. The subject procurement improves the quality of operation for the mentioned segments within OU Logistics and Security.

Procurement has been carried out, delivery of the subject goods is in progress. Value of the concluded contracts is: Lot 1 - RSD 4.550.000,00 VAT excluded; Lot 2 - RSD 5.390.057,00 AT excluded.

Procurement: Facility cleaning service (estimated value: RSD 194.000.000,00) - Procedure has been cancelled

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 cistoca 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. The obtained opinion of the Public Procurement Office no. 011-00-342/15 dated 30/09/2015 unambiguously determines that the relevant procurement is subject to the provisions of the Public Procurement Law and that public procurement procedure should have been carried out.

In accordance with the Public Procurement Plan for 2015, JSC Airport Nikola Tesla Belgrade initiated the procedure for public procurement no. 60/2015. Upon announcement of the public invitation to tender, the Tenderer "Aerodrom cistoca terminali" d.o.o. Belgrade filed request for protection of tenderer's rights, based on which the Republic commission for protection of rights in public procurement procedures, by its Decision no. 4-00-2519/2015 dated 08/12/2015 annulled the complete public procurement procedure.

However, analyses of the reasons for annulment of the public procurement procedure provide conclusion that the criteria in the future tender documentations indisputably can be corrected to prevent further blocking of the public procurement procedure by "Aerodrom cistoca terminali" d.o.o. To these effect JSC Airport Nikola Tesla Belgrade planned resources for public procurement in the Plan for 2016 and initiated the public procurement no. 62/2016 Facility cleaning service, with estimated value of RSD 194.000.000,00 and contract validity period of two years.

Twice the tenderer "Aerodrom cistoca terminali" d.o.o. Belgrade filed request for protection of tenderer's rights, based on which the Republic commission for protection of rights in public procurement procedures, by its first Decision no. 4-00-495/2017 dated 17/05/2017 partly annulled open procedure of public procurement, and by its second decision no. 4-00-

1162/2017 dated 21/09/2017 it rejected the request for protection of tenderers rights of "Aerodrom cistoca terminali" d.o.o. Belgrade as ungrounded.

Assessment of submitted tenders is in progress and aftermath the Report on tender assessment will be drawn out.

Procurement: Third phase of perimeter protection (estimated value RSD 60.000.000,00)

This procurement represents the final phase of protection of perimeter on ANTB. Thus there will be realised a quadruple system of protection with detection of all activities in the vicinity of the perimeter.

Procurement has been carried out, implementation of the system is in progress. The concluded contract value is RSD 59.918.600,00, excluding VAT.

Procurement: BMS (Building Management System) (estimated value: RSD 250.000.000,00)

The procurement is carried out to implement the building management system and integrated management of the whole building from one central place. Implementation of the system improves safety, commodity and efficiency of the building. Integrated building management solutions provide visible savings and lower energy consumption. The execution of the subject project includes reconstruction and renewal of outdated equipment in the existing automated control systems. The amount of RSD 250.000.000,00 is planned for investment in the subject system according to the PP Plan and most of it will be used in 2018. Opening session is planned on 13/11/2017.

Procurement has been carried out, delivery of the subject goods is in progress. The concluded contract value is RSD 249.948.799,00, excluding VAT.

Procurement: Baggage trolleys (estimated value: RSD 9,900,000,00)

In accordance with the projected increase of number of passengers and the current number of available trolleys, the procurement has been carried out to increase the quality of passenger service and to provide the necessary number of trolleys at every moment.

Procurement has been carried out, delivery of the subject goods is in progress. The concluded contract value is RSD 9.222.000,00, excluding VAT.

Procurement: Expansion of the system for parking fee collection (estimated value: RSD 27,000,000,00)

The system in subject will control entry to/exit from the parking which will enable automation of work processes of services performing control and management of the parking spaces at Airport Nikola Tesla Belgrade. The expansion represents the third phase by which a single parking collection and parking collection control system which will directly impact parking revenue increase.

Procurement has been carried out, implementation of the subject goods is in progress. The concluded contract value is RSD 26.929.150,00, excluding VAT.

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. Following the visit of the representatives of the Chinese air carrier "Hainan Airlines" which took place between June 13th and 16th 2017 negotiation on signing SGHA Agreement began. The negotiation are still in progress, the air carrier started flights on 15/09/2017 and it chose ANT as its ground handling agent.
11. On **30/06/2017** we received a letter from the Ministry of Health no. 530-01-266/2017-10 dated 27/06/2017 in regard to the request for extension of the period for realisation of the second phase of the Pilot project "Research of Customer Experience on ANT" to the effect that the Project should be continued for two more years.
12. The following air carriers submitted the request for application of the stimulation plan:
"Air Serbia", "Wizzair", "LOT", "Transavia".

The air carrier "Air Serbia" has submitted the request for application of the stimulation plan (no. 1) for introduction of a new flight. The air carrier "Wizzair" has submitted the request for application of the stimulation plan (no. 1) stimulations for initiation of a new scheduled flight, (no. 2) stimulation for increase of frequency (no. 3) stimulation for the increased number of departing passengers, (no. 5) total number of departing passengers and (no. 6) stimulation for air carriers with based aircraft(s) for night abode at ANT The air carrier "LOT" has submitted the request for application of the stimulation plan (no. 2) stimulation for increase of frequency and (no. 3) stimulation for the increased number of departing passengers The air carrier "Transavia" has submitted the request for application of the stimulation plan (no. 2) stimulation for increase of frequency
13. Following the reconstruction of Terminal 1 in the period from June to September 2017 the lease agreements for premises were concluded in the procedure of public invitation for the counters on the ground level of Terminal 1 for the activities of travel agencies, rent-a-car agencies, exchange offices and money transfers.
14. On **17/07/2017** an Amendment to the request for individual exemption no. 4/0-03-192/2017-1 dated February 2, 2017. The amendment was made by the lessee "Dufry".

It was recorded under number 5270/17 dated 17/07/2017, with the record number of JSC Airport Nikola Tesla Belgrade GD-3876/2017 dated 17/07/2017.

15. On **15/09/2017** the air carrier "Hainan Airlines" commenced scheduled air traffic from our airport to China (Beijing). That is the second inter-continental route from ANT. During the summer and winter flight schedule for 2017, flights will be operated twice a week via Prague, while the possibility of increase of frequency or introduction of direct flight will be considered for the summer season 2018.
16. On **22/09/2017** SGHA Agreement was signed with "Air Serbia", defining aircraft handling services for the aircrafts of AS provided by Airport Nikola Tesla. The Agreement entered into force on 01/11/2017 and it will be valid for the following 5 years, until 30/10/2022.
17. On **01/10/2017** the Agreement for lease of advertising space with Air Serbia entered into force for a 5-year period.
18. On **02/10/2017** the Lease Agreement for the space for installation of advertising media was concluded under number UZPRP-146/2017 dated 02/10/2017, for the period of 5 years, consisting of 7 individual space packages for installation of advertising media with total areas for each package. The agreement was concluded based on the decision of the Supervisory Board number DNO-394/2017 dated 28/09/2017 which also approved a discount of 50% of the total value of the contracted amount, as well as of individual prices per unit measure.
19. On **20/10/2017** the Supervisory board adopted a decision DNO-420/2017 on entering into force of the new Stimulation plan for increase of air-traffic volume, by which the previous is amended. The new Stimulation plan defines new categories of stimulation beneficiaries for air carriers with a defined number of passengers per year.
20. On **25/10/2017** we received the Decision of the Commission for protection of competition number 4/0-03-192/2017-50 dated 23/10/2017, recorded under number 01 GD-6352/2017, by which the restrictive agreement – the Lease Agreement number UZPRP-67/2017 dated 30/06/2017 concluded between the company "Dufry", as lessee and JSC Airport Nikola Tesla Belgrade, as lessor is exempted from prohibition. The Decision defines the period of individual exemption of the Lease Agreement number UZPRP-67/2017 dated 30/06/2017 from prohibition of restrictive agreement until 02/04/2021. Benefits of this agreement are:
 - approved by the Commission for protection of competition,
 - significant revenue increase based on this agreement, 10-12%,
 - provided investment in the facilities of a minimum 1.5 million euro.
21. On **27/10/2017** a bid for lease of premises in the building PE "Posts of Serbia" at the Airport Nikola Tesla, at the first floor, with area of 637,14 m² and separated entrance was submitted under conditions from the advertisement for lease of premises, published in the daily "Politika" from 13/10/2017 and correction of the advertisement from 20/10/2017. The premises are in the building constructed at cad. plot number 3739/1 CM Surcin and it is leased for the period of 10 (ten) years, pursuant to the Decision of the Supervisory Board number DNO-417 dated 10/10/2017.

22. The Ground handling agreement for full handling for the flights of Air Serbia has been signed. It comes into force on 01/11/2017.
23. In order to provide resources for handling of Air Serbia flights, 340 employees were transferred from the air carrier Air Serbia Ground Services to OU Ground Handling on 01/11/2017.
24. Expansion of ground handling services to full handling services for the air carriers Alitalia and Etihad from 01/11/2017 on.
25. On 01/11/2017 amended Stimulation plan for promotion of air traffic at ANT entered into force.
26. Air carrier Montenegro airlines settled its debts to ANT up to and including 29/12/2017, including the debt under the Agreement on repayment of debt and regular financial obligation. The total debt settled during the year of 2017 amounts around 2 million euro.
27. The Purchase Agreement for the ownership share of JAT Tehnika in the Heating house, giving ANT 100% ownership of the Heating house, has been concluded.

Inspection of air carriers on the 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
Bureau Veritas D.O.O., 16/11/2017 – 17/11/2017 audit subject: certificates ISO 9001, ISO 14001 and OHSAS 18001

In the period from June 21-24, JSC Airport Nikola Tesla Belgrade 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 5th China-CEECs Education Policy Dialogue, as well as the 4th Meeting of China-CEEC Higher Education Institutions Consortium. The Summit was attended by delegations of the People's Republic of China and the CEE countries at the level of education minister, deputy minister, state

secretaries and rectors of 80 universities (of which 45 are universities of PR China and 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.

In the period October 10-11 the President of Turkey Recep Tayyip Erdoğan paid an official visit to the Republic of Serbia, at the invitation of the President Aleksandar Vučić. Numerous members of a business delegation also accompanied the visiting official state delegation, which included several ministers from the Government of Turkey. The delegation arrived in Belgrade by 7 aircrafts and 3 helicopters. At the same time, MFA of Sweden and Finland were paying a visit by state aircrafts.

On December 8 and 9 a quadrilateral summit took place in Belgrade. The Prime ministers of Bulgaria, Greece and Romania were paying official visits by own aircrafts at the same instant. The delegations were welcomed with the highest state honours at the Airport Nikola Tesla Belgrade.

JSC Airport Nikola Tesla received a certificate from the Civil Aviation Directorate of the Republic of Serbia (CAD) and thus fulfilled the statutory obligation of an airport with projected annual turnover over 1.000.000 passengers, i.e. 50.000 tons of goods, well before the deadline. This certificate supersedes the Permit for airport use issued by DCV on 11/10/2012.

In terms of operation, JSC Airport Nikola Tesla Belgrade proved fulfilment of certification requests of the European Aviation Safety Agency (EASA) and thus it is enlisted in the group of 20% of airports in Europe which proved that they have appropriate resources for airport operation in accordance with applicable requirements.

The certification requirements refer to the management system at the airport with special attention to safety in aviation, projected characteristics and facilities of the airport, information in regard to runway, main obstacles and coordinates thereof, operative limitations, plan of border position of the airport, professional qualifications of employees, service of aviation information and all significant operational procedures of the airport.

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 CAD 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 manoeuvring, of airport facilities and installations;
5. Aircraft fuel supply
6. Training of aircraft staff on air traffic security

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

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

Number of trained persons in the period 01/01/2017 – 31/12/2017:

	ANT	Third persons
Steward/-ess (level 1)	182	16
Traffic coordinator	2	2
Traffic dispatcher	4	/
Ground handling controller (category 1)	22	10
Ground handling controller (category 2)	15	3
Ground handling controller (category 3)	32	/
Aircraft balancer;	4	9
Marshaller (level 1)	50	7
Airport equipment operator (level 1)	122	22
Airport equipment operator (level 2)	39	8
Generator operator	5	13
Foreman of the sorting area	11	/
Foreman of cargo transshipment	21	/
Transport worker - transshipment of cargo on aircraft	20	/
Transport worker in sorting area	13	/
Trans-loader in Cargo Customs Warehouse	1	/
Worker on hold baggage, mail and cargo handling at airport	101	/

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

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

Number of trained persons in the period 01/01/2017 – 31/12/2017:

	ANT	Third persons
Support staff	31	6
Support staff - practice	48	/
Fire-rescuer	111	/

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

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

Number of trained persons in the period 01/01/2017 – 31/12/2017:

	ANT	Third persons
Transport of dangerous goods in air traffic, cat. 6	1	1
Transport of dangerous goods in air traffic, cat. 7	28	/
Transport of dangerous goods in air traffic, cat. 10	15	9
Transport of dangerous goods in air traffic, cat. 9	71	8
Transport of dangerous goods in air traffic, cat. 5 and 8	341	19
Transport of dangerous goods in air traffic, cat. 8	3	/
Transport of dangerous goods in air traffic, cat. 12/ module 19	334	4

Under staff performing safety control of manoeuvring area, aircraft facilities and installations is considered Manoeuvring areas, airport facilities and installations safety controller.

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

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

Number of trained persons in the period 01/01/2017 – 31/12/2017:

	ANT	Third persons
Storekeeper	/	/
Loader	1	/

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 – 31/12/2017:

	ANT	Third persons
Security awareness training	293	68
Module 3 - Basic refreshment training for security check	117	9
Module 4 - X-ray screening of persons	83	/
Module 4 - Additional training QPS (training for operation on X-ray screener for screening of persons)	231	/
Module 5 - X-ray screening of cabbing baggage and items carried on board	11	1
Module 5 - additional training CONV5	19	/
Module 6 - X-screening of hold baggage	6	/
Module 7 - X-screening of cargo and mail	7	/
Module 8 - X-screening of materials and mail of air-carriers, in-flight supplies and airport supplies	20	/
Module 9 - Check of vehicles	23	13
Module 10 - Access control, surveillance and patrol	25	11
Module 12 - Aircraft protection	/	11
Module 15- Security control of mail and materials of air-carriers, in-flight supplies and airport supplies by methods other than X-ray screening.	4	13

Module 17 - Special training of supervisors	6	8
Module 20 - Treating persons of unacceptable behaviour	65	/
Head officers of security affairs;	4	6

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

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

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

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

Number of trained persons in the period 01/01/2017 – 31/12/2017:

	ANT	Third persons
Basics of air traffic safety;	558	5
Independent operation of vehicle/equipment in SRA 1	13	/
Independent operation of vehicle/equipment in SRA 2	127	55

In accordance with the Law on Air Traffic, employees at the airport engaged in the field of monitoring and suppression of the presence of birds and other animals undergo trainings.

Number of trained persons in the period 01/01/2017 – 31/12/2017:

	ANT	Third persons
Worker on suppression of the presence of birds and other animals at the airport	8	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 – 31/12/2017:

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

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

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

Number of inspections/audits in the period 01/01/2017 – 31/12/2017:

	CAD	Foreign CAD	Companies
Inspections	3	1	25

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

Number of visits in the period 01/01/2017 – 31/12/2017:

	Schools	Faculty of transport and traffic engineering
Visits	8	1

Analysis, planning and development of human resources

In the period from 01/01/2017 until 31/12/2017, 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:

- 41 internal recruitments and selections, during which 376 candidates were invited for an interview, and selected 168 candidates for training and redeployment;
- 86 external recruitments and selections, during which 453 candidates were invited for an interview, and selected 359 candidates for training and redeployment.

Table review of internal selection for the period from 01/01/2017 until 31/12/2017

Date of selection	Internal advertisement	Applicants
12/01/2017	Operator of airport equipment, cat II	20
27/01/2017	Expert associate for safety and health at work	5

02/02/2017	Manager of basic maintenance	5
07/02/2017	Associate of technical support	12
09/02/2017	Driver of the equipment for hygiene	8
14/02/2017	Storekeeper	5
20/02/2017	Coordinator of passenger and baggage check-in	2
20/02/2017	Supervisor of passenger and baggage check-in, cat. 2	7
17/02/2017	Worker on maintenance of building construction, cat I	1
17/02/2017	Driver on baggage delivery outside of the airport complex	10
03/03/2017	Foreman of the sorting area	5
	Business secretary in OU Technics	10
23/03/2017	Driver on passenger transportation	8
24/03/2017	Driver on baggage delivery within the airport complex	4
11/04/2017	Fire-fighter - rescuer	83
20/04/2017	Brigadier on maintenance of construction building	1
15/05/2017	Auxiliary worker for announcement of information through public address system	2
25/05/2017	Driver on baggage delivery within the airport complex	2
18/05/2017	Operator Assistant	1
12/06/2017	Sorting area coordinator	6
12/06/2017	Assistant foreman in sorting area	2
14/06/2017	Worker on maintenance in civil engineering	1
09/06/2017	Worker on technical maintenance of the facilities	1
23/06/2017	Automation technician on maintenance of technological equipment	3
27/06/2017	Mechanic on maintenance of technology equipment	1
30/06/2017	Assistant electrician	4
07/07/2017	Assistant foreman in sorting area	3
19/07/2017	Driver on baggage delivery within the airport complex	11
21/07/2017	Storage equipment operator	5
28/07/2017	Assistant worker - hygiene	/
31/07/2017	Worker on sewerage installation maintenance	1
15/09/2017	Agent for passenger and baggage check-in	18
28/09/2017	X-ray screener for passengers and persons other than pax	28
18/10/2017	Parking fee collector	30
25/10/2017	Assistant foreman in sorting area	5
22/11/2017	Supervisor II category	12
23/11/2017	Driver on baggage delivery within the airport complex	10
13/12/2017	Associate of technical support	15
14/12/2017	Associate administrator	19
15/12/2017	Independent expert associate - analyst	10

Table review of external selection for the period from 01/01/2017 until 31/12/2017

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
19/06/2017	X-ray screener	1	1
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
04/07/2017	X-ray screener	1	1
12/07/2017	Airport hostess	6	6
01/08/2017	X-ray screener	1	1

02/08/2017	Cleaning jobs	6	5
03/08/2017	Transportation worker	10	8
04/08/2017	Transportation worker	9	9
12/09/2017	Airport hostess	1	0
13/09/2017	Transportation worker	10	10
14/09/2017	Transportation worker	8	1
20/09/2017	Airport hostess	1	1
20/09/2017	X-ray screener	1	1
27/09/2017	Airport hostess	3	3
28/09/2017	Transportation worker	13	10
04/10/2017	Airport hostess	1	1
06/10/2017	Transportation worker	10	6
01/11/2017	Transportation worker	8	7
01/11/2017	Transportation worker	11	10
10/11/2017	Transportation worker	7	7
10/11/2017	Parking fee collector	1	1
10/11/2017	Transportation worker	1	1
13/11/2017	Transportation worker	5	4
15/11/2017	Cleaning jobs	8	7
17/11/2017	Cleaning jobs	8	3
21/11/2017	Cleaning jobs	1	1
22/11/2017	Operator of airport equipment, driver	1	0
24/11/2017	Transportation worker	9	6
24/11/2017	Transportation worker	11	9
27/11/2017	X-ray screener	1	1
07/12/2017	Beverage server-kitchenette	1	1
08/12/2017	Transportation worker	1	1
12/12/2017	Airport hostess	3	3
25/12/2017	X-ray screener	3	3
25/12/2017	Security guard	7	7
27/12/2017	X-ray screener	5	5
28/12/2017	Transportation worker	7	7
28/12/2017	Cleaning jobs	5	1
28/12/2017	Security guard	6	6
28/12/2017	X-ray screener	6	6
29/12/2017	Transportation worker	5	3
29/12/2017	Cleaning jobs	2	2
29/12/2017	Security guard	3	3
29/12/2017	X-ray screener	2	2

Labour relations and personal records

In accordance with the Cooperation Protocol no. PSS-52/2017 from 10/10/2017 concluded between JSC Airport Nikola Tesla Belgrade, Joint Stock Company for Air Traffic Air Serbia Belgrade and Limited Liability Company for Trade and Services Air Serbia Ground Services, Belgrade (ASGS), to the end of development, business rationalisation and provision of aircraft ground handling services to the national air carrier Air Serbia, on 01/11/2017, 340 employees from ASGS concluded employment agreements with JSC Airport Nikola Tesla Belgrade.

In accordance with the Decree on the procedure for obtaining consent for new employment and additional working engagement with the beneficiary of public funds (Official Gazette of RS" no. 113/13, 21/14, 66/14, 118/14 and 22/15), due to increased operation volume, the Airport received the Decision of the Commission for new employment and additional working engagement with the beneficiary of public funds 51 number 112-12643/2017-1 from December 28, 2017, whereby the consent is given to employ the total number of **1749** persons, for the period from **January 1st until April 30th, 2018**, whereof:

- **650** persons employed on the basis of employment contract for a limited period;
- **600** persons engaged on temporary and occasional jobs;
- **480** persons engaged through youth and student organisations;
- **2** persons engaged through service contract;
- **17** persons based on a Contract on training and advanced training in accordance with article 201 of the Labour Law.

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	1103
Organizing previous, periodic and targeted medical examinations for employees	331	730	1061
Training for operating, keeping and maintaining of scaffolds	-	-	30
Professional training for operation on specific equipment-forklift	-	-	15
First aid training for employees	-	-	202
Injury at work, report on injury at work, reporting to the relevant Inspection, National health insurance fund and the Pension and disability insurance fund, the Directorate for safety and health at work, accident investigation and corrective measures.	-	-	32
Measurement and examination of conditions of working environment: micro climate, lightening, noise, aerosols, gases and vapours	-	-	170
Inspection and testing of equipment for work	-	-	77
Inspection and testing of high voltage protective means	-	-	34
Publishing of texts for the Bulletin on activities OU Work safety and protection in the Company.	-	-	10
Remarks and irregularities:			
Taking corrective measures in purpose of elimination and irregularities and prevention of further remarks	-	-	96
Drawing instructions for safe and healthy work	-	-	10

Construction site visits during construction works. Filling out a check list, monitoring construction works and controlling the application of safety at work measures.	-	-	32
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. (number of locations)	-	-	35
Amendments to Risk Assessment Act (jobs in working environment)	-	-	563
Provided personal protective equipment for employees (number of employees)	-	-	700
Organisation of mammographic examinations	-	-	106

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.

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 to JSC Airport Nikola Tesla Belgrade of 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, Real Estate Cadaster Office Surcin, dated 28/06/2017 is legally binding.

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 lot 4109/1, arable land class 2 with area of 2638 m², and to cadaster lot 4109/2, arable land class 2, with area o 8599 m².

The Republic Geodetic Authority, Real Estate Cadaster Office Surcin adopted a decision by virtue of the office, which supersedes the decision dated 19/07/2017 and corrects a technical error. The said decision enters the title to JSC Airport Nikola Tesla Belgrade of the real estates recorded in the Real Estate sheet no. 2348 CM Surcin, on cadaster lot 4109/1, arable land class 2 with area of 2638 m², and to cadaster lot 4109/2, arable land class 2, with area o 8599 m².

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.

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
3995/1,3995/4,3996/1,3996/4,3997/1,3997/4,3998/1,3998/4,3999/1,3999/2,3999/4,3999/5,400
0,4001,4002/3,4002/4,4002/5,4003/2,4019/2,4020/2,4021/2,4022/3,4022/4,4023/2,4024/2,402
5/2,4026/2,4027/2,4103/1,4103/2,4104/1,4104/2,4105/1,4105/2,4106/1,4106/2,4108/1,4108/2,
4113/1,4113/2,4113/3,4113/4,4113/5,4113/6,4114,4115,4116,4117/1,4117/2,4118,4119/1,411
9/2,4120/1,4120/2,4167/2,4168,4169,4170/1,4170/2,4171/1,4171/2,4259/2,4260/2,4827/1,482
7/2,4827/3, 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 952-02-9-1427/2017 dated 24/11/2017 of the Republic Geodetic Authority, Real Estate Cadaster Office Surcin JSC Airport Nikola Tesla Belgrade entered the title of a holder with a share of 5204/10000 and JAT TEHNIKA DOO also as a holder with a share of 4796/10000 of the air traffic building no. 16 on cad.plot 3739/1, on the request of JSC Airport Nikola Tesla Belgrade for correction of an error dated 13/11/2017.

By the decision 952-02-4-178/2017 dated 04/12/2017, the Republic Geodetic Authority, Real Estate Cadaster Office Novi Beograd allows entry of the ownership right to JSC Airport Nikola Tesla Belgrade with the share of 1/1 of the cad.plot 3925/2, with area of 67059m², 2 class arable land.

By the Decisions of the City municipality Surcin no 465-6/2008 and no 465-6/2008 dated 17/11/2017 the real estates were expropriated with a fee in favour of the Republic of Serbia for JSC Airport Nikola Tesla Belgrade for the construction of the facilities for air traffic within the airport complex, pursuant to the decision of the Republic of Serbia for cad.plots 4110/1,4107/1 и 4107/2 and 4110/2

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

The following text describes all significant occurrences which happened at the Airport Nikola Tesla Belgrade after the period I-XII 2017:

Legalisation of facilities

- **Status:** Over the course of 2018 we received decisions on legalisation for 5 facilities.

Arrangement of a part of the Terminal 2

- **Status:** Public procurement procedure for selection of work performer for the works in subject is in progress.

Bar code readers and auxiliary equipment for baggage reconciliation system

- **Purpose:** The stated investment should be used for procurement of bar code readers for the baggage reconciliation system. Bar code reader represents a tool for operators from Ground handling and it is used for reading bar codes of baggage, i.e. it is an entrance point of the system for baggage reconciliation.
Considering that the number of passengers have increased since the implementation of the baggage reconciliation system and the first procurement of bar code readers, the initial setting of the bar code readers in use has no more capacity to fulfil in full measure the existing needs and the request of Ground handling is a quantity of bar code readers that cannot be provided at the moment.
Beside increased number of passengers, a part of the devices which have been used for many years, does no longer satisfies high criteria for service availability, thus it is necessary to procure additional devices.
This investment provides stable operation of the baggage reconciliation system, which is exceptionally important for airport operations, and it provides significant improvement of work of operators on the devices of new generation.
- **Value:** RSD 6.143.020,00, VAT excluded
- **Supplier:** Alba Tehnologije, per contract no. UJNV-6/2018 dated 01/02/2018

Extension, modification, support and maintenance of the information system AODB, FMS, IDS, RMS, BILLING

Subject of the procurement Extension, modification, support and maintenance of the information system *AODB (Airport Operational Database)*, *FMS (Flight Management System)*, *IDS (Information Display System)*, *RMS (Resource Management System)*, *Billing* - hereinafter Information system, is:

- **VIRTUALISATION OF THE INFORMATION SYSTEM:** Migration of the Information system to the virtual platform of the airport is planned as the existing server environment,

until contract expiry, will have been outdated and of insufficient capacity for the information system of critical importance for the operation of the airport.

- **EXTENSION OF THE IDS SYSTEM:** Procurement of additional licences for the system for display of information to users of airport services and employees, number of licences used with IDS screens and video walls will be increased and thus installation of new screens and video walls will be enabled. All this firstly refers to the parts of the airport under reconstruction, but also to other parts of the airport missing screens for information display.
- **MODIFICATION OF THE INFORMATION SYSTEM:** Making new and amending to the existing functionalities of the Information system implies making new programmes and reports, as well as amendment to the existing programmes and reports, based on the requirements of business processes, of system users, but also due to need for monitoring changes in legal regulations and standards in air traffic.
- **SUPPORT AND MAINTENANCE:** The stated procurement will enable preventive and corrective support and maintenance of the Information system on virtualised platform for the next 24 months.

Server environment of the information system such as the subject one must be periodically updated or amended as to enable stable operation of the system. The virtualisation makes the system stable and safe. The information system must have uninterrupted support and maintenance to maintain and improve operation of the system.

Moreover, expansion and modification of the Information system enables optimisation and improvement of business processes and resource utilisation, whereby more efficient work of operation services, better planning of airport resources, better awareness and improved customer experience are provided.

Public procurement procedure is in progress (decision on contract award).

Extension and expansion of Microsoft licences (true-up and SA - Software Assurance)

The investment in subject is used for renewal and extension of Microsoft licences as the valid contract expires in February 2018.

The first lot was for extension of the Microsoft licences (SA - Software Assurance), extension of the existing contract which will include all licences which have already been bought and added through a three-year contract. Payment will be made in three years, in 2018, 2019 and 2020 in three equal instalments. - The procurement have been carried out to renew the Microsoft licences on time.

If we stopped renewing and paying payment of three-year SA, we would be left with the last version of the software we bought. Moreover, we would have to buy all new versions per regular prices, i.e. per model where we pay the licence (LIC model) and maintenance (SA model). In that case, licences are more expensive as they are paid per LIC/SA model, while in case of regular renewal of the licence we pay only SA model. ANTB is obliged to monitor the newest of all versions of operative systems due to new information systems under implementation and due to security corporative network proposed by Microsoft and in accordance with the Act on Information Security. For that reason the newest versions are necessary as that is the condition of all suppliers of the system for implementation of new and

upgrade of the existing information systems. If we do not renew the contract for Microsoft licences we will not be able to implement the systems planned in this year and if we do not sign a new contract in time the value of the planned procurement will increase by 30%.

Expansion of the existing licences was the other separate lot, whereby additional licences and the Azure prescription for the next three years for a spare copy of all critical servers in ANTB would be paid in order to provide continual operation of all servers in the Server room at remote location. Disaster Recovery (DR) is necessary for operation of all servers and services in ANTB in case the servers and services in the Server room break operation. DR is one of the important operation segments and all issues in regard with the concession process where connected with the question whether we have DR location and which solution is implemented. Payment will be realised in three equal annual instalments.

Furthermore, due to increase of number of information systems and users it was necessary to expand the existing licences. Microsoft Enterprise contact works at the basis that all additional licences during the year, which were not included in the basic contract, are paid through one annual true up (licence extension). Renewal of the basic contract with Microsoft for the all licences as well as for additional software and extension of licences of the existing software.

Contact signing is in progress

Information equipment and spare parts

The procurement projected includes procurement of computers, printers, multifunctional devices, photocopy devices and thin clients computers.

1. Central equipment with SAP ERP

This procurement projects new central equipment (servers, storage and licences for virtual platform) for operation of a new SAP ERP solution in accordance with SAP requirement that the infrastructure must be certified for SAP. The central equipment must have such characteristics and capacities necessary to meet hardware requirements of SAP ERP solution, considering that for appropriate operation and upgrade of SAP solution three environments (development, testing and production) with the same characteristics are necessary. For their operation a resilient and large hardware environment is required.

2. Desktop computers (All In One)

New computer and information systems and service to be purchased, amended and extended, as well as those in use require new information equipment with technical characteristics that comply with all technically and technologically demanding systems and services.

By procurement of these computers we will remove possible difficulties in operation and make basic preconditions for unimpeded operation with new computer and information systems and services.

3. Computers for donation

ANTB as a huge and socially responsible company should take steps toward computer literacy and support to institutes performing responsible jobs such as schools, hospitals and help them to carry out their jobs in a more qualitatively and improved manner. Thus the better image of the airport is spread - as a company ready to support and the one that contributes improvement of work in schools and hospitals and likewise institutions.

Procurement of 10 standard desktop computers with OS is planned for the purpose of donation to institutions in need of help with provision of information equipment and with the purpose of improvement of information conditions in these institutions.

4. Spare parts of information equipment

It implies procurement of spare parts of standard information equipment. Standard information equipment consists of different components, which make a device of standard information equipment. Due to failure of individual components it is necessary to procure spare quantity of all components to enable to replace components out of order as well as to perform maintenance of the standard information equipment without disturbance. Moreover, procurement of certain number of specific standard information equipment which is necessary in the process of maintenance of standard and central information equipment, as well as information systems are planned.

5. Printers, multifunctional devices and photocopy devices

Procurement of printers, multifunctional devices and photocopy devices is necessary due to age and deterioration of the existing devices and due to incompatibility with the new operational systems, thus the old devices must be replaced with the new ones. In this manner we enable complete functionality and operation with the newest computer and information systems and services. This procurement would provide equipment that would replace the old and deteriorated equipment in use. In this manner reliability and quality of performance is increased. Besides, costs of supplies (toners, ribbons, cartridges) are decreased as they are cheaper for new devices, as well as costs of maintenance, as frequency of failures is higher for older devices.

6. Thin client computers

Transferring from the old system for operative flight schedule display to the new one resulted in the need for replacement of the old equipment with the new one. The previous procurement provided a certain number of thin client computers to cover a certain number of positions. This procurement projects purchase of additional number of this client computers to cover the outstanding positions, as well as possible new positions

Other aspects

Increase of number of users and positions which could need information equipment is another reason for procurement of new information equipment.

The projected procurement provides hardware infrastructure with optimal and independent functioning of SAP ERP solution. It continues the process of modernisation of the information equipment in use, which started in previous procurements, as well as provision of equipment for new positions. Procurement of the indicated equipment would ensure more efficient, more comfort operation of higher quality. With this procurement obsolete and deteriorated equipment is replaced and equipment quality and reliability level are maintained.

Public procurement procedure is in progress (decision on contract award).

During January and February in OU Passenger ground handling employees undergo training for work on passenger and baggage handling on the following systems: iPort, MACS, Troya, Sabre, SITA, as well as for manual check-in of passengers and baggage. Trainings are organised for the employees that were transferred from ASGA to the end of optimisation of processes and in order to achieve uninterrupted activities of operational services.

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 obsolescence of the existing equipment, the inability to purchase adequate spare parts and the cost ineffectiveness of maintenance.
- **Status: Preparation phase for the implementation of procurement is in progress.** The public procurement is planned in the procurement plan for the year of 2017. The Decision of the Supervisory Board GD3361/2017 22/06/2017 approves 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 Public procurement is launched according to the decision on investment adopted by the Supervisory board GD 3361/2017 dated 22/06/2017. Public tender opening session was carried out on 19/01/2018. It is necessary to ask for approval of SPV for continuation of the procedure and transfer of obligations.

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 "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 – realised; Lot 2 - realisation 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: Public procurement contract was signed the tenderer Enel alati d.o.o. Belgrade dated 10/08/2017. Contract value, including VAT is RSD 434.600,00. Delivery of goods from this contract has been realised.

Procurements: Purchase of infrastructure facilities and equipment of JKP Parking servis - Procurements will be carried out in accordance with the plan for 2018 (estimated value: RSD 252,000,000,00)

Following the decision to take over management of the parking space of JKP Parking Servis at the ANT complex by JSC Airport Nikola Tesla Belgrade, 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 Airport Nikola Tesla Belgrade. For the realization of the subject purchase, total assets in the amount of RSD 252,000,000.00 are planned based on the expert report and the performed assessment of the market value of the parking lot done by Construction faculty in Belgrade. In accordance with the foregoing, it is expected that the realization of the said procurement will be carried out in 2018.

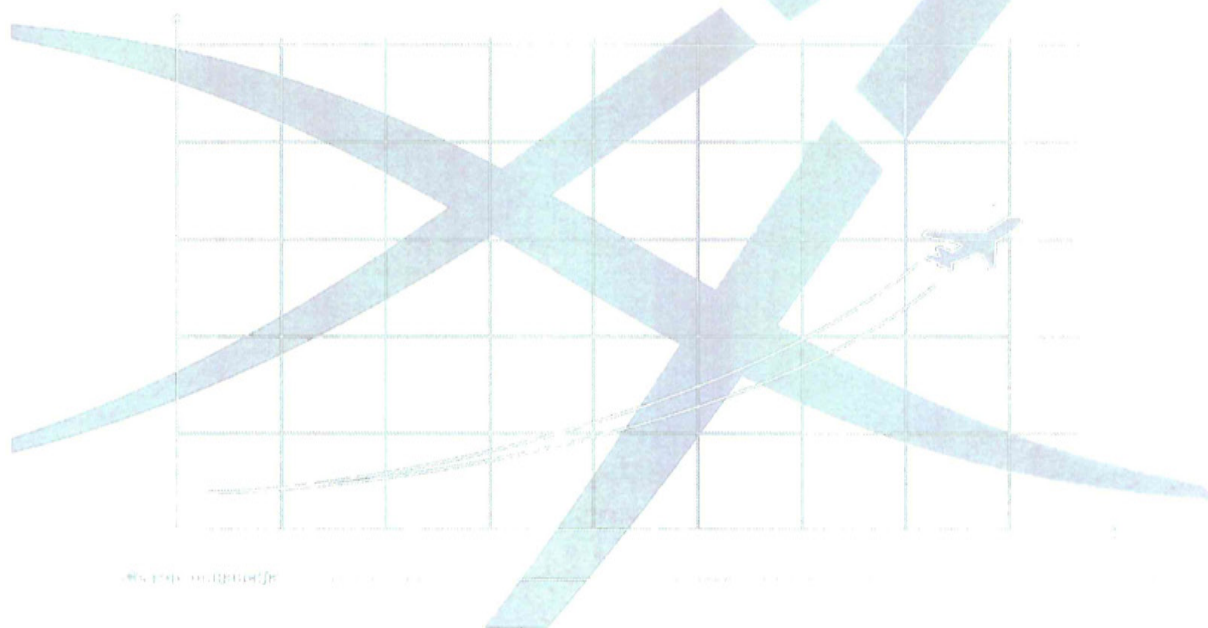


Analysis, planning and development of human resources

In the period after 31/12/2017 until today there were 17 external and none of internal selections in the field of analysis, planning and development of human resources at Airport Nikola Tesla Belgrade.

Table review of external selections after 31/12/2017 up to and including 31/01/2018

Date of selection	Selection for positions	Number of recruited candidates	Number of selected candidates
04/01/2018	Security guard	1	0
04/01/2018	Beverage server-kitchenette	1	0
08/01/2018	Security guard	3	0
08/01/2018	X-ray screener	1	0
10/01/2018	Security guard	1	1
11/01/2018	Parking fee collector	1	1
12/01/2018	Security guard	1	0
15/01/2018	X-ray screener	2	1
15/01/2018	Transportation worker	1	0
17/01/2018	X-ray screener	3	3
18/01/2018	Transportation worker	11	6
18/01/2018	Cleaning jobs	8	6
19/01/2018	Transportation worker	10	9
19/01/2018	Cleaning jobs	8	5
24/01/2018	X-ray screener	15	12
24/01/2018	Security guard	10	10
26/01/2018	X-ray screener	2	2



8. DESCRIPTION OF THE MOST SIGNIFICANT RISKS AND UNCERTAINTIES IN THE PERIOD I-XII 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),
- Unsettled property and legal relationships over land parcels and facilities at the complex of the Airport.

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-XII 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 and over the course of 2017, 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

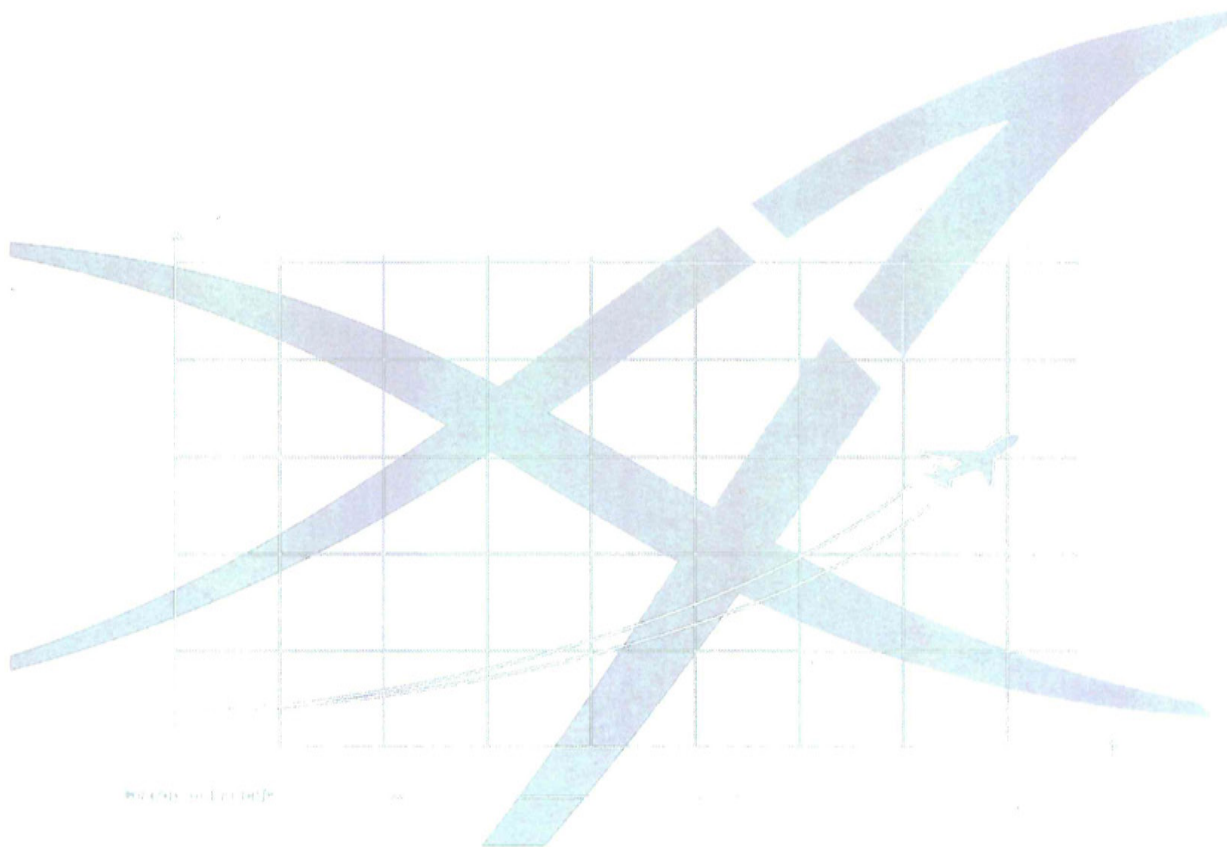
procurement of professional examination in the field of Fire protection, servicing of fire extinguishers and fire hydrants and servicing of breathing apparatus as taking these measures is an obligation. Procedures for the above-mentioned risks have not been completed yet. Procedures for the above-mentioned risks have not been completed yet.

Training for the professional exam has been completed and the exams before the commission of Ministry of Interior of R. Serbia are in progress. The procedure for public procurement of the service is completed and service of fire extinguishers and hydrants is in progress. procedure for selection of a service for breathing apparatus is in progress.

At the AOC meeting in June, announcements were made about the increased risks of the existence of electronic devices (most relevant to laptops) in cabin 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 cabin baggage.

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

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



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 31/12/2017 and primarily cash and cash equivalents, receivables from buyers, liabilities per long-term loans and similar we could say that the Company is not imposed to foreign exchange risks.

By detailed analysis of currency structure of the assets and liabilities on 31/12/2017, 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

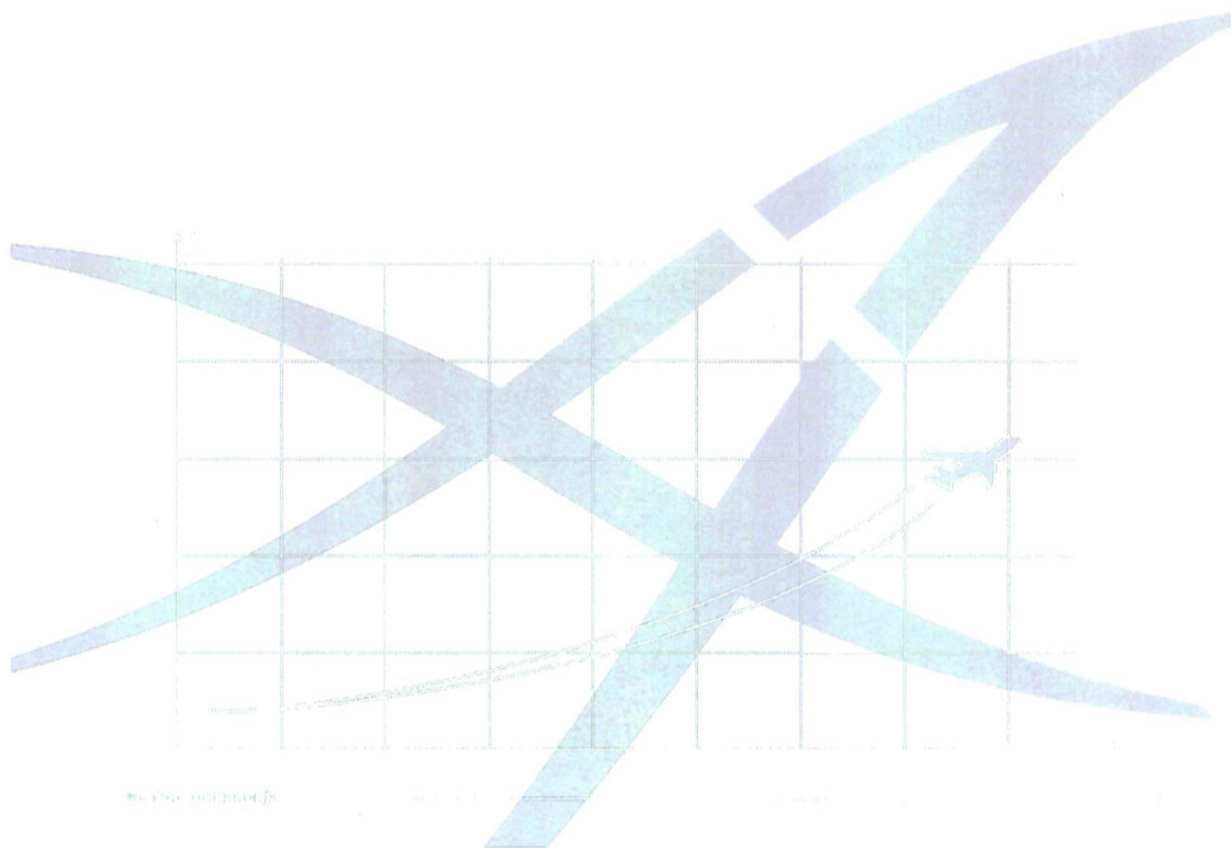
The company estimates that beside market risks to which financial instruments can be imposed it is also necessary to monitor credit risks. The company has receivables from domestic and foreign buyers so there is credit risk. To reduce this risk, the Company regularly monitors the realisation of the collection,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

Observing liquidity indicators, we note that the current and accelerated liquidity ratios are over 5.9, 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 48 days (62 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 7.6. The average payback time for suppliers is 40 days (46 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 9.1.



10. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

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

10.1. BRANCHES

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

Belgrade, March 2018

Chief Executive Officer

Acting Director General
Saša Vlaisavljević, BSc. (Eng)



3 Director of Finance

Dobriša Pejović, BSc (econ).

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



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STATEMENT

Hereby we state that, according to our best knowledge, the Annual Business Report for 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.

Signed by:

Acting General Director



Saša Vlajsavljević

Financial Director

Dobriša Pejović

Head of Accounting Sector

Zorka Latinović

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



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NOTE

Annual Business Report for 2017 which integral part is also Audit Report with Financial Statements for 2017 was not adopted at the General Assembly of the Company and will be on the agenda of the annual shareholders' meeting of JSC Belgrade Nikola Tesla Airport to be held within six months from the end of the business year.

On the agenda of the meeting of General Assembly of the Company one of the proposals will be a Decision on profit distribution.



Signed by:

Acting General Director

Saša Vlaisavljević