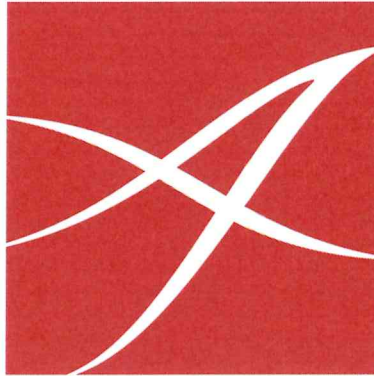


JOINT-STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT



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

**REPORT FOR THE FIRST QUARTER OF 2018 CONTAINING
ALSO DATA
FOR THE PERIOD I-III 2018**



C o n t e n t

1. Financial statements for I-III 2018

- **INCOME SHEET** for the period I-III 2018;
- **BALANCE SHEET** on 31 March 2018;
- **REPORT ON OTHER RESULTS** for the period I-III 2018;
- **STATEMENT ON CHANGES IN CAPITAL** for the period I-III 2018;
- **CASH FLOW STATEMENT** for the period I-III 2018; and
- **NOTES TO THE FINANCIAL STATEMENTS** with 31 March 2018.

2. Report on company operations for the period I-III 2018.

3. Statement

C.O.

FINANCIAL STATEMENTS March 31, 2018

1. **INCOME SHEET for the period I-III 2018**
2. **BALANCE SHEET on March 31, 2018**
3. **REPORT ON OTHER RESULTS for the period I-III 2018**
4. **STATEMENT ON CHANGES IN CAPITAL for the period I-III 2018**
5. **REPORT ON CASH FLOW for the period I-III 2018**
6. **NOTES TO THE FINANCIAL STATEMENTS March 31, 2018**

07 May 2018

FINANCIAL STATEMENTS March 31, 2018

INCOME SHEET

in the period from January 1 to March 31, 2018

INCOME SHEET

for the period from 01/01/2018 until 31/03/2018

- 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		2,073,979	1,959,085
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007 + 1008)	1002	5	444	306
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	444	306
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6; 7; 8;	1,877,064	1,760,309
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	721,984	755,417
615	6. Revenues from sale of products and services in foreign markets	1015	7	1,155,080	1,004,892
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0
65	IV OTHER OPERATING REVENUES	1017	9	196,471	198,470

FINANCIAL STATEMENTS March 31, 2018

INCOME SHEET (continued)
in the period from January 1 to March 31, 2018

INCOME SHEET					
for the period from 01/01/2018 until 31/03/2018					
- 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				
50 to 55, except 62 & 63	B. OPERATING EXPENDITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028 + 1029) ≥ 0	1018		1,522,793	1,371,155
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	278	207
62	II. revenues from activation of use of own products and goods	1020			
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	75,527	73,782
513	VI. COSTS OF FUEL AND ENERGY	1024	12	81,441	83,353
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	896,805	760,656
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	101,657	105,968
540	IX. AMORTISATION COSTS	1027	15	258,762	234,986
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028		0	0
55	XI. INTANGIBLE COSTS	1029	16	108,323	112,203
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		551,186	587,930
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		22,857	37,961
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	17	18,214	21,734

FINANCIAL STATEMENTS March 31, 2018

INCOME SHEET (continued)

in the period from January 1 to March 31, 2018

INCOME SHEET					
for the period from 01/01/2018 until 31/03/2018					
- 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	18	4,643	16,227
56	D. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		30,707	19,045
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	19	9,576	8,865
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	20	21,131	10,180
	E. PROFIT FROM FINANCING(1032 – 1040)	1048			18,916
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049		7,850	0
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	21	74	95
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	22	0	25,158
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	23	5,932	4,874
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	24	14,065	6,493
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		535,277	580,164

FINANCIAL STATEMENTS March 31, 2018

INCOME SHEET (continued)
in the period from January 1 to March 31, 2018

INCOME SHEET					
for the period from 01/01/2018 until 31/03/2018					
- 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			
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057	25	9,831	92
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26;	525,446	580,072
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059			
	p. PROFIT TAX				
721	I. INCOME TAX EXPENDITURE	1060	26;	80,645	72,505
part 722	II. DEFERRED TAX EXPENDITURE	1061	27;	421	
part 722	III. DEFERRED INCOME TAX	1062	27;		2,671
723	R. EARNINGS PAID BY EMPLOYER	1063			
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28	444,380	510,238
	T. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET INCOME OF MINORITY SHAREHOLDERS	1066			
	II NET INCOME OF THE MAJORITY OWNER	1067			
	III PROFIT PER SHARE				
	1. Basic earning per share	1068	28		
	2. Reduced (diluted) earning per share	1069			
6	TOTAL REVENUES			2,102,899	2,002,015
5	TOTAL EXPENDITURES			1,577,453	1,421,943

FINANCIAL STATEMENTS March 31, 2018

BALANCE SHEET
On March 31, 2018

BALANCE SHEET

on 31/03 2018

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 31/03/2018	Previous year	
					Final balance 31/12/2017	Initial balance 01/01/2017
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		25,606,518	25,480,013	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0008 + 0009)	3	29	200,015	173,389	0
010 & part 019	1. Investment in development	4				
011, 012 & part 019	2. Concessions, patents, licences, trade marks, software and other rights	5	29	132,589	105,963	
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	59,941	
016 & part 019	6. Advances for intangible assets	9		7,485	7,485	
2	II. REAL ESTATES, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	25,229,139	25,128,977	0
020, 021 & part 029	1. Land	11	29	9,616,809	9,437,117	
022 & part 029	2. Buildings	12	29	10,092,532	10,177,454	
023 & part 029	3. Plant and equipment	13	29	5,123,935	5,119,779	
024 & part 029	Investment property	14	29	29,516	29,516	
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	350,729	349,493	
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	11,999	
3	III. BIOLOGICAL RESOURCES (0020 + 0021 + 0022 + 0023)	19		123	123	0
030, 031 & part 039	1. Forests and perennial plants	20				
032 & part 039	2. Livestock unit	21	29	123	123	
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		135,978	136,261	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	135,977	136,260	

FINANCIAL STATEMENTS March 31, 2018

BALANCE SHEET (continued)

On March 31, 2018

BALANCE SHEET						
on 31/03 2018						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 31/03/2018	Previous year	
					Final balance 31/12/2017	Initial balance 01/01/2017
1	2	3	4	5	6	7
	ASSETS					
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		41,263	41,263	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	41,263	
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		6,644,588	6,566,562	0
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		106,760	133,226	0
10	1. Material, spare parts, tools and small inventory	45	32	72,147	93,771	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	4,888	4,863	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	29,725	34,592	
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1,116,169	1,118,684	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	426,291	426,265	
205 & part 209	6. Buyers abroad	57	36	689,878	692,419	
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	141,302	81,537	
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 & 237	VI SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		3,544,923	2,760,377	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	53,576	80,386	
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	39	3,491,347	2,679,991	
24	VII CASH AND CASH EQUIVALENTS	68	41	1,686,937	2,386,010	
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	48,497	86,728	
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		32,251,106	32,046,575	0
88	D. OFF-BALANCE SHEET ASSETS	72	62	633,551	668,417	

FINANCIAL STATEMENTS March 31, 2018

BALANCE SHEET (continued)

On March 31, 2018

BALANCE SHEET						
on 31/03 2018						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 31/03/2018	Previous year	
					Final balance 31/12/2017	Initial balance 01/01/2017
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	30,152,471	29,708,442	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	5,254,126	
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLE PROPERTY, PLANT AND EQUIPMENT	414	45	595,589	596,114	
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	17,482	
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	3,711,664	3,267,110	0
340	1. Non-distributed profit of previous years	418	46	3,267,110	1,436	
341	2. Non-distributed profit of the current year	419	46	444,554	3,265,674	
	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		798,265	802,690	0
40	I LONG -TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48	223,953	227,955	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	129,877	131,379	
405	5. Reserves for litigations	430	47;48;49	94,076	96,576	
402 and 409	6. Other long-term reserves	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		574,312	574,735	0
410	1. Liabilities that may be converted into capital	433				
411	2. Liabilities toward parent companies and subsidiaries	434				
412	3. Liabilities toward other related parties	435				

FINANCIAL STATEMENTS March 31, 2018

BALANCE SHEET (continued)

On March 31, 2018

BALANCE SHEET						
on 31/03 2018						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 31/03/2018	Final balance 31/12/2017	Initial balance 01/01/2017
1	2	3	4	5	6	7
	LIABILITIES					
	ПАСИВА					
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	574,312	574,735	
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	456,674	456,253	
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		843,696	1,079,190	0
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		86,805	98,752	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	86,805	98,752	
430	II RECEIVED PREPAYMENTS, DEPOSITS AND BAILS	450	53	132,101	124,908	
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		225,437	522,262	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	179,220	401,299	
436	6. Suppliers abroad	457	55	24,987	6,398	
439	7. Other liabilities from operation	458	56	21,230	114,565	
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	167,752	152,802	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	52,516	1,339	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59; 60	11,733	15,490	
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	167,352	163,637	
	D. LOSS OVER CAPITAL (0412 + 0416 + 0421 - 0420 - 0417 - 0415 - 0414 - 0413 - 0411 - 0402) ≥ 0 = (0441 + 0424 + 0442 - 0071) ≥ 0	463		0	0	
	D. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 - 0463) ≥ 0	464		32,251,106	32,046,575	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	633,551	668,417	

FINANCIAL STATEMENTS March 31, 2018

REPORT ON OTHER RESULTS in the period from January 1 to March 31, 2018

REPORT ON OTHER RESULTS

for the period from 01/01/2018 until 31/03/2018

- 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;	444,380	510,238
	II. NET LOSS (ADP 1065)	2002			
	B. OTHER COMPREHENSIVE PROFITS AND LOSS				
	a) Items that will not be reclassified in income sheet in future periods				
	1. Changes in revaluation of intangible assets, property, plant and equipment				
330	a) increase in revaluation reserves	2003	45		
	b) decrease in revaluation reserves	2004	45		
	2. Actuarial gains and losses on defined benefit plans				
331	a) gains	2005	45		
	b) losses	2006			
	3. Gains and losses on investment in equity capital instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses on shares in other comprehensive profit or losses of associated companies				
333	a) gains	2009			
	b) losses	2010			
	a) Items that can subsequently be reclassified in income sheet in future periods				
	1. Gains or losses based on recalculation of financial statements of foreign operations				
334	a) gains	2011			
	b) losses	2012			
	2. Gains or losses on hedging instruments of net investment in a foreign operation				
335	a) gains	2013			
	b) losses	2014			
	3. Gains or losses on risk hedging instruments of cash flow				
336	a) gains	2015			
	b) losses	2016			
	4. Gains or losses on securities available for sale				
337	a) gains	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE PROFIT				
	(2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		0	0
	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		
	IV. NET OTHER COMPREHENSIVE PROFIT				
	(2019 – 2020 – 2021) ≥ 0	2022	45	0	0
	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		444,380	510,238
	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			

FINANCIAL STATEMENTS March 31, 2018

CASH FLOW STATEMENT
for the period from 01/01 until 31/03/2018

CASH FLOW STATEMENT

in the period from 01/01/2018 until 31/03/2018

- in thousand RSD -

Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
A. CASH FLOW FROM BUSINESS ACTIVITY				
I. Cash inflow from business activities (1 to 3)	3001		2,348,745	2,174,595
1. Sale and received advance payments	3002		2,104,739	1,923,865
2. Interest received from business activity	3003		892	3,985
3. Other inflows from regular operations	3004		243,114	246,745
II. Cash outflow from business activities (1 to 5)	3005		1,588,847	1,491,062
1. Payments for suppliers and given advance payments	3006		447,768	475,378
2. Salaries, salary compensations and other personal expenses	3007		880,719	761,265
3. Paid interest	3008		3,453	4,220
4. Income tax	3009		132,016	172,416
5. Payment from other public revenues	3010		124,891	77,783
III. Net cash inflow from business activities (I-II)	3011		759,898	683,533
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		18,878	55,266
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		0	25
3. Other financial investments (net inflows)	3016		0	26,775
4. Interest received from investment activity	3017		18,878	28,466
5. Dividend received	3018		0	0
II. Cash outflow from investment activities (1 to 3)	3019		1,460,675	863,490
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021		664,155	863,490
3. Other financial investments (net outflows)	3022		796,520	0
III. Cash net inflow from investment activities (I-II)	3023			
IV. Cash net outflow from investment activities (II-I)	3024		1,441,797	808,224

FINANCIAL STATEMENTS March 31, 2018

CASH FLOW STATEMENT (cont'd)
for the period from 01/01 until 31/03/2018

CASH FLOW STATEMENT				
in the period from 01/01/2018 until 31/03/2018				
- 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		11,866	12,429
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033		11,866	12,429
3. Short-term loans (outflows)	3034		0	0
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036		0	0
6. Paid-up dividends	3037		0	0
III. Cash net inflow from financing activities (I-II)				
	3038		0	0
IV. Cash net outflow from financing activities (II-I)				
	3039		11,866	12,429
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)				
	3040		2,367,623	2,229,861
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)				
	3041		3,061,388	2,366,981
Đ. OVERALL CASH INFLOW (3040 – 3041)				
	3042		0	0
E. OVERALL CASH OUTFLOW (3041 – 3040)				
	3043		693,765	137,120
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD				
	3044		2,386,010	740,102
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION				
	3045		184	2,445
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION				
	3046		5,492	531
J. CASH AT THE END OF ACCOUNTING PERIOD				
(3042 – 3043 + 3044 + 3045 – 3046)	3047		1,686,937	604,896

JSC AIRPORT NIKOLA TESLA BELGRADE

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

1. FOUNDING AND OPERATION OF THE COMPANY

1.1. General data of the Company:

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

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

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

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

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

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

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

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

1.2. Number of employees and engaged persons

On Balance Sheet date on 31 March, 2018 the Company had 2,355 engaged workers of which 1,715 employees of the Company including 1,201 permanent employees, 514 employees on a definite period of time, 356 workers engaged through youth organizations and 284 engaged in temporary and occasional jobs (on 31 December 2017 there were 2,382 engaged workers: 1,715 employees, of which 1,206 permanent employees, 509 employees for a definite period of time, 374 workers engaged through youth organizations and 293 engaged in temporary and occasional jobs).

In I-III 2018, the average number of employees engaged by the Company at the end of each month was 2,370 of which average number of employees of the Company is 1,718 (1,203 permanent employees, 515 employees for a definite period of time), 365 workers engaged through youth organizations, averagely 287 engaged in temporary and occasional jobs (during 2017 there were on average 2,067 employees: 1,408 employees, of which 1,042 permanent employees, 366 employees for a definite period of time, 393 workers engaged through youth organizations and 266 engaged in temporary and occasional jobs).

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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.

1.5. Information on signing the Concession Agreement

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.

On 27/02/2018 a limited liability company was registered with the Business registers agency, Business name: 'VINCI Airports Serbia' d.o.o. Beograd-Stari Grad.

The Concession Agreement 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 at Airport Nikola Tesla Belgrade between the Government as a representative of the Republic of Serbia, the Joint Stock Company Aerodrom Nikola Tesla Belgrade, "VINCI Airports Serbia" and "Vinci Airports SAS, France was signed on March 22, 2018.

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

The financial statements for the period I-III 2018 are prepared in a manner and in accordance with the legislation, also applied for preparation of annual financial statements for 2017 and which is completely stated in the Note 2 to the Financial statement for the year of 2017.

The financial statement for the period I-III 2018 are approved on the meeting of the Supervisory Board of the Company on 14/05/2018.

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES**3.1 Incomes and outcomes**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

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

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

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

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

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

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

3.2. Costs of borrowings

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

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

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

3.3. Conversion of assets and liabilities in foreign currencies

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

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

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

Description	31/03/2018	31/12/2017
Middle exchange rate of NBS:	Value in RSD	
EUR	118.3853	118.4727
USD	96.0842	99.1155
CHF	100.6507	101.2847
GBP	134.8659	133.4302

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

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

Description	31/03/2018	31/12/2017
Contracted exchange rate:	Value in RSD	
EUR - for EIB loan	118.7405	118.8281

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 31/12/2017.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

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

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

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

3.6. Amortisation

Depreciation of property, plant and equipment is calculated using straight-line method over the estimated useful life. The depreciation rates that were used in the relevant period I-III 2018, 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	2018	2017
Buildings	%	%
Water and electricity facilities	2,27 - 7,14	2,27 - 7,14
Roads, airports and parking lots	2,22 - 33,33	2,22 - 33,33
Other building facilities	5,00 - 25,00	5,00 - 25,00
Flats given to employees for use	1.49	1.49
Equipment	%	%
New specific equipment	6,67 - 50,00	6,67 - 50,00
Equipment for road traffic	5- 50,00	5- 50,00
Equipment for PTT and TV	7,14 - 50,00	7,14 - 50,00
Equipment for air-traffic	4 - 50,00	4 - 50,00
Measuring and control devices and specific devices	4,00 - 33,33	4,00 - 33,33
Labor.equipment, teaching aids and med. devices	20,00 - 25	20,00 - 25
Electronic, calculating machines and computers	10- 50,00	10- 50,00
Furniture and equipment for general purpose	4- 50,00	4- 50,00
Equipment for road traffic under financial leasing	8,33 - 33,33	8,33 - 33,33
Equipment and plants	10,00 - 25,00	10,00 - 25,00
Tools and inventory	20,00 - 100,00	20,00 - 100,00
Intangible investments	%	%
Software and licences	10,00 - 50,00	10,00 - 50,00

3.7. Investment property

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

The Company has engaged a certified appraiser, to assess the value of investment property as on 31/12/2017. In the report on assessment, the fair value of the investment property is determined by the weight of probability of estimated value using the replacement cost method and the yield method.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

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

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

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

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

On 31 March, 2018, based on the Company's management estimates there are no indications that the value of the assets is impaired.

3.9. Stocks

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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 2018, the earliest previous tax period from which they can use unused tax credit is the tax account or PK form in 2008. The company has completely utilised tax credit until and including its utilisation in 2017.

Deferred income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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 March 31, 2018

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.12. Leasing**

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

The Company as lessor

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

The Company as lessee

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

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

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

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

3.13. Information on business segments

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

3.14. Financial instruments

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

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

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

Long term investments

Long-term investments after initial recognition are measured by:

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.14. Financial instruments (cont'd)**

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

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

Short-term receivables and investments

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

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

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

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

Devaluation of funds

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

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

Cash and cash equivalents

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

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

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

Other components of the capital include:

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

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

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

3.16. Provisions, contingent assets and contingent liabilities

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

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

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

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

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

3.17. Preview of important accounting estimates

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

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

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

In addition, due to the significance of fixed assets in the total assets of the Company, any change in the aforementioned assumptions may lead to material effects on the financial position of the Company as well as the financial result. As an example, if the Company shorten the average useful life by 10%, this would result in additional amortization charges for the relevant period ended on 31 March, 2018 in the amount of about RSD 25.876 thousand (and for the period ended on 31 March 2017: RSD 23.499 thousand).

3.17.2. Correction of values of uncollectable receivables

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

3.17.3. Litigations

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

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

3.17.4. Fair value

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

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

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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-III 2018, to business activities of the airport operator and the business activities of ground handling services was carried out on the basis of the adopted Amended Business Plan for 2016 by the Supervisory Board (Decision No.33 -179/1 dated 24/06/2016), that is on the basis of by plan adopted parameters for separation of ground handling services from the airport operator's activities and defined planned participation of related expenditures, and according to the Rule book on the provision of ground handling services at airports. Based on the above and on the realised business results is compiled Income Sheet for the period I-III 2018 in which financial results of the airport operator's activities and activities of ground handling services are shown separately, as follows:

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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 01/01/2018 until 31/03/2018

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount			Previous year			
				Current year			Airport operator (01/01-31/03/2017)	Ground handling (01/01-31/03/2017)	Total Airport (01/01-31/03/2017)	
				AIRPORT OPERATOR (01/01-31/03/2018)	GROUND HANDLING (01/01-31/03/2018)	Total AIRPORT (01/01-31/03/2018)				
1	2	3	4	5	6	7(5+6)	8	9	10(8+9)	
	REVENUES OF REGULAR BUSINESS									
60 to 65, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		1,615,740	458,239	2,073,979	1,541,957	417,128	1,959,085	
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	444	0	444	306	0	306	
604	5. Revenues from sale of goods in domestic market	1007	5	444	0	444	306	0	306	
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0	0	0	0	0	
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	1,418,825	458,239	1,877,064	1,343,181	417,128	1,760,309	
614	5. Revenues from sale of products and services to other related parties in domestic	1014	6	499,546	222,438	721,984	553,750	201,667	755,417	
615	6. Revenues from sale of products and services in foreign markets	1015	7	919,279	235,801	1,155,080	789,431	215,461	1,004,892	
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0	0	0	0	0	
65	IV OTHER OPERATING REVENUES	1017	9	196,471	0	196,471	198,470	0	198,470	
	EXPENDITURES OF REGULAR BUSINESS									
50 to 55, except 62 & 63	B. OPERATING EXPENDITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		1,032,393	490,400	1,522,793	995,990	375,165	1,371,155	
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	278	0	278	207	0	207	
51 except 513	V. COSTS OF MATERIALS	1023	11	34,006	41,521	75,527	30,724	43,058	73,782	
513	VI. COSTS OF FUEL AND ENERGY	1024	12	56,867	24,574	81,441	57,648	25,705	83,353	
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	525,927	370,878	896,805	514,931	245,725	760,656	
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	90,965	10,692	101,657	96,479	9,489	105,968	
540	IX. AMORTISATION COSTS	1027	15	220,293	38,469	258,762	197,263	37,723	234,986	
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	0	0	0	0	0	0	
55	XI. INTANGIBLE COSTS	1029	17	104,057	4,266	108,323	98,738	13,465	112,203	
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		583,347	-32,161	551,186	545,967	41,963	587,930	

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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 01/01/2018 until 31/03/2018										
- in thousand RSD -										
Group of accounts - account	POSITION	ADP	Note No.	Amount			Previous year			
				Current year			Airport operator (01/01-31/03/2017)	Ground handling (01/01-31/03/2017)	Total Airport (01/01-31/03/2017)	
				AIRPORT OPERATOR (01/01-31/03/2018)	GROUND HANDLING (01/01-31/03/2018)	Total AIRPORT (01/01-31/03/2018)				
1	2	3	4	5	6	7(5+6)	8	9	10(8+9)	
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032			22,644	213	22,857	37,679	282	37,961
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	18		18,214	0	18,214	21,734	0	21,734
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19		4,430	213	4,643	15,945	282	16,227
56	Đ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040			30,431	276	30,707	19,001	44	19,045
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046	20		9,576	0	9,576	8,865	0	8,865
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21		20,855	276	21,131	10,136	44	10,180
	E. PROFIT FROM FINANCING(1032 – 1040)	1048			0		0	18,678	238	18,916
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049			7,787	63	7,850	0		0
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	22		74	0	74	95	0	95
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	23		0	0	0	25,158	0	25,158
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	24		5,921	11	5,932	4,852	22	4,874
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	25		12,598	1,467	14,065	6,142	351	6,493
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054			568,957	-33,680	535,277	538,292	41,872	580,164
59-69	M. NET LOSS FROM CORRECTION OF MISTAKS FROM PREVIOUS YEARS	1057			9,500	331	9,831	92	0	92
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26		559,457	-34,011	525,446	538,200	41,872	580,072
	p. PROFIT TAX									
721	I. INCOME TAX EXPENDITURE	1060	26		80,645	0	80,645	66,238	6,267	72,505
part 722	II. DEFERRED TAX EXPENDITURE	1061	27		421	0	421	0		0
part 722	III. DEFERRED INCOME TAX	1062	27		0		0	2,671		2,671
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28		478,391	-34,011	444,380	474,633	35,605	510,238
6	TOTAL REVENUES (1001+1032+1050+1052)				1,644,436	458,463	2,102,899	1,584,583	417,432	2,002,015
5	TOTAL EXPENDITURES (1018+1040+1051+1053)				1,084,979	492,474	1,577,453	1,046,383	375,560	1,421,943

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

5. REVENUES FROM SALE OF GOODS	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	444	306
Revenues from sale of fuel in domestic market	0	0
Revenues from sale of crude oil	0	0
Revenues from sale of goods in domestic market	444	306
Revenues from sale of goods - kerosene (re-export)	0	0
Revenues from sale of fuel in foreign market	0	0
Revenues from sale of goods in foreign market	0	0
	444	306

REVENUES FROM THE SALE OF SERVICES of the Airport in domestic and foreign markets in the period I-III 2018 were separated on revenues from services provided by the airport operator's activities and revenues made by the activity of ground handling services on the basis of real income and by the plan adopted parameters for the separation of ground handling services from the airport operator's activities, as shown in the following table:

6. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-III 2018					I-III 2017				
	Revenues of airport operator	Revenues of ground-handling	Total revenues of Airport (with for. buyer branches)	Revenues from foreign buyer branches	Revenues without foreign buyer branches	Revenues of airport operator	Revenues of ground-handling	Total revenues of Airport (with for. buyer branches)	Revenues from foreign buyer branches	Revenues without foreign buyer branches
	1	2	3	4 (2+3)	5	6 (4-5)	7	8	9 (7+8)	10
	in 000 RSD									
Passenger service *	171,244	7,033	178,277	23,676	154,601	247,471	10,329	257,800	20,280	237,520
Security fee	95,298	0	95,298	6,317	88,981	103,493	0	103,493	5,008	98,485
Landing	42,881	0	42,881	7,571	35,310	47,593	0	47,593	8,687	38,906
Aircraft handling *	-	117,514	117,514	10,551	106,963	-	50,518	50,518	9,466	41,052
Infrastructure	65,727	0	65,727	6,643	59,084	29,300	0	29,300	6,566	22,734
Air-bridges *	13,867	1,541	15,408	973	14,435	2,050	227	2,277	2,274	3
Lighting	13,083	0	13,083	951	12,132	15,147	0	15,147	649	14,498
Aircraft abode tax	1,377	0	1,377	248	1,129	632	0	632	-	632
Aircraft de-icing services *	0	42,041	42,041	6,388	35,653	0	70,654	70,654	3,839	66,815
Commercial use of apron	11,468	0	11,468	-	11,468	14,214	0	14,214	-	14,214
Usage of the CUTE system	9,586	0	9,586	1,176	8,410	14,598	0	14,598	1,037	13,561
Services on special request *	1,639	15,230	16,869	38	16,831	1,350	29,749	31,099	53	31,046
Renting of advertisement space	11,469	0	11,469	-	11,469	16,614	0	16,614	-	16,614
Public services	43,066	0	43,066	239	42,827	44,287	0	44,287	253	44,034
Cargo-custom services *	0	38,372	38,372	386	37,986	0	39,355	39,355	149	39,206
DCS services *	0	0	-	-	-	0	0	-	-	-
Lost and found services *	0	142	142	142	0	0	237	237	237	0
Use of parking lots	17,019	0	17,019	175	16,844	14,707	0	14,707	150	14,557
Other services *	1,822	565	2,387	112	2,275	2,294	598	2,892	131	2,761
I Total services in domestic market	499,546	222,438	721,984	65,586	656,398	553,750	201,667	755,417	58,779	696,638

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

7. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-III 2018					I-III 2017					
	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)	2	3	4 (2+3)	5	6 (4+5)
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service *	438,371	14,348	452,719	23,676	476,395	359,189	11,644	370,833	20,280	391,113	
Security fee	124,009	0	124,009	6,317	130,326	97,583	0	97,583	5,008	102,591	
Landing	160,902	0	160,902	7,571	168,473	147,994	0	147,994	8,687	156,681	
Aircraft handling *	0	150,521	150,521	10,551	161,072	0	137,940	137,940	9,466	147,406	
Infrastructure	105,032	0	105,032	6,643	111,675	96,588	0	96,588	6,566	103,154	
Air-bridges *	40,502	4,500	45,002	973	45,975	38,864	4,318	43,182	2,274	45,456	
Lighting	20,966	0	20,966	951	21,917	20,260	0	20,260	649	20,909	
Aircraft abode tax	4,325	0	4,325	248	4,573	5,743	0	5,743	-	5,743	
Aircraft de-icing services *	0	51,177	51,177	6,388	57,565	0	45,318	45,318	3,839	49,157	
Commercial use of apron	0	0	0	-	-	0	0	0	-	-	
Usage of the CUTE system	22,449	0	22,449	1,176	23,625	20,100	0	20,100	1,037	21,137	
Services on special request *	1,265	4,050	5,315	38	5,353	1,388	5,329	6,717	53	6,770	
Renting of advertisement space	0	0	0	-	-	0	0	0	-	-	
Public services	266	0	266	239	505	284	0	284	253	537	
Cargo-custom services *	0	3,650	3,650	386	4,036	0	2,900	2,900	149	3,049	
Consulting services	0	0	0	-	-	0	0	0	-	-	
DCS services *	0	3,010	3,010	-	3,010	0	3,090	3,090	-	3,090	
Lost and found services *	0	3,343	3,343	142	3,485	0	3,451	3,451	237	3,688	
Use of parking lots	3	0	3	175	178	1	0	1	150	151	
Other services *	1,189	1,202	2,391	112	2,503	1,437	1,471	2,908	131	3,039	
II Total services in foreign market	919,279	235,801	1,155,080	65,586	1,220,666	789,431	215,461	1,004,892	58,779	1,063,671	
III Total revenues from the sale of products and services (I+II)	1,418,825	458,239	1,877,064	-	1,877,064	1,343,181	417,128	1,760,309	-	1,760,309	

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

8. Revenues from sale of <u>services per geograph.region</u>	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Serbia	721,984	696,638
Germany (Lufthansa+Eurowings +Europi.+Air Berlin+Eurojet)	153,890	164,178
Montenegro (Montenegro+other buyers in MN)	108,505	109,741
Austria (branch of Austrian Airlines +Niki)	64,862	58,611
Switzerland (Swis Air)	62,808	64,780
Russia (Aeroflot)	94,380	94,329
Turkey (Turkish +Pegasus+Atlas Global)	175,716	145,960
Spain (Swift Air)	12,188	10,891
Italy (Al italia)	38,499	41,010
Abu Dhabi (branch Etihad Air+Etihad Air)	43,110	42,088
Hungary (Wiz Air)	181,811	138,478
Romania (Tarom)	14,278	11,764
Tunisia (Tunis Air)	5,630	6,090
Greece (Aegean)	22,358	21,178
England (Easyjet)	18,499	18,077
Norway (Norwegian)	20,069	17,528
Poland (Polskie linie LOT)	25,219	25,251
Dubai (Fly Dubai)	44,739	30,678
Qatar (Qatar Airways)	42,981	24,842
Israel (El Al Israel + Israil Airlines+Arkia)	19,651	28,897
Other foreign buyers	5,887	126,055
	1,877,064	1,760,309

Revenues from sale <u>of services per buyers</u>	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Air Serbia - Serbia	509,190	549,814
Deutsche Lufthansa - Germany	138,314	142,537
Montenegro Airlines - Montenegro	104,506	107,010
Branch of Austrian Airlines - Austria	64,862	58,316
Swiss International Airlines - Switzerland	62,808	64,780
Turkish Airlines - Turkey	107,587	92,476
Aeroflot - Russia	94,380	94,329
Polskie linie LOT - Poland	25,219	25,251
Alitalia Societa Aerea Italiana S.R.L. - Italy	38,499	41,010
Swift Air Aviation - Spain	12,188	10,891
European Air - Germany	15,320	13,505
Norwegian Air - Norway	20,069	17,528
Easyjet - England	18,499	18,077
Wizz Air+branch (Hungary)	181,811	138,478
Tarom Romanian Air Transport - Romania	14,278	11,764
Pegasus Airlines - Turkey	28,853	23,557
Tunis Air - Tunisia	5,630	6,090
Fly Dubai - Dubai	44,739	30,678
Aegean airlines - Greece	22,358	21,178
Iran Air - Iran	2,651	0
Qatar Airways Q.C.S. - Qatar	42,981	24,842
Etihad Airways PJSC + branch Etihad Airways PJSC - Abu Dhabi	43,110	42,088
NIS AD - Serbia	11,821	12,629
JAT Technica - Serbia	1,816	5,095
Parking service - Serbia	7,206	7,253
Alma Quatro - Serbia	968	5,342
Dufry doo Belgrade - Serbia	13,105	13,534
Israil Airlines - Israel	14,100	23,566
Other domestic buyers - Serbia	177,878	102,971
Other foreign buyers	52,318	55,720
	1,877,064	1,760,309

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

9. OTHER BUSINESS REVENUES	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	193,910	195,220
Revenues from lease to foreign legal persons	2,561	3,250
	196,471	198,470

10. PURCHASE VALUE OF SOLD GOODS	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	278	207
	278	207

11. COSTS OF MATERIALS	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	56,384	66,111
Overhead costs of material (office material)	482	2,911
Costs of spare parts	18,661	4,760
	75,527	73,782

12. COSTS OF FUEL AND ENERGY	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	18,872	19,379
Costs of oil fuel for heating	15,727	17,103
Costs of electric energy	46,842	46,871
	81,441	83,353

13. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	520,273	425,007
Gross salaries and salary reimbursements - management	10,585	9,497
Taxes and contributions at cost of employer	95,024	77,776
Costs of reimburs. per service contract and royalties	200	97
Costs of reimbursement for youth organisations etc.	154,202	155,154
Costs of reimburs. for member of SB, SA, rev. committee	2,461	2,041
Transport of employees	30,991	21,339
Costs of business trip	3,609	1,685
Terminal wages and jubilee bonuses	839	817
Difference for payment to the budget of RS, based on the Law on reduction of public sector wages	49,066	39,693
Premiums for voluntary pension insurance	28,783	22,250
New Year presents for children of employees - not subject to taxa	-	-
Compensation on Contracts for professional development	263	537
Solidarity allowance (newborns, treatment, natural disasters etc.)	509	4,583
Other personal expenditures	-	180
	896,805	760,656

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

14. COSTS OF PRODUCTION SERVICES	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
IT services on passenger and baggage check-in	9,028	7,965
Costs of phone and other PTT services	6,496	5,297
Costs of maintenance services	43,312	52,531
Lease costs	10,336	11,204
Advertising costs	23,367	19,291
Costs of catering services of tenants - (re-invoiced to airlines)	53	529
Costs of utilities	7,610	8,081
Costs of production services	1,455	1,070
	101,657	105,968

15. AMORTISATION COSTS	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Amortisation costs for intangible investments	12,623	7,458
Amortisation costs for property	84,485	116,403
Amortisation costs for equipment	161,654	111,125
	258,762	234,986

16. INTANGIBLE COSTS	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Costs of health services	4,053	3,981
Costs of cleaning services	9,093	15,245
Costs of consulting services	4,950	23,763
Costs of different kinds of assessments	20,923	11,274
Costs of professional development	6,807	6,897
Costs of services for the current accounting software	484	3,456
Costs of other non-production services	8,286	3,760
Costs of representation	4,820	825
Costs of insurance	11,872	8,605
Costs of payment system	1,324	1,408
Memberships	2,472	635
Property tax and other reimbursements	21,796	20,131
Other intangible costs	11,443	12,223
	108,323	112,203

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

17. INTEREST INCOME	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	7,523	7,611
Interest for RSD deposits in current accounts	304	426
Interest in term deposits in foreign currency	8,459	13,115
Interest for foreign currency deposits in current accounts	715	330
Interest on housing loans	1,205	203
Interests upon court decisions	-	49
Interest on arrears for untimely payment of buyers	8	-
	18,214	21,734

18. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF CURRENCY CLAUSE TOWARD THIRD PARTIES)	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	2,124	8,240
Revenues from non-realized exchange rate differences	2,494	7,185
Revenues from effects of contracted currency clause (realized)	25	8
Revenues from effects of contracted currency clause (non-realized)	-	794
	4,643	16,227

19. INTEREST EXPENDITURES	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Interests for long-term EIB loan	7,282	8,791
Default interest in the country	2,265	71
Interest for untimely paid public revenues	29	3
	9,576	8,865

20. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	13,659	1,222
Negative exchange rate differences - non-realized	7,321	8,915
Expenditures from effects of contr. currency clause - realised	5	43
Expenditures from effects of contr. currency clause - non-realised	146	-
	21,131	10,180

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

21. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
- from natural persons for housing loans (cancellation of impairment on collection basis and fair value basis)	74	95
Other non-mentioned revenues	-	-
	74	95

22. EXPENDITURES FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Impairment of receivables from housing loans	-	-
Value adjustment of receivables from buyers	-	25,158
	-	25,158

23. OTHER REVENUES	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	107	242
Revenues of collected, corrected receivables from buyers	6	-
Revenues from cancel.of reserv. for litigations and empl.benefits	2,513	-
Revenues from indemnity from legal and natural persons	2,568	1,505
Revenues from charged court costs	524	112
Positive effects of contracted revaluation	-	10
Other non-mentioned revenues	214	3,005
	5,932	4,874

24. OTHER EXPENDITURES	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Loss from sale and write-off of equipment	537	-
Litigation costs	376	503
Costs for humanitarian, health and scientific purposes	11,780	4,508
Other non-mentioned expenditures	133	243
Expenditures from trade unions	1,239	1,239
	14,065	6,493

25. NET PROFIT FROM CORRECTION OF MISTAKS FROM PREVIOUS PERIODS	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Subsequently established revenues from previous years	57	-
Total established revenues from previous years	57	-
Subsequently established expenditures from previous years	9,888	-
Total established expenditures from previous years	9,888	92
NET loss from correction of mistakes from previous periods	(9,831)	(92)

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

26. PROFIT TAX

26. PROFIT TAX		
<i>a) Components of profit tax</i>	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Period tax expenditure	80,645	72,505
Correction of period tax expenditure	-	-
Period tax expenditure after correction	80,645	72,505
Deferred period tax expenditure	421	-
Deferred income tax		2,671
Correction of deferred income tax	-	-
	81,066	69,834
Effective tax rate	13.98%	12.04%

<i>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</i>	I-III 2018	I-III 2017
	in 000 RSD	in 000 RSD
Profit before tax	525,446	580,072
Profit tax calculated at rate of 15%	78,817	87,010
Tax effect of expenditures not acknowledged in tax balance	1,987	1,042
Correction in tax effect of amortisation expenditures not acknowledged in tax balance	(159)	7,189
Tax credit for investment in fixed assets of previous years	-	(22,736)
Correction of using tax credits from previous years	-	-
Period tax expenditure	80,645	72,505

<i>v) Achieved, unused and unrecognised tax credit (TC)</i>					in 000 RSD	
Year of recognition of tax credit	Year of expiry	Amount of transferred TC from 2017	Correction of TC	Used TC in 2018	Outstanding TC for transfer 31/03/2018	
2012	2022	-	0	-	-	
2013	2023	-	0	-	-	
Balance of tax credit		-	0	-	-	

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

27. 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 31/03/2018 are shown in the following table:

in 000 RSD

<u>a) Deferred tax assets (deferred tax liabilities) 2017</u>	01/01/2017	Recognised in other gains & losses I-XI 2017	Recognised in income sheet I-XI 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
Unused tax credits	22,736	-	(22,736)	-
	(370,283)	-	(85,970)	(456,253)

<u>b) Deferred tax assets (deferred tax liabilities) 2018</u>	01/01/2018	Recognised in other gains & losses I-III 2018	Recognised in income sheet I-III 2018	31/03/2018
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(492,305)	-	(5)	(492,310)
Long-term liabilities				
Provisions for retirement and other employee benefits	19,707	-	(225)	19,482
Provisions for litigations	14,487	-	(376)	14,111
Short-term liabilities				
Liabilities for taxes, contributions and fees	240	-	(59)	181
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	1,618	-	244	1,862
Other				
	(456,253)	-	(421)	(456,674)

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

Balance of recognized deferred tax assets as of 31/03/2018 amounts RSD 35.636 thousand and all refers to deferred tax assets on 31/03/2018 calculated with the applicable corporate income tax rate of 15% on the balance of the provisions for retirement provisions for jubilee benefits, provisions for litigation and on the balance of unpaid public revenues, as well as for the amount of unpaid and recognized expenditures for employees' salaries from article 9, paragraph 2 of the Law on corporate income tax, as the same relate to temporary differences that will be recognized in tax period in which the same are paid.

The balance of recognized deferred tax liabilities as of 31/03/2018 amounts to RSD 492.310 thousand.

After application of the requirements of IAS 12 that is offsetting of deferred tax assets and deferred tax liabilities on the balancing date, the balance of deferred tax liabilities as of 31/03/2018 amounts to RSD 456.674 thousand (on 31/12/2017 RSD 456.253 thousand).

Effects from changes in deferred tax assets and liabilities in relation to the initial balance, in the amount of RSD 421 thousand, are recorded at the account of the deferred period tax expenditures.

28. PROFIT PER SHARE	I-III 2018	I-III 20167
	in 000 RSD	in 000 RSD
Net profit for owners	444,380	510,238
Net profit correction	-	-
Net profit after correction	444,380	510,238
Averaged weighted number of shares	34,289,350	34,289,350
Basic earnings per share <u>in RSD</u>	12.96	14.88

29.a. INTANGIBLE ASSETS

in 000 RSD

DESCRIPTION	31/03/2018	31/12/2017
Purchase value		
Initial balance,	260,952	187,042
Procurements during the year	39,249	80,702
Advances for intangible investment	7,485	7,485
Alienation, removal from inventory and sale	-	(6,792)
Other		
Final balance	307,686	268,437
Value correction		
Initial balance	95,048	51,312
Amortisation in current year	12,623	44,252
Alienation, removal from inventory and sale	-	(516)
Value correction of advanced payments	-	-
Final balance	107,671	95,048
Net present value	200,015	173,389

Total investment into intangible assets in the relevant period of 2018 amounts RSD 39.249 thousands.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

29.b. 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	-	-	-	-	-	-	-	(108,508)	(80)	
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	10,511,368	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)	-	
Cancellation of property value per fair value of the property 31/12/2017	-	-	-	-	-	-	-	-	-	
Value correction of advanced payments	-	-	-	-	-	-	-	-	-	
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 of property, plants and equipment is activated, as follows: for land in the amount of RSD 20.827 thousand; construction and increase of construction facility value in the amount of RSD 847.517 thousand and equipment in the amount of RSD 2.497.626 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. An estimation of fair value of investment real estate was performed on 31/12/2017. The effects of the assessment are shown in the table:

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

29.c. PROPERTY, PLANTS, EQUIPMENT, BIOLOGICAL RESOURCES 2018 (cont'd)										in 000 RSD
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Current investments	Advances	Total-property, plants and equipment	Biological resources - Basic livestock unit	
Purchase value										
Initial balance 01/01/2018	9,437,117	10,511,358	5,579,334	29,516	3,619	349,493	27,811	25,938,248	123	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2017 after correction	9,437,117	10,511,358	5,579,334	29,516	3,619	349,493	27,811	25,938,248	123	
Procurements during the year	-	-	-	-	-	353,171	-	353,171	-	
Transfer from current investments	179,692	-	172,243	-	-	(351,935)	-	-	-	
Alienation, disbursement and sale	-	(1,160)	(7,345)	-	-	-	-	(8,505)	-	
Other	-	-	-	-	-	-	-	-	-	
Assets fair value estimation										
Final balance 31/03/2018	9,616,809	10,510,198	5,744,232	29,516	3,619	350,729	27,811	26,282,914	123	
Value correction										
Initial balance 01/01/2018	-	333,904	459,555	-	-	-	15,812	809,271	-	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2018 after correction	-	333,904	459,555	-	-	-	15,812	809,271	-	
Amortisation in current year	-	84,485	161,654	-	-	-	-	246,139	-	
Alienation, disbursement and sale	-	(723)	(912)	-	-	-	-	(1,635)	-	
Final balance 31/03/2018	-	417,666	620,297	-	-	-	15,812	1,053,775	-	
Net present value, 31/03/2018	9,616,809	10,092,532	5,123,935	29,516	3,619	350,729	11,999	25,229,139	123	
Net present value, 01/01/2018	9,437,117	10,177,454	5,119,779	29,516	3,619	349,493	11,999	25,128,977	123	

Total investment into property, plants and equipment in the period I-III 2018 amounts RSD 353.171 thousand. In the reported period RSD 351,935 thousand for property, plants and equipment is activated, as follows: for land in the amount of RSD 179.692 thousand and equipment in the amount of RSD 172.243 thousand. The balance of non-activated investments on 31/03/2018 amounts RSD 350.729 thousand. The last estimation of fair value of real estate, plants and equipment by an authorised appraiser was carried out on 31/12/2016 and of investment real estate on 31/12/2017.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

30. SHARES IN CAPITAL OF OTHER LEGAL ENTITIES AND OTHER SECURITIES	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Privredna banka a.d. Belgrade	392	392
<i>Minus: value correc.of partic. in capital of banks in bankruptcy</i>	<i>(392)</i>	<i>(392)</i>
	-	-
<i>Participation in capital of banks in liquidation</i>		
Union banka a.d. Belgrade - in liquidation	667	667
Beogradska banka a.d. Belgrade - in liquidation	18,988	18,988
Beobanka a.d. Belgrade - in liquidation	38	38
	19,693	19,693
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	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	5,100	5,261
Long-term loans to employees	251,666	254,174
Receivables for sold socially owned housing	610	881
Receivables for purchase of solidarity housing	2,100	2,169
Total gross	259,476	262,485
Current maturities of long-term investments in SITA	(618)	(638)
Current maturities of long-term loans to employees	(9,299)	(12,005)
Adjustment of fair value of long-term loans to employees	(113,582)	(113,582)
	135,977	136,260

Receivables from employees for long-term loans for purchase and tenant purchaser of apartments as of 31/03/2018 amount to RSD 254.376 thousand ((including current maturities in the amount of RSD 9,299 thousand). Effects of adjustment to fair value amount to total of RSD 113.852 thousand (RSD 113.582 thousand for the part of long-term receivables from employees and RSD 270 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	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Receivables from buyers based on an Agreement on debt rescheduling	41,263	41,263
	41,263	41,263

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32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Basic material	41,723	67,392
Spare parts	26,149	22,003
Tools and supplies	5,281	5,382
Value correction of material and spare parts stock	(1,006)	(1,006)
	72,147	93,771

33. CARGO	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	4,754	4,754
Goods in retail trade	134	109
	4,888	4,863

34. ADVANCES PAID FOR STOCK AND SERVICES	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Advances for services in the country	45,134	33,086
Advances for foreign services	1,749	1,506
Advance value correction	(17,158)	-
	29,725	34,592

35. BUYERS IN THE COUNTRY	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Total balance of receivables from buyers in the country-gross	658,185	658,159
-Value correction of the previous period	(231,894)	(231,744)
-Value correction of the current period	-	(150)
Total balance of value correction	(231,894)	(231,894)
	426,291	426,265

Receivables from the buyers in the country on 31/03/2018 amount RSD 658.185 thousand, of which to undue receivables refer RSD 316.544 thousand, due receivables up to 30 days RSD 44.051 thousand and due receivables over 30 days RSD 297.590 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	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Total balance of receivables from foreign buyers-gross	700,664	703,301
-Value correction of the previous period	(10,786)	(10,290)
-Value correction of the previous period	-	(592)
Total balance of value correction	(10,786)	(10,882)
	689,878	692,419

Receivables from foreign buyers on 31/03/2018 amount RSD 700.664 thousand (undue receivables RSD 457.615 thousand, due receivables up to 30 days RSD 109.310 thousand and due receivables over 30 days RSD 133.739 thousand). Total value correction of receivables from foreign buyers in

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the amount of RSD 10.786 thousand relates to value correction of receivables from sued domestic buyers in the amount of RSD 6.004 thousand and other foreign buyers RSD 4.782 thousand.

37. OTHER RECEIVABLES	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Receivables from buyers in the country for default interest	8,836	4,909
Receivables for interest on term deposit	36,204	31,281
Receivables from employees	1,570	1,837
Other receivables	49,272	46,733
Receivables for overpaid income tax	48,643	-
Total receivables - gross	144,525	84,760
- Value corr.from buyers for default interest of previous years	(294)	(276)
- 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)	(2,359)
Total balance of value correction	(3,223)	(3,223)
	141,302	81,537

38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint .stores, heating means - 6 months)	53,576	80,386
	53,576	80,386

39. OTHER SHORT-TERM FINANCIAL INVESTMENTS	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Short-term time deposits	3,481,700	2,667,692
Current maturities of long-term housing loans to employees	9,299	12,005
Current maturities of long-term investment in SITA	618	638
	3,491,617	2,680,335
Adjustment of fair value of current maturities of housing loans to employees	(270)	(344)
	3,491,347	2,679,991

Short-term time deposits with balance on 31/03/2018 are disclosed in the amount of RSD 3,481,700 thousand, and relate to foreign currency and dinar deposits, for the period of six months.

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40. CHANGES ON VALUE CORRECTION till 31/03/2018						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 01/01/2017	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	(1,512)	-	-	(1,721)	(332)	(3,565)
Charged corrected receivables	(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
Correction at cost of current and previous periods	-	-	17,158	-	-	17,158
Devaluation of long-term finan.invest. and securities	-	-	-	(5)	(74)	(79)
Charged corrected receivables	-	-	-	-	-	-
Value reconciliation	-	-	-	-	-	-
Write-off	-	-	-	-	-	-
Exchange rate differences	-	-	-	(91)	-	(91)
Other	-	-	-	-	-	-
Final balance 31/03/2018	113,582	1,006	17,158	245,903	270	377,919

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

41. CASH AND CASH EQUIVALENTS	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Current account - in RSD	183,883	144,108
Current account - in foreign currency	1,501,853	2,238,882
Treasury	24	113
Other funds	1,177	2,907
Total cash-balance	1,686,937	2,386,010

42. PREPAYMENTS AND ACCRUED INCOME	31/03/2017	31/12/2017
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	6,534	15,731
Prepaid insurance costs for the future period	22,082	27,221
Prepaid other costs for the future period Consult.services for the fut	0	0
Prepaid other costs for the future period	16,267	21,217
Calculated and non-invoiced revenues fot the current period	0	22,464
Other accruals	3,614	95
	48,497	86,728

43. CAPITAL	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Share capital	20,573,610	20,573,610
Reserves	5,254,126	5,254,126
Revaluation reserves	595,589	596,114
Actuarial gains	17,482	17,482
Non-distributed profit of previous years	3,267,110	1,436
Non-distributed profit of the current year	444,554	3,265,674
	30,152,471	29,708,442

44. SHARE CAPITAL

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

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

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

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44. SHARE CAPITAL (cont'd)

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

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

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

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

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

Structure of share capital on 31/03/2018 and 31/12/2017 is as follows:

Shareholder	31/03/2018			31/12/2017		
	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%	17,106,323	28,510,538	83.15%
Domestic and foreign natural persons	1,998,113	3,330,189	9.71%	1,960,386	3,267,310	9.53%
Domestic and foreign legal persons	693,460	1,155,766	3.37%	104,858	174,764	0.51%
Custody entities	775,714	1,292,857	3.77%	696,025	1,160,041	3.38%
	20,573,610	34,289,350	100.00%	20,573,610	34,289,350	100.00%

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

45. OTHER COMPONENTS OF THE CAPITAL	Reserves	Revaluation reserves based on the revaluation of property, plant and equipment	Actuarial gains
Balance on 01/01/2017	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
Legal reserves	-	-	-
Statutory reserves	-	-	-
Revaluation reserves for land	-	-	-
Revaluation reserves for buildings	-	-	-
Revaluation reserves for equipment	-	-	-
Decrease of revaluation reserves based on estimation	-	-	-
Decrease of revaluation reserves based on alienation of supplies	-	(525)	-
Actuarial gains on reserves for retirement benefits	-	-	-
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	-
Balance on 31/03/2018	5,254,126	595,589	17,482

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

46. NON-DISTRIBUTED PROFIT	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Initial balance 01/01	3,267,110	1,775,235
Correction of initial balance	-	-
Corrected initial balance 01/01	3,267,110	1,775,235
Distribution of undistributed profit for dividend	-	(503,368)
Transfer to statutory reserves	-	(1,133,867)
Participation of employees in profit distribution	-	(138,000)
Net profit of the current period	444,380	3,265,674
Net profit correction	-	-
Total net profit of the current period	444,380	3,265,674
Decision on distribution of interim dividend	0	0
Undistributed profit of the current period	444,380	3,265,674
Profit of the previous years, resulting from transfer of revaluation reserves into profit at selling fixed assets in the current year	174	1,436
Correction of undistributed profit of earlier period	0	0
Total undistributed profit of earlier years	174	1,436
Undistributed profit	3,711,664	3,267,110

Total balance of undistributed profit on **31/03/2018** in the amount of RSD **3.711.664** thousand is a result of the realized and non-distributed net profit for the period I-XII 2017 in the amount of RSD 3.267.110 thousand and realised net profit from the current period, i.e. I-III 2018 in the amount of RSD 444.380 thousand, increased for RSD 174 thousand on the bases of transfer of revaluation reserves into revenue for alienated fixed assets.

47. LONG - TERM RESERVES	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Reserves for terminal wages	46,809	48,021
Reserves for jubilee awards	83,068	83,358
Reserves for litigations	94,076	96,576
	223,953	227,955

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

48. CHANGES ON LONG-TERM RESERVES

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in the period I-III of 2018, compared to 31/12/2017 are shown in the following table:

CHANGES ON LONG-TERM RESERVES	Terminal wages	Jubilee bonuses	Total	Litigations
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
Balance on 01/01/2018	48,021	83,358	131,379	96,576
Reserves during the year	0	0	0	0
Actuarial gains	-	-	-	-
Cancellation during the year	(13)	-	(13)	(2,500)
Pay-off during the year	(1,199)	(290)	(1,489)	-
Balance on 31/03/2018	46,809	83,068	129,877	94,076

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

<i>a) The assumptions used when making calculation of reserves for retirement benefits and jubilee bonuses</i>	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 the net earning XI/.....	73,724	73,724
Total number of employees on 31/12	1323	1323
Number of retired workers who received terminal wage at retirement	5	5

<i>b) The calculation of the reserves for employee benefits on 31/12/2017</i>	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 2017 (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 March 31, 2018

50. LONG-TERM LOANS	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Abroad	661,117	673,487
Current maturities	(86,805)	(98,752)
	574,312	574,735

51. LONG-TERM LOANS	Annual interest rates	Date of maturity	Remaining amount 31/03/2018 (EUR)	31/03/2018 in 000 RSD	31/12/2017 in 000 RSD
<u>Long-term credits abroad</u>					
European Investment Bank	4,07-5,16%	2025	5,567,741.98	661,117	673,487
Total long-term credits (a+b)			5,567,741.98	661,117	673,487
Current maturities of long-term credits:			-731,048.38	-86,805	-98,752
			4,836,693.60	574,312	574,735

Long-term loans abroad reported on 31/03/2018 in the amount of RSD 661.117 thousand (EUR 5.567.741,98, of which in 2018 it is due for payment EUR 731.048,38 or RSD 86.805 thousand), relate to the remaining obligations under the Agreement on financing the project of urgent rehabilitation of transport concluded on 13.12.2001 between the EIB and the Republic of Serbia. Under the said contract, the Company was granted a loan in the amount of EUR 13.000.000 for investment and rehabilitation of the Airport infrastructure. The loan was granted with a repayment period up to 2025, with an interest rate of 5.16% for the first tranche of 3,000,000.00 EUR, 4.85% for the second tranche of EUR 3,000,000.00 and 4.07% for the third tranche of 7,000,000.00 EUR. Repayment of the first tranche of the loan shall be made in 31 equal semi-annual instalments starting from 05/12/2007; the second tranche is repayable in 30 equal semi-annual instalments starting from 20/02/2009, while the third tranche began to be repaid from 20/06/2010 in 32 instalments.

<u>Receivable maturity from long-term loans</u>	Principle		Non-booked interest	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	86,805	98,752	25,178	28,655
one to two years	98,679	98,752	24,183	24,201
two to three years	98,679	98,752	19,732	19,746
three to four years	98,679	98,752	15,281	15,292
four to five years	98,679	98,752	10,830	10,838
five to ten years	179,596	179,727	11,958	11,967
over ten years	-	-	-	-
	661,117	673,487	107,162	110,699

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Current maturities of long-term loan EIN	86,805	98,752
	86,805	98,752

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53. RECEIVED ADVANCES, DEPOSITS AND BAILS	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	58,942	59,692
Advances received from foreign buyers	14,361	14,361
Subscriptions from domestic buyers	7,801	12,676
Subscriptions from foreign buyers	50,997	38,179
	132,101	124,908

54. SUPPLIERS IN THE COUNTRY	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	113,251	179,830
Suppliers in the country- for investments in progress	17,089	106,986
Suppliers in the country-for equipment	48,880	114,483
	179,220	401,299

55. SUPPLIERS ABROAD	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	24,853	6,398
Suppliers abroad-for equipment	134	-
	24,987	6,398

56. OTHER LIABILITIES FROM OPERATION	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Liabilities for charged purchase on behalf of other companies	16,543	14,699
Other liabilities from operation	4,649	582
Other liabilities from operation-factoring	38	99,284
	21,230	114,565

57. OTHER SHORT-TERM LIABILITIES	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Liabilities from salaries	127,911	110,141
Other short-term liabilities	39,841	42,661
	167,752	152,802

58. Liabilities for VAT	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Liabilities for VAT	52,516	1,339
	52,516	1,339

59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Liabilities for income tax	0	2,728
Correction of liabilities for income tax from prev.years	0	0
Liabilities for taxes, custom duties and other levies	717	717
Taxes, contributions and other levies	11,016	12,045
	11,733	15,490

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60. LIABILITIES FOR INCOME TAX - structure	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Balance on 01/01 of the current year	2,728	0
Correction of income tax	0	0
Corrected initial balance	2,728	0
Specified income tax liabilities for the current year	80,645	529,000
Correction of income tax liabilities	-	-
Specified income tax liabilities for the current year-total	80,645	529,000
Paid income tax liabilities	(2,728)	(287,360)
Pre-payment of income tax	(48,643)	(238,912)
Advance payment of income tax until 31/12	(80,645)	-
Liabilities for income tax	-	2,728

61. ACCRUALS AND DEFERRED INCOME	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Accrued expenses for the reporting period	93,549	73,788
Calculated costs for ongoing investments	8,557	17,052
Calculated revenues for the future period	17,922	12,631
Other accruals and deferred income	35	11,418
Other accruals and deferred income(calc.discounts to buyers)	47,289	48,534
Taxes, contributions and other levies	0	214
	167,352	163,637

62. OFF-BALANCE REGISER	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Received blank bills - piece	1,509	1,925
Given blank bills domestic - pieces	20	20
Received guarantees - RSD	500,145	499,382
Received guarantees - foreign currency	128,283	163,911
Given guarantees - RSD	4,500	4,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	622	622
Total off-balance assets and liabilities	633,551	668,417

Received guarantees in Dinars in the amount of RSD 500.145 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 128.283 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.

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63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 31/03/2018	Fair value in 000 RSD 31/03/2018	Accounting value in 000 RSD 31/12/2017	Fair value in 000 RSD 31/12/2017	Hierarchy of fair value- Levels	Valuation techniques and inputs
1	2	3	4	5	6	7
Fixed assets	24,836,895	24,836,895	24,737,969	24,737,969	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	29,516	29,516	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 - <u>housing loans</u>	140,524	140,524	143,298	143,298	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	41,263	41,263	Level 3	Estimation of collectibility by management according to IAS 39
Receivables from buyers	1,116,169	1,116,169	1,118,684	1,118,164	Level 3	Estimation of collectibility by management according to IAS 39
Other receivables	92,659	92,659	81,537	81,537	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.

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Financial instrument categories	31/03/2018		31/12/2017			
	Total	val.correction	net amount	Total	val.correction	net amount
Financial assets						
1 Long term investments	669,506	(492,265)	177,241	669,789	(492,265)	177,524
- Long-term time deposits	4,482	-	4,482	4,623	-	4,623
- 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	245,077	(113,582)	131,495	245,219	(113,582)	131,637
- Other long-term receivables	41,263	-	41,263	41,263	-	41,263
2 Receivables expressed at nominal. value	4,999,924	(246,173)	4,753,751	4,206,941	(246,343)	3,960,598
- Receivables from buyers	1,358,849	(242,680)	1,116,169	1,361,460	(242,776)	1,118,684
- Short-term financial investments	3,545,193	(270)	3,544,923	2,760,721	(344)	2,760,377
- Receivables for interests	45,040	(294)	44,746	36,190	(294)	35,896
- Other receivables	50,842	(2,929)	47,913	48,570	(2,929)	45,641
3 Cash and cash equivalents	1,686,937	-	1,686,937	2,386,010	-	2,386,010
	7,356,367	(738,438)	6,617,929	7,262,740	(738,608)	6,524,132
Financial liabilities						
1 - Long-term loans	574,312	-	574,312	574,735	-	574,735
2 - Current maturities of l-term loans	86,805	-	86,805	98,752	-	98,752
3 - Curr. maturities of l-term fin.lease	-	-	-	-	-	-
4 - Short-term liabilities	225,437	-	225,437	522,262	-	522,262
	886,554	-	886,554	1,195,749	-	1,195,749

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd)**Financial risk management objectives**

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

I - MARKET RISK

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

a) Currency risk (foreign exchange risk)

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

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

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

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

in 000 RSD

Currency description	Total assets				Total liabilities	
	31/03/2018		31/12/2017		31/03/2018	31/12/2017
	gross	net	gross	net		
EUR	4,644,462	4,516,602	4,553,475	4,425,444	684,531	677,644
USD	464,355	464,355	477,141	477,141	524	134
CHF	320	320	320	320	0	0
GBP	93	93	630	630	0	1,069
Total dinar counter-val.of assets and liab. stated in for.currency	5,109,230	4,981,370	5,031,566	4,903,535	685,055	678,847
Value of assets and liab. stated in dinars	2,247,137	1,636,559	2,231,174	1,620,597	201,499	516,902
Total	7,356,367	6,617,929	7,262,740	6,524,132	886,554	1,195,749

By analysis of the currency structure of financial assets and liabilities as of 31/03/2018, along with the balance as of 31/12/2017, it can be concluded that

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

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

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

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

in 000 RSD
31/03/2018

	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	383,207	-383,207	62,287	-62,287	32	-32	9	-9

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	46,383	-46,383	32	-32	-44	44

b) Risk of interest rate change

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

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

in 000 RSD

Financial assets-net	31/03/2018			31/12/2017		
	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	41,263	-	41,263
Receivables from buyers	1,358,849	(242,680)	1,116,169	1,361,460	(242,776)	1,118,684
Receivables for interests and oth.receiveiv.	95,882	(3,223)	92,659	84,760	(3,223)	81,537
Short-term fin. invest.	53,576	-	53,576	80,386	-	80,386
Non-interest-total	1,928,254	(624,586)	1,303,668	1,946,553	(624,682)	1,321,871
Fixed interest rate						
Long term fin.investments	249,559	(113,582)	135,977	249,842	(113,582)	136,260
Short term fin.investments	3,491,617	(270)	3,491,347	2,680,335	(344)	2,679,991
Fixed-total	3,741,176	(113,852)	3,627,324	2,930,177	(113,926)	2,816,251
Floating interest rate						
Cash and cash equiv.	1,686,937	-	1,686,937	2,386,010	-	2,386,010
Floating-total	1,686,937	0	1,686,937	2,386,010	0	2,386,010
	7,356,367	(738,438)	6,617,929	7,262,740	(738,608)	6,524,132
Financial liabilities						
Non-interest						
Liabilities from operation	225,437	0	225,437	522,262	0	522,262
Non-interest-total	225,437	0	225,437	522,262	0	522,262
Fixed interest rate						
Long-term loans	574,312	0	574,312	574,735	0	574,735
Current maturities of long-t. liab.	86,805	0	86,805	98,752	0	98,752
Fixed-total	661,117	0	661,117	673,487	0	673,487
Floating interest rate						
Current maturities of long-t. liab.	0	0	0	0	0	0
Floating-total	0	0	0	0	0	0
	886,554	0	886,554	1,195,749	0	1,195,749

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

v) Risk of price change

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

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

II - CREDIT RISK

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

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

Structure of receivables from buyers	31/03/2018	participa	31/12/2017	participat
	in 000 RSD	tion	in 000 RSD	ion
Air Serbia	227,431	16.74%	204,823	15.04%
Jat Tehnika	121,298	8.93%	126,106	9.26%
Dufry doo	64,725	4.76%	70,508	5.18%
International CG	41,492	3.05%	41,492	3.05%
Air Serbia-Catering ltd	38,146	2.81%	36,794	2.70%
Aviogenex ltd.	50,820	3.74%	50,820	3.73%
Austrian-branch	15,497	1.14%	27,908	2.05%
Other domestic buyers	98,776	7.27%	99,708	7.32%
Total domestic buyers	658,185	48.44%	658,159	48.34%
Montenegro Airlines	39,849	2.93%	42,272	3.10%
Wizz Air	116,688	8.59%	120,188	8.83%
Deutsche Lufthansa	95,568	7.03%	84,053	6.17%
Turkish Airlines	41,825	3.08%	38,100	2.80%
Ethad Airlines	38,296	2.82%	28,220	2.07%
Aeroflot	33,674	2.48%	33,290	2.45%
Allitalia	37,999	2.80%	51,853	3.81%
Qatar Airways	16,914	1.24%	24,236	1.78%
Swiss Air	31,175	2.29%	25,372	1.86%
Fly Dubai	19,045	1.40%	24,529	1.80%
Pegasus	12,819	0.94%	11,545	0.85%
LOT Polskie Linie	13,506	0.99%	14,525	1.07%
Other foreign buyers	203,306	14.96%	205,118	15.07%
Total foreign buyers	700,664	51.56%	703,301	51.66%
Total gross receivables from domestic and foreign buy	1,358,849	100.00%	1,361,460	100.00%
Total value correction	242,680		242,776	
Total net receivables	1,116,169		1,118,684	

Gross receivables from domestic and foreign buyers on 31/03/2018 amount RSD 1.358.849 thousand (RSD 1.361.460 thousand on 31/12/2017), so the credit risk remains constant. To reduce this risk, the Company regularly monitors the realisation of the collection, analyses the value of the collection achieved within the contracted period, collection with exceeded contracted period, the balance and age structure of outstanding receivables as per buyers.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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

II - CREDIT RISK (cont'd)

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

Receivables from domestic buyers for goods and services on 31/03/2018 in the amount of RSD 658.185 thousand, accounted for 48,44% of total receivables from buyers for goods and services. Total balance of value adjustment of receivables from domestic buyers was RSD 231.894 thousand (all charged to results of previous years RSD 231.894 thousand), so the net value of receivables from domestic buyers amounts to RSD 426.291 thousand.

Receivables from foreign buyers for goods and services amounted to RSD 700.664 thousand, which makes 51,56% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers was RSD 10.786 thousand (all charged to results of previous years), so the net value of receivables from foreign buyers amounts to RSD 689.878 thousand.

Age structure of receivables	31/03/2018	participati	31/12/2017	participat
	in 000 RSD	on	in 000 RSD	ion
Undue receivables from buyers-uncorrected	774,159	56.97%	812,675	59.69%
Undue receivables from buyers-corrected	0	0.00%	0	0.00%
Total undue receivables	774,159	56.97%	812,675	59.69%
Due receivables up to 60 days-uncorrected	191,136	14.07%	155,573	11.43%
Due receivables up to 69 days-corrected	0	0.00%	0	0.00%
Total due receivables up to 60 days	191,136	14.07%	155,573	11.43%
Due receivables over 60 days-uncorrected	150,874	11.10%	150,436	11.05%
Due receivables over 60 days-corrected	242,680	17.86%	242,776	17.83%
Total due receivables over 60 days	393,554	28.96%	393,212	28.88%
Total receivables-gross	1,358,849	100.00%	1,361,460	100.00%
Total value correction	242,680		242,776	
Total receivables - net (gross-correction)	1,116,169		1,118,684	

Undue receivables from domestic and foreign buyers for goods and services, on 31/03/2018, amounted to RSD 774.159 thousand (and on 31/12/2017 they amounted to RSD 812.675 thousand). Due receivables from domestic and foreign buyers for goods and services, on 31/03/2018 not older than 60 days, amounted to RSD 191.136 thousand (and on 31/12/2017 they amounted to RSD 155.573 thousand).

Due receivables from domestic and foreign buyers for goods and services, on 31/03/2018 older than 60 days, amounted to RSD 393.554 thousand (and on 31/12/2017 they amounted to RSD 393.212 thousand).

Due corrected receivables from domestic and foreign buyers for goods and services older than 60 days as at 31/03/2018 amounted to RSD 242.680 thousand, of which all is at the cost of the results of previous years (due corrected receivables from domestic and foreign buyers for goods and services older than 60 days on 31/12/2017 amounted to RSD 242,776 thousand).

Due uncorrected receivables from domestic and foreign buyers for goods and services older than 60 days, on 31/03/2018, amounted to RSD 150.874 thousand (and on 31/12/2017 they amounted to RSD 150.436 thousand). These receivables are not corrected due to the assessment of certainty of collection of those receivables.

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

III - LIQUIDITY AND CASH FLOW RISK

Liquidity is the ability of the Company to settle its liabilities on the terms of their maturity.

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

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

Maturity of financial assets	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Less than 30 days	3,683,624	3,552,969
1 - 3 months	2,716,347	2,742,254
3-12 months	40,720	51,385
1 - 5 years	51,110	51,157
over five years	126,128	126,367
	6,617,929	6,524,132

The average time to collect receivables from customers in the period I-III 2018 amounted to 54 days (2017: 48 days).

Maturity of receivables for interests	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Less than 30 days	13,284	6,595
1 - 3 months	-	29,301
3-12 months	22,919	0
	36,203	35,896

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

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

Maturity of financial liabilities	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Less than 30 days	225,437	522,262
1 - 3 months	37,465	11,883
3-12 months	49,340	86,869
1 - 5 years	394,716	470,760
over five years	179,596	103,975
	886,554	1,195,749

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

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 661.117 thousand, of which in 2018 becomes due RSD 86.805 thousand.

Liabilities towards suppliers on March 31, 2018 are disclosed in the amount of RSD 179.220 thousand (December 31, 2017: RSD 401,299 thousand). Suppliers do not charge interest on arrears to due liabilities, whereby the Company, in accordance with the policy of financial risk management, settles due liabilities to suppliers within the agreed period. Average time of settlement of liabilities towards suppliers in the period I- III 2018 is 40 days (in 2017 it was 40 days).

Maturity of liabilities for interests (for loans)	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
Less than 30 days	-	-
1 - 3 months	0	3,458
3-12 months	25,178	25,197
1 - 5 years	70,026	70,077
over five years	11,958	11,967
	107,162	110,699

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 2018 and the end of 2017 were as follows:

	31/03/2018	31/12/2017
	in 000 RSD	in 000 RSD
1 Indebtedness (ADP 432 + ADP 443)	661,117	673,487
2 Cash and cash equivalents (ADP 068)	1,686,937	2,386,010
I GROSS INDEBTEDNESS (1-2)	(1,025,820)	(1,712,523)
3 Ratio indebtedness/capital (I/5)	-0.0340	-0.0576
4 Short-term financial investment (ADP 062)	3,544,923	2,760,377
II NET INDEBTEDNESS (I - 4)	(4,570,743)	(4,472,900)
5 Capital (ADP 401)	30,152,471	29,708,442
6 Ratio indebtedness/capital (II/5)	-0.1516	-0.1506

65. MANAGEMENT EARNINGS

The Company paid remuneration (salaries and contributions) to key management, including members of the Supervisory Board, members of the Audit Commission and the General Assembly of Shareholders and Executive directors and Department directors (on 31/03/2018: 23 members; on 31/03/2017: 23 member). In the period I - III 2018 it was paid in the gross amount RSD 13.046 thousand (in the period I- III 2017: RSD 11,538 thousand).

NOTES TO THE FINANCIAL STATEMENTS March 31, 2018

65. MANAGEMENT EARNINGS (cont'd)

Management earnings	31/03/2018	I-III 2018	31/03/2018	I-III 2017
Management	Number	Amount in 000 RSD	Number	Amount in 000 RSD
Earnings	14	10,585	14	9,497
Participation in profit distribution		0		0
Total management	14	10,585	14	9,497
Compensations to members of the Supervisory Board	7	1,813	7	1,580
Compensations to members of the Audit Commission	1	330	1	159
Compensations to members of the Shareholders Assembly	1	318	1	302
Total for members of the Supervisory Board, the Commission for Revision and the Shareholders Assembly.	9	2,461	9	2,041
TOTAL:	23	13,046	23	11,538

66. TAX RISKS

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

67. LITIGATIONS

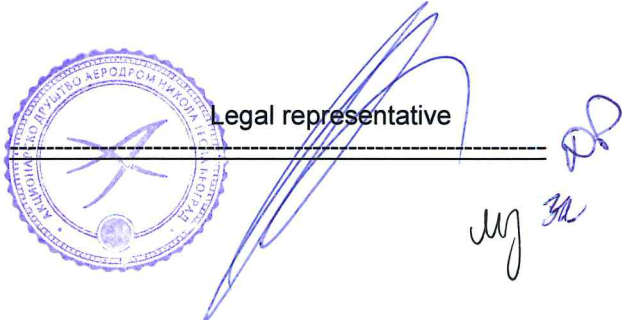
On March 31, 2018, against the Company there are litigations in the amount of RSD 126.221 thousand (excluding the effects of default interest). Amounts of final losses on litigations can be increased on the basis of default interest up to the completion of the settlement, or until the date of final payment by disputes. On March 31 2018 the Company has made provisions for potential losses on these litigations in the amount of RSD 94.076 thousand (on 31/12/2017 it was RSD 96,576 thousand) (Notes 47 and 48). According to the assessment of the Company's management on this basis they does not expect additional significant losses in the future period.

68. EVENTS AFTER THE REPORTING PERIOD

In accordance with IAS 10 "Events after the reporting period", we found no existence of other events that may influence or affect the truthfulness and objectivity of the financial statements for the period that ended on March 31 2018, or would require adjustment of the financial statements.

Belgrade, May 07, 2018

Legal representative



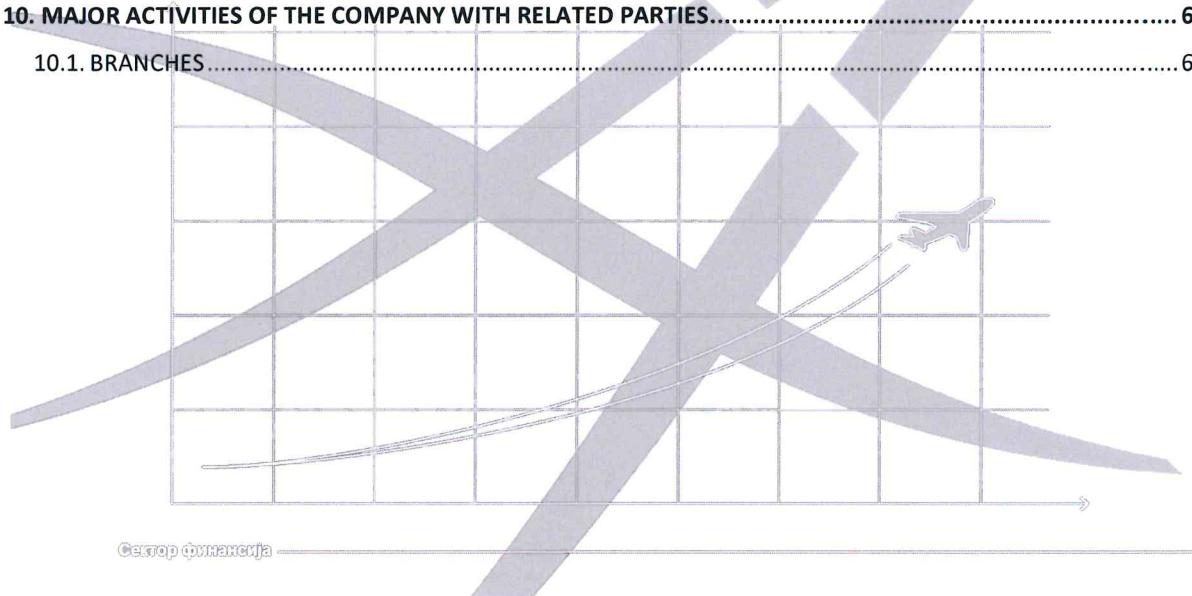
JOINT STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT

BUSINESS REPORT FOR THE PERIOD I – III 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	Registration number: BD 4874/2005 Date of registration: 15.06.2005 Registration number: BD 91540/2012 Date of registration: 09.07.2012 Registration number: BD 100187/2012 Date of registration: 20.07.2012
4	Activity (code and description)	5223 - Air- traffic services
5	Number of employees	1715 employees on 31.03.2018,
6	Core capital value	RSD 20.573.610.000 (on 31.03.2018)
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 31.03.2018) CFI code ESVUFR ISIN number RSANTBE 11090
9	Organised exchange market on which the shares are exchanged	Beogradska berza ad Beograd, Omladinskih brigada 1, 11070 Novi Beograd

Ten largest shareholders on 30.03.2018

No.	Name of shareholder	Number of shares	% of share
1	REPUBLIC OF SERBIA	28,510,538	83.15
2	KJK FUND II SICAV SIF	441,137	1.29
3	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	411,747	1.20
4	VOJVOĐANSKA BANKA AD NOVI SAD JOINT ACCOUNT	372,169	1.09
5	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	161,722	0.47
6	EAST CAPITAL – EAST CAPITAL BALK	125,038	0.36
7	GLOBAL MACRO CAPITAL OPPORTUNI	95,682	0.28
8	CONVEST A.D. NOVI SAD-JOINT ACCOUNT	91,004	0.27
9	POLUNIN DISCOVERY FUNDS	70,516	0.21
10	DANSKE INVEST TRANS-BALKAN FUN	63,712	0.19

Сектор финансија

2. MANAGEMENT DATA

Management members for the period I-III 2018

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

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

The Executive Board:		
No.	Name, surname and place of residence	Education, current employment (business name of the company and work position)
1	Saša Vlaisavljević, Belgrade	Bachelor of Science, Engineering, Chief Executive, Acting Director General of JSC Airport Nikola Tesla Belgrade
2	Senka Jelenković, Belgrade	Professor of Italian language and literature, Master Engineer of Organizational Sciences, Executive Director in JSC Airport Nikola Tesla Belgrade
3	Žarko Suvačarov, Belgrade	Specialist Professional Traffic Engineer, Executive Director, JSC Belgrade Nikola Tesla Airport
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

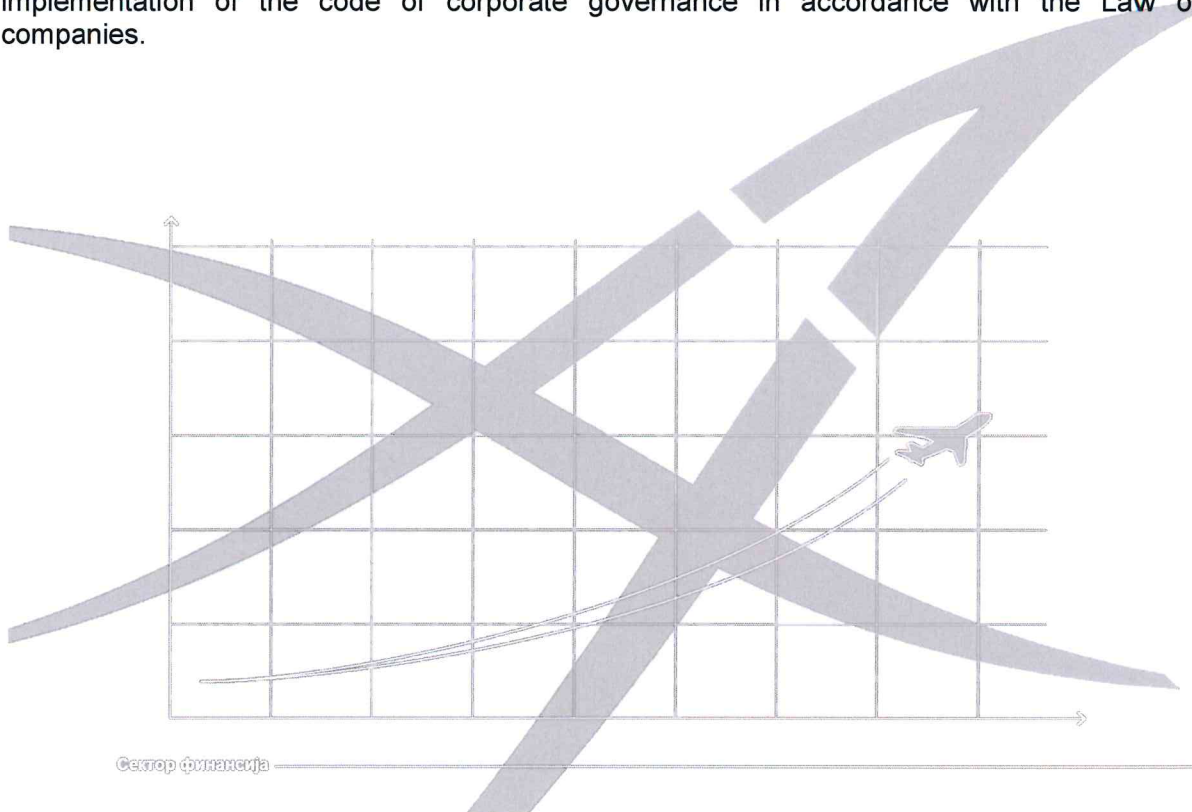
JSC Belgrade Nikola Tesla Airport, as a member of the Chamber of Commerce of Serbia adopted the *Code of Corporate Governance* that was published in the Official Gazette of the Republic of Serbia, No. 99/2012, as well as on the Company's website www.beg.aero.

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.



13. AIR TRAFFIC TURNOVER

In the period I-III 2018 it was achieved total air traffic turnover, as follows:

- 12,178 air movements;
- 997,518 passengers and
- 5,688 tons of cargo and mail.

3.1. AIR MOVEMENT TURNOVER

Achieved number of air movements per traffic types in the period I-III 2018 is shown in the following table:

Number of air movements per air traffic types							
Type of traffic	Achievement I-III 2017	Rebalancing Plan I-III 2018	Achievement I-III 2018	Index	Index	Particip. I-III 2017	Particip I-III 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	13	13	6	46	46	0.11	0.05
International air-traffic-domestic carriers	6,437	6,125	5,899	92	96	53.15	48.44
International air-traffic-foreign carriers	5,661	6,077	6,273	111	103	46.74	51.51
TOTAL:	12,111	12,215	12,178	101	100	100.00	100.00

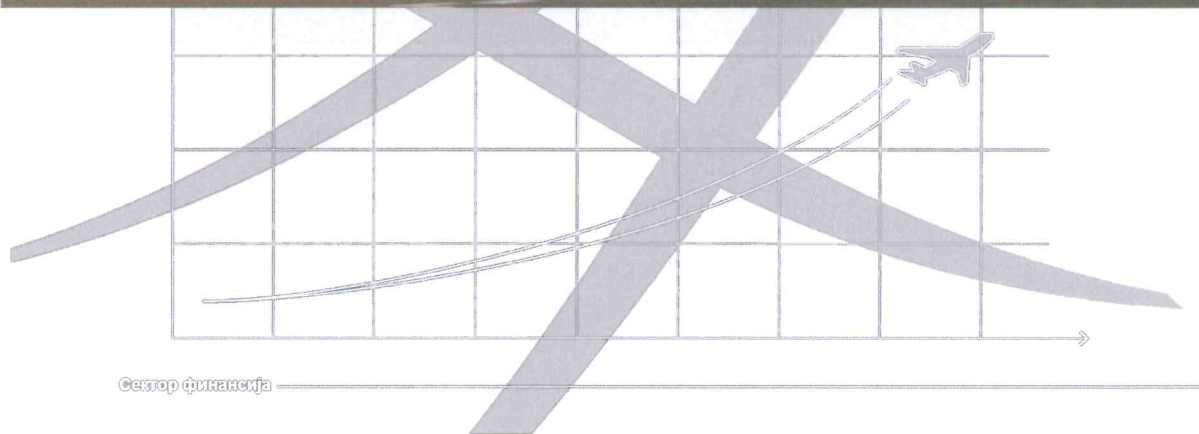
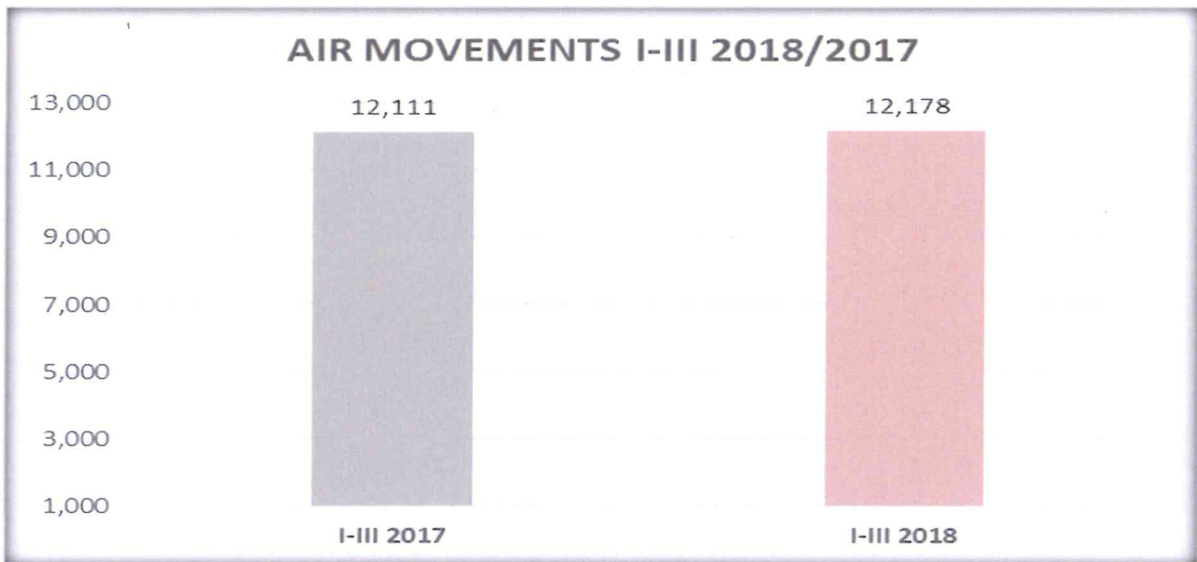
The data from the table indicate total number of air movements in the period from I-III 2018 which is higher by 1% than in the last year's period and at the same level as prescribed in the Rebalancing plan for the period I-III 2018

Within carrier pattern of the total traffic in the period I-III 2018 the foreign carriers in international air traffic have a dominant role with 51.51%, followed by domestic carriers in international air traffic with 48.44% and at the end domestic carriers in domestic air traffic with 0.05% share.

In comparison to the last year, there was fall in the share of domestic carrier in international air traffic by 4.71% and growth in share of foreign carriers in international air traffic by 4.77%.

In international air traffic of domestic carriers total turnover of 5,899 air movements is achieved which is by 8% lower compared to the same period of the previous year and by 4% lower in comparison to the Rebalancing Plan for the period I-III 2018. The domestic carriers in international air traffic are the following: Air Serbia, Avio Služba, Princ Aviation and Air Pink.

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

Air carriers	Achievement I-III 2017	Rebalancing Plan I-III 2018	Achievement I-III 2018	Index	Index	Partic. I-III 2017	Partic. I-III 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
1 Montenegro Airlines	635	650	636	100	98	11.22	10.14
2 Lufthansa	667	672	668	100	99	11.78	10.65
3 Wizz Air	600	662	781	130	118	10.60	12.45
4 Austrian Airlines	416	416	451	108	108	7.35	7.19
5 Turkish Airlines	371	360	382	103	106	6.55	6.09
6 Swiss International	244	240	238	98	99	4.31	3.79
7 Aeroflot	359	359	360	100	100	6.34	5.74
8 Alitalia	176	194	176	100	91	3.11	2.81
9 Easyjet	70	64	70	100	109	1.24	1.12
10 Etihad Airways	180	182	180	100	99	3.18	2.87
11 Polskie Linie LOT	180	108	184	102	170	3.18	2.93
12 Tarom Romanian Air	166	204	192	116	94	2.93	3.06
13 Aegean Airlines	100	100	96	96	96	1.77	1.53
14 Qatar Airways	102	166	182	178	110	1.80	2.90
15 Pegasus	102	108	104	102	96	1.80	1.66
16 Flydubai	108	184	180	167	98	1.91	2.87
17 Norwegian Air Shatl	52	70	66	127	94	0.92	1.05
18 Tunis Air	26	28	26	100	93	0.46	0.41
19 Belavia	54	52	56	104	108	0.95	0.89
20 Aircairo Company	26	22	26	100	118	0.46	0.41
21 Swiftair Aviation	248	248	252	102	102	4.38	4.02
22 Israil Airlines	82	52	50	61	96	1.45	0.80
23 Arkia	26	46	24	92	52	0.46	0.38
24 Transavia	0	96	108	0	113	0.00	1.72
25 Vueling Airlines	0	0	6	0	0	0.00	0.10
26 Adria Airways	4	0	0	0	0	0.07	0.00
27 Gazprom - GZP	1	1	4	400	400	0.02	0.06
28 Swiftair HELLAS S.A.	126	126	128	102	102	2.23	2.04
29 Corendon Airlines	4	0	0	0	0	0.07	0.00
30 Freebird Airlines	0	0	4	0	0	0.00	0.06
31 Atlasglobal Airlines	34	134	110	324	82	0.60	1.75
32 Bora Jet	2	0	0	0	0	0.04	0.00
33 European Air	130	130	128	98	98	2.30	2.04
34 Air Horizont Ltd.	1	0	0	0	0	0.02	0.00
35 Hainan Airlines	0	34	52	0	153	0.00	0.83
36 Iran Air	0	0	14	0	0	0.00	0.22
37 Others	369	369	339	92	92	6.52	5.40
TOTAL:	5,661	6,077	6,273	111	103	100.00	100.00

In the period I-III of 2018 we present the most significant foreign air carriers (32 foreign air carrier)

In international air traffic of foreign carriers in the period I-III 2018 total turnover of 6,273 air movements is achieved which is by 11% higher compared to the same period of the previous year and by 3% higher comparison to the Rebalancing Plan for the period I-III 2018.

In the pattern of foreign carriers in the period I-III 2018 the most significant roles are of: Wizz Air with 12.45% of share, then Lufthansa with 10.65% and Montenegro Airlines with 10.14%. These three air carriers achieve 33.24% in international air traffic of foreign carriers.

With the share ranging from 7.19% to 3.79% in this type of air traffic there are: Austrian Airlines (7.19%), Turkish Airlines (6.09%), Aeroflot (5.74%), Swift Air (4.02%), Swiss International (3.79%), with total share of 26.83%.

Scheduled **Cargo transport** of express mail in the period I-III 2018 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-III 2018 are: Easyjet, Flydubai, Norwegian Air Shuttle, Wizz Air, Vueling, Transavia and Pegasus Airlines.

3.2. PASSENGER TURNOVER

In the period I-III 2018 a total passenger turnover of 997,518 passengers was achieved, which represent an increase 4% in comparison to the same period in 2017 and it is at the same level as Rebalancing Plan for the period I-III 2018.

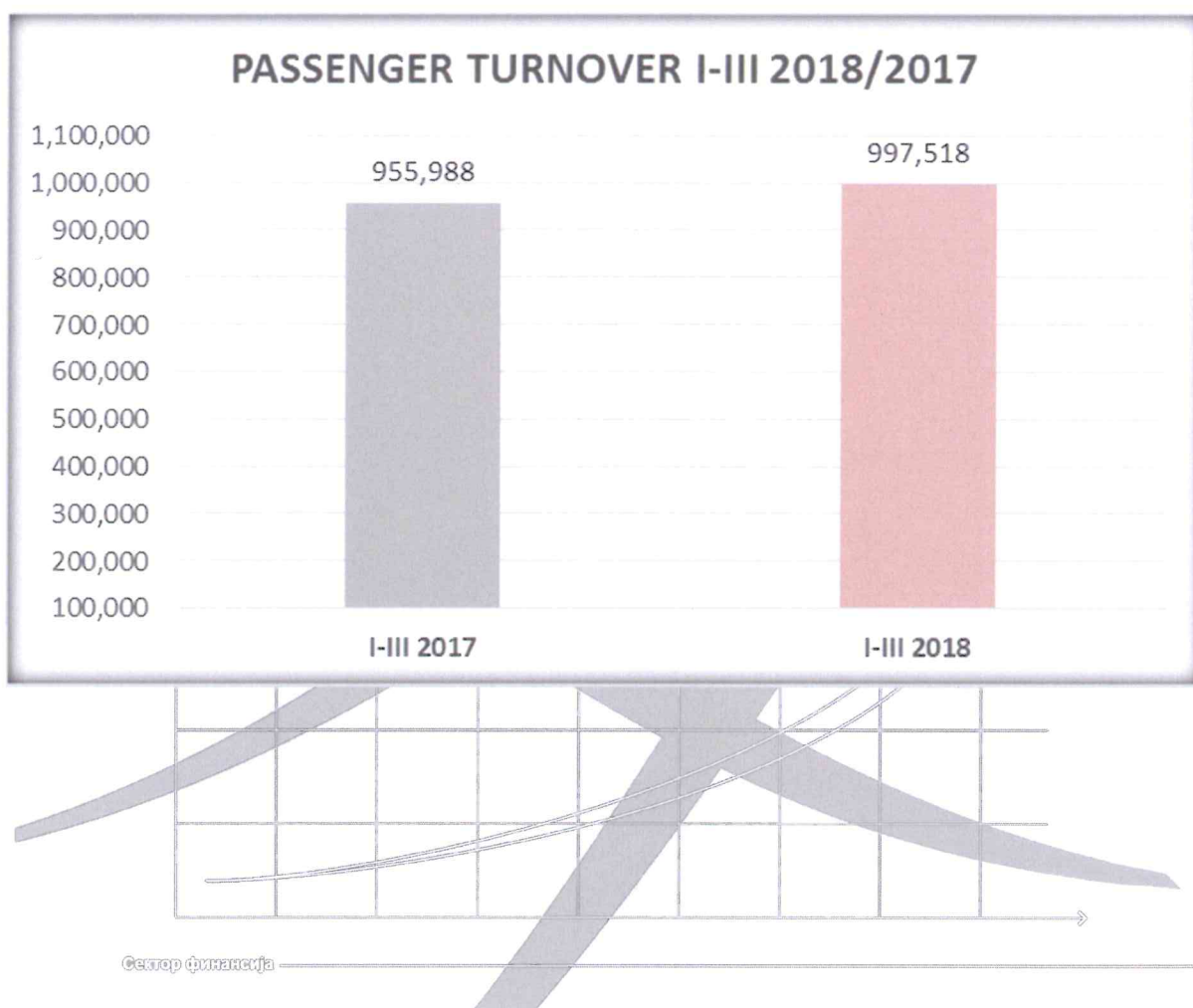
Passenger turnover per air-traffic types

Air-traffic type	Achievement I-III 2017	Rebalancing Plan I-III 2018	Achievement I-III 2018	Index	Index	Partic. I-III 2017	Partic. I-III 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	33	33	2	6	6	0.00	0.00
International air-traffic-domestic carriers	465,729	413,919	398,879	86	96	48.72	39.99
International air-traffic-foreign carriers	490,226	581,718	598,637	122	103	51.28	60.01
TOTAL:	955,988	995,670	997,518	104	100	100.00	100.00

The greatest participation in passenger turnover per air traffic types for the period I-III 2018 is of foreign carriers in international air traffic with 60.01%, then domestic carriers in international air traffic with 39.99%.

The number of passengers transported by domestic carriers in the period I-III 2018 is by 14% lower then in the same period last year and by 4% lower compared to the Rebalancing Plan for I-III 2018.

The number of the passengers transported by foreign carriers in international air traffic is by 22% higher compared to the same period last year, and by 3% higher compared to the Rebalancing Plan for I-III 2018.



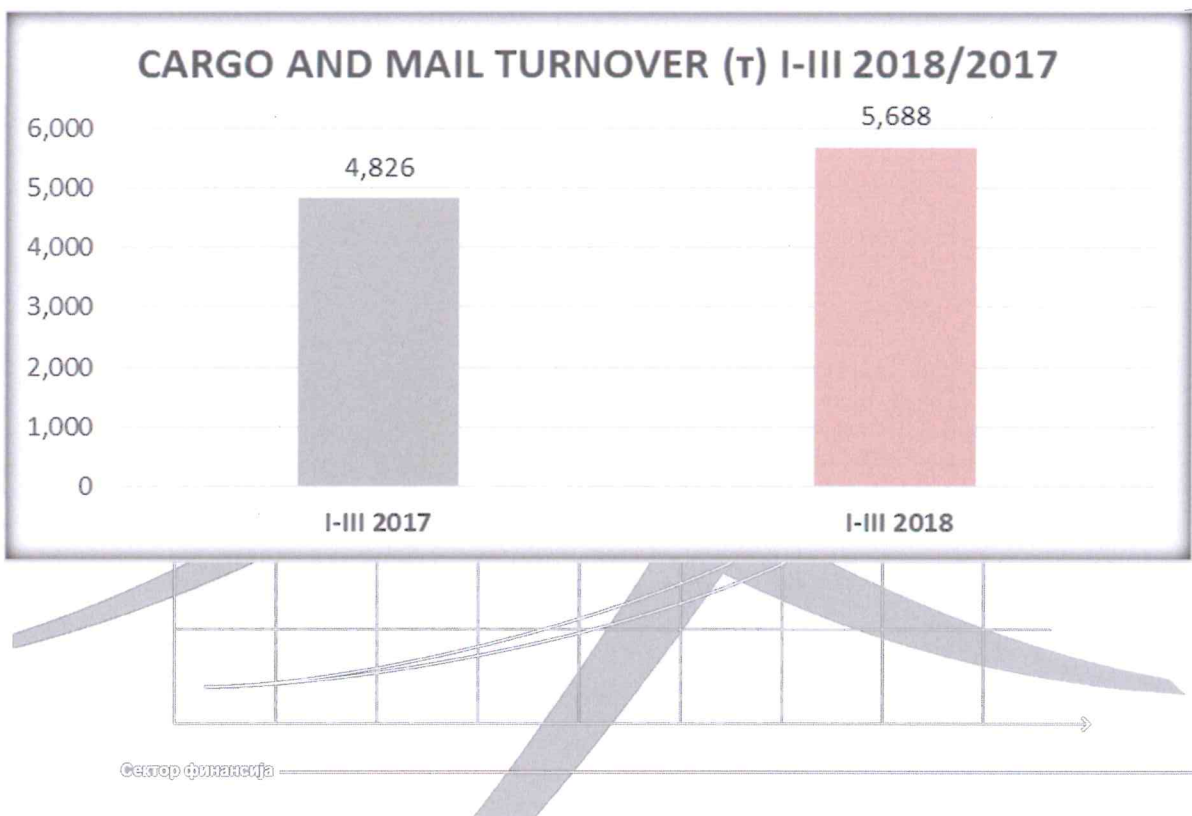
3.3. CARGO AND MAIL TURNOVER

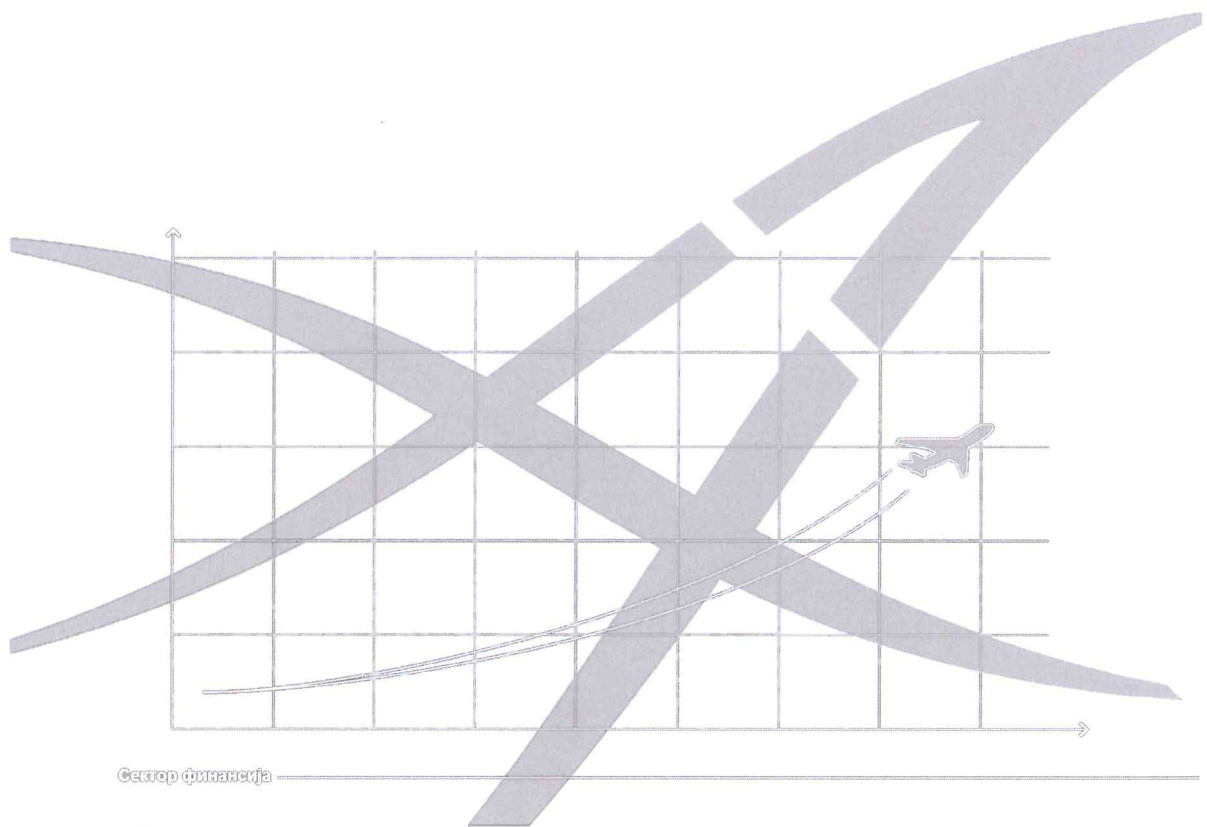
In the period I-III 2018 total cargo turnover of 5,688 tons is achieved which is by 18% higher compared to the same period of the previous year and by 15% higher in comparison to the Rebalancing Plan for the period I-III 2018.

In international air traffic of domestic carriers, cargo and mail turnover in the period I-III 2018 was 3% lower than the turnover for the same period of 2017 and by 8% lower than in the Rebalancing Plan for the period I-III 2018, while in international air traffic of foreign carriers, achievement in the period I-III 2018 was 28% higher than in the same period of the previous year and by 27% higher than in the Rebalancing Plan for the period I-III 2018.

Cargo and mail turnover (with truck transport) in tons

Air-traffic type	Achievement I-III 2017	Rebalancing Plan I-III 2018	Achievement I-III 2018	Index	Index	Partic. I-III 2017	Partic. I-III 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	0	0	0	0	0	0.00	0.00
International air-traffic-domestic carriers	1,583	1,678	1,541	97	92	32.80	27.09
International air-traffic-foreign carriers	3,243	3,259	4,147	128	127	67.20	72.91
TOTAL:	4,826	4,937	5,688	118	115	100.00	100.00





PHYSICAL VOLUME OF AIR TRAFFIC I-III 2018

Air-traffic types	Achievement I-III 2017		Rebalancing Plan I-III 2018		Achievement I-III 2018		Index	
	1	2	3	4	5(4/2)	6(4/3)		
		Share		Share		Share		
Domestic air-traffic								
Air movements	13	0	13	0	6	0	46	46
Passengers	33	0	33	0	2	0	6	6
Cargo and mail air (t)	0	0	0	0	0	0	0	0
International air-traffic - domestic carriers								
Air movements	6,437	53	6,125	50	5,899	48	92	96
Passengers	465,729	49	413,919	42	398,879	40	86	96
Cargo and mail air+truck (t)	1,583	33	1,678	34	1,541	27	97	92
International air-traffic - foreign carriers								
Air movements	5,661	47	6,077	50	6,273	52	111	103
Passengers	490,226	51	581,718	58	598,637	60	122	103
Cargo and mail air+truck (t)	3,243	67	3,259	66	4,147	73	128	127
Total								
Air movements	12,111	100	12,215	100	12,178	100	101	100
Passengers	955,988	100	995,670	100	997,518	100	104	100
Cargo and mail air+truck (t)	4,826	100	4,937	100	5,688	100	118	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-III 2018 JSC Belgrade Nikola Tesla Airport achieved the **total revenue** in the amount of **RSD 2,102,899,006**. Thus achieved total revenue is 5% higher in comparison to the achieved revenues in the same period of the previous year and 2% lower in relation to the Rebalancing Plan for the period I-III 2018.

The pattern of the achieved revenues for I-III 2018 is shown in the table **Revenue pattern by service types**.

In the pattern of achieved revenues for the period I-III 2018 **business revenues** have the greatest participation amounting to **RSD 2,073,978,635** which is 99% of the total revenues. Thus achieved business revenues are 6% higher than the same in the same period of the previous year and 2% lower in relation to Rebalancing Plan for the period I-III 2018.

Part of business revenues generated by providing **air services** in the amount of **RSD 742,827,993** makes 35% of the total revenues. These revenues are 24% higher than in the same period of the previous year, while they are by 10% higher than it is predicted in the Rebalancing Plan for the period I-III 2018.

Revenues from **passenger service and security fees** are realized in the amount of **RSD 850,302,260** for the period I-III 2018, which is 40% of the total revenues achieved. Thus achieved revenues from passenger service and security fees are 2% higher than the same in the same period of the previous year and 1% higher in relation to Rebalancing Plan for the period I-III 2018.

In the period I-III 2018 revenues from **rendering services in cargo-customs warehouse** were achieved in the amount of **RSD 42,022,052**. Thus realised revenues from rendering services in cargo-customs warehouse are 1% lower than in the same period of the previous year, while they are by 4% higher than it was foreseen in the Rebalancing Plan for the period I-III 2018.

In the period I-III 2018 revenues from **other expenditures** were achieved in the amount of **RSD 241,911,130**. Thus achieved revenues from other services are 17% lower than in the same period of the previous year, while they are by 8% lower than it is foreseen in the Rebalancing Plan for the period I-III 2018. Increase of revenues from other services in the period I-III 2018 in comparison to the same period of the previous year mainly relates to:

- Revenues on special request- workorder;
- Revenues from aircraft de-icing services etc.

Revenues from the sale of goods are realized in the amount of **RSD 443,981** and are higher by 45% in relation to the same period last year.

In the period I-III 2018 revenue from **lease of business facilities** amounts RSD **196,471,219** and it is 1% lower 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-III 2018 amount **RSD 22,856,808** and they are 40% lower than in the same period of the previous year.

This decrease of financial expenditures in the period I-III 2018 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 30.03.2018 equalled RSD 118.3853, while on 30.03.2017 it was RSD 123.9679).

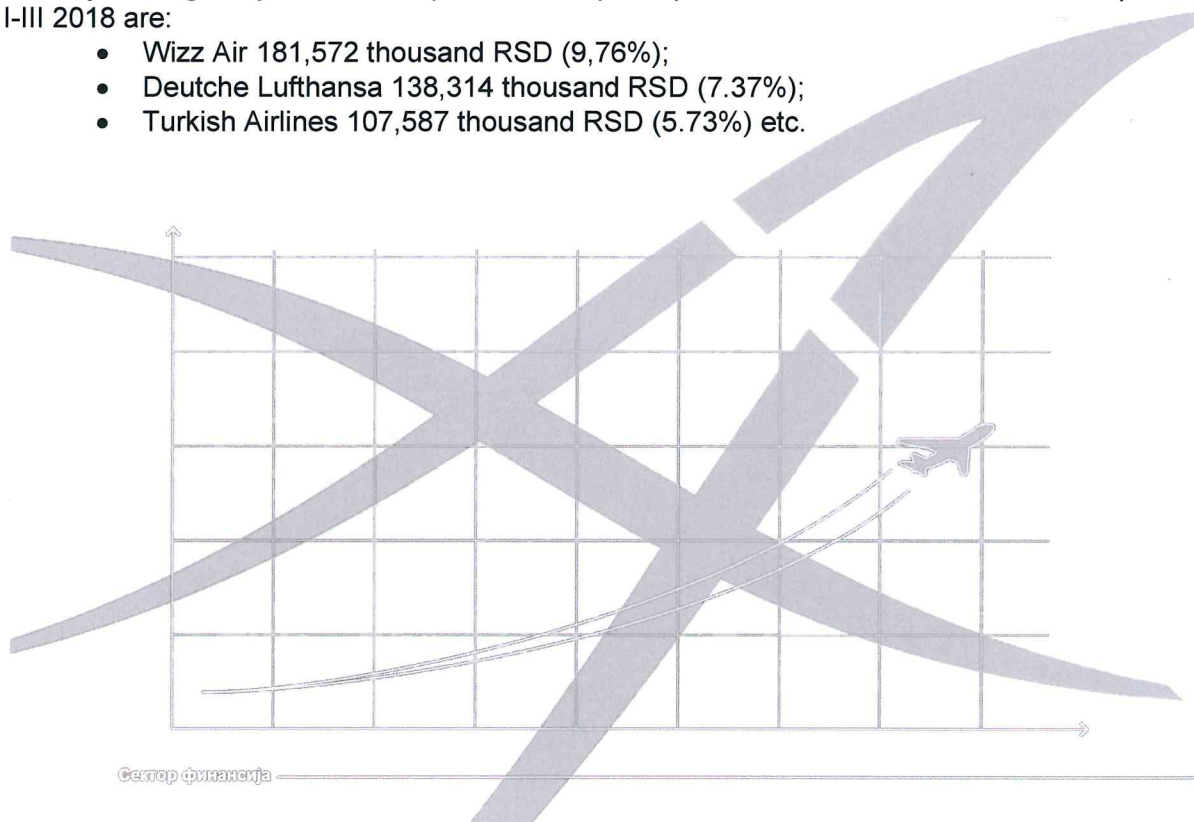
Financial revenues pattern for I-III 2018 include:

- Interest revenues in the amount of RSD 18,213,598 which make 80% of the total financial revenues;
- revenues from exchange rate differences - non-realised in the amount of RSD 2,494,331 and participate with 11% in the pattern of total financial revenues;
- revenues from exchange rate differences - realised in the amount of RSD 2,148,879 and participate with 9% in the pattern of total financial revenues.

Other revenues in the period I-III 2018 amount **RSD 6,063,562** and they are higher than in the same period of the previous year by 22%. Such an increase is mostly due to increase of revenues within account group 67 – Revenues from cancellation of long-term and short-term provisions, income from damages from legal and natural persons (foreign and domestic), revenues from court fees and other.

Major foreign buyers from the point of their participation in revenues from sale in the period I-III 2018 are:

- Wizz Air 181,572 thousand RSD (9,76%);
- Deutsche Lufthansa 138,314 thousand RSD (7,37%);
- Turkish Airlines 107,587 thousand RSD (5,73%) etc.



REVENUE STRUCTURE

No.	Service type	Service description	Achievement I-III 2017	Rebalancing Plan I-III 2018	Achievement I-III 2018	Indices	
						7(6/4)	8(6/5)
1	2	3	4	5	6	7(6/4)	8(6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	38,905,398	40,768,121	35,310,572	91	87
	614010+614014+614310+614312+614313+614314	Lighting	14,498,050	12,348,155	12,131,393	84	98
	614030+614034+614330+614332+614333+614334	GH	41,052,568	121,956,302	106,963,331	261	88
	614040+614042+614043+614044	Infrastructure	22,733,941	23,469,947	59,084,051	260	252
	614050	Air-bridges	3,470	2,548	14,523,795	418,603	570,025
	614020+614024+614320+614323+614324	Aircraft abode revenue	631,572	1,186,072	1,128,510	179	95
I	Total air services (domestic carrier):		117,824,998	199,731,145	229,141,650	194	115
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	156,681,201	156,592,767	168,473,219	108	108
	615020+615021+615022+615023+615024	GH	147,405,511	141,912,277	161,071,510	109	114
	615030+615031+615032+615033+615034	Lighting	20,909,179	16,076,687	21,917,133	105	136
	615040+615042+615043+615044	Infrastructure	103,153,829	106,180,573	111,675,488	108	105
	615060+615062	Air-bridges	45,455,400	45,297,386	45,975,483	101	101
	615000+615001+615002+615003+615004	Aircraft abode revenue	5,743,196	6,538,263	4,573,510	80	70
II	Total air services (international carrier):		479,348,316	472,577,954	513,686,343	107	109
I+II	Total air services		597,173,314	672,309,099	742,827,993	124	110
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	0	194	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.at/i.at.	237,520,269	212,066,960	154,600,655	65	73
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	391,112,765	406,274,616	476,394,906	122	117
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	201,075,710	226,936,877	219,306,700	109	97
III	Total passenger service		829,708,743	845,278,647	850,302,260	102	101
I+II+III	Total air services and passenger service		1,426,882,057	1,517,587,746	1,593,130,253	112	105
	CCM service						
	614500+614510	CCM service dom.market	39,205,651	37,202,130	37,985,528	97	102
	615300 +615310 (foreign)	CCM service international market	3,049,754	3,055,369	4,036,523	132	132
IV	Total CCM services		42,255,405	40,257,499	42,022,052	99	104
V	Total services related to air traffic (I to IV):		1,469,137,462	1,557,845,245	1,635,152,305	111	105
	Other services						
1	614360+615100+615102	DCS services	3,090,031	4,790,306	3,009,726	97	63
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	37,815,576	43,075,346	22,184,234	59	52
3	614130+614131+615071+615072	VIP lounge	1,724,943	1,701,203	1,397,929	81	82
4	614140+614142+615090+615092	CUTE (dom.+intl)	34,698,419	48,312,235	32,034,848	92	66
5	614380+615080	Lost and found	3,688,040	4,875,348	3,484,762	94	71
6	6146+615120+615400+615401	Public services	44,570,917	39,546,897	43,331,904	97	110
7	614820+615170	Catering services business class	0	54,785	0	0	0
8	614870+615810	Advertising space	16,613,653	18,161,421	11,469,102	69	63
9	614883	Commercial usage of the apron	14,213,773	16,032,350	11,467,115	81	72
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	115,972,405	34,791,721	93,217,433	80	268
11	Other non-mentioned services dom+intl		18,783,555	51,092,105	20,314,077	108	40
VI	Other services (1 to 11):		291,171,310	262,433,717	241,911,130	83	92
VII	Total 61 - Revenues from sale of services (V+VI)		1,760,308,772	1,820,278,963	1,877,063,435	107	103
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		306,043	15,458,783	443,981	145	3
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		1,760,614,815	1,835,737,745	1,877,507,416	107	102
X	64 & 65 - Lease of business premises		198,470,440	285,340,117	196,471,219	99	69
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	1,959,085,256	2,121,077,862	2,073,978,635	106	98
XII	66 - FINANCIAL REVENUES		37,961,077	24,812,649	22,856,808	60	92
1	interest		21,733,924	19,537,972	18,213,598	84	93
2	exchange rate differences - realised		8,248,366	5,274,677	2,148,879	26	41
3	exchange rate differences - non-realised		7,978,787	0	2,494,331	31	0
XIII	67, 68 and 69 OTHER REVENUES		4,969,071	7,670,880	6,063,562	122	79
XIV	Total revenues (XI+XII+XIII)		2,002,015,404	2,153,561,391	2,102,899,006	105	98

Сектор финансија

4.2. EXPENDITURES

In the period I-III 2018 **total expenditures** were achieved in the amount of **RSD 1,577,452,958**. Thus realised revenues are 11% higher than in the same period of the previous year, while they are by 2% higher than it is foreseen in the Rebalancing Plan for the period I-III 2018.

Costs of the purchase value of goods sold (group 50) in the period I-III 2018 amounted to **278,202 RSD**, and completely relate to the purchase value of sold beverages in catering facilities in the mentioned period.

Costs of materials and energy (group 51) in the period I-III 2018 amounted to **156,967,477 RSD** and are at the same level as in 2017, while they are 7% higher compared to the Rebalancing Plan for the period I-III 2018. Material and energy costs participate in total expenditures with 10% and mostly relate to: consumed basic material, consumed electricity, heating oil, fuel for commercial 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-III 2018 **RSD 896,805,063** and they are 18% higher than in the same period of the previous year, while they are by 9% higher than foreseen in the Rebalancing Plan for the period I-III 2018. Change of number of employees (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 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 625,882,311**, while **costs of persons engaged through youth organisations** (account 524000) amount **RSD 83,927,081** (youth organisations Fan, Beograd, Knez, Medijator and Europa).

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

The costs of production services (group 53) in the period I-III 2018 amount **RSD 101,656,685** they are 4% lower 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-III 2018 amount **RSD 15,524,394** and they are 17% higher then in the same period of the previous year. They mostly refer to monthly support to ITT for passenger and baggage check-in, information and passenger check-in costs, etc;
- **the costs of maintenance services** in the period I-III 2018 amount **RSD 43,312,134** and they are 18% lower then in the same period of the previous year. This increase is mostly due to increase of costs of services on maintenance of other fixed assets;

Служба финансирања

- **the costs of lease** in the period I-III 2018 amount **RSD 10,336,151** and they are 8% lower than in the same period of the previous year. They mostly refer to lease of business space by legal persons and lease of licenses;
- **the costs of advertising** amount **RSD 23,367,162**;
- **the costs of other services** mostly refers to costs of watering, sewage, achieved in the amount of **RSD 9,116,844** and they are 6% lower than in the same period of the previous year.

The costs of **amortization and reserving** (group 54) for the period I-III 2018 amounted to **RSD 258,761,764** and they are 10% higher than in the same period of the previous year.

Intangible costs (account group 55) for the period I-III 2018 are achieved in the amount of **RSD 108,323,180** and are 3% lower in comparison to the same period last year.

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 54,596,300** mostly referring to costs of other types of estimates and cleaning services;
- **the costs of representations** (RSD 4,819,613);
- **the costs of insurance premiums** (RSD 11,872,154);
- **the costs of payment operations** (RSD 1,324,022);
- **the costs of membership fees** (RSD 2,472,047);
- **the costs of taxes** (RSD 21,796,034) and
- **the other intangible costs** (RSD 11,443,010).

Financial expenditures (group 56) in the period I-III 2018 are disclosed in the amount of **RSD 30,707,328** and they are three times higher than in the same period of the previous year.

Increase of financial expenditures in the period I-III 2018 resulted mostly from increase of negative, realised exchange rate differences, i.e. from fall of RSD exchange rate for Euro (1EUR on 31.03.2018 equalled RSD 118.3853, while on 31.03.2017 it was RSD 123.9679).

The pattern of financial expenditures for I-III 2018 is composed of:

- **revenues from negative exchange rate differences - realised** in the amount of **RSD 13,664,085** and they participate with 45% in the pattern of total financial revenues;
- **expenditures from the interest** in the amount of **RSD 9,575,876** and they participate with 31% 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 negative exchange rate differences - non-realised** in the amount of **RSD 7,467,367** and participate with 24% in the pattern of total financial expenditures.

Other expenditures (group 57, 58 and 59) in the period I-III 2018 were achieved in the amount **RSD 23,953,258** and they are 25% lower than in the same period of the previous year.

The main suppliers from the point of view of turnover in the period I-III 2018 are:

- Ras inženjering RSD 73,482 thousand;
- Oz Europa RSD 57,077 thousand;
- JP Elektroprivreda Srbije RSD 57,036 thousand;
- NIS a.d. Novi Sad RSD 44,833 thousand;
- Maccina security d.o.o. RSD 38,744 thousand;
- E-smart systems RSD 30, 403 thousand etc.



EXPENDITURES STRUCTURE I-III 2018 / 2017

Account t	Account name	Achievement III 2017	Rebalance Plan I-III 2018	Achievement I-III 2018	INDICES	
					6(5/3)	7(5/4)
1	2	3	4	5		
50	PURCHASE VALUE OF SOLD GOODS	207,476	13,260,000	278,202	134	2
501	PURCHASE VALUE OF SOLD GOODS	207,476	13,260,000	278,202	134	2
51	COSTS OF MATERIAL AND ENERGY	157,134,881	146,964,734	156,967,477	100	107
511	COSTS OF MAKING MATERIAL	66,111,220	43,078,869	56,384,033	85	131
512	COSTS OF OVERHEAD MATERIALS	2,911,536	3,437,370	482,100	17	14
513	COSTS OF FUEL AND ENERGY	83,352,487	83,750,000	81,440,621	98	97
514	COSTS OF SPARE PARTS	4,759,638	15,692,429	18,660,723	392	119
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	0	1,006,066	0	0	0
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	760,656,752	822,734,955	896,805,063	118	109
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	434,503,872	484,872,731	530,858,369	122	109
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	77,776,204	87,175,250	95,023,942	122	109
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	96,500	79,076	200,392	208	253
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	155,154,136	157,356,717	154,201,420	99	98
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	2,041,138	2,171,183	2,460,670	121	113
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	91,083,902	91,079,998	114,060,269	125	125
53	COSTS OF PRODUCTION SERVICES	105,967,822	142,918,827	101,656,685	96	71
531	COSTS OF TRANSPORTATION SERVICES	13,277,613	15,010,719	15,524,394	117	103
532	COSTS OF MAINTENANCE SERVICES	52,530,737	85,436,944	43,312,134	82	51
533	COST OF LEASE	11,203,941	13,628,656	10,336,151	92	76
535	ADVERTISING COSTS	19,290,835	11,922,804	23,367,162	121	196
539	COSTS OF OTHER SERVICES	9,664,695	16,919,705	9,116,844	94	54
54	COSTS OF AMORTISATION AND RESERVES	234,985,611	210,047,500	258,761,764	110	123
540	AMORTISATION COSTS	234,985,611	207,500,000	258,761,764	110	125
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	0	2,547,500	0	0	0
55	INTANGIBLE COSTS	112,203,463	186,893,253	108,323,180	97	58
550	COSTS OF NON-PRODUCTION SERVICES	68,375,845	146,682,198	54,596,300	80	37
551	COSTS OF REPRESENTATION	825,010	3,028,995	4,819,613	584	169
552	COSTS OF INSURANCE PREMIUMS	8,604,696	10,140,759	11,872,154	138	117
553	COSTS OF PAYMENT SYSTEM	1,407,889	1,320,883	1,324,022	94	100
554	COSTS OF MEMBERSHIPS	635,014	1,230,190	2,472,047	389	201
555	COSTS OF TAXES	20,131,465	18,938,582	21,796,034	108	115
559	OTHER INTANGIBLE COSTS	12,223,543	5,551,645	11,443,010	94	206
I	OPERATING EXPENDITURES	1,371,155,004	1,522,819,269	1,522,792,372	111	100
56	FINANCIAL EXPENDITURES	19,045,662	23,910,647	30,707,328	161	128
562	INTEREST EXPENDITURES	8,864,833	8,906,401	9,575,876	108	108
563	NEGATIVE EXCHANGE RATE DIFFERENCES	10,138,104	14,988,480	20,980,131	207	140
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	42,726	15,766	151,321	354	960
II	FINANCIAL EXPENDITURES	19,045,662	23,910,647	30,707,328	161	128
57	OTHER EXPENDITURES	6,493,037	7,332,596	14,064,890	217	192
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	0	1,358,057	537,109	0	40
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	0	24,000	0	0	0
574	DEFICIT	581	814	0	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	0	1,938	0	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	606,406	0	0	0
577	WRITE-OFF	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	6,492,456	5,341,381	13,527,781	208	263
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	25,158,072	0	0	0	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0	0	0
583	IMPAIRMENT OF LONG-T. FIN.INVST AND OTHER SECURITIES FOR SALE	0	0	0	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	25,158,072	0	0	0	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	91,797	0	9,888,368	10772	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV.YEARS MATERIALLY INSIGNIFICANT	91,797	0	9,888,368	10772	0
III	OTHER EXPENDITURES	31,742,906	7,332,596	23,953,258	75	327
	TOTAL EXPENDITURES	1,421,943,572	1,554,062,512	1,577,452,958	111	102

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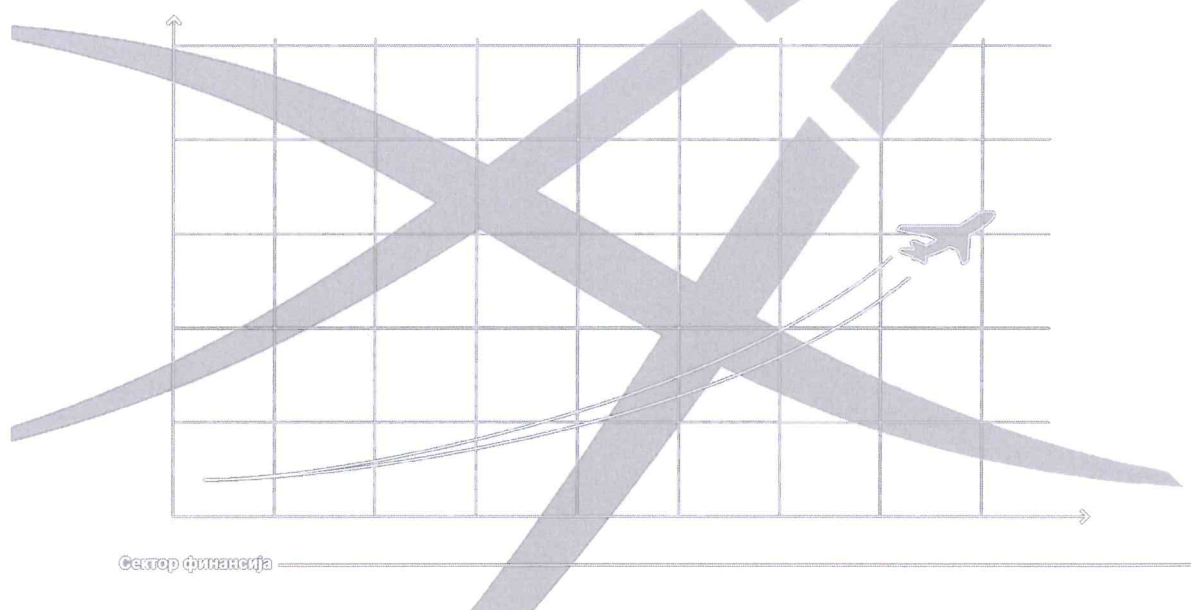
4.3. SALARIES

In the period I-III 2018 the total amount of **RSD 530,858,369 (gross I)** was paid for **salaries**. It is 22 % higher than in the same period 2017 and 9% higher than the planned figures for the period I-III 2018.

SALARIES GROSS I					
Month	Achievement I-III 2017	Rebalancing Plan I-III 2018	Achievement I-III 2018	Index	
				5(4/2)	6(4/3)
1	2	3	4		
January	141,135,782	161,624,244	195,534,606	139	121
February	136,689,966	161,624,244	170,052,384	124	105
March	156,678,124	161,624,244	165,271,379	105	102
Total salaries:	434,503,872	484,872,731	530,858,369	122	109

In the period I-III 2018 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 106,631** and it is lower than in the previous year by 6%. In the period I-III 2018 the **average net salary** in the Company amounted **RSD 76,247** and it is 5% lower than in the same period last year.



AVERAGE GROSS I SALARIES	
Month	JSC ANT
January	117,542 RSD
February	102,386 RSD
March	99,964 RSD
Average I-III 2018	106,631 RSD
Average I-III 2017	112,975 RSD

AVERAGE NET SALARIES	
Month	JSC ANT
January	83,895 RSD
February	73,273 RSD
March	71,575 RSD
Average I-III 2018	76,247 RSD
Average I-III 2017	80,378 RSD

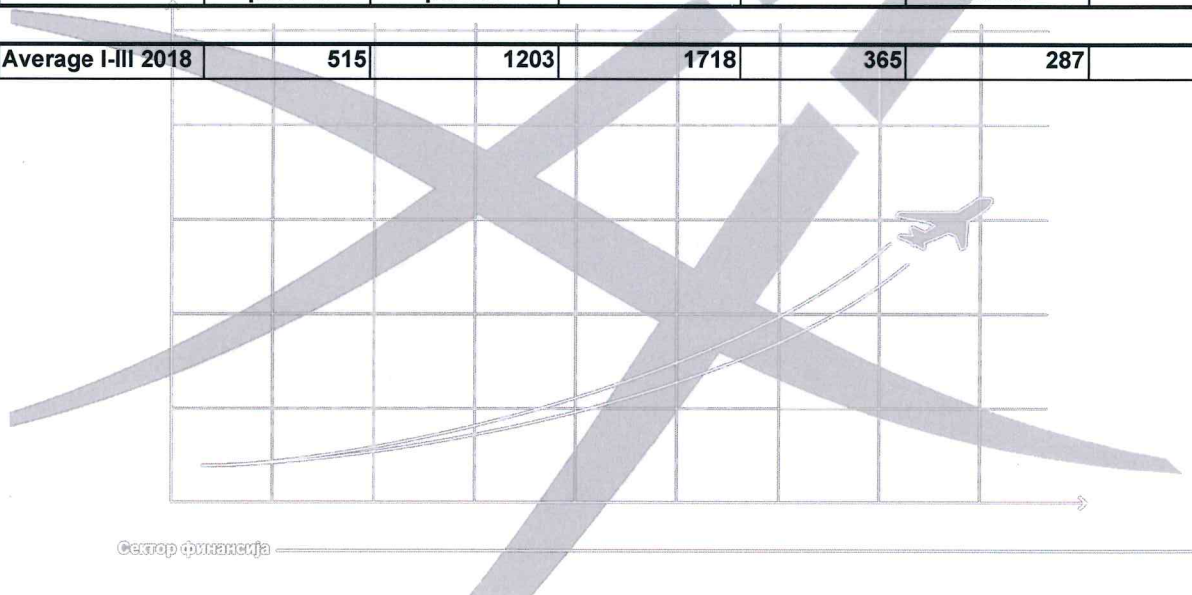
I-III 2018/I-III 2017	94
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I-III 2018/I-XII 2016	95
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Average number of employees and engaged persons

NUMBER OF EMPLOYEES IN THE PERIOD I-III 2018

Period	Definite period	Indefinited period	Total	Youth org	Temp & occas	TOTAL
Average I-III 2018	515	1203	1718	365	287	2370



4.4. FINANCIAL RESULT I-III 2018

In the period I-III 2018 **gross profit** of the Company were achieved in the amount of **RSD 525,446,048**.

The gross profit so recorded is 9% lower than the gross profit in the same period of 2017, and 10% lower than the gross profit planned for the Rebalance plan for 2018.

FINANCIAL RESULT I-III 2018						
No.	Position	Achievement I-III 2017	Rebalancing Plan I-III 2018	Achievement I-III 2018	INDICES	
					6(5/3)	7(5/4)
1	2	3	4	5		
1	Operating revenues	1,959,085,256	2,121,077,862	2,073,978,635	106	98
2	Operating expenditures	1,371,155,004	1,522,819,269	1,522,792,372	111	100
3	Business profit (1-2)	587,930,252	598,258,593	551,186,264	94	92
4	Financial revenues	37,961,077	24,812,649	22,856,808	60	92
5	Financial expenditures	19,045,662	23,910,647	30,707,328	161	128
6	Financial profit (4-5)	18,915,415	902,002		0	0
6a	Financial loss (5-4)			7,850,520	0	0
7	Other revenues	4,969,071	7,670,880	6,063,562	122	79
8	Other expenditures	31,742,906	7,332,596	23,953,258	75	327
9	Other profit (7-8)		338,284		0	0
9a	Other loss (8-7)	26,773,835		17,889,695	67	0
10	Total revenues (1+4+7)	2,002,015,404	2,153,561,391	2,102,899,006	105	98
11	Total expenditures (2+5+8)	1,421,943,572	1,554,062,512	1,577,452,958	111	102
12	Total gross profit (10-11)	580,071,832	599,498,879	525,446,048	91	88
12a	Total gross loss (11-10)					
13	Period tax expenditure	72,505,260	89,924,832	80,644,938	111	90
14	Deferred period tax expenditure	0		420,424		
15	Deferred income tax	2,671,708				
16	Earnings paid by employer					
17	Net profit	510,238,280	509,574,047	444,380,686	87	87

In the period I-III 2018 **net profit** of the Company were achieved in the amount of **RSD 444,380,686**. The reported net profit is 13% lower than the net profit in the same period of 2017 and 13% lower than the net profit planned for the Rebalancing plan for 2018.

4.5 ECONOMIC BUSINESS INDICATORS FOR THE PERIOD I-III 2018

BUSINESS RATIO OF THE COMPANY FOR THE PERIOD I-III 2018					
NO.	Description of ratio indicators		ADP	RATIO NUMBER FOR I-III 2017	RATIO NUMBER FOR I-III 2018
1	LIQUIDITY RATIO	Cash ratio (current capital / short-term liabilities)	0043 / 0442	3.40	7.88
		Acid test ratio (current capital-supplies / short-term liabilities)	(0043-0044) / 0442	3.34	7.75
		Cash ratio (cash equivalents and cash / short-term liabilities)	0068 / 0442	0.32	2.00
		Financial stability ratio (fixed assets / capital assets + long-term liabilities)	0002 / (0402+0432)	1.15	1.21
2	Profitability ratio	Net profit margin (net profit / profit from sale of goods + profit from sale of services)	1064 / (1002+1009+1017) *100	26.04	21.43
		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	29.61	25.34
		Return on assets (ROA) Net profit / Total assets*100	1064 / 0071*100	1.66	1.38
3	PRODUCTIVITY RATIO	Leverage ration (total liabilities / fixed assets)	(0424+0442) / 0002	0.11	0.06
		Return of short-term assets ratio (total profit / working capital)	yk.np. / 0043	0.31	0.32
4	EBIT	EBIT (operating profit - operating expenditures)	1001-1018	587,930,251.72	551,186,263.65
5	EBITDA	EBITDA (operating profit-operating expenditures) + amortisation	(1001-1018)+1027	822,915,862.35	809,948,027.97
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)	11.06	19.64
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	42.01	39.05
8	NET CURRENT ASSETS	Net current assets - NCA (current assets-short-term liabilities)	0043-0442	4,497,974,773.76	5,800,891,840.61
9	BUYERS TURNOVER RATIO	365/Average receivables charging time		6.4	6.7
10	SUPPLIER TURNOVER RATIO	365/Average liability settlement time		13.5	9.2

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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-III 2018 of the OU Ground handling is in accordance with the Business plan of OU Ground handling ANT no. 33-179/2 dated 24.06/2016.

5.1. REVENUES OF OU GROUND-HANDLING

OU Ground handling in the period I-III 2018 has achieved the **total revenue** in the amount of RSD 458,463,092 which is 22% of total revenues at the level of the Company.

Total realised business revenues based on services provided by OU GH in ANT in the period I-III 2018 amount RSD 458,239,363 and participates with 22% 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 274,075,298, share of revenues from other services in the amount of RSD 120,761,286 and participate with 26%, revenues from CCW services in the amount of RSD 42,022,052 and make up 9% of operating income, and revenues from passenger services in the amount of RSD 21,380,727 and account for 5% of operating income in the period I-III 2018.

Financial revenues are realised in the amount of RSD 212,874 for the period I-III 2018 and they mostly refer to realised exchange rate differences.

Other revenues are realised in the amount of RSD 10,855 for the period I-III 2018 and they refer to revenues from sale of secondary materials.

REVENUE STRUCTURE					
No.	Service type	Service description	Achievement I-III 2018 ANT	Achievement I-III 2018 GH	Indices
1	2	3	4	5	6(5/4)
	Air services of domestic carrier				
	614000+614004+614300+614302+614303+614304	Landing	35,310,572	0	0
	614010+614014+614310+614312+614313+614314	Lighting	12,131,393	0	0
	614030+614034+614330+614332+614333+614334	GH	106,963,331	106,963,331	100
	614040+614042+614043+614044	Infrastructure	59,084,051	0	0
	614050	Air-bridges	14,523,795	1,452,379	10
	614020+614024+614320+614323+614324	Aircraft abode revenue	1,128,510	0	0
I	Total air services (domestic carrier):		229,141,650	108,415,710	47
	Air services of foreign carrier				
	615010+615011+615012+615013+615014	Landing	168,473,219	0	0
	615020+615021+615022+615023+615024	GH	161,071,510	161,062,040	100
	615030+615031+615032+615033+615034	Lighting	21,917,133	0	0
	615040+615042+615043+615044	Infrastructure	111,675,488	0	0
	615060+615062	Air-bridges	45,975,483	4,597,548	10
	615000+615001+615002+615003+615004	Aircraft abode revenue	4,573,510	0	0
II	Total air services (international carrier):		513,686,343	165,659,588	32
I+II	Total air services		742,827,993	274,075,298	37
	Passenger service				
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.at/i.at.	154,600,655	6,344,070	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service inter. Carr.	476,394,906	15,036,657	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	219,306,700	0	0
III	Total passenger service		850,302,260	21,380,727	3
I+II+III	Total air services and passenger service		1,593,130,253	295,456,025	19
	CCW service				
	614500+614510	CCW service dom.market	37,985,528	37,985,528	100
	615300 +615310 (foreign)	CCW service inter. market	4,036,523	4,036,523	100
IV	Total CCW services		42,022,052	42,022,052	100
V	Total services related to air traffic (I to IV):		1,635,152,305	337,478,077	21
	Other services				
1	614360+615100+615102	DCS services	3,009,726	3,009,726	100
2	614110+614112+614114+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	22,184,234	19,290,610	87
3	614130+614131+615072+615071	VIP lounge	1,397,929	0	0
4	614140+614142+615090+615092	CUTE (dom.+intl)	32,034,848	0	0
5	614380+615080	Lost and found	3,484,762	3,484,762	100
6	6146+615120+615400+615401	Public services	43,331,904	0	0
7	614820+615170	Catering services business class	0	0	0
8	614870+615810	Advertising space	11,469,102	0	0
9	614883	Commercial usage of the apron	11,467,115	0	0
10	614160+614164+615110+615114+614163+615112+615113	Aircraft de-icing services	93,217,433	93,217,433	100
11	Other non-mentioned services dom+intl		20,314,077	1,758,755	9
VI	Other services (1 to 11):		241,911,130	120,761,286	50
VII	Total 61 - Revenues from sale of services (V+VI)		1,877,063,435	458,239,363	24
	Revenues from sale of goods				
VIII	60 - Revenues from sale of kerosene + goods		443,981	0	0
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		1,877,507,416	458,239,363	24
X	64 & 65 - Lease of business premises		196,471,219	0	0
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	2,073,978,635	458,239,363	22
XII	66 - FINANCIAL REVENUES		22,856,808	212,874	1
1	interest		18,213,598	0	0
2	exchange rate differences - realised		2,148,879	212,655	10
3	exchange rate differences - non-realised		2,494,331	219	0
XIII	67, 68 AND 69 OTHER REVENUES		6,063,562	10,855	0
XIV	Total revenues (XI+XII+XIII)		2,102,899,006	458,463,092	22

5.2. EXPENDITURES OF OU GROUND-HANDLING

In the period I-III 2018 **total expenditures** of GH were achieved in the amount of RSD 492,473,495, which represents 31% of realised expenditures of ANT on this bases for the relevant period of 2018.

Total realised business expenditures based on services provided by OU GH in ANT in the period I-III 2018 amount RSD 490,399,043 and participates with 32% in the realised business expenditures of ANT for 2018.

The following expenditures are included in business expenditures:

- The highest share of 76% are costs incurred on the basis of costs of salaries, fees and other personal expenses in the amount of RSD 370,877,813,
- The change in the number of employees (takeover of 340 employees from Air Serbia for the needs of OU Ground Handling) influenced the increase in the costs of wages and salaries, ie by 51% compared to the same period of the previous year.
- the materials and energy costs account for 13% of the costs within the business expenditures and amount to RSD 66,094,797,
- Depreciation and provision costs amount to RSD 38,468,450 and account for 8% of business expenditures of the OU Ground Handling,
- costs of production services (RSD 10,691,570) and
- intangible costs (RSD 4,266,412).

Financial expenditures are realized in the amount of RSD 276,733 for the period I-III 2018 and they refer to negative exchange rate differences.

Other expenditures are realized in the amount of RSD 1,797,720 for the period I-III 2018.



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EXPENDITURE STRUCTURE I-III 2018 GH

Account t	Account name	Achievement III 2018 ANT	Achievement I-III 2018 GH	INDICES
1	2	3	4	5(4/3)
50	PURCHASE VALUE OF SOLD GOODS	278,202	0	0
501	PURCHASE VALUE OF SOLD GOODS	278,202	0	0
51	COSTS OF MATERIAL AND ENERGY	156,967,477	66,094,797	42
511	COSTS OF MAKING MATERIAL	56,384,033	39,199,308	70
512	COSTS OF OVERHEAD MATERIALS	482,100	323,244	67
513	COSTS OF FUEL AND ENERGY	81,440,621	24,573,786	30
514	COSTS OF SPARE PARTS	18,660,723	1,998,460	11
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	0	0	0
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	896,805,063	370,877,813	41
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	530,858,369	224,157,610	42
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	95,023,942	40,125,550	42
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	200,392	0	0
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	154,201,420	70,385,336	46
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BOD.-G	2,460,670	275,875	11
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	114,060,269	35,933,442	32
53	COSTS OF PRODUCTION SERVICES	101,656,685	10,691,570	11
531	COSTS OF TRANSPORTATION SERVICES	15,524,394	4,421,396	28
532	COSTS OF MAINTENANCE SERVICES	43,312,134	4,644,016	11
533	COST OF LEASE	10,336,151	183,562	2
535	ADVERTISING COSTS	23,367,162	0	0
539	COSTS OF OTHER SERVICES	9,116,844	1,442,597	16
54	COSTS OF AMORTISATION AND RESERVES	258,761,764	38,468,450	15
540	AMORTISATION COSTS	258,761,764	38,468,450	15
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0
549	OTHER LONG-TERM RESERVES	0	0	0
55	INTANGIBLE COSTS	108,323,180	4,266,412	4
550	COSTS OF NON-PRODUCTION SERVICES	54,596,300	871,987	2
551	COSTS OF REPRESENTATION	4,819,613	111,115	2
552	COSTS OF INSURANCE PREMIUMS	11,872,154	0	0
553	COSTS OF PAYMENT SYSTEM	1,324,022	120,977	9
554	COSTS OF MEMBERSHIPS	2,472,047	211,646	9
555	COSTS OF TAXES	21,796,034	2,262,129	10
559	OTHER INTANGIBLE COSTS	11,443,010	688,559	6
I	OPERATING EXPENDITURES	1,522,792,372	490,399,043	32
56	FINANCIAL EXPENDITURES	30,707,328	276,733	1
562	INTEREST EXPENDITURES	9,575,876	0	0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	20,980,131	276,733	1
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	151,321	0	0
II	FINANCIAL EXPENDITURES	30,707,328	276,733	1
57	OTHER EXPENDITURES	14,064,890	1,466,594	10
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AN	537,109	16,749	3
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	0	0	0
574	DEFICIT	0	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	0	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	0	0
577	WRITE-OFF	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	13,527,781	1,449,845	11
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	0	0	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0
583	IMPAIRMENT OF LONG-T. FIN.INVST AND OTHER SECURITIES FOR SALE	0	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	0	0	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	9,888,368	331,126	3
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV.YEARS MATERIALLY INSIGNIFICANT	9,888,368	331,126	3
III	OTHER EXPENDITURES	23,953,258	1,797,720	8
	TOTAL EXPENDITURES	1,577,452,958	492,473,495	31

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5.3. FINANCIAL RESULT OF OU GROUND HANDLING

From the above tables it can be concluded that for the period I-III 2018 Ground Handling realized total revenues in the amount of RSD 458,463,092, total expenditures in the amount of RSD 492,473,495 which resulted in gross loss in the amount of RSD 34,010,404.

FINANCIAL RESULT ANT/GH I-III 2018				
S.No.	Position	Achievement ANT I-III 2018	Achievement GH I-III 2018	Index
1	2	3	4	5(4/3)
1	Operating revenues	2,073,978,635	458,239,363	22
2	Operating expenditures	1,522,792,372	490,399,043	32
3	Business loss (1-2)	551,186,264		
3a	Business loss (2-1)		32,159,681	
4	Financial revenues	22,856,808	212,874	1
5	Financial expenditures	30,707,328	276,733	1
6	Financial profit (4-5)			
6a	Financial loss (5-4)	7,850,520	63,859	1
7	Other revenues	6,063,562	10,855	0
8	Other expenditures	23,953,258	1,797,720	8
9	Other profit (7-8)			
9a	Other loss (8-7)	17,889,695	1,786,864	10
10	Total revenues (1+4+7)	2,102,899,006	458,463,092	22
11	Total expenditures (2+5+8)	1,577,452,958	492,473,495	31
12	Total gross profit (10-11)	525,446,048		
12a	Total gross loss (11-10)		34,010,404	
13	Period tax expenditure	80,644,938		
14	Deferred period tax expenditure	420,424		
15	Deferred income tax			
16	Earnings paid by employer			
17	Net profit	444,380,686		
17a	Net loss		34,010,404	

OU Ground handling in the period I-III 2018 achieved net loss in the amount of RSD 34,010,404.

The realized net loss is the result of higher growth of primarily business expenses (by 31%) compared to the increase in operating revenues (by 10%) compared to the period I-III 2017. Changing the number of employees (takeover of 340 employees from Air Serbia for the needs of OU Ground Handling) influenced significant increase in the costs of wages and salaries.

Considering the upcoming summer season and the expected growth in the physical volume of traffic, we expect an increase in revenues on this basis, and accordingly a positive financial result of OU Ground Handling.

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6. INFORMATION ON INVESTMENTS FOR PROTECTION OF ENVIRONMENT

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

7. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES IN THE PERIOD I-III 2018

Below is the description of all major business events that took place at Nikola Tesla Airport in the period of I-III 2018:

For the facility Other buildings-Restaurant "Borik" (17), of 533.36 m², cadastral plot 3739/1 KO Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the final decision on legalization number 354 -00-00025 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on the legalization, in order to register ownership rights in favor of ANT.

For the facility of technical maintenance department, the area of 704 m², cp 3739/1 KO Surčin, on March 8, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00044 / 2017-09.

For the facility Parking lot P 2.1, area 1200 m², cp 3739/1 KO Surčin, on 05.03.2018, MGSI RS passed the final decision on legalization (number 354-00-00793 / 2017-09). MGSI RGZ SKN Surcin is expected to submit a decision on the legalization in order to register the ownership right in favor of ANT.

For the facility Parking lot P4, area 3153 m², cp 3739/1 KO Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the final decision on legalization number: 354-00-00023 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on legalization, in order to register ownership rights in favor of ANT.

For the facility Parking lot P6, area 2600 m², cp 3739/1 KO Surčin, on 05.03.2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia finally adopted the Decision on legalization number: 354-00-00734 / 2017-09. MGSI RGZ SKN Surcin is expected to submit a decision on legalization in order to register the ownership right in favor of ANT.

For the facility Parking lot P7, area 4460 m², cp 3739/1 KO Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia finally adopted the Decision on legalization number: 354-00-00022 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on legalization in order to register the ownership right in favor of ANT.

For the facility Parking lot P8, with handling area of 4000m², cp 3739/1 KO Surčin, on 25.01.2018. The Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00026 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on legalization in order to register the ownership right in favor of ANT.

For the facility Parking lot P10, area 3950 m², cp 3739/1 KO Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia adopted the final Decision on legalization number: 354-00-00027 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on legalization in order to register the ownership right in favor of ANT.

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The Government of the Republic of Serbia, on January 31, passed Conclusion 05 No. 464-910 / 2018 by which it agreed that the immovable property in the ownership of the Republic of Serbia, as follows: cad. plots No. 3733, 3735/1, 3750/1, 3750/6, 3750/7, 3750/9, 3750/11, 3750/13, 3750/16, 3995/3, 3996/3, 3997/3, 3998/3, 3999/3, 4140/1, 4263/1, 4264/1, 4264/2, 4265, 4266/1, 4267/1, 4267/3, 4268/1, 4268/6, 4269/2, 4272/1, 4275/6, KO Surčin, is entered as contribution in kind of the Republic of Serbia into the company JSC Belgrade Nikola Tesla Airport, in order to increase the basic capital of the company through non-monetary stakes. Assembly of JSC Belgrade Nikola Tesla Airport at its extraordinary 19th session, held on March 20, 2018, decided to increase the basic capital based on the new contributions in kind of the shareholder - the Republic of Serbia and issue ordinary shares to the Republic of Serbia on behalf of its contributions in kind.

The Government of the Republic of Serbia, on 01.03.2018 made a Conclusion 05 Number: 464-1883 / 2018 by which it agreed that the immovable property owned by the Republic of Serbia, facilities "buildings no. 26, building Public garage-Public parking garage "and 7600/12233 ideal parts of the facility "facility no. 41, Parking lot", on cad.plot number 3739/1, registered in RE list No. 6519, KO Surčin, be entered as contribution in kind of the Republic of Serbia, to JSC Belgrade Nikola Tesla Airport, for the purpose of increasing the share capital.

The Government of the Republic of Serbia, on 01.03.2018 made a Conclusion 05 Number: 464-1891 / 2018, deciding to alienate from the public property without compensation, in the procedure of expropriation, cadastral plot No. 4107/1, 4107/2, 4110/1, 4110/2, registered in Real Estate List no. 1165 KO Surčin and cadastral plots no. 4111/1, 4111/3, 4112/1, 4112/2, registered in List of real estate number 6412 KO Surčin, in favor of JSC Belgrade Nikola Tesla Airport.

The Government of the Republic of Serbia, on March 22, 2018 made a Conclusion 05 Number: 464-2698 / 2018, deciding to dispose of publicly owned land, by means of a direct negotiation, building land which is cad.plot No. 4111/2 KO Surčin, total area of 1 a 4 m², registered in the Real Estate List No. 6657 KO Surčin for the purpose of resolving property relations in order to realize the project of concession for financing, development through construction and reconstruction, maintenance and management of infrastructure of JSC Belgrade Nikola Tesla Airport and performing the activities of the airport operator, in favor of JSC Belgrade Nikola Tesla Airport, for a total purchase price of 416,000.00 RSD.

- **French company VINCI**, on March 22, 2018 signed an Agreement on concession of Belgrade Nikola Tesla Airport for a period of 25 years.
- From 10.03.2018 Iranian state airline **Iran Air** started flights on the **Belgrade-Tehran** route, with A320 aircraft, twice a week.
- **Mahan Air** started with flights on March 20, 2018 with A310, and regular flights will start from 04.06.2018, twice a week, on the route **Belgrade - Tehran**.
- **Qeshm Air** started on March 19, 2018. with A320, and will continue flights from 31.05.2018 twice a week, on the **Belgrade-Tehran** route.
- **Transavia** has increased frequency on the route **Belgrade - Amsterdam** with flights 6 times a week from 26.02.2018 which practically doubled the number of flights with B737-800.



Сектор финансија

Prefabricated containers for employees with space for accommodation aircraft handling equipment

- **Purpose:** The initiative for the implementation of the project was undertaken with the aim of creating a unique space for the accommodation of employees in operational services, as well as the formation of handling and parking spaces for vehicles and space for the disposal of equipment used for aircraft handling purposes.

The total area of the two facilities is about 1,700m², and the interior is equipped with modern office furniture, tea kitchens and shower cabins, which enables employees in the operational services who work continuously 24 hours a day, adequate comfort and working conditions. The accommodation capacity of the facilities is 230 people.

The realization of this project enabled the liberation and more adequate operational and commercial exploitation of the space in the terminal facility, which was previously used for accommodation of employees in operational services.

- **Status:** Works on the construction of prefabricated container facilities for employees with space for the accommodation of equipment for aircraft handling were completed on March 5, 2018.

Arrangement of Terminal 2

- **Purpose:** The Nikola Tesla Airport is constantly working to improve its offer to passengers and other users of airport services in order to increase the market share in the region of Southeast Europe. While safety and security are the main priorities, Airport Nikola Tesla carries out a number of activities and strategic moves that will improve business and operational efficiency, using the available means of modern technology in achieving the set goals.

As a logical continuation of the arrangement of check-in hall of the Terminal 1, which was completed in 2017, and among other things, included the installation of 28 new check-in counters (5 self-check-in kiosks, 4 counters for self bag drop and 2 counters for automatic baggage check-in) the improvement of the check-in hall of Terminal 2 has begun. The scope of improvement is focused on visual identity, space designation and enabling the automation of passengers and baggage check-in process.

- **Status:** The works on the arrangement of Terminal 2 are underway. The works are carried out by Energoprojekt. The works are organized in two phases - the first phase involves setting the counters along the facade of the building, while during the second phase, the counters will be placed in the zone below the stairs in Terminal 2. According to the planned schedule, the expected deadline for the completion of the works is the end of May 2018.

Arrangement of the parking lot P10

- **Purpose:** The project envisages the execution of works on the arrangement of the parking lot P10, in the zone near the Red building. The existing parking lot will be divided into two independent, functional units, total area around 3950m² and planned capacity of up to 180 parking spaces. It is envisaged that around 1850 m² of parking area is intended for parking vehicles of employees, and approximately 2100 m² of parking area will be for TAXI vehicles.

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The parking space will be equipped with a card access control system. It is planned that TAXI vehicles from the parking lot P9 will be moved to the parking lot P10 to better organize and regulate their work and avoid crowds that are currently being created in front of the Terminal.

- **Status:** The public procurement procedure is under way for the execution of the works concerned. The planned deadline for completion of the project is the end of July 2018.

Construction of sidewalk

- **Purpose:** The project is being implemented in order to raise the level of safety of road users, primarily pedestrians, in the public zone of the airport complex, and in accordance with the Decision of the City Administration of the City of Belgrade - the Secretariat for Transport. The construction of the sidewalk on the former regional road R266 is planned to be carried out in the zone of Nikola Tesla Airport, Belgrade, with a total length of 950m. The works will include the establishment of a stop for public transport vehicles, vehicles for the transport of employees, and the formation of positions for TAXI vehicles on hold.
- **Status:** The public procurement procedure is under way for the execution of the works concerned. The planned deadline for completion of the project is the end of July 2018.

Strengthening the floor structure

- **Purpose:** The reinforcement of the floor construction is planned to allow the installation of a new X-ray device for baggage screening, which is significantly larger than the existing one. Considering that the existing floor structure of the Terminal 2 facility is not designed for additional load, a technical documentation will be prepared which will provide for load capacity verification and reinforcement of the floor structure and all other additional load-bearing structural elements. After the development of technical documentation and the necessary approval of the competent authorities, the implementation of the works is foreseen.
- **Status:** The public procurement procedure for development of technical documentation and the execution of the works concerned is underway. The end of the project is planned for the end of November 2018.

Service of maintenance and integration of human resources monitoring and analysis system in the business information system

- **Purpose:** The purpose of the procurement is to maintain the aforementioned system, as well as integration with the SAP ERP business information system, the implementation of which is in progress.

Human Resource Monitoring and Analysis System is a portal that, integrated with the business information system SAP ERP, enables the automation of personnel-related processes in the enterprise. This primarily relates to the possibility for employees to use employees' services on their own and, through them, have the possibility to create requests for absences, have insight into the team calendar, input information for promotion, the ability to review and update their own profile etc. On the other hand, human resource management services are enabled processes for managing work performance, talent management and the successor planning process.

Implementation of the system for monitoring and analysis of human resources is in progress, and the agreed deadline for realization is 30 days.

- **Value:** 24,480,820.00 RSD without VAT
- **Supplier:** Sapiens Solutions d.o.o., under Contract no. UJNV-14/2018 of 27.02.2018.

Active network equipment - Part 1 - Active network equipment

- **Purpose:** The subject of the contract is procurement of active network equipment of the computer and communication network of Belgrade Nikola Tesla Airport. The renewal of the existing equipment of the computer and communication network by this purchaser has been completed. Due to obsolete equipment and technical and technological weaknesses in the capacity of existing equipment, it was necessary to carry out modernization of equipment, all in order to support new more modern capacities, services and features that modern technologies can provide.

Implementation of active network equipment is in progress, and the agreed deadline for realization is 30 days.

- **Value:** 10.949.160,00 RSD without VAT
- **Supplier:** *DBS Konsel Security Service.*, Under Contract no. UJNV-8/2018 of February 21, 2018.

Active network equipment - Part 2 - Optimizing access to server infrastructure

- **Purpose:** The subject of the contract is procurement of server equipment of the computer and communication network of Belgrade Nikola Tesla Airport. The aforementioned procurement foresees that all business information services of the Airport are optimized and accelerated in a way that modern technologies allow. This means that access to services by users will be done in a faster and more efficient way, and that the services themselves will be more reliable and accessible for users.

Optimization of access to server infrastructure is in progress, and the agreed deadline for realization is 30 days.

- **Value:** 8.988.200,00 RSD without VAT
- **Supplier:** *DBS Konsel Security Service.*, Under Contract no. UJNV-9/2018 of 21.02.2018.

Active network equipment - part 3 - Telecommunication and installation work on the network for X-ray devices

- **Purpose:** The subject of the contract is execution of works on X-ray devices networking. Nikola Tesla Airport owns X-ray devices, which are control and scan baggage and goods of the users of airport services. For security reasons and security procedures, X-ray devices must be networked in a single computer-communication system so that they are independent of other systems. In this way, a separate communication network is formed, which is totally independent of other networks. Thanks to a unique X-ray communication network, all information and data collected from all X-ray devices will be available to the central computer, which is controlled and managed by X-ray security service.

The work on X-ray devices networking is in progress, and the agreed deadline for realization is 30 days.

- **Value:** 6,948,400.00 RSD excluding VAT
- **Supplier:** *DBS Konsel Security Service.*, Under Contract no. UJNV-10/2018 of 21.02.2018.

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Information system for protection against complex and targeted threats

- **Purpose:** The subject of the contract is the procurement of an information system for protection against complex and targeted threats. It is necessary to protect applications that are exposed to Internet, or external influences, from DOS / DDos attacks, in order to preserve the functioning of information systems. The envisaged information system must enable traffic analysis and, based on traffic characteristics, have the ability to learn and recognize malicious use of traffic, as well as to automatically define the rules for eliminating the threat. DOS / DDos attacks are a significant threat to corporations, and they make computing and information systems inaccessible by shutting down servers, a computer network, and even end-user systems and devices with useless content and information, which leads to the fact that certain business services are inaccessible for end users. The information system for protection against complex and targeted threats monitors and purifies traffic and has a rapid response to changes in the techniques used by the attack. The system itself has the ability to fine-tune and modify detection and filtering depending on the threat itself, which is an additional level of protection.

The procurement envisaged improves the protection of the computer and communication network, as well as the business information systems, in order to preserve the functioning of the information system service.

Implementation of the information system for protection against complex and targeted threats is in progress, and the agreed deadline for realization is 15 days.

- **Value:** 12,712,980.60 RSD excluding VAT
- **Supplier:** Digit., under Contract no. UJNV-21/2018 of 08.03.2018.

Bar code readers and additional equipment for passengers and baggage reconciliation

- **Purpose:** The subject of the contract is the procurement of new bar code readers and additional equipment for passengers and baggage reconciliation system. The bar code reader is a tool for the work of the ground handling operator and is used to read the bar code from the baggage, that is, represents the entry point for the operation passenger and baggage reconciliation system.

Since from the implementation of the passenger and baggage reconciliation system and the first procurement of the bar code reader the number of passengers has increased, the initial setting with a certain number of bar code readers in use is no longer able to fully meet the current needs and the requirement of ground handling. In addition to increasing the number of passengers, part of the devices due to its many years of use no longer meets the high requirements for the availability of the service and it is necessary to purchase additional devices.

Procurement of these new devices ensures stable operation of the passenger and baggage reconciliation system, which is of great importance for the realization of airport operations, and significant improvement in the work of the operators with the new generation devices is achieved.

- **Value:** 6,143,020.00 RSD without VAT
- **Suppliers:** Alba Technologies, under Contract no. UJNM-6/2018 of 01.02.2018.

Extension of the system for access control and evacuation

- **Purpose:** Subject of the contract is extension of access control and evacuation system. The procurement expands the existing access control system, the evacuation system and the record of working time, in a way that will connect and network existing equipment, purchased through the extension of Finger Halls A and C and the first phase of the extension of the access control system, the evacuation system and the system for recording work time into a single centralized system.

The second phase of access control should cover all locations that were not covered by the procurement of the extension of Finger Halls A and C and the first phase of the upgrade of the access control and evacuation system, as well as extend the time recording system with the installation of additional reading devices and advanced functionality.

The first phase covered locations that ANTB was required to cover under the TSA (Transportation Security Administration) in order to raise the level of security to a higher level and to meet the safety requirements that were one of the conditions for the authorization to continue for now flights to USA. The first phase procured equipment and connected all readers of access control systems and evacuation modules to SiPass server and necessary licenses were purchased, as well as software for production of identification passes (badges).

By deciding that the A side (gate A6 to A10) is not to be reconstructed, and in the first phase of the extension of the access control system and the evacuation system these locations were not included due to the planned reconstruction, all the above gates, air bridges, finger halls and waiting rooms are left uncovered by the system for access control and evacuation system. In order to fulfill all the security conditions and implement access control systems and the evacuation system completely, it is necessary to cover all listed locations as well as those identified by the OU Security as areas that must be covered in accordance with the above.

This procurement also envisages the purchase of handheld readers (HH - Hand Held devices) needed for employees to be identified at any time on the apron, when entering gates or restrictive areas. When entering gates, security workers will have the ability to read all information about the person entering the area, such as whether he is authorized to access that location, if he is the authorized escort, may he bring in the tool, etc.

In this way, an identification pass (the badge) will be made to which the ANTB should obtain the CAD approval. This is another important requirement for the system to be fully operational. HH devices will be connected to the SiPass server database from which they will have all the data necessary for controlling entry into restrictive areas and checking the persons moving in the same.

An integral part of this procurement will be the obligation of the system's suppliers to develop as-built design. OU ITT, OU Logistics and OU Security will work on a project for works that must be approved by the Border Police, so that the works can be carried out without interruption.

By covering all controlled areas, the system will define the right of access of all employees in accordance with the permit issued by the Border Police and the elements on the badge that are defined in accordance with the OU Security requirement. The system will record in logs all the readings by areas which will significantly improve the security, as well as the control of movement and control of the entry / exit of the person in controlled areas.

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The evacuation system as part of the access control system will integrate with the fire protection system, thus enabling these two systems to communicate and forward alarms about the incidents caused by the activation of the evacuation system, as well as whether the cause of the incident is fake activation of the module or not. Integration of these two systems will not only increase the efficiency in detecting the resulting causes, but also the safety in the evacuation areas.

The working time-record system implemented during the first phase is also linked to the presence control system, and this acquisition requires the acquisition of additional licenses as well as terminals in order to read staff more quickly at locations where the concentration of employees is large as well as installation to new locations for which the need arose.

The airport as a company that rationalizes costs in all segments, increasing profits through rational consideration of needs and investing and introducing various information systems that aim to create opportunities for increasing revenue through advertising and exchange of digital content, introduces systems that rationalize costs identified as priorities in rationalization. One of the systems is a Smart Building Management System (BMS). This system is in the phase of developing a technical specification and one of the systems to be integrated is precisely the access control system with all its modules. By integrating the access control system into the smart building management system, smart and optimal control of all consumers will be enabled, for example, in gates, so that all lights, air conditioning and other consumers will automatically switch on and off via information from the access control system in such a way that opening of gates will activate all the mentioned consumers of electricity and in this way will control the consumption of electricity by minimizing it, which will directly increase the lifetime of expensive equipment exploitation and reduce maintenance costs.

The extension of the access control system and the evacuation system is in progress.

- **Value:** RSD 39,813,537.50, VAT excluded
- **Supplier:** Smart Building Technologies, under Contract No. UJNV-25/2018 dated 13.03.2018.

Extension and Expansion of Microsoft Licenses (True-Up and SA - Software Assurance) - Part 1 - Extension and Extension of Microsoft Licenses (SA - Software Assurance)

Purpose: The subject of the contract is the renewal and expansion of Microsoft licenses because the valid contract expired at the end of February 2018.

The realization of this acquisition has ensured that Microsoft licenses are renewed on time. By terminating the payment of a three-year SA, we would remain on the latest version of the software we purchased and all new versions of the software would have to be paid at regular prices, that is, by the model where we pay also the price of the license (LIC) and maintenance (SA), in which case the licenses are more expensive because they are paid according to the LIC / SA model while only SA is paid by regular renewal. ANTB is required to monitor the latest versions of all versions of operating systems due to new information systems being implemented as well as for the security of the corporate network at recommendation of Microsoft and in accordance with the Information Security Act. For this reason, the latest versions are necessary because it is a requirement for all system implementers to implement new and upgrade existing information systems. In the event that the Microsoft License Agreement is not renewed, we will not be able to implement the systems planned this year,

and if we do not sign a new contract on time, the value of the planned procurement for the extension of licenses would increase by 30%.

Microsoft licenses are not solely related to licenses for servers and workstations, but also for databases and other Microsoft platforms:

1. Microsoft Exchange Server - E-mail server ANTB
 2. SQL Server - All systems on an ANTB that require a database use SQL database
 3. Microsoft Skype for Business Server - Communication server
 4. Microsoft Office - Word, Excel, Outlook, etc.
 5. Microsoft SharePoint - An internal portal in which the electronic office module is implemented
 6. Microsoft Visio - application for drawing diagrams, processes, etc.
 7. Microsoft Project - application for planning and tracking projects and creating a curriculum
 8. Microsoft WSUS Server - a server for installing security patches on the corporate network
 9. Microsoft System Center - server to monitor, control, and report on the status of all servers and workstations in the ANTB corporate network.
- **Value:** 790,473.43 USD excl. VAT
 - **Supplier:** E-Smart Systems, under Contract no. UJNV-11/2018 of 21.02.2018.

Extension and expansion of Microsoft licenses (true-up and SA - Software Assurance) - Part 2 - Extension and expansion of Microsoft licenses of cloud azure platform

Purpose: The subject of the contract is the extension and expansion of Microsoft cloud azure. The subject of this acquisition is the extension of existing licenses through which additional licenses will be paid as well as the Azure subscription for the next three years for backup of all critical services at ANTB in order to ensure the continuity of all services in the server room at a remote location. Disaster Recovery (DR) is necessary to exist because of the functioning of all servers and services at ANTB in case servers and services stop working in the server room. DR is one of the important business segments and all questions related to the concession were whether we have a DR location and which solution we implemented. Payments will be made through three equal annual installments.

- **Value:** 295,711.40 USD excluding VAT
- **Supplier:** E-Smart Systems, under Contract no. UJNV-34/2018 of 22 March 2018.

IT equipment - lot 1 - Equipment for SAP ERP

Purpose: The subject of the contract is procurement, which provides for new central equipment (servers, storages and licenses for the virtual platform) for the functioning of the new SAP ERP solution, and according to the SAP request, the infrastructure must be certified for SAP. The central equipment must have such characteristics and capacities as are required to meet the hardware requirements of SAP ERP solutions since the three SAP solutions (development, testing and production) of identical features are required for the proper functioning and upgrading of SAP solutions, which requires a strong and large hardware environment for securing their work.

- **Value:** 40,847,001 RSD without VAT
- **Supplier:** Serbian Business System doo, according to Contract no. UJNV-20/2018 of 07.03.2018.

Сектор финансија

IT equipment - lot 2 - Data storage system and equipment and backup system for video surveillance and integration with the existing system

Purpose: The subject of the contract is procurement, which is envisaged to provide system and equipment for data storage and backup video surveillance and integration with the existing system. Such a system must include the following equipment:

- Tape library for data storage and backup
- Server for organizing data and installing HSM software with the following technical characteristics
- The offered HSM software, which must enable the organizing and long storage of a large number of files, depending on the number of accesses, will be automatically, by the pre-defined policy, placed on the appropriate media defined by the policies.

The above must be purchased so that within the existing video surveillance system, the video can be stored for a longer period of time. With available resources, it is currently possible to store and view videos not older than two months, which meets the prescribed minimum of 30 days. By implementing this solution, the airport predicted that the minimum period of video recording would be 12 months, which would allow the availability of video for a longer period of time, ensuring that eventual incident situations can be reviewed and much later after the event itself, which can be of great importance and contribution to situations when needed.

- **Value:** 17,928,000.00 RSD

excluding VAT

- **Supplier:** EWE COMP and NEPO SYSTEM, under Contract no. UJNM-23/2018 of 09.03.2018.

Computer equipment - Part 3 - Desktop (All in one) computers

- **Purpose:** The subject of the contract is the purchase of desktop (All in One) computers. Based on the stated needs of all organizational units for the aforementioned equipment and in order to ensure that business processes are performed in an optimal, effective and appropriate manner, it is necessary to provide the specified equipment and cover all the defined positions that participate in business processes with the appropriate computers.

Increasing the number of employees and positions requiring a computer is one of the main reasons why there is a need to purchase new computers.

The new computer and information systems and services that will be procured, those that will be changed and expanded, as well as those in use, require new IT equipment which, with its technical characteristics, has to satisfy these technically-technologically demanding systems and services. This replacement of existing obsolete computers, which is still in widespread use, is another of the main reasons why there is a need for the purchase of new computers.

Purchasing new computers eliminates the possibility of occurrence of difficulties in operation and creates basic preconditions for smooth operation with new computer and information systems and services.

Procurement of the mentioned equipment would provide more efficient, more comfortable and quality work of the employees. It eliminates the obsolete and worn out equipment and renews it, thus achieving the level of quality and reliability of the equipment.

Сектор финансирања

- **Value:** 11,399,220.00 RSD without VAT
- **Supplier:** Oblak tehnologije doo, under Contract no. UJNV-18/2018 dated 6 March 2018.

IT equipment - lot 4 - Mobile and tablet devices

- **Purpose:** Based on the stated needs of all organizational units for the mentioned equipment and in order to ensure that business processes are performed in an optimal, effective and appropriate manner, it is necessary to provide the said equipment and provide it to all employees who need the appropriate telephone for daily communication and mobility in work itself. Mobility implies availability of services such as e-mail, internet and remote access to airport systems and services, even when employees are out of office space. Efficient and timely performance of all tasks requiring access to these systems and services, regardless of the current location of employees, requires the use of appropriate smart phones. By increasing the number of employees, based on the Rules on Mobile Telephony, the number of mobile phone applications that need to be provided increases. Also, the aforementioned Rulebook foresees the possibility of replacing a mobile phone after a certain period of use due to technical and technological obsolescence. The aforementioned procurement foresees to provide mobile devices and / or tablets for employees, which will meet the technical requirements of the employees' work requirements.

- **Value:** 6,415,623.00 RSD without VAT
- **Supplier:** Informatika AD, under Contract no. UJNV-24/2018 of 09.03.2018.

IT equipment - lot 5 - Printers, photocopiers and multifunctional devices

- **Purpose:** The subject of the contract is procurement for the provision of printers, photocopiers and multifunctional devices, which would ensure more efficient, more comfortable and quality work of employees. The purchase of printers, multifunctional devices and photocopiers is necessary due to the age and weariness of existing devices and the incompatibility with new operating systems, and it is necessary to replace existing old devices with new ones. This ensures the possibility of complete functionality in working with the latest computer and information systems and services. This procurement would provide equipment that would replace the old and worn equipment in use, which increases the reliability and quality in the realization of business tasks. In addition, the cost of consumables (toners, ribbons and cartridges) is reduced, as they are cheaper for new devices, as well as maintenance costs, as the frequency of failures in older devices is higher.

- **Value:** 5,840,036.00 RSD without VAT
- **Supplier:** Malex - City Copy Service, under Contract no. UJNV-22/2018 of 08.03.2018.

Служба финансирања

IT equipment - lot 6 - Audio and video equipment

- **Purpose:** The subject of the contract is procurement of audio and video equipment, among which are: speakers, projectors, televisions, cameras, audioreceivers and other, thus continuing the process of modernization of audio and video equipment in use, initiated by previous procurement, as well as equipping new positions.

Replacing an audio system in representative showrooms involves replacing existing obsolete equipment as well as replacing old worn audio installations. Replacing the audio system involves the replacement of audio components in rack cabinets, as well as the purchase of new components that we did not have in the audio system so far. This improves the sound quality and provides new possibilities for processing and managing sound. This would contribute to ensuring that the coverage of representative lounges with a higher quality sound level at all levels. By replacing worn-out installations and installing newer generation installations ensures that the sound quality be preserved during transmission and the reduction of interference produced by various sources from the environment. Representative lounges are places where important press conferences and presentations are often held, and for this reason the audio system is an important item that should be maintained at the highest level of quality.

For representative lounges, it is necessary to replace the video system and to carry out replacement of old and worn installations. The purchase includes the replacement of TVs, video players and other video equipment. Replacing worn-out installations and installing newer generation installations ensures that image quality is maintained during transmission and interference produced by various sources from the environment reduced. This procurement would eliminate possible problems in representative lounges, which are direct consequence primarily of the deterioration of equipment and installations.

Procurement of new wall and ceiling loudspeakers should replace existing obsolete speakers, in airport areas which were not included in some of the equipment procurement. Since they are speakers that have not been replaced for a great number of years, many of them have a significant deviation from the defined radiation characteristics due to the wear of the parts involved in the production of sound. Over time, many speakers have suffered minor or greater damage. All of the aforementioned causes distortion of sound and, as a consequence, the listener has the incomprehensibility of the broadcasted content. Replacing the old speakers would contribute to ensuring coverage with a higher quality sound of a uniform level, high level of intelligibility in all parts that need to be covered with sound.

- **Value:** 3,975,784.00 RSD excluding VAT
- **Supplier:** Cloud of Technology, under Contract no. UJNV-16/2018 of 06.03.2018.

IT equipment - lot 7 – Notebook computers

- **Purpose:** The subject of the contract is the purchase of Notebook computers. In order to create opportunities for introducing new trends, applications and software, and facilitating the holding of sessions and other events taking place in representative lounges and possibly other locations, and in order to provide mobility of equipping training classrooms within the training center, equipping of defined classrooms for workshops for SAP ERP (there are 3 designated

locations for SAP ERP workshops), there is a need for the purchase of portable notebooks, which creates opportunities for the development of these business processes as well as their improvement of yielding to the efficiency, transparency and facilitate the training, holding of meetings and other events.

- **Value:** 2,938,261.00 RSD without VAT
- **Supplier:** Informatika ad, under Contract no. UJNV-26/2018 of March 14, 2018

IT equipment - lot 8 - Spare parts for computers and electronics

- **Purpose:** The subject of the contract is the procurement of spare parts for computers and electronics. ANTB, as a large company and a socially responsible enterprise, should take steps to provide information literacy and help institutions that perform responsible tasks such as schools and hospitals and help them to perform their work in a quality and better way. This improves the image of the airport as a company ready for assistance and an enterprise that contributes to improving working conditions in schools, hospitals and the like.

It is planned to purchase standard desktop computers with an operating system for donations to institutions that need assistance in providing IT equipment in order to improve their IT conditions.

- **Value:** 2,967,234.00 RSD without VAT
- **Supplier:** Informatika ad, under Contract no. UJNV-27/2018 of March 14, 2018.

IT equipment - lot 9 - Donation computers

- **Purpose:** The subject of the contract is purchase of computers for donation. ANTB, as a large company and a socially responsible enterprise, should take steps to provide information literacy and help institutions that perform responsible tasks such as schools and hospitals and help them to perform their work in a quality and better way. This improves the image of the airport as a company ready for assistance and an enterprise that contributes to improving working conditions in schools, hospitals and the like.

It is planned to purchase standard desktop computers with an operating system for donations to institutions that need assistance in providing IT equipment in order to improve their IT conditions.

- **Value:** 2,973,880.00 dinars excluding VAT
- **Supplier:** Informatika ad, under Contract no. UJNV-29/2018 of March 14, 2018

IT equipment - lot 10 - UPS devices

- **Purpose:** The subject of the contract is procurement for the provision of UPS devices having main task to provide uninterrupted power supply for consumers at the Airport, where the majority of consumers are personal computers with associated equipment, as well as other systems in which the problem of regular power supply can cause serious consequences, security, financial or functional. UPS devices are used inter alia to provide uninterrupted power supply for active network equipment, access control systems and evacuation systems, as well as other systems whose parts can shut down in the event of a power cuts from the city

network, which may lead to interruptions in one section or entire system, as well as the inability of the system users work because of unavailability of the system. This procurement envisages equipping all hubs with UPS devices where there is currently no protection as well as replacement of UPS devices in hubs where the existing ones do not perform the intended function as they are worn out.

Because of steady increase in the number of consumers, in order to avoid any inconvenience due to lack of power supply, it is necessary to provide additional UPS devices.

- **Value:** 1,485,000.00 RSD excluding VAT
- **Supplier:** Cloud of Technology, under Contract no. UJNV-17/2018 of 06.03.2018

Computer equipment - partition 11 - Thin client computers

• **Purpose:** The subject of the contract is the procurement of thin client computers. By switching from the old system to display the operating flight schedule to the new one, there was a need to purchase new equipment to replace old devices. Previous procurement has provided a number of thin clients to cover a certain part of existing positions. As the pricelist of communication services foresees the possibility for third parties to provide an operational flight schedule with renting of a thin client computer, it is necessary to provide them to adequately respond to the requirements for this service and equipment, and which renting increases the profit of the airport from non-airport services. Also, based on the stated needs of all organizational units for the mentioned equipment, in order to ensure that business processes are performed in an optimal, effective and appropriate manner it is necessary to provide the specified equipment. Organizational units of airports that have needs for displaying flight schedules and setting up thin client computers, in order to organize optimal business processes, may additionally request the specified equipment. This procurement envisages the purchase of an additional number of thin clients to cover the remaining existing positions, new positions that should be equiped as well as provide a number of them for leasing by third parties.

- **Value:** 988,880.00 RSD without VAT
- **Supplier:** Informatika ad, under Contract no. UJNV-28/2018 of March 14, 2018

Training of employees in the Employees Training Centre

Staff who indirectly affects the safety of air traffic must be trained in a Training Centre authorized by DCA and must have certificates of training (Article 187 of the Air Traffic Law ("Official Gazette of RS" nos.73/2010, 57/2011 and 93/2012). In accordance with the stated, the Employees Training Centre is authorised by DCA for training of employees performing the following professional jobs:

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

Сектор финансирања

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 01.01.2018 – 31.103.2018:

	ANT	Third persons
Steward/-ess (level 1)	26	1
Ground handling controller (category 1)	10	/
Ground handling controller (category 3)	/	3
Marshaller (level 1)	7	/
Airport equipment operator (level 1)	10	/
Generator opetater	1	/
Foreman of the sorting area	10	/
Foreman of cargo transshipment	17	/
Airport baggage, mail and cargo handling worker	16	/

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 01.01.2018 – 31.03.2018:

	ANT	Third persons
Professional fire-rescuer	31	/
Support staff	28	/
Support staff - practice	35	/
Fire protection	/	/

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 **acceptance 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 01.01.2018 – 31.03.2018:

	ANT	Third persons
Transport of dangerous goods in air traffic, cat. 7	7	-
Transport of dangerous goods in air traffic, cat. 10	45	5
Transport of dangerous goods in air traffic, cat. 9	28	7

Transport of dangerous goods in air traffic, cat. 5 and 8	67	13
Transport of dangerous goods in air traffic, cat. 12/ module 19	22	11

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

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

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

Number of trained persons in the period 01.01.2018 – 31.03.2018:

	ANT	Third persons
Storekeeper	/	/
Loader	/	/

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

1. State body staff at the airport;
2. Persons other than passengers, allowed to move without escort 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 securing aircraft;
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.

Сектор финансија

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 01.01.2018 – 31.03.2018:

	ANT	Third persons
Security awareness training	102	47
Module 3 - Basic training for security screening control	24	18
Module 4- Security screening of persons	15	18
Module 4- Additional QPS training (operation of scanner for screening of persons)	10	/
Module 5- security screening of baggage and personal things	10	/
Module 5 – Additional CONV5 training	/	3
Module 6- Security screening of checked baggage	1	/
Module 7 - X-screening of cargo and mail	/	/
Module 8 - X-screening of materials and mail of air-carriers, in-flight supplies and airport supplies	/	/
Module 9- Screening of vehicles	9	/
Module 10- Access control, monitoring and patrols	7	/
Module 12- Securing of aircraft	/	/
Module 13- Passenger and baggage reconciliation	120	/
Module 15 - Securing of material and mail of air carriers, stocks intended for consumption during flight and stocks for consumption at the airport, by methods other than security checks	10	/
Module 17 – Special training of supervisors	/	/
Module 20 – Dealing with persons of unacceptable behaviour	/	/
Responsible security managers	/	/

Сектор финансија

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 01.01.2018 – 31.03.2018:

	ANT	Third persons
Basics of air traffic safety;	36	-
Independent operation of vehicle/equipment in SRA 1	2	-
Independent operation of vehicle/equipment in SRA 2	16	32

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

Number of trained persons in the period 01.01.2018 – 31.03.2018:

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

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 trained persons in the period 01.01.2018 – 31.03.2018:

	CAD	Companies
Inspections	2	3

Analysis, planning and development of human resources

In the period from 01.01.2018 – 31.03.2018 within analysis, planning and development of human resources OU Human organized and realised the following:

- 3 internal recruitments and selections, during which 27 candidates were invited for an interview, and selected 13 candidates for training and redeployment;
- 20 external recruitments and selections, during which 92 candidates were invited for an interview, and selected 70 candidates for training and engagement.

Table review of internal selection for the period from 01.01.2018 – 31.03.2018

Internal job ad	Applicants
Foreman of the sorting area	20
Baggage tracking coordinator	5
Passenger service agent	2

Table review of external selection for the period from 01.01.2018 – 31.03.2018

Date of selection	Selection for positions	Number of recruited candidates	Number of selected candidates
04.01.2018	Kitchenette worker	1	1
04.01.2018	Security guard	1	0
08.01.2018	X-ray screener	1	0
08.01.2018	Security guard	2	0
10.01.2018	Security guard	1	1
11.01.2018	Parking lot attendant	1	1
12.01.2018	Security guard	1	1
15.01.2018	X-ray screener	2	1
15.01.2018	Transport worker	1	0
17.01.2018	X-ray screener	3	3
18.01.2018	Cleaner	8	6
18.01.2018	Transport worker	11	6
19.01.2018	Transport worker	11	9
19.01.2018	Cleaner	8	5
19.01.2018	Auxiliary associate for fixed assets	1	1
24.01.2018	Security guard	10	10
24.01.2018	X-ray screener	15	12

26.01.2018	X-ray screener	2	2
15.03.2018	X-ray screener	1	1
28.03.2018	Parking lot attendant	11	10

Labor relations and personal records

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 the Republic of Serbia" No. 113/13, 21/14, 66/14, 118/14 and 22/15), and for the reasons of the increased volume of work, the Commission Conclusion on New Employment and Additional Working Engagement with the Public Fund User 51 No. 112-12643 / 2017-1 of 28 December 2017 was provided, obtaining consent for engagement or employment of a total of 1749 persons, for the period from **January 1 to April 30, 2018**, of which:

- **650** persons employed on the basis of fixed-term contracts;
- **600** persons engaged on the basis of contracts on temporary and occasional jobs;
- **480** engaged through youth and student cooperatives;
- **2** persons engaged on the basis of a deed;
- **17** persons on the basis of professional development and training in accordance with Article 201 of the Labor Law.

Safety and health at work

	previous		periodical		total
Training of employees for safe and healthy at employment and relocation to other jobs.	29				
Periodic training of employees working in high-risk workplaces performed no later than one year after the date of the previous check.			642		671
Organizing previous, periodic and targeted medical examinations for employees working at workplaces with increased risk	candidates		targeted		257
	129	36	88	4	
Training for work at height of OU Technical Maintenance and OU Logistics					82
Injuries at work: report on injury at work, report to the competent Inspection, the Republic Institute for Health Insurance and the PIO Fund and the Safety and Health at Work Administration, investigation of the event and corrective measures.					10
Publishing Texts for Activity Bulletin in OU Safety and Health at Work, February, March					2

Complaints and irregularities: Taking corrective measures in order to eliminate complaints about irregularities and prevent them from occurring			29
Creation of a brochure for third parties: Introducing third parties with Safety and Health at Work and SAFETY measures when entering the KDOZR at ANT.			37
Construction site visits during the construction works. Filling in the checklist, monitoring construction works and controlling the implementation of Safety and Health at Work measures.			10
Filling cabinets for first aid with new content, instructions for use			2 locations

In accordance with the Rulebook on preventive measures for safe and healthy work in the use of screen display equipment, we have started organizing ophthalmological examinations for all employees who use these equipment for more than four hours a day. Medical examinations will be carried out in the period from April 2018 in the office of VMC Air Serbia.

Interior equipment

In the public procurement procedure, a framework agreement was concluded on January 29, 2018 with the bidder EUROSALON FABRIKA DOO BEOGRAD for lot 2 - Desks and office cabinets up to 2,000,000.00 RSD without VAT.

Annual maintenance of facilities at the airport complex is planned - equipping of working and public spaces, replacement of worn out furniture in order to improve the working conditions of employees and provide services to users at ANT B.

Spare parts and equipment for the video surveillance system

The public procurement procedure was concluded on March 8, 2018 Contracts for lot 1 - Equipment for monitoring logs on video surveillance system in the amount of 5,498,302.12 RSD excluding VAT and for lot 2 - Equipment and spare parts for video surveillance system in the amount of 944,524.40 RSD excluding VAT with the bidder TELEGROUP DOO BEOGRAD. The deadline for delivery of goods in both lots is 30 days from the date of delivery of the written order by the Purchaser.

The use of this system enables the automation of the work of the services that are at ANT dealing with the control and management of the video surveillance system. The designed solution provides control of access rights to the video surveillance system at the level of the INDIGOVISION Control Center application, records each activity of users over data and protects the IT environment from unauthorized use.

Сектор финансија

Central equipment for the public address system

In the period 01.01.2018. - 01.04.2018. works on the replacement of central equipment on the public address system have been completed. The contract is concluded with the bidder SMART BUILDING TECHNOLOGIES DOO, the total realized value is 23.732.744,40 dinars. The procurement was carried out by OJ ITT and the monitoring of the execution of the contract and the maintenance of the system is within the competence of OJ Logistics.

The work involved replacing all central units of the system, replacing all the equipment that was installed in 2005 on ANTB and which could no longer respond to user requests. Siemens - Novigo equipment is installed, which makes the entire system centralized and control of the system from the central location is enabled. The system has the ability to integrate with all other technical protection systems and is currently connected to the fire alarm system.

Water dispensers

In the public procurement procedure, a contract was concluded on April 20, 2018 with the bidder LA FANTANA DOO BELGRADE for the amount up to 1,800,000.00 RSD without VAT. Delivery of goods will take place successively according to needs on an annual basis.

Works on disassembly and installation of textile and vinyl floor coverings with delivery of materials

In the procedure of public procurement, a contract was concluded on February 12, 2018 with the bidder INFORMA DOO BEOGRAD for the amount up to 3,000,000.00 RSD without VAT. Realization is planned annually for the needs of arranging and maintaining public, lounge, public and office space at ANTB.

Purchase car park equipment

In the public procurement procedure, a contract with the bidder JKP PARKING SERVIS was concluded for an amount up to 13,789,780.95 RSD without VAT.

Conclusion of the Government of the RS No. 464-1883 / 2018 of 01.03.2018 gave consent that real estate owned by the Republic of Serbia - the existing infrastructure facilities, the Public Garage Building and the Parking Facility will be entered as contribution in kind of the Republic of Serbia to the company JSC Belgrade Nikola Tesla Airport. The takeover of the aforementioned facilities entails the necessity of purchasing equipment from the JKP Parking Servis, which will enable smooth functioning of the parking lots P1.1, P1.2, P2 and the Parking Garage. Realization of the complete project will result in a significant increase in ANTB revenue.

Office Supplies

In the procedure of public procurement, framework agreements for lot 1 - Photocopier paper were awarded to the amount up to 4,000,000.00 dinars without VAT and lot 2 - Tabulas for the amount up to 3,400,000 dinars without VAT, to the bidder MEHANOPRINT DOO.

For part 4 - Toners, a framework agreement was awarded for an amount of up to 7.650.000,00 dinars excluding VAT to the group of bidders whose bearer is IVAĐO DOO BEOGRAD-ZEMUN.

Ceiling tiles wash service in Terminal 2

In the procedure of public procurement, the contract was awarded to the bidder BFS SERVICE DOO BEOGRAD in the amount of 1.962.900,00 dinars excluding VAT. The deadline for execution is 60 days from the date of entry into the business.

The service will include the disassembly of metal ceilings (60x60 cm) at Terminal 2, their washing and assembly, which will improve the aesthetic and visual effect on ANTB.

Works on upholstery and window blinds

In the procedure of public procurement, contracts were awarded to the bidder PODIUM GROUP DOO BELGRADE for lot 1 - Change of soft furniture coatings up to 1,800,000.00 RSD without VAT and lot 2 – Upholstery of worn out seats in vehicles and machinery up to 800,000.00 RSD without VAT.

Upholstery works at Nikola Tesla Airport are planned for the maintenance of terminal and other facilities on an annual basis and will be performed successively according to the needs created.

Maintenance of CSNU systems

In the procedure of public procurement, the contract was awarded to the bidder IMP AUTOMATIKA DOO BEOGRAD in the amount of RSD 4,789,450.00 excluding VAT. Realization involves the provision of weekly and monthly maintenance and repair services of the central monitoring and management system as well as the replacement of equipment as needed on an annual basis.

Radio stations and equipment

During the public procurement procedure, the contract was awarded to the tenderer TELEGROUP DOO BEOGRAD in the amount of 29,910,382.00 RSD excluding VAT. The deadline for the delivery and installation of the equipment is 45 days from the order date. This acquisition extends the digital radio network by adding another repeater to the UHF band, and a sufficient number of UHF, VHF and Air band VHF radio stations are purchased. In this way, aircraft handling service of Air Serbia separates itself into a special channel which enables quicker and direct communication between the services.

All workers successfully completed the professional exam, which means that we fulfill the requirement by republican fire protection law on the training of members of the unit.

Fire safety nozzles were delivered to the OU RFPU, after which a functional test was carried out, familiarization of all employees with technical characteristics of the same and they were assigned to fire trucks.

Regular servicing of firefighting appliances and hydrants continued according to planned schedule. Also, regular checking of the fire-resistant flaps continued, as well as the regular control of the smoke release system and the system of overpressure ventilation according to the plan and the scheduled.

Сектор финансија

Contracts were signed:

- "Maintenance of fire protection system", Lot 1: Maintenance of water-sprinkler system with a group of suppliers consisting of "IPON SYSTEM "doo, Belgrade-Zemun and "Dunex" doo Belgrade
- "Maintenance of fire protection system", Lot 3: Maintenance of gas-inergen fire-extinguishing system with supplier "TVI" doo, Belgrade.
- "Maintenance of fire protection system", Lot 4: Maintenance of smoke free and fire curtains, with the supplier "ELSAT" d.o.o. from Cacak.

Flags and masts

Purpose: development of technical documentation and execution of works on the installation of masts with flags at the airport complex Nikola Tesla Belgrade. Public procurement will include development of technical documentation and the execution of works on "turnkey" basis.

Purchasing and installing a mast with appropriate flags at the aerodrome complex provides exceptional visual communication representing the identity of the country and its associated company.

Considering that JSC ANTB is practically the "Gate of Serbia" and represents the first direct contact of incoming passengers with the country to which they come, it is necessary to present the identity of the country and the company in the best possible way.

Considering the planned height of the 25 meter mast with the associated flags, it can potentially turn into one of the recognizable symbols of JSC ANTB and be visible from the side of the E-75 highway as one of the entry points - the symbol of the City of Belgrade. One of the main reasons for setting up the mast is that it encourages the custom of setting up and observing state features. This shows the respect of the flag as a symbol of Serbian tradition. Setting up state-wide flags of great dimensions in visible places is the practice that exists in many cities in the world.

For this purpose, several locations have been defined which technical elaboration and materialization is planned in the phase of preparation and defining of detailed technical documentation.

Also, the height of the mast of 25 meters requires development of the construction and electrical project and approval of the Civil Aviation Directorate of the Republic of Serbia. It is also necessary to plan the arrangement of the surrounding area of the mast pillar.

Status: Public procurement is announced according to procurement plan for 2018 in JNMV NO 6/18. Estimated value of 10,000,000.00 RSD, procurement planned by lots. Decision on awarding the contract DN JN -377/2018 made on 05.04.2018. Proposed signing of the contract for Lot 1 with the bidder "Zastava i Jarboli" d.o.o. for the amount of 409,500.00 RSD, and for Lot 2 with the bidder "ELGRA VISION" d.o.o. to the amount of 9,250,000.00 RSD.

In the period from 15-16 January 2018, a high-level Japanese delegation led by the Prime Minister of Japan was in the official visit to the Republic of Serbia on invitation of the President

Aleksandar Vučić and the Government of the Republic of Serbia. In addition to the official state delegation, there was also a large business delegation. At JSC Belgrade Nikola Tesla Airport, it was greeted with the highest state honors. The delegation arrived in Belgrade with two state Boeing 747 aircraft.

7.1. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES AFTER THE PERIOD I-III 2018

The following is a description of all major business events that took place at Nikola Tesla Airport Belgrade after the expiration of the period I-III in 2018:

By the decision of the Republic Geodetic Authority - Real Estate Cadastre Office Surčin no. 952-02-4-895/2018 of 24.04.2018, the registration of the ownership right in favor of JSC Belgrade Nikola Tesla Airaport is allowed on the cadastral plots no. 3733, 3735/1, 3750/1, 3750/6, 3750/7, 3750/9, 3750/11, 3750/13, 3750/16, 3995/3, 3996/3, 3997/3, 3998/3, 3999/3, 4140/1, 4263/1, 4264/1, 4264/2, 4265, 4266/1, 4267/1, 4267/3, 4268/1, 4268/6, 4269/2, 4272/1, 4275/6, in the real estate list number 2348 KO Surčin.

Russian airlines Red Wings will launch regular flights on the Belgrade-Moscow route, starting from 02.06.2018, three times a week with the A-320.

We have sent a request and announcement of the Syrian airline Cham Wings to operate flights in the summer of 2018, starting from 01.06.2018, three times a week, on the Belgrade-Damascus line, with A-320 aircraft. The CAD approval process is in progress.

Improvement of securing the passport checkpoint

- **Purpose:** The works are carried out in cooperation with the Border Police Directorate in order to improve the security systems and control at passport checkpoints. The works are carried out in order to increase the security and control of passenger flows between the transit and the public area in the Terminal facility.

- **Status:** The contractor of the works is Energoprojekt Industrija. Works started on April 10, 2018. It is planned that project be completed by the end of June 2018.

Analysis, planning and development of human resources

In the period after 31.03.2018 to date from the field of Analysis, planning and human resources development at the Belgrade Nikola Tesla Airport, two internal advertisements and five external selections were published.

Table review of internal selection after 31.03.2018

Сектор финансија

Internal job ad	Applicants
Baggage delivery driver at the airport complex	6
Foreman of the sorting area	8

Table review of external selection after 31.03.2018

Date of selection	Selection for positions	Number of recruited candidates	Number of selected candidates
20.04.2018	Transport worker	11	9
20.04.2018	Ground stewardess	1	1
25.04.2018	Ground stewardess	2	2
25.04.2018	Transport worker	1	0
26.04.2018	X-ray screener	1	1

Labor relations and personal records

On April 5, 2018, due to the increased volume of work, the Commission for new employment and additional working engagement with the beneficiaries of public funds was sent a new request for obtaining approval for new employment and additional working engagement with the beneficiary of public funds, in accordance with the Regulation on the procedure for obtaining consent. The approval of the Commission is required for the period from 01.05.-31.08.2018. It is expected that the Commission for new employment and additional working engagement with the users of public funds will make a positive conclusion.

Safety and health at work

- In accordance with Article 19 of the Law on Safety and Health at Work (Official Gazette of the Republic of Serbia, No. 101/05 and 91/15), we defined and determined the method of mutual cooperation and harmonized the procedure practice for unified and comprehensive implementation of Safety and Health at Work measures with Dufry doo and "Sky partner RS" d.o.o. The procedure for signing the agreement with the company "Aerodrom čistoća terminali" d.o.o. is in progress.
- In accordance with the Rulebook on preventive measures for safe and healthy work in the use of screen display equipment, we have begun organizing the performance of ophthalmological examinations, as stated in the business plan. Ophthalmological examinations are performed from April 10, 2018.
- We organized training for working at a height in the form of lectures on how to perform a visual inspection and instructions on the use of equipment (LZO) for protection against falls, manufactured by "Protekt and demonstration of equipment used in the plants of ANT Belgrade, for the purpose of safe use of equipment, for employees of OU Technial Maintenance and OU Logistics.

Maintenance of passenger and van programs

Opening of tenders in the procedure of this public procurement was held on 03.04.2018. Drafting of expert evaluation of bids is underway. The realization of the procurement will be carried out with the aim of regular and ongoing maintenance of the fleet on the ANTB by lots:

1. Lot 1. Maintenance of FIAT passenger and van program within the warranty period – 1,500,000.00 RSD;
2. Lot Party 2. Maintenance of passenger and van program ŠKODA, OPEL, VOLKSWAGEN – 1,750,000.00 RSD;
3. Lot 3. Maintenance of passenger and van program FIAT, RENAULT, PEUGEOT – 1,750,000.00 RSD;
4. Lot 4. Maintenance of passenger-cargo program TOYOTA, MITSUBISHI–1,000,000.00 RSD

Special towing vehicle

Opening of tenders in the procedure of this public procurement was held on April 16, 2018. A report on the professional evaluation of bids in the procurement process is underway, aiming to purchase two 4x4 trucks for the needs of the OU Security that will be used for the towing mobile X-rays, implementation of measures and procedures with first degree security, as well as when necessary to intervene on the maneuvering surfaces.

Consumables for cleaning service, paper accessories, chemicals for the maintenance of terminals and bags - Folding towels and folding toilet paper

Opening of tenders in the procedure of this public procurement was held on April 19, 2018. Drafting of expert evaluation of bids is underway. Procurement is carried out for the needs of annual continuous furnishing of toilet materials with consumables (paper goods).

Training of employees in the field of security inspection

In accordance with the regulations in the field of aviation security, Belgrade Nikola Tesla Airport carries out training in the field of aviation security, i.e. appropriate initial, periodic and additional training. Persons must successfully complete appropriate training before being authorized to carry out security checks independently.

The trainings are organized by the Nikola Tesla Airport Training Center in accordance with the curricula approved by the Civil Aviation Directorate of the Republic of Serbia.

Implementation of training for operators of OU SG continued in February 2018, organized by the Center for Vocational Training of Belgrade, Nikola Tesla Airport as follows:

- Training for persons who exercise access control, supervision and patrols
- Training for persons who inspect the vehicles

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

- Training for persons screening hand baggage, 10 candidates in March 2018
- Training for persons screening passengers, non-travelers and things carried, 6 candidates in February 2018

In February 2018, a periodic training (refresher training) was carried out for supervisors.

Camera for recording the lower part of the vehicle

The camera surveillance system for the lower part of the vehicle is an additional method for inspecting the lower part of the vehicles entering the controlled area, that is, in the critical parts of the security restricted area of the airport. The subject system significantly provides a better and more comprehensive overview of the lower part of the vehicle compared to the overview of the lower part of the vehicle using a mirror for vehicle inspection. The camera system when vehicle enters, whether it is a passenger car, truck, bus, or any other type, records the lower part of the vehicle, making a permanent record that is associated with the registration number of the vehicle under inspection. The resulting footage is analyzed by the operator in order to detect and locate prohibited articles or parts thereof that can be subsequently assembled as a whole and used to interfere with the safety of civil aviation, personnel and property of airports and other entities providing services in the aircraft handling. A preserved image of the lower part of a particular vehicle is then used at each subsequent entry of that vehicle in order to determine the changes in the lower part of the vehicle, that is, to detect prohibited articles or parts thereof. The system automatically creates a database of all vehicles that are inspected in this way.

PP published: 03.10.2017.

Contract concluded on December 4, 2017 with the bidder MACCHINA SECURITY d.o.o. to the amount of 32,286,260.00 RSD without VAT. Good delivery on 05.02.2018.

Veterinary preparations

Veterinary preparations for the maintenance of health of official dogs.

PPLV published: 07.02.2018.

Contract (Purchase Order) concluded with the Bidder "Primavet doo" amounting to 190,827.80 RSD without VAT on March 6, 2018.
Goods are delivered on 26.03.2018.

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As regards procurements that relate to OU X-ray screening, the following are initiated:

- X-ray device with automatic detection of explosives (for transfer baggage for flights to USA)
- Scanner equipment for screening of persons (for gates A2-3, A4-5 and A4aA4b)

Regarding delivered equipment, in March 2018, 60 screen boards were delivered under the contract UJNM 133/2017. Screens are positioned on all gates as protection of the operator from passenger influence. The Civil Aviation Directorate is notified that the measure has been implemented.

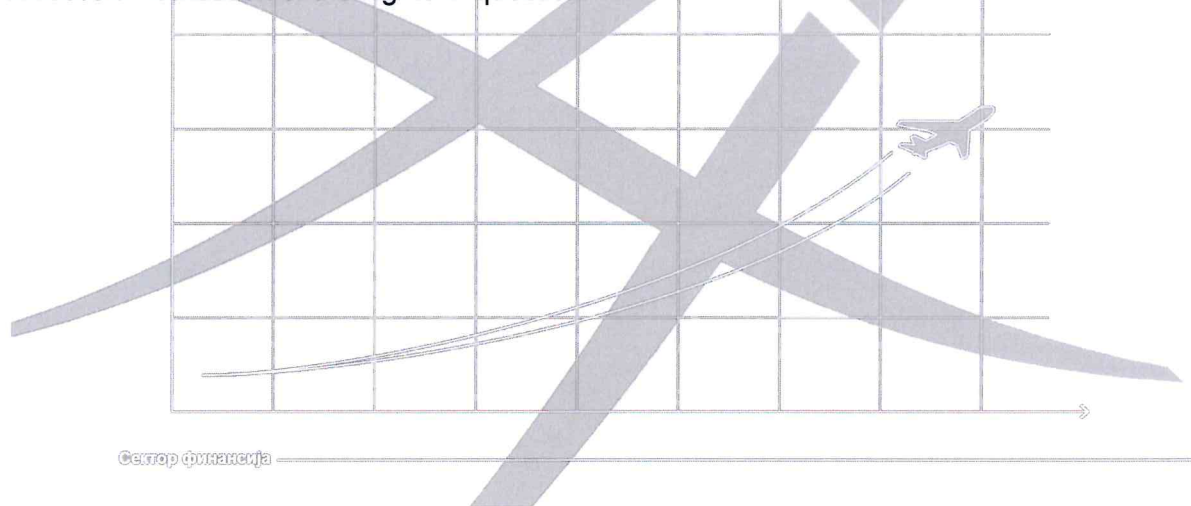
Procurement of towed stairs - 4 pcs.

- Purpose: to increase the capacity and quality of services provided to airlines in case of aircraft handling.
- Value: 12,394,973.36 RSD without VAT
- Supplier: Europlast international d.o.o.i Europlast international GMBH, Public Procurement Contract No. UJNV-33/2018 of March 21, 2018.
- Status: **Contract signed on March 22, 2018.** Delivery time is 88 days from the date of conclusion of the contract.
- Stairs will be delivered in the period up to 18.06.2018.

During the month of April, the relocation of employees in technical ground handling to a new prefabricated facility of 900 square meters.

In the OU PGH, training of employees for registration of passengers and baggage on the following systems is carried out: iPort, MACS, Troya, Saber, SITA, as well as for manual registration of passengers and baggage. The trainings were organized for employees who moved from ASGS in order to optimize the process and smooth operation of operational services.

During March, the first flights of the airline Iran Air, Mahan Air and Qeshm Air were made to Tehran, Iran. Development of work procedures, familiarizing employees with the same, supervision by direct superiors are some of the additional activities that preceded the successful realization of the flights in question.



8. DESCRIPTION OF THE MOST SIGNIFICANT RISKS AND UNCERTAINTIES IN THE PERIOD I-III 2018

Internal risks:

- Saturation of projected airport capacity in terms of number of passengers, commercial demand-driven content, 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)

External risks:

- Limitation of development in accordance to the existing obsolete Plan until adoption of the new plan,
- Growing competition of international neighbouring airports and competition on a local level,
- 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,
- 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.

Regarding the "risk and uncertainty" of IT technology, we would say that there is a great risk to the operational work at airport as we do not have support and maintenance for critical systems over a longer period of time because we do not have signed contracts.

Takeover of the garage and parking lot at Nikola Tesla Airport Belgrade is one of the possible business risks.

In the period I-III 2018 there was a risk of spreading of terrorist attacks from 2017, 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 given to video surveillance and frequent security patrols.

The measures from 2017 on flights to Moscow by the Russian air carrier continues to be implemented (supervision of the provision of passengers and their luggage, in view of the announced possibilities of threats to Russian airborne vessels) as well as the measures applicable to flights to the United States.

In relation to OU Sector for fire rescue and protection, public procurement procedure is in progress for breathing apparatuses. Contract is not signed and we are not in position to implement servicing and inspection. At the moment none of brathing apparatuses has certificate on inspection and accuracy which directly affects safety and security of fire and rescue unit members.

An analysis of the required number of employees has been carried out of OU Ground Handling by positions according to the peak week of the summer flight schedule.

The result of the analysis is shown in the table that contains the current number of employees in the OU GH and the number of employees being short of for the implementation of the summer flight schedule for 2018.

Analysis Summer 2018 – OU GH

Organizational Unit (sector)	Current number of employees	number of employees being short of
PGH	442	58
TGH	518	75
CGH	103	6
Total	1063	139

Table of the number of employees being short of

As a supplement to the table above, we list the number of employees required by organizational units of the lower rank (services):

- PGH: a) passenger handling: 25 employees,
b) sorting area: 33 employees,
- TGH: a) aircraft handling and cargo handling: 47 employees
b) maintenance of the cleanliness of aircraft and official premises: 28 employees,
- CGH: a) cargo loading worker in cargo warehouse, driver, transport worker: 6 employees.

If the above mentioned number of employees is not hired, there is a risk of non-fulfillment of contractual obligations towards airlines. The above mentioned employees would be engaged exclusively through the youth cooperative as the basic type of engagement and seasonal increase in the volume of traffic.

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 31.03.2018 and primarily cash and cash equivalents, receivables from buyers, liabilities per long-term loans and similar we could say that the Company is not imposed to foreign exchange risks.

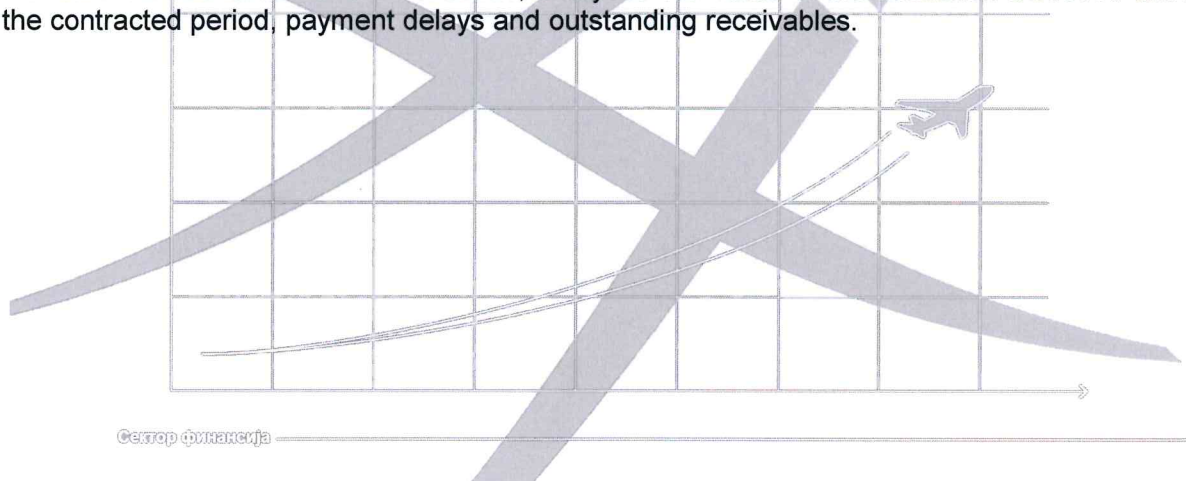
By detailed analysis of currency structure of the assets and liabilities on 31.03.2018, we can ascertain that the financial assets are contracted with currency clause and that they are higher than currency financial liabilities. Financial liabilities contracted in foreign currency are generally of long-term nature. Based on the above facts it results that Airport Nikola Tesla Belgrade does not operate with high currency risk.

b) Risk of interest rate change

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

9.2. CREDIT RISK

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



9.3. LIQUIDITY AND CASH FLOW RISK

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

Looking at liquidity indicators, we note that the current and accelerated liquidity ratios are over 7.7, 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 54 days (57 days in the same period of 2017). 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 1.7. The average payback time for suppliers is 40 days (27 days in the same period of 2017). We emphasize that the Company settles its current obligations within the agreed deadlines and that the supplier's turnover ratio is 2.3.



10. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

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

10.1. BRANCHES

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

Belgrade, May 2018

The image shows a large, stylized grey logo of the company, resembling a winged figure or a stylized 'A', overlaid on a grid. In the center of the grid is a circular official stamp of the company, with the text 'АЕРОПОРТ НИКОЛА ТЕСЛА БЕОГРАД' and 'АЕРОПОРТ НИКОЛА ТЕСЛА БЕОГРАД' around the perimeter. To the left of the stamp, there is a blue ink signature and the text 'Chief Executive Officer' and 'Acting Director General Saša Vlajsavljević, BSc. (Eng)'. To the right of the stamp, there is another blue ink signature and the text 'Director of Finance Dobrila Pejović, BSc (econ)'. At the bottom left, there is a small text 'Сектор финансија' and at the bottom right, there is a small text 'С.О.'.

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



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STATEMENT

Hereby we state that, according to our best knowledge, the Quarterly report for the first quarter 2018, and for the period I-III 2018, is drafted in line with appropriate international standards of financial reporting and that it shows true and impartial data on property, obligations, financial position and operating, profits and losses, cash flows and changes on the capital of the Company.

Acting Director General



Saša Vlasisavljević

Finance Director

Dobrila Pejović

Head of Accountancy

Zorka Latinović

C.O.