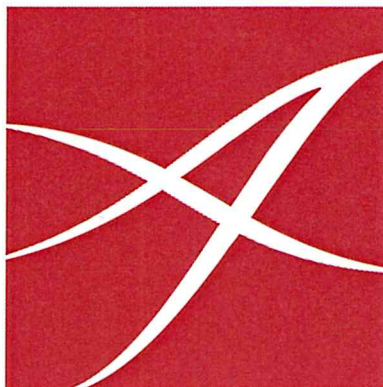


# JSC BELGRADE NIKOLA TESLA AIRPORT



## ANNUAL BUSINESS REPORT

In accordance with Article 50 of the Capital Market Act (Official Gazette of RS No. 31/2011 and 112/2015) and in accordance with the Regulations on the content, form and manner of publication of annual, semi-annual and quarterly reports of public companies published by the Commission for Securities.

# 2015



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## **Content of the report:**

### 1. Financial statements

- Balance Sheet on 31.12.2015;
- Income Sheet for 2015;
- Report on other results for 2015;
- Statement on changes in capital until 31.12.2015;
- Cash Flow Statement for 2015 and
- Notes to the financial statements for business year 2015.

### 2. Independant Auditor's Report for regular funancial statements for 2015;

### 3. Report on company operations for 2015;

### 4. Statement

### 5. Note



АКЦИОНАРСКО ДРУШТВО  
АЕРОДРОМ "НИКОЛА ТЕСЛА"  
БЕОГРАД  
Бр. 33-112/2  
26. 04. 2016. год.

**FINANCIAL STATEMENTS 31 December 2015**

1. INCOME SHEET for the period from 01.01. to 31.12.2015, which include data for the third quarter of 2015;
2. BALANCE SHEET on 31.12.2015;
3. REPORT ON OTHER RESULTS for the period from 01.01. to 31.12.2015;
4. STATEMENT ON CHANGES IN CAPITAL from 01.01. to 31.12.2015;
5. CASH FLOW STATEMENT for the period from 01.01. to 31.12.2015;
6. NOTES TO THE FINANCIAL STATEMENTS 31.12.2015.

18 April 2016

**INCOME SHEET**  
In the period from 1 January to 31 December, 2015

INCOME SHEET					
for the period from 01.01.2015 to 31.12.2015					
- in thousand RSD -					
Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>REVENUES OF REGULAR BUSINESS</b>				
60 to 65, except 62 and 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		8,116,139	8,157,945
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	140,435	624,610
600	1. Revenues from sale of goods to parent companies and subsidiaries in domestic market	1003			
601	2. Revenues from sale of goods to parent companies and subsidiaries in foreign markets	1004			
602	3. Revenues from sale of goods to other related parties in domestic market	1005			
603	4. Revenue from sale of goods to other related parties in foreign markets	1006			
604	5. Revenues from sale of goods in domestic market	1007	5	37,318	4,082
605	6. Revenue from sale of goods in foreign market	1008	5	103,117	620,528
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	7; 8; 9	7,152,278	6,776,851
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 market	1011			
612	3. Revenues from sale of products and services to other related parties in domestic market	1012			
613	4. Revenues from sale of products and services to other related parties in foreign market	1013			
614	5. Revenues from sale of products and services in domestic market	1014	6	3,011,748	2,585,379
615	6. Revenues from sale of products and services in foreign market	1015	7	4,140,530	4,191,472
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0
65	IV OTHER OPERATING REVENUES	1017	10	823,426	756,484

**INCOME SHEET (continued)**  
**In the period from 1 January to 31 December, 2015**

-in thousands RSD-

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
50 to 55, 62 and 63	B. OPERATING EXPENSITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		4,468,458	4,690,213
50	I. PURCHASE VALUE OF SOLD GOODS	1019	11	133,258	595,349
62	II. REVENUES FROM ACTIVATION OF USE OF OWN PRODUCTS AND GOODS	1020		0	0
630	III. INCREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021			
631	IV. DECREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022			
51 except 513	V. COSTS OF MATERIAL	1023	12	162,971	204,813
513	VI. COSTS OF FUEL AND ENERGY	1024	13	275,494	286,278
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	14	2,414,173	1,460,936
53	VIII. COSTS OF PRODUCTION SERVICES	1026	15	368,161	833,147
540	IX. AMORTIZATION COSTS	1027	28, 29	767,878	817,036
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	69,447	54,148
55	XI. INTANGIBLE COSTS	1029	17	277,076	438,506
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		3,647,681	3,467,732
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		320,303	277,947
66, except 662, 663 and 664	I. FINANCIAL REVENUES FROM RELATED PARTIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial revenues from parent companies and subsidiaries	1034			
661	2. Finacial revenues from other related parties	1035			
665	3. Revenue from participation in profit of associated legal entities and joint ventures	1036			
669	4. Other financial revenues	1037			
662	II. INCOME REVENUE (FROM THIRD PARTIES)	1038	18	168,453	92,703

**INCOME SHEET (continued)**  
**In the period from 1 January to 31 December, 2015**

-in thousands RSD-

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	151,850	185,244
56	DJ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		152,155	149,435
56, except 562, 563 and 564	I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN. EXPENDITURES (1042 + 1043 + 1044 + 1045)	1041		0	0
560	1. Financial expenditures from relation with parent com. and subsidiaries	1042			
561	2. Financial expenditures from relation with other related parties	1043			
565	3. Expenditures from participation in the loss of associated legal entities and joint ventures	1044			
566 and 569	4. Other financial expenditures	1045			
562	II. INCOME EXPENDITURES (TOWARD THIRD PARTIES)	1046	20	67,483	65,625
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	84,672	83,810
	E. PROFIT FROM FINANCING (1032 – 1040)	1048		168,148	128,512
	Ž. LOSS FROM FINANCING (1040 – 1032)	1049		0	0
683 and 685	3. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	22	79,590	20,161
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	23	40,100	605,438
67 and 68, exc. 683 and 685	J. OTHER REVENUES	1052	24	1,962,738	2,338,849
57 and 58, exc. 583 and 585	K. OTHER EXPENDITURES	1053	25	1,864,127	1,587,111
	L. PROFIT FROM REGULAR OPERATING BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054	26	3,953,930	3,762,705
	LJ. LOSS FROM REGULAR OPERATING BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055			
69-59	M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1056			
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057			



**INCOME SHEET (continued)**  
**In the period from 1 January to 31 December, 2015**

-in thousands RSD-

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26; 47	3,953,930	3,762,705
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059			
	P. INCOME TAX				
721	I. INCOME TAX EXPENDITURE	1060	26; 47	607,090	606,566
part of 722	II. DEFERRED TAX EXPENDITURE	1061		55,814	
part of 722	III. DEFERRED INCOME TAX	1062	26; 47	0	265,995
723	R. EARNINGS PAID BY EMPLOYER	1063			
	S. NET PROFIT				
	(1058 – 1059 – 1060 – 1061 + 1062)	1064	27; 46	3,291,026	3,422,134
	T. NET LOSS				
	(1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET INCOME OF MINORITY SHAREHOLDERS	1066			
	II NET PROFIT OF THE MAJORITY OWNER	1067			
	III PROFIT PER SHARE				
	1. Basic earning per share	1068	27		
	2. Reduced (diluted) earning per share	1069			

**BALANCE SHEET**  
**On 31 December, 2015**

BALANCE SHEET						
on 31.12. 2015						
- in thousand RSD -						
Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
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		21,730,626	21,714,561	21,573,986
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3	28	80,523	25,923	9,278
010 & part 019	1. Investments in development	4				
011, 012 & part 019	2. Concessions, patents, licences, trade marks, software and other rights	5	28	80,523	25,923	9,278
013 & part 019	3. Goodwill	6				
014 & part 019	4. Other intangible assets	7				
015 & part 019	5. Intangible assets in progress	8				
016 & part 019	6. Advances for intangible assets	9				
2	II. REAL ESTATE, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	21,529,104	21,585,698	21,404,728
020, 021 & part 029	1. Land	11	29	9,120,668	9,120,668	9,034,813
022 & part 029	2. Buildings	12	29	9,858,745	10,102,565	8,843,664
023 & part 029	3. Plants and equipment	13	29	2,482,528	2,316,158	2,261,834
024 & part 029	4. Investment property	14	29	26,073	21,467	20,963
025 & part 029	5. Other property, plants and equipment	15	29	3,619	3,619	3,619
026 & part 029	6. Property, plants and equipment in progress	16	29	20,236	5,768	1,219,824
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	17,235	15,453	20,011
3	III. BIOLOGICAL AGENCIES (0020 + 0021 + 0022 + 0023)	19		120	165	266
030, 031 & part 039	1. Forests and perennial plants	20				
032 & part 039	2. Livestock unit	21	29	120	165	266
037 & part 039	3. Biological agencies in progress	22				
038 & part 039	4. Advances for biological agencies	23				
04. except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		120,879	102,775	159,714
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	3
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	120,878	102,774	159,711



**BALANCE SHEET (cont'd.)**  
**On 31 December, 2015**

- in thousand RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2014	Initial balance 01.01.2014
1	2	3	4	5	6	7
	<b>ASSETS</b>					
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		0	0	0
050 & part 059	1. Receivables from parent company and subsidiaries	35				
051 & part 059	2. Receivables from other related parties	36				
052 & part 059	3. Receivables from sale on trade credit	37				
053 & part 059	4. Receivables from sale per contracts on financial leasing	38				
054 & part 059	5. Receivables based on guarantees	39				
055 & part 059	6. Disputed and doubtful receivables	40				
056 & part 059	7. Other long-term receivables	41				
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER PROPERTY (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		6,540,995	6,201,901	2,602,694
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		141,272	131,446	140,585
10	1. Material, spare parts, tools and small inventory	45	32	94,820	109,808	98,433
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	12,301	20,612	33,682
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	34,151	1,026	8,470
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1,701,939	1,144,824	867,394
200 & part 209	1. Buyers in the country – parent companies and subsidiaries	52				
201 & part 209	2. Buyers abroad – parent companies and subsidiaries	53				
202 & part 209	3. Buyers in the country – other related parties	54				
203 & part 209	4. Buyers abroad – other related parties	55				
204 & part 209	5. Buyers in the country	56	35	1,069,267	676,715	458,534
205 & part 209	6. Buyers abroad	57	36	632,672	468,109	408,860
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	90,631	45,124	105,792
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 and 237	VI SHORT-TERM INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		3,876,640	2,031,124	538,172
230 & part 239	1. Short-term loans and invest. – parent com. and subsidiaries	63				
231 & part 239	2. Short-term loans and investments – other related parties	64				
232 & part 239	3. Short-term credits and loans in the country	65	38	77,841	34,818	37,200
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	39	3,798,799	1,996,306	500,972
24	VII CASH AND CASH EQUIVALENTS	68	41	704,127	2,803,851	896,778
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	26,386	45,532	53,973
	<b>D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)</b>	<b>71</b>		<b>28,271,621</b>	<b>27,916,462</b>	<b>24,176,680</b>
88	Б. OFF-BALANCE SHEET ASSETS	72	62	320,491	511,663	566,762

**BALANCE SHEET (cont'd.)**  
**On 31 December, 2015**

- in thousand RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2014	Initial balance 01.01.2014
1	2	3	4	5	6	7
	<b>LIABILITIES</b>					
	<b>A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)</b>	401	43	<b>25,697,984</b>	<b>25,101,646</b>	<b>22,256,473</b>
	<b>I CORE CAPITAL</b>					
30	(0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402		20,573,610	20,573,610	20,573,610
300	1. Share capital	403	44	20,573,610	20,573,610	20,573,610
301	2. Shares of limited liability companies	404				
302	3. Stakes	405				
303	4. State capital	406				
304	5. Social capital	407				
305	6. Cooperative shares	408				
306	7. Share issue premium	409				
309	8. Other core capital	410				
31	<b>II NON-PAID SUBSCRIBED CAPITAL</b>	411				
047 & 237	<b>III REPURCHASED OWN SHARES</b>	412				
32	<b>IV RESERVES</b>	413	45	2,842,810	1,534,430	1,529,339
330	<b>V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLES, PROPERTY, PLANTS AND EQUIPMENT</b>	414	45	148,390	148,569	
33 except 330	<b>VI. NON-REALISED INCOMES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance of group account 33 except 330)</b>	415	45	12,788	5,177	
33 except 330	<b>VII. NON-REALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (debit balance of group account 33 except 330)</b>	416				
34	<b>VIII NON-DISTRIBUTED PROFIT (0418 + 0419)</b>	417	46	2,120,386	2,839,860	153,524
340	1. Non-distributed profit of previous years	418	46	144,356	140,203	140,203
341	2. Non-distributed profit of the current year	419	46	1,976,030	2,699,657	13,321
	<b>IX. SHARE WITHOUT RIGHT OF CONTROL</b>	420				
35	<b>X.LOSS (0422 + 0423)</b>	421		0	0	0
350	1. Loss of previous years	422				
351	2. Loss of the current year	423				
	<b>B. LONG-TERM RESERVES AND LIABILITIES (0425 + 0432)</b>	424		<b>1,017,814</b>	<b>1,074,592</b>	<b>1,115,042</b>
40	<b>I LONG-TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)</b>	425	47;48	225,020	185,327	176,654
400	1. Reserves for costs within guarantee period	426				
401	2. Reserves for restoration of natural resources	427				
403	3. Reserves for restructuring costs	428				
404	4. Reserves for retirement and other employee benefits	429	47;48;49	110,239	111,237	114,718
405	5. Reserves for litigations	430	47;48;49	114,781	74,090	61,936
402 & 409	6. Other long-term reserves	431				
41	<b>II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)</b>	432		792,794	889,265	938,388
410	1. Liabilities that may be converted into capital	433				
411	2. Liabilities toward parent companies and subsidiaries	434				
412	3. Liabilities toward other related parties	435				

**BALANCE SHEET (cont'd.)**  
**On 31 December, 2015**

- in thousand RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2014	Initial balance 01.01.2014
1	2	3	4	5	6	7
	<b>LIABILITIES</b>					
413	4. Liabilities from securities for a period longer than one year	436				
414	5. Long-term credits and loans in the country	437				
415	6. Long-term credits and loans abroad	438	50,51	792,794	889,265	938,388
416	7. Liabilities base on financial leasing	439				
419	8. Other long-term liabilities	440		0	0	0
498	V. DEFERRED TAX LIABILITIES	441	26	88,308	31,151	270,015
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,467,515	1,709,073	535,150
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		101,380	100,824	125,368
420	1.Short-term loans from parent companies and subsidiaries	444				
421	2. Short-term loans from other related parties	445				
422	3. Short-term credits and loans in the country	446				
423	4. Short-term credits and loans abroad	447				
427	5. Liabilities on fixed assets and assets from discontinued operations intended for sale	448				
424, 425, 426 and 429	6. Other short-term financial obligations	449	52	101,380	100,824	125,368
430	II RECEIVED PRIPAYMENT, DEPOSITS AND BAILS	450	53	62,361	47,432	36,768
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		240,783	172,638	282,769
431	1. Suppliers – parent com. and subsidiaries in the country	452				
432	2. Suppliers – parent com.and subsidiaries abroad	453				
433	3. Suppliers – other related parties in the country	454				
434	4. Suppliers – other related parties abroad	455				
435	5. Suppliers in the country	456	54	204,483	132,746	152,856
436	6. Suppliers abroad	457	55	10,916	32,649	127,078
439	7. Other business liabilities	458	56	25,384	7,243	2,835
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	858,225	733,787	2,640
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	25,809	66,619	6,691
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59; 60	96,616	498,832	27,153
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	82,341	88,941	53,761
	D. LOSS OVER CAPITAL (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) ≥ 0	463				
	DJ. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 – 0463) ≥ 0	464		28,271,621	27,916,462	24,176,680
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	320,491	511,663	566,762



**STATEMENT ON OTHER COMPREHENSIVE RESULT**  
**In the period from 1 January to 31 December, 2015**

STATEMENT ON OTHER COMPREHENSIVE RESULT					
for period from 01.01.2015 to 31.12.2015					
- in thousand RSD -					
Group of 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	26; 46	3,291,026	3,422,134
	II. NET LOSS (ADP 1065)	2002			
	B. OTHER COMPREHENSIVE PROFITS AND LOSS				
	a) Items that will not be reclassified in income sheet in future periods				
	1. Changes in the revaluation of intangible assets, property, plant and equipment				
330	a) increase in revaluation reserves	2003	45	0	174,787
	b) decrease in revaluation reserves	2004			
	2. Actuarial gains and losses on defined benefit plans				
331	a) gains	2005	45	8,954	6,090
	b) losses	2006			
	3. Gains or losses on investments in equity capital instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses on shares in other comprehensive profit or loss of associated companies				
333	a) gains	2009			
	b) losses	2010			
	b) Items that can subsequently be reclassified in income sheet in future periods				
	1. Gains or losses based on recalculation of financial statements of foreign operations				
334	a) gains	2011			
	b) losses	2012			
	2. Gains or losses on hedging instruments of net investment in a foreign operation				
335	a) gains	2013			
	b) losses	2014			
	3. Gains or losses on risk hedging instruments of cash flow				
336	a) gains	2015			
	b) losses	2016			
	4. Gains or losses on securities available for sale				
337	a) gains	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE PROFIT				
	(2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		8,954	180,877
	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 OR LOSS FOR THE PERIOD	2021	45	1,343	27,131
	IV. NET OTHER COMPREHENSIVE PROFIT				
	(2019 – 2020 – 2021) ≥ 0	2022	45	7,611	153,746
	V. NET OTHER COMPREHENSIVE LOSS				
	(2020 – 2019 + 2021) ≥ 0	2023			

**STATEMENT ON OTHER COMPREHENSIVE RESULT**  
**In the period from 1 January to 31 December, 2015**

- in thousand RSD -

Group of accounts, account	POSITION	ADP	Notes No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD</b>				
	I. TOTAL NET COMPREHENSIVE PROFIT (2001 – 2002 + 2022 – 2023) ≥ 0	2024		3,298,637	3,575,880
	II. TOTAL NET COMPREHENSIVE LOSS (2002 – 2001 + 2023 – 2022) ≥ 0	2025		0	0
	G. TOTAL NET COMPREHENSIVE PROFIT OR 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			





**CASH FLOW STATEMENT**  
In the period from 1. January to 31 December, 2015

CASH FLOW STATEMENT				
in the period from 01.01.2015 to 31.12.2015				
- in thousand RSD-				
Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
<b>A. CASH FLOWS FROM BUSINESS ACTIVITY</b>				
I. Cash inflow from business activities (1 to 3)	3001		8,689,539	9,137,534
1. Sale and received advance payments	3002		7,516,837	8,211,506
2. Interests received from business activity	3003		20,209	50,140
3. Other inflows from regular operations	3004		1,152,493	875,888
II. Cash outflow from business activities (1 to 5)	3005		5,612,535	4,784,947
1. Payments for suppliers and given advance payments	3006		1,381,019	2,741,305
2. Salaries, salary compensations and other personal expenses	3007		2,400,957	1,469,359
3. Paid interest	3008		42,948	46,614
4. Income-tax	3009		1,005,682	46,997
5. Payment from other public revenues	3010		781,929	480,672
III. Net cash inflow from business activities ( I - II )	3011		3,077,004	4,352,587
IV. Net cash outflow from business activities ( II - I )	3012			
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
I. Cash inflow from investment activity (1 to 5)	3013		142,603	50,716
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		283	762
3. Other financial investments (net inflows)	3016		0	0
4. Interests received from investment activities	3017		142,320	49,954
5. Dividends received	3018		0	0
II. Cash outflows from investment activities (1 to 3)	3019		2,630,120	2,436,023
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021		855,436	1,008,471
3. Other financial investments (net outflows)	3022		1,774,684	1,427,552
III. Cash net inflow from investment activities ( I - II )	3023		0	0
IV. Cash net outflow from investment activities ( II - I )	3024		2,487,517	2,385,307

**CASH FLOW STATEMENT (cont'd.)**  
**In the period from 1.January to 31 December, 2015**

CASH FLOW STATEMENT				
in the period from 01.01.2015 to 31.12.2015				
- in thousand RSD-				
Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
<b>V. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
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		2,712,032	135,486
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033		101,035	98,612
3. Short-term loans (outflows)	3034		0	0
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036		0	30,038
6. Paid-up dividends	3037		2,610,997	6,836
III. Net cash inflow from financing activities (I-II)	3038			
IV. Net cash outflow from financing activities (II-I)	3039		2,712,032	135,486
<b>G. OVERALL CASH INFLOW (3001 + 3013 + 3025)</b>	3040		<b>8,832,142</b>	<b>9,188,250</b>
<b>D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)</b>	3041		<b>10,954,687</b>	<b>7,356,456</b>
<b>DJ. NET CASH INFLOW (3040 – 3041)</b>	3042		0	1,831,794
<b>E. NET CASH OUTFLOW (3041 – 3040)</b>	3043		2,122,545	0
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		2,803,851	896,778
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3045		53,351	83,780
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3046		30,530	8,501
<b>J. CASH AT THE END OF ACCOUNTING PERIOD</b> <b>(3042 – 3043 + 3044 + 3045 – 3046)</b>	3047		<b>704,127</b>	<b>2,803,851</b>

**JSC BELGRADE NIKOLA TESLA AIRPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 December, 2015**

## 1. FOUNDING AND OPERATION OF THE COMPANY

### 1.1. General data of the company

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

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

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

The Government of Republic of Serbia on 17.06.2010 made the Decision No. 023-4432/2010, on change of legal form of JP Aerodrom "Nikola Tesla" Beograd from a public company into closed joint stock company. The change of legal form is registered with the Business Registers Agency on 22.06.2010 by the Rescript No.BD 68460/2010.

After the change of legal form the company continued its business under the full name **Akcionarsko društvo Aerodrom "Nikola Tesla" Beograd.**

By the Rescript of the Registers Agency No: BD 7651/2011 dated on 24.01.2011, Akcionarsko društvo Aerodrom Nikola Tesla Beograd was registered in Business Registers Agency as an open joint stock company.

<i>Head-office</i>	<b>Belgrade 59, 11180 Surčin</b>
<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 AD Aerodrom "Nikola Tesla" Beograd is classified as a large legal person.

### 1.2. Number of employees and engaged persons

On Balance Sheet date on 31.12.2015 the Company had 1,871 engaged workers of which 1,253 employees of the Company and 491 permanent employees, employees on a specified period of time 762, temporary workers 164, and 454 workers engaged through youth organizations (on 31 December 2014 there were 1,682 engaged workers, of which 473 permanent employees, 2 employed for a specified period of time, over 594 workers engaged through OZB Komerc, 408 workers through youth organizations and 205 workers engaged in temporary and occasional jobs).

During 2015, the average number of employees engaged by the Company at the end of each month was 1,782 (485 permanent employees, 617 employees for a specified period of time, 435 workers engaged through youth organizations, 65 workers engaged through OZB Komerc and 181 workers engaged in temporary and occasional jobs (during 2014 there were on average 1,716 employees: 475 permanent employees, 3 employed for a specified period of time, 424 workers hired through youth organizations, 622 workers through OZB Komerc and 192 workers engaged in temporary and occasional jobs).



## **1. FOUNDING AND OPERATION OF THE COMPANY (cont'd.)**

### **1.3. Management structure**

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

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

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

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

### **1.4. Ownership structure**

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

The Government of Republic Serbia, on 09.12.2010 made the Decision No. 023-9103/2010-1, by which citizens of Republic of Serbia, the employees and former employees of the Company have acquired the right to 16.85% of ownership of the Company. After transfer of the right to free of charge shares to citizens, employees and former employees, Republic of Serbia owns 28,511,988 ordinary shares, which represents 83.15% of the total share capital of the Company.

By the Decision on admission of shares to Prime Listing 04/4 No. 478/11 dated on 28.01.2011, the shares of the Company are accepted on 'A' Listing of the Belgrade Exchange Market. Stock trade on the Belgrade Exchange Market commenced on 07.02.2011.

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

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

Financial statements for I-XII 2015 have been prepared in accordance legislation and approved at the meeting of the Supervisory Board on 26.04.2016.

Legal entities and entrepreneurs in Serbia are required to maintain books of account, recognition and evaluation of assets and liabilities, income and expenditure, and to make, present, submit and disclose financial statements in accordance with the Law on Accounting and Auditing (hereinafter the Law published in the " Official Gazette of the RS", No. 62/2013 ) and in accordance with other relevant secondary legislation. A company as large legal entity is required to apply International Financial Reporting Standards ("IFRS "), which in terms of the Law include: Framework for the Preparation and Presentation of Financial Statements ("Framework"), International Accounting Standards ("IAS"), international Financial Reporting Standards ("IFRS") and related interpretations issued by the Committee for the interpretation of accounting standards ("IFRIC"), subsequent amendments to those standards and related interpretations approved by the International Accounting standards Board ("Board") of which the translation is determined and published by the Ministry in charge of finance.

Decision of the Ministry of 13 March 2014, which was published in the Official Gazette No. 35 of 27 March 2014 (hereinafter "the Decision on establishing the translations") determined and published translations of the basic texts of IAS and IFRS conceptual framework for financial reporting ("Conceptual Framework"), approved by the Board, as well as related IFRIC interpretations. Those translations published in the Decision on establishing the translation does not include the basis for conclusions, illustrative examples, guidelines, comments, opposing opinions, developed examples and other supplementary explaining material that can be adopted in relation to standards or



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

### 2.1 Basis for composition and presentation of financial statements (cont'd.)

interpretations, unless expressly stated that the material is an integral part of these standards or interpretations. Based on Decision on establishing translation the conceptual framework, IAS, IFRS, IFRIC and related interpretations that are translated are in the application from the financial statements that are prepared as of 31 December 2014. Revised or issued IFRS and standard interpretations, after this date, have not been translated and published, and therefore are not applied in the preparation of these financial statements.

However, to the date of these financial statements, not all amendments to IAS / IFRS and IFRIC interpretations were translated that were effective for annual periods beginning on 1 January 2015. In addition, certain laws and subordinate legislation prescribes the accounting procedures, evaluation and disclosure which in some cases differ from the requirements of IAS / IFRS and IFRIC interpretations.

In addition, enclosed financial statements defer from IAS and IFRS following points:

- Deviations from IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, plant and equipment" in the treatment and recording the effects of equity valuation and whose main part is the valuation of property and equipment and investment property. Namely, in accordance with Article 27 of the Independent Members Law on Amendments and Supplements to the Law on right to free shares and financial compensation realized by the citizens in the privatization procedure ("Official Gazette" no. 30/2010) the founder of the Company was required to ensure that until June 30, 2010, the Company changes its legal form and expresses its capital in shares of certain par value based on the adjusted book value of equity. Accordingly, after the capital valuation was performed posting of estimated values of assets and liabilities in favour of the revaluation reserves. Based on the decision of the Board of Directors of the Company No. 04-100 /1 of 31 May 2010 on the capital increase, and the Decision of the Government of the Republic of Serbia number 023-4175/2010 of 4 June 2010 on the approval of the aforementioned decision on the increase of capital from their own funds by converting the reserves and retained earnings into core capital of JP Aerodrom Nikola Tesla, the Company in its business books made accounting records of increase of the state capital as of 1 January 2010, adjusting the opening balance by reduction of other capital, reserves, revaluation reserves and retained earnings. The aforementioned accounting treatment departs from IAS 16 "Property, plant and equipment", according to which: 1) the result of the revaluation attributed directly to equity, in line item revaluation reserve or recognized as revenue in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense, as well as in the area where 2) revaluation reserves that are part of capital related to property, plant and equipment may be transferred directly to retained earnings when the asset ceases to be recognized. Due to the above mentioned recognition of valuation in the accompanying financial statements in accordance with the mentioned acts are not in accordance with IAS 1 either "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment".
- Deviations from IAS 12 "Income Taxes" on the basis of which the recognized deferred tax liability or asset arising from the revaluation of assets that are not amortized in accordance with IAS 16 "Property, Plant and Equipment" and measures based on the tax consequences that would ensue recovery of the carrying value of that asset through sale, regardless of the basis for measuring the carrying value of the asset. Due to the inability of a clear interpretation of the rules regarding the tax treatment of any sale or transfer of rights to use the land, and the determination and the right to dispose of land ownership in the Company, and for the specific activities and regulation of business operations of airports in the Republic of Serbia, as well as the specific provisions of Independent Members of the Law of the amendments and supplements to the Law on right to free shares and financial compensation realized by the citizens in the privatization process ( "Official Gazette of RS" no. 30/2010), we consider that those provisions of IAS 12 "Income Taxes" can not be applied in the circumstances. Assuming that in the case of sale or transfer of rights to use the land this transaction would be subject to capital gains tax and that the purchase value for tax purposes would be determined at the level of purchase value reported in the books of the Company on 31.12.2003 as determined in accordance with the previously applicable accounting regulations as prescribed procedure for real estate owned by legal entities in the Republic of Serbia, in accordance with IAS 12 "Income Taxes" deferred tax liabilities based on the revalued land as of 31.12.2015 amounted to RSD 1,163,256 thousand, ie total liabilities would be increased, and the capital reduced by the same amount. If and when there is a conversion of right to use the title to the land referred deferred tax



liabilities will undoubtedly exist and the Company will have to register them and shown in its financial statements.

## **2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

### **2.1 Basis for composition and presentation of financial statements (cont'd.)**

- According to the Ministry, the participation of employees in the profit is recorded as a reduction of retained earnings, and not at the expense of the result of the current period, as required by IAS 19 "Employee Benefits".

Accordingly, and given the potentially material effects of the deviations of the accounting regulations of the Republic of Serbia from IAS and IFRS may have on the accuracy and fairness of the financial statements, the accompanying financial statements can not be regarded as financial statements prepared in accordance with IFRS and ISA.

Published standards and interpretations that came into force in the current period according to the Decision on establishing the translation are disclosed in Note 2.2. Published standards and Interpretations effective in the current period but not yet officially translated and adopted are disclosed in Note 2.3. Published standards and interpretations that are not yet in effect are disclosed in Note 2.4.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies presented below.

In the preparation of these financial statements, the company applied the accounting policies described in Note 3.

The financial statements are expressed in thousands of RSD The Dinar (RSD) is the official reporting currency of the Republic of Serbia.

### **2.2 Standards and Interpretations effective in the current period based on Decision on establishing of translation**

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments improving disclosure of the fair value and liquidity risk (as revised in March 2009, effective for annual periods beginning on or after January 1, 2009.)
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Additional Exemptions for First-time Adopters Amendments relating to the assets in the oil and gas industry and determining whether an arrangement contains a lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010.)
- Amendments to various standards and interpretations resulting from the annual improvement project of IFRS published on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with a view to removing inconsistencies and clarifying wording (amendments are effective for annual periods beginning on or after January 1, 2010., and the amendment to IFRIC on or after 1 July 2009),
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after July 1, 2009.)
- Amendments to IFRS 2 "Share-based Payment": Amendments resulting from the annual improvement project of IFRS (revised April 2009., Effective for annual periods beginning on or after July 1, 2009.) And amendments relating to payment transactions actions of groups based on cash (revised in June 2009., effective for annual periods beginning on or after January 1, 2010.)
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods beginning on or after 1 July 2009. and IAS 39 "Financial Instruments: Recognition and Measurement" - Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009.)
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009.)

## **2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

### **2.2 Standards and Interpretations effective in the current period based on Decision on establishing of translation (cont'd.)**

- "Conceptual Framework for Financial Reporting 2010 "being an amendment to the" Framework for the Preparation and Presentation of Financial Statements "(effective date on or after September 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Limited Exemption from Comparative disclosures prescribed in IFRS 7 of first-time Adopters (effective for annual periods beginning on or after 1 July 2010.)
- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for persons under the (significant) control or influence government and clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010.)
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May, 2010. (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2011.)
- Amendments to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" Prepaid Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011.).
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011.).
- Amendments to IFRS 7 "Financial Instruments: Disclosures"-Transfers of Financial Assets (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets for tax (effective for annual periods beginning on or after 1 January 2012.)
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013)

### **2.3 Standards and interpretations in effect in the current period which have not yet been translated and adopted**

At the date of publication of these financial statements the following standards and amendments were issued by the International Accounting Standards Board, and the following interpretations were published by the Committee for International Financial Reporting Interpretations but not officially adopted in the Republic of Serbia:

- Amendments to IAS 32 "Financial Instruments : Presentation" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate Financial Statements" - Exemption dependents from consolidation according to IFRS 10 (effective for annual periods beginning on or after 1 . January 2014).
- Amendments to IAS 36 - "Property value depreciation" Disclosure of the recoverable amount of non financial assets (effective for annual periods beginning on or after January 1, 2014).



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

### 2.3 Standards and interpretations in effect in the current period which have not yet been translated and adopted (cont'd)

- Amendments to IAS 39 "Financial instruments " -restoring products and continued hedge accounting (effective for annual periods beginning on or after January 1, 2014).
- IFRIC 21 " tax" (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IAS 19 "Employee Benefits" - Defined benefit plans: contributions for employees (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period from 2010 to 2012, which are the result of the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period from 2011 to 2013, which are the result of the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014).

### 2.4. Published standards and interpretations which have not yet been entered into force

At the date of these financial statements the following standards, their amendments and interpretations were in issue but not yet effective:

- IFRS 9 "Financial Instruments", and subsequent amendments, which replaces the requirements of IAS 39 "Financial Instruments: Recognition and Measurement", relating to the classification and measurement of financial assets. Standard eliminates the existing categories of IAS 39 - assets held to maturity, available for sale and loans and receivables. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

In accordance with IFRS 9, financial assets will be classified into one of two categories listed at initial recognition: financial assets measured at amortized cost or financial assets measured at fair value. A financial asset will be recognized at amortized cost if the following two criteria are met: resources related to business model, which aims to apply the agreed cash flows and contractual terms provide a basis for payment on certain dates the cash flows that are solely principal and interest charges on the principal outstanding. All other assets will be valued at fair value. Gains and losses on valuation of financial assets at fair value will be recognized in the income statement, except for investments in equity instruments with non trading, where IFRS 9 allows, on initial recognition, later unchangeable choice that all changes in fair value recognized in within other gains and losses in the statement of comprehensive income. The amount so to be recognized within the report on the overall result would not be able later to recognize in the income statement.

- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisitions of businesses make joint Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).
- IFRS 14 "Accounts regulatory accrual" - effective for annual periods beginning on or after 1 January 2016.
- IFRS 15 "Revenue from contracts with customers", which defines the framework for the recognition of revenue. IFRS 15 supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programmes", IFRIC15 "Agreements for the construction of real estate" and IFRIC18 "Transfers of assets from customers". IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of the accepted methods of amortization Clarification of Acceptable Methods of Depreciation and Amortization (effective for annual periods beginning on or after 1 January 2016) .
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture - industrial plants Agriculture - Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

## **2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

### **2.4. Published standards and interpretations which have not yet been entered into force (cont'd)**

- Amendments to IAS 27 "Separate Financial Statements" - the equity method in the individual financial statements Equity Method and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or transfer of assets between investors and its associated entities or joint ventures - Sale or Contribution of Assets between an Investor and its associate or joint venture (effective for annual periods beginning on or after 1 January 2016).
- IFRS 16 "Leases (Leasing)", which defines the lease. IFRS 16 supersedes IAS 17 "Leases". IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted, but only with the simultaneous application of IFRS 15.
- Amendments to IAS 1 "Presentation of Financial Statements" - an initiative to improve disclosure. Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Application exception in the consolidation. Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
- Annual improvements for the period from 2012 to 2014, resulting from the Annual quality improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34), to removing inconsistencies and clarifying formulations. Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

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

### **3.1 Incomes and outcomes**

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

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

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

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

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

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

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

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

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



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

#### 3.2. Costs of borrowings

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

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

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

#### 3.3. Conversion of foreign exchange amount

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

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

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

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

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

Description	31.12.2015	31.12.2014
<b>Middel exchange rate of NBS:</b>	Value in RSD	
EUR	121.6261	120.9583
USD	111.2468	99.4641
CHF	112.5230	100.5472
GBP	164.9391	154.3650

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

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

Description	31.12.2015	31.12.2014
<b>Contracted exchange rate:</b>	Value in RSD	
EUR - for EIB loan	121.9910	121.3212
EUR - for Hypo leasing		122.7727

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

#### **3.4. Intangible investments**

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

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

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

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

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

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

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

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

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

Depreciation of property, plant and equipment is calculated using straight-line method over the estimated useful life. The depreciation rates that were used in the 2014 business year, as well as the rate of amortization calculated based on the useful life of the assets applied in 2015 are given in the following table:



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

DESCRIPTION	2015	2014
<b>Building facilities</b>	%	%
Water and electricity facilities	2,27 - 7,14	1,50 - 10,00
Roads, airports and parking lots	2,22 - 33.33	2,00 - 12,5
Other building facilities	5,00 - 50,00	5,00 - 20,00
Flats given to employees for use	1.49	1.42
<b>Equipment</b>	%	%
New specific equipment	6.67 - 50,00	5,00 - 33,33
Equipment for road traffic	6.67 - 33,33	6,67 - 33,33
Equipment for PTT and TV	10 - 50,00	10,00 - 33,33
Equipment for air traffic	4 - 50,00	6,67 - 20,00
Measuring and control devices and specific devices	4,00 - 33.33	5,00 - 50,00
Labor. equipment, teaching aids and med. devices	20,00 - 25	14.29
Electronic, calculating machines and computers	16,67 - 33.33	11,11 - 33,33
Furniture and equipment for general purposes	4.00 - 50.00	10,00 - 50,00
Equipment for road traffic under financial leasing	8,33 - 33,33	6,67 - 25,00
Equipment and plants	10,00 - 25,00	5,00 - 50,00
Tools and inventory	25,00 - 100,00	33,00 - 100,00
<b>Intangible investments</b>	%	%
Software and licenses	10,00 - 50,00	10,00 - 50,00

#### 3.7. Investment property

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

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

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

#### 3.8. 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.

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

#### **3.8. Impairment (cont'd)**

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 3 December, 2015, based on the Company's management estimates there are no indications that the value of the assets is impaired.

#### **3.9. Stocks**

Stocks are disclosed per purchase value, i.e. cost value or net sale value, depending on the fact which one is lower.

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

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

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

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

#### **3.10. Taxes and contributions**

##### **Income tax**

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

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

##### ***Current income tax***

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

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



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

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

#### ***Deferred income tax***

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

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

Deferred income taxes are charged or credited in the income statement, except when it relates to items that are directly credited or charged to capital, and in this circumstance the deferred tax is also recognized within the capital.

#### ***Taxes and contributions independent of results***

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

#### **Tax risks**

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

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

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

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

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

#### 3.11. Benefits for employees

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

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

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

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

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

The Company has engaged an auditing firm AUDITOR to assess provisions for retirement benefits and jubilee awards on 31 December 2014. The assumptions used for the actuarial calculation and changes in provisions in the current period are disclosed in Note 49.

#### 3.12. Leasing

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

##### The Company as lessor

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

##### The Company as lessee

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

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

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

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



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

#### 3.13. Information on business segments

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

#### 3.14. Financial instruments

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

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

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

##### *Long term investments*

Long-term investments after initially recognized are measured by:

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

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.

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

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

##### ***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 are not subject to significant risk of changes in value.

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

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

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

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

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

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

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

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

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

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

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

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

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



**3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**  
**3.16. Provisions, contingent assets and contingent liabilities (cont'd)**

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 Summary of important accounting evaluations**

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

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

**3.17.1. Amortisation and amortisation rate**

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

In addition, due to the significance of fixed assets in the total assets of the Company, any change in the aforementioned assumptions may lead to material effects on the financial position of the Company as well as the financial result. As an example, if the Company shorten the average useful life by 10%, this would result in additional amortization charges for the year ended on 31 December 2015 for about RSD 76,788 thousand (year ended on 31 December 2014: RSD 81.704 thousand).

**3.17.2. Correction of values of uncollectible receivables**

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

**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 advisors.

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

**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

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

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

market information is not readily available. Hence, fair value can not be reliably determined in the absence of an active market. The Company's management assesses risk and when it estimates that the value of assets stated in its books may not be realized, it makes value corrections. In the opinion of the company management, the amounts in these financial statements reflect the value that is, in the circumstances, the most valid and useful for reporting purposes.

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

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. CORRECTION OF THE INITIAL BALANCE**

The Company has implemented a correction of opening balance (01.01.2015 of undistributed profit from previous years for the effects arising from application of the modified Opinion of the Ministry of Finance with respect to determination of the tax base for calculating depreciation for real property purchased before 01.01.2004.

On 09.11.2015 a new opinion of the Ministry of Finance MF, No.413-00-97 / 2013-04 was issued, in which the Ministry of Finance changed significantly opinion regarding the establishment of the purchase cost of real estate purchased before 01.01.2004, for income tax depreciation calculation purposes. Unlike of previous opinion (MF, no. 430-07-55 / 2005-04 of 05.10.2005), given more than ten years before, in which was stated that the basis for calculation of tax depreciation of real estate acquired before 01.01 .2004, is its purchase cost on 31.12.2003, in the Opinion given at the end of 2015, for these real estate tax base for calculating depreciation is their net book value as of 31.12.2003.

According to Article 11, paragraph 3 of the Law on Tax Procedure and Tax Administration ("Official Gazette of RS" No.80/01 .... and 112/15), Opinion of MF are binding for the Tax Administration since May 30, 2013.

The Executive Board of the Company has decided to implement the new MF Opinion No.413-00-97/2013-04 of 09.11.2015.

**4. CORRECTION OF THE INITIAL BALANCE (cont'd.)**

INCOME SHEET - CORRECTION							
for the period from 01.01.2015 to 31.12.2015							
- in thousands RSD -							
Group of accounts-account	POSITION	ADP	Note No.	Amount			
				Current year	Previous year corrected	Correction of previous year	Previous year
1	2	3	4	5	6	7	8
	<b>REVENUES OF REGULAR BUSINESS</b>						
60 to 65, except 62 and 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		8,116,139	8,157,945		8,157,945
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007 + 1008)	1002	5	140,435	624,610		624,610
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	7; 8; 9	7,152,278	6,776,851		6,776,851
65	IV OTHER OPERATING REVENUES	1017	10	823,426	756,484		756,484
	<b>EXPENDITURES OF REGULAR BUSINESS</b>						
50 to 55, 62 and 63	B. OPERATING EXPENSITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028 + 1029) ≥ 0	1018		4,468,458	4,690,213		4,690,213
50	I. PURCHASE VALUE OF SOLD GOODS	1019	11	133,258	595,349		595,349
51 except 513	V. COSTS OF MATERIAL	1023	12	162,971	204,813		204,813
513	VI. COSTS OF FUEL AND ENERGY	1024	13	275,494	286,278		286,278
52	VII. COSTS OF SALARIES, SALARY COMPEN. AND OTHER PERSONAL EXPENSES	1025	14	2,414,173	1,460,936		1,460,936
53	VIII. COSTS OF PRODUCTION SERVICES	1026	15	368,161	833,147		833,147
540	IX. AMORTIZATION COSTS	1027	28	767,878	817,036		817,036
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	69,447	54,148		54,148
55	XI. INTANGIBLE COSTS	1029	17	277,076	438,506		438,506
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		3,647,681	3,467,732		3,467,732
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		320,303	277,947		277,947
662	II. INCOME REVENUE (FROM THIRD PARTIES)	1038	18	168,453	92,703		92,703
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	151,850	185,244		185,244
56	DJ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		152,155	149,435		149,435
562	II. INCOME EXPENDITURES (TOWARD THIRD PARTIES)	1046	20	67,483	65,625		65,625
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	84,672	83,810		83,810
	E. PROFIT FROM FINANCING (1032 – 1040)	1048		168,148	128,512		128,512
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	22	79,590	20,161		20,161
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	23	40,100	605,438		605,438
67 and 68, except 683 and 685	J. OTHER REVENUES	1052	24	1,962,738	2,338,849		2,338,849
57 and 58, except 583 and 585	K. OTHER EXPENDITURES	1053	25	1,864,127	1,587,111		1,587,111
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054	26	3,953,930	3,762,705		3,762,705
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	3,953,930	3,762,705		3,762,705
	<b>P. INCOME TAX</b>						
721	I. INCOME TAX EXPENDITURE	1060	26	607,090	606,566	9,461	597,105
part of 722	II. DEFERRED TAX EXPENDITURE	1061		55,814			
part of 722	III. DEFERRED INCOME TAX	1062	26	0	265,995	13,611	252,384
	<b>S. NET PROFIT</b> (1058 – 1059 – 1060 – 1061 + 1062)	1064	27;45	3,291,026	3,422,134		3,417,984



4. CORRECTION OF THE INITIAL BALANCE (cont'd.)

BALANCE SHEET - CORRECTION										
on 31.12. 2015										
- in thousand RSD -										
Group of accounts-account	POSITION	ADP	Note No.	Amount						
				Current year	Previous year					Initial balance 01.01.2014
					Corrected final balance 31.12.2014	Correction of final balance 31.12.2014	Final balance 31.12.2014	Corrected initial balance 01.01.2014	Correction of initial balance 01.01.2014	
1	2	3	4	5	6 (7+8)	7	8	9 (10+11)	10	11
	<b>ASSETS</b>									
0	A. NON-PAID UP SUBSCRIBED CAPITAL	1								
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		21,730,626	21,714,561	0	21,714,561	21,573,986	0	21,573,986
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3	28	80,523	25,923	0	25,923	9,278	0	9,278
2	II. REAL ESTATE, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	21,529,104	21,585,698	0	21,585,698	21,404,728	0	21,404,728
3	III. BIOLOGICAL AGENCIES (0020 + 0021 + 0022 + 0023)	19	29	120	165	0	165	266	0	266
04. exc. 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24	30;31	120,879	102,775	0	102,775	159,714	0	159,714
	G. TURNOVER PROPERTY (0044+0051+0059+0060+ 0061+0062+0068+0069+0070)	43		6,540,995	6,201,901	0	6,201,901	2,602,694	0	2,602,694
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44	32;33;34	141,272	131,446	0	131,446	140,585	0	140,585
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51	35;36	1,701,939	1,144,824	0	1,144,824	867,394	0	867,394
22	IV OTHER RECEIVABLES	60	37	90,631	45,124		45,124	105,792		105,792
23 exc. 236 & 237	VI SHORT-TERM INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62	38;39	3,876,640	2,031,124	0	2,031,124	538,172	0	538,172
24	VII CASH AND CASH EQUIVALENTS	68	41	704,127	2,803,851		2,803,851	896,778		896,778
27	VIII VALUE ADDED TAX	69						0		0
28 exc. 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	26,386	45,532		45,532	53,973		53,973
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		28,271,621	27,916,462	0	27,916,462	24,176,680	0	24,176,680
	<b>LIABILITIES</b>									
	A. CAPITAL (0402 + 0411 - 0412 + 0413 + 0414 + 0415 - 0416 + 0417 + 0420 - 0421) ≥ 0 = (0071 - 0424 - 0441 - 0442)	401	43	25,697,984	25,101,646	144,353	24,957,293	22,256,473	140,203	22,116,270
30	I CORE CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402	44	20,573,610	20,573,610		20,573,610	20,573,610		20,573,610
32	IV RESERVES	413	45	2,842,810	1,534,430		1,534,430	1,529,339		1,529,339
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLES, PROPERTY, PLANTS AND EQUIPMENT	414	45	148,390	148,569		148,569			
33 exc. 330	VI. NON-REALISED INCOMES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance of group account 33 except 330)	415	45	12,788	5,177		5,177			
34	VIII NON-DISTRIBUTED PROFIT (0418 + 0419)	417	46	2,120,386	2,839,860	144,353	2,695,507	153,524	140,203	13,321
340	1. Non-distributed profit of previous years	418	46	144,356	140,203	140,203	0	140,203	140,203	0
341	2. Non-distributed profit of the current year	419	46	1,976,030	2,699,657	4,150	2,695,507	13,321		13,321
	B. LONG-TERM RESERVES AND LIABILITIES (0425 + 0432)	424		1,017,814	1,074,592	0	1,074,592	1,115,042	0	1,115,042
40	I LONG-TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48;49	225,020	185,327	0	185,327	176,654	0	176,654
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432	50;51	792,794	889,265	0	889,265	938,388	0	938,388
498	V. DEFERRED TAX LIABILITIES	441	26	88,308	31,151	-179,459	210,610	270,015	-165,848	435,863
42 to 49 (exc. 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,467,515	1,709,073	35,106	1,673,967	535,150	25,645	509,505
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443	52	101,380	100,824	0	100,824	125,368	0	125,368
430	II RECEIVED PREPAYMENT, DEPOSITS AND BAILS	450	53	62,361	47,432		47,432	36,768		36,768
43 exc. 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451	54;55	240,783	172,638	0	172,638	282,769	0	282,769
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	858,225	733,787		733,787	2,640		2,640
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	25,809	66,619		66,619	6,691		6,691
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUT. AND FEES	461	59; 60	96,616	498,832	35,106	463,726	27,153	25,645	1,508
49 exc. 498	VII ACCRUALS AND DEFERRED INCOME	462	61	82,341	88,941		88,941	53,761		53,761
	DJ. TOTAL LIABILITIES (0424+0442+0441+0401 - 0463) ≥ 0	464		28,271,621	27,916,462	0	27,916,462	24,176,680	0	24,176,680



#### 4. CORRECTION OF THE INITIAL BALANCE (cont'd.)

The Company made a new calculation of tax amortization for the first amortization group (for real estate) for the past 10 years, according to the new MF Opinion of 2015, made amendment to amount of the tax amortization in the tax balances for the last 5 years (from 2010 to 2014 ) in positions of tax amortization.

Changes – reduction of the amount of tax amortization resulted in increase of the tax base, and from there to an increase in income tax liabilities of the Company.

The Company has issued amended tax return of income tax for the period from 2010 to 2014, established and paid the difference of income tax liabilities for the years in the amount of 35.106 thousand dinars, calculated and paid the default interest for the period from 2010 - 2014 and submitted to the Tax administration - CVPO, amended TR (PDP) applications for the period 2010 - 2014.

The Company is based on amended TR (PDP) applications for 2014, which defined a new advance payment of income tax for 2015, made a payment of determined difference of prepayment of income tax: for 2015 in the amount of 9.461 thousand dinars for 2016 1,577 thousand and calculated and paid default interest on arrears on determined difference advance of prepayments for 2015 and 2016.

Of the total accrued and paid interest on arrears in the amount of 23,709 thousand dinars, on expenditures of the Company for 2015 is registered 21,884 thousand dinars.

The Company made a record of changed income tax liabilities for the period from 2010 to 2014, through an adjustment (decrease) of the results from previous years in the amount of 35,106 thousand dinars.

Amendment of calculation of tax amortization for real estate has affected the increase in net book value of property for tax purposes (tax base), which significantly affected the calculation of deferred tax liabilities (DTL) based on the difference between the book and tax basis. Reduction of differences between the book and tax basis, resulted in a reduction in deferred tax liabilities (DTL). Reduction of DTL resulted in an increase in deferred tax revenue from previous years, amounting to 179,459 thousand dinars, which was recorded through correction (increase) of the results of previous years.

The net effect of the correction of initial balance, is the increase of the results - profit from previous years in the amount of 144,353 thousand dinars.

Corrections of initial balance on these grounds were reported in the following table:

4. CORRECTION OF THE INITIAL BALANCE (cont'd.)

<i>Income tax</i>	2015	2014	2013	2012	2011	2010
Period tax expenditure	(607,090)	(597,105)	(11,621)	(56,115)	(89,846)	(145,193)
Period tax expenditure correction	-	(9,461)	(9,499)	(4,736)	(5,421)	(5,989)
Deferred period tax revenues and expenditures	(55,814)	252,384	3,566	(145,392)	2,891	19,826
Correction of deferred period tax revenues and expenditures	-	13,611	14,178	60,028	10,843	80,799
<b>Total income tax</b>	<b>(662,904)</b>	<b>(340,571)</b>	<b>(3,376)</b>	<b>(146,215)</b>	<b>(81,533)</b>	<b>(50,557)</b>

<b>Deferred tax assets and liabilities</b>	2015	2014	2013	2012	2011	2010
Deferred tax assets	178,767	245,818	-	119	44	89
Correction of deferred tax assets						
Deferred tax liabilities	(267,075)	(456,428)	(435,863)	(439,548)	(294,037)	(296,928)
Correction of deferred tax liabilities	-	179,459	165,848	151,670	91,598	80,709
<b>Net deferred tax assets and liabilities</b>	<b>(88,308)</b>	<b>(31,151)</b>	<b>(270,015)</b>	<b>(287,759)</b>	<b>(202,395)</b>	<b>(216,130)</b>

<b>Receivables and liabilities in respect of current income tax</b>	2015	2014	2013	2012	2011	2010
Claims for overpaid income tax	-	91,772	-	26,244	43,248	-
Tax liabilities from the result	(59,744)	(550,108)	-	-	-	(34,254)
Correction of the liability from the result	(35,106)	(9,461)	(9,499)	(4,736)	(5,421)	(5,989)
<b>Net receivables and liabilities for income tax</b>	<b>(94,850)</b>	<b>(467,797)</b>	<b>(9,499)</b>	<b>21,508</b>	<b>37,827</b>	<b>(40,243)</b>



5. REVENUES FROM SALE OF GOODS	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	837	849
Revenues from sale of fuel in domestic market	1,016	3,233
Revenues from sale of oil fuel	35,465	0
<b>Revenues from sale of goods in domestic market</b>	<b>37,318</b>	<b>4,082</b>
Revenues from sale of goods- kerosene (reexport)	103,098	620,416
Revenues from sale of fuel in foreign market	19	112
<b>Revenues from sale of goods in foreign market</b>	<b>103,117</b>	<b>620,528</b>
	<b>140,435</b>	<b>624,610</b>

6. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET	I-XII 2015			I-XII 2014		
	Revenues with for. buyer branches	Revenues from for. buyer branches	Revenues w/o foreign buyer branches	Revenues with for. buyer branches	Revenues from for. buyer branches	Revenues w/o foreign buyer branches
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service	1,224,724	98,182	1,126,542	1,097,241	101,385	995,856
Security fee	445,614	19,875	425,739	393,194	20,724	372,470
Landing	215,990	34,695	181,295	198,565	37,848	160,717
Aircraft handling *	240,883	48,837	192,046	227,789	55,796	171,993
Infrastructure	133,790	27,619	106,171	126,078	31,554	94,524
Air-bridges	9,140	9,140	-	9,343	9,343	0
Lighting	61,955	1,433	60,522	56,071	2,714	53,357
Aircraft abode tax	4,794	32	4,762	6,684	929	5,755
Aircraft de-icing services	39,311	1,203	38,108	24,064	936	23,128
Com. usage of apron *	60,812	0	60,812	58,869	0	58,869
Usage of the CUTE system	76,504	5,034	71,470	18,698	5,187	13,511
Service on special request *	102,563	846	101,717	26,977	768	26,209
Renting of advertisement space	42,278	-	42,278	25,859	0	25,859
Public services	160,177	1,099	159,078	134,283	1,364	132,919
Cargo-custom services	137,156	567	136,589	117,832	53	117,779
DCS services*	-	-	-	0	0	0
Lost and found services *	1,024	1,024	-	1,262	1,262	0
Use of parking	16,476	321	16,155	36,424	0	36,424
Other services *	38,557	414	38,143	26,146	4,390	21,756
	<b>3,011,748</b>	<b>250,321</b>	<b>2,761,427</b>	<b>2,585,379</b>	<b>274,253</b>	<b>2,311,126</b>

Revenue from services realized by foreign companies that were registered in the Republic of Serbia as a "branch", are recorded in the books as income from domestic customers. Since the physical scope of services of specified branches is recorded in the Company as a physical volume of services of foreign companies, said revenue in Note 5 and 6, are shown in the way they are recorded in accounting, and also in a separate column as revenues from sales of goods and services from registered branches, for insight in the amount and participation of these revenues, which are recorded as revenues generated in the domestic market, but the essence is that the origin of these revenues is the foreign market.



7. REVENUES FROM SALE OF SERVICES IN FOREIGN MARKET	I-XII 2015			I-XII 2014		
	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service	1,528,179	98,182	1,626,361	1,514,117	101,385	1,615,502
Security fee	335,668	19,875	355,543	342,446	20,724	363,170
Landing	624,859	34,696	659,555	612,834	37,848	650,682
Aircraft handling *	718,614	48,837	767,451	729,985	55,796	785,781
Infrastructure	417,743	27,618	445,361	405,850	31,554	437,404
Air-bridges	183,785	9,140	192,925	175,973	9,343	185,316
Lighting	72,241	1,433	73,674	73,196	2,714	75,910
Aircraft abode tax	27,746	32	27,778	31,032	929	31,961
Aircraft de-icing services	25,780	1,203	26,983	19,195	936	20,131
Usage of the CUTE system	85,370	5,034	90,404	92,457	5,187	92,457
Service on special request *	29,662	846	30,508	29,061	768	29,829
Renting of advert. space	55	-	55	18	0	18
Public services	2,104	1,099	3,203	3,574	1,364	4,938
Cargo-custom services	13,694	567	14,261	25,106	53	25,159
Rev. from consultancy ser.	12,096	-	12,096	46,466	0	46,466
DCS services*	30,475	-	30,475	33,213	0	33,213
Lost and found services *	17,995	1,024	19,019	18,851	1,262	20,113
Other services*	14,464	735	15,199	38,098	4,390	47,675
	4,140,530	250,321	4,390,851	4,191,472	274,253	4,465,725
<b>Total revenues from sale of products and services</b>	<b>7,152,278</b>	<b>-</b>	<b>7,152,278</b>	<b>6,776,851</b>		<b>6,776,851</b>

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

8. Revenues from sale of services per geographic region	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Serbia	2,761,278	2,311,126
Germany (Lufthansa+Germanwings+European+Air Berlin+Euroj	655,126	642,350
Montenegro (Montenegro +other buyers MN)	522,175	473,887
Austria (Austrian Airlines branch +Niki)	249,435	270,968
Switzerland (Swiss Air)	345,659	362,199
Russia (Aeroflot)	333,075	331,236
Turkey (Turkish +Pegasus+Mondial+Corendon Airlines+OnurAir+Freebird)	524,493	503,957
France (Air France)	560	911
Italy (Al Italia)	156,488	161,883
Abu Dhabi (Etihad Air branch +Etihad Air)	150,427	127,047
Hungary (Wiz air + Cityline)	650,260	609,701
Romania (Tarom)	39,622	31,108
Tunisia (Tunis Air)	35,368	50,922
Greece (Olympic +Olympic branch+Aegean)	102,267	68,396
England (Easyjet)	83,349	155,854
Norway (Norwegian)	83,472	68,789
Poland (Polskie linie)	33,443	68,954
Dubai (Fly Dubai)	74,091	66,862
Qatar (Qatar Airways)	97,269	61,033
Slovenia (Adria Airways+Solin Air+Fenixsped branch)	11,545	22,506
<b>Other foreign buyers</b>	<b>242,876</b>	<b>387,162</b>
	<b>7,152,278</b>	<b>6,776,851</b>

9. Revenues from sale of services per buyers	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Air Serbia-Serbia	2,251,424	1,797,688
Deutsche Lufthansa-Germany	590,657	577,957
Montenegro Airlines-Montenegro	519,397	470,245
Branch Austrian Airlines-Austria	248,743	270,968
Swiss Air-Switzerland	345,659	362,199
Turkish Airlines-Turkey	411,715	379,810
Aeroflot-Russia	333,075	331,236
Adria Airways-Slovenia	-	3,713
Alitalia-Italy	156,488	161,883
Air France-France	560	911
German wings-Germany	6,473	45,146
Norwegian-Norway	83,472	68,789
EasyJet-England	83,349	155,854
Wiz Air+ branch (Hungary)	650,260	607,116
Tarom-Romania	39,622	31,108
Pegasus- Turkey	87,862	77,681
Tunis Air- Tunisia	35,368	50,922
Fly Dubai-Dubai	74,091	66,862
Greece – Olympic +branch	-	4,136
Iran Air-Iran	61,117	24,724
Qatar airways-Qatar	97,269	61,033
Etihad Airways PJSC+branch -Abu Dhabi	150,427	127,047
NIS AD-Serbia	49,966	36,231
JAT Tehnika -Serbia	23,748	42,009
Parking service-Serbia	28,585	28,536
Alma Quatro *Air Media-Serbia	20,039	15,158
Dufry doo Beograd-Serbia	55,846	29,573
Mondial Bodrum -for consultancy services-Turkey	12,096	46,466
Other domestic buyers- Serbia	331,670	361,931
Other foreign buyers	403,300	539,919
	<b>7,152,278</b>	<b>6,776,851</b>

10. OTHER BUSINESS REVENUES	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	816,244	748,805
Revenues from lease to foreign legal persons	7,182	7,679
	<b>823,426</b>	<b>756,484</b>

Revenue from lease to domestic legal persons in the amount of RSD 816,244 thousand are mainly realized from the Lessee Dufry doo (RSD 661,256 thousand).

11. PURCHASE VALUE OF SOLD GOODS	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	576	682
Purchase value of sold kerosene - re-export	97,220	594,667
Purchase value of sold oil fuel	35,462	-
	<b>133,258</b>	<b>595,349</b>



<b>12. COSTS OF MATERIAL</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	74,418	100,235
Overhead costs of material (office material)	18,141	21,539
Costs of spare parts	31,577	59,886
Costs of tools and inventory	38,835	23,153
	<b>162,971</b>	<b>204,813</b>

<b>13. COSTS OF FUEL AND ENERGY</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	63,746	88,373
Costs of oil fuel for heating	35,075	26,060
Costs of electric energy	176,673	171,845
	<b>275,494</b>	<b>286,278</b>

<b>14. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	1,342,598	683,205
Gross salaries and salary reimburs. - management	30,841	30,365
Taxes and contributions at the cost of employer	245,846	127,721
Costs of reimburs. Per service contract and royalties	211	1,317
Costs of reimbursement for youth organizations etc.	542,414	544,353
Costs of reimburs. for natural persons - cont. on add. work	-	395
Costs of reimburs. for members of SB, SA, rev. committee	8,157	8,232
Transport of employees	60,374	37,371
Costs of business trip	10,796	5,400
Terminal wages and jubilee bonuses	729	1,727
Difference for payment to the Budget of RS under the Law on reduction of salaries in public	131,738	10,799
Premiums for voluntary pension insurance	20,217	-
New Year's gifts for children of employees -tax-free	7,765	1,299
Fees on Contracts for professional development	3,907	-
Other personal expenditures	8,580	8,752
	<b>2,414,173</b>	<b>1,460,936</b>

Change of structure of the mode of engagement of employees in the Company in favor of permanent employees has affected the increase in the cost of the position salary costs for employees, and to reduction of the cost of production services (Note 15) and intangible costs (Note 17), where in the past were evidenced costs of employee engagement through service companies (OZB). The average number of employees in the Company at the end of each month in 2015 was 1,102 employees: 485 permanent employees and 617 employees engaged for a specified period of time (in 2014, 479 employees).

The cost benefits to youth cooperatives and other forms of engagement presented in the period I-XII 2015 in the amount of RSD 542.414 thousand, in the largest amount of RSD 361.236 thousand, relate to employee involvement through youth organizations and engagement under contract for temporary and occasional jobs in the amount of RSD 181.178 thousand, according to the needs and requirements of performing services.

<b>15. COSTS OF PRODUCTION SERVICES</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Costs of engaging youth organizations for:		
- aircraft ground handling	25,232	225,054
-guarding etc.	23,559	273,124
IT services on passenger and baggage check-in	63,916	41,949
Costs of phone and other PTT services	24,460	27,833
Costs of maintenance services	155,578	134,422
Lease costs	33,350	30,430
Advertising costs	5,943	16,538
Costs of catering services of tenants-(re-invoiced to airlines)	1,854	43,214
Costs of utilities	26,688	29,114
Costs of other production services	7,581	11,469
	<b>368,161</b>	<b>833,147</b>

<b>16. COSTS OF LONG-TERM RESERVING</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Costs of reserving for terminal wages	7,189	10,910
Costs of reserving for jubilee bonuses	9,258	4,308
Costs of reserving for litigations	53,000	38,930
	<b>69,447</b>	<b>54,148</b>

<b>17. INTANGIBLE COSTS</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Costs of occupational health Air Serbia	10,577	10,577
Costs of cleaning services	50,809	53,626
Costs of engagement of OZB employees for:		
-technical support maintenance	4,506	63,102
-administration jobs (economic and legal)	17,294	111,354
Costs of other non-production services	51,467	66,348
Costs of representation	8,616	4,203
Costs of insurance	24,206	21,578
Costs of payment system	5,719	5,889
Membership	7,565	5,056
Property tax and other reimbursements	79,009	77,221
Other intangible costs	17,308	19,552
	<b>277,076</b>	<b>438,506</b>



<b>18. INTEREST INCOME</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	78,541	16,954
Interest for RSD deposits in current accounts	24,956	7,818
Interest in term deposits in foreign currency	49,846	14,210
Interest for foreign currency in current accounts	8,943	18,650
Interest on housing loans	1,536	1,470
Interest on court decisions	620	30,814
Interest on arrears for late payment by the buyers	3,946	2,726
Other interest	65	61
	<b>168,453</b>	<b>92,703</b>

<b>19. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECT OF CURRENCY CLAUSE</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	100,939	125,517
Revenues from non-realized exchange rate differences	49,650	48,039
Revenues from effects of contracted currency clause (realized and non-realized)	1,261	11,688
	<b>151,850</b>	<b>185,244</b>

<b>20. INTEREST EXPENDITURES</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Interest for long-term EIB loan	42,390	46,092
Interest for financial leasing	-	249
Default interest in the country	392	6,265
Interest for untimely paid public revenues	24,701	13,019
	<b>67,483</b>	<b>65,625</b>

<b>21. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	78,124	28,058
Negative exchange rate differences- non-realized	6,173	55,236
Expenditures from effects of contr. currency clause-realized	375	516
Expenditures from effects of contr. Curr. clause-non-realized	-	-
	<b>84,672</b>	<b>83,810</b>



<b>22. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Value adjustment of receivables:		
-from buyers for services	38,688	11,914
-from buyers for interest	-	30
-from natural persons for housing loans (cancellation of value correction based on collection and fair value estimate)	40,902	6,819
Other non-mentioned income	-	1,398
	<b>79,590</b>	<b>20,161</b>

<b>23. EXPENDITURES FROM VALUE ADJUSTMENT OF OTHER ASSETS</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Impairment of receivables for housing loans	408	52,310
Impairment of receivables from buyers	39,648	552,340
Impairment of receivables from employees	44	-
Other expenditures based on impairment	-	788
	<b>40,100</b>	<b>605,438</b>

Impairment of receivables from buyers disclosed in the period I-XII 2015 in the amount of RSD 39,648 thousand are considerably lower compared to the same period last year. The main reason for this is that most part of receivables from company JSC Air Serbia Belgrade from the period September – December 2015, in amount of RSD 701,633 thousand, has not been put to value correction due to certainty of collection, estimated based on adopted and signed Agreement on the repayment of debt with Air Serbia 10-6/2016 dated 15.03.2016 (Decision of SB on consent to Agreement No. 33-69/1 dated 10.03.2016), in which were agreed new maturity dates, i.e. debt collection dates. First and second instalment of the Agreement in the amount of RSD 134,513 thousand are fully collected in agreed terms, with 31 March 2016 conclusive.

<b>24. OTHER REVENUES</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	919	1,535
Revenues of collected, corrected receivables from buyers	1,946,330	2,178,011
Revenues from cancel.of reser.for litigations and emp.benefits	595	1,132
Revenues from indemnity from legal and natural persons	3,740	10,077
Revenues from charged court costs	929	2,250
Revenues of previous years	3,202	3,209
Positive effects of contracted revaluation	1,492	2
Revenues from revaluation of property and equipment	-	40,240
Revenues from revaluation of investment in real estate "Borik"	4,606	504
Other non-mentioned revenues	925	101,889
	<b>1,962,738</b>	<b>2,338,849</b>

Income from collection of previously corrected receivables disclosed for 2015 in the amount of RSD 1,946,330 thousand in largest part amounting to RSD 1,897,107 thousand refer to the receivables collected from Public Debt Administration of the Republic of Serbia.

Namely, under the Law on taking over liabilities of the company Air Serbia toward legal and physical entities for provided services and delivered goods and conversion of liabilities into public debt of the Republic of Serbia (Official Gazette of the RS142/2014 of 25.12.2014), the debt was taken over in the amount of RSD 4,290,638 thousand. On 29 December 2014, the Public Debt Administration of the

Republic of Serbia has carried out settlement of the first part of liabilities of Air Serbia in the amount of RSD 2,145,319 thousand, which is recognized in revenues of 2014.

#### 24. OTHER REVENUES (cont'd.)

On 31 March 2015, the Public Debt Administration of the Republic of Serbia has carried out settlement of Part 2. Part of obligations of Air Serbia in the amount of RSD 2,145,319 thousand, of which the amount of RSD 1,897,107 thousand is recorded on the income of the first half of 2015 based on the collected value correction of receivables from Air Serbia, which was debited to expenditures of the Company in 2012 and 2013, on the basis of value adjustment of these receivables. The rest of the revenue from collection of receivables in the amount of RSD 49,223 thousand mostly relates to the collection of receivables from Jat Tehnika in the amount of RSD 38,757 thousand

25. OTHER EXPENDITURES	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Loss from sale and write-off of equipment	77	3,340
Loss from sale and write-off of biological resources	5	-
Costs based on disclosed losses	190	-
Expenditures arising from direct write-off of receivables	1,830,396	1,517,335
Material spending as per inventory	-	2,963
Litigation expenses	339	6,127
Costs fro humanitarian, health and scientific purposes	11,638	29,382
Expenditures of previous years	13,334	9,022
Other non-mentioned expenditures	2,417	9,773
Impairment of property and equipment	-	120
Impairment of stock	40	101
Losses from impairment of advances	41	4,148
Expenditures for trade unions	5,650	4,800
	<b>1,864,127</b>	<b>1,587,111</b>

In 2015 he was made a direct write-off of receivables from domestic and foreign customers in the amount of 2,348,788 thousand dinars, of which to direct write-off of receivables from Air Serbia refers 2,342,274 thousand dinars and a direct write-off of receivables from other buyers 6,414 thousand dinars.

Mentioned direct write-off is recorded to impairment of receivables from previous years in the amount of 518,392 thousand dinars (from Air Serbia 512,109 thousand dinars), and the rest of direct write-offs of receivables in the amount of 1,830,396 thousand dinars (from Air Serbia 1,830,165 thousand dinars), is recognized as expenditure of the Company in 2015.



<b>26. PROFIT TAX</b>		
<b>a) Components of profit tax</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Period tax expenditure	607,090	597,105
Correction of tax expenditure	-	9,461
<b>Period tax expenditure after correction</b>	<b>607,090</b>	<b>606,566</b>
Deferred period tax expenditure	55,814	-
<b>Deferred period tax revenue</b>	<b>-</b>	<b>252,384</b>
Correcton of deferred period tax revenue	-	13,611
	662,904	340,571
Effective tax rate	16.77%	9.05%

<b>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Profit before tax	3,953,930	3,762,705
Profit tax calculated at rate of 15%	593,090	564,406
Tax effect of expenditures not acknow. in tax balance	313,015	326,795
Correction of tax effects of amortization expenditure not recog. in tax balance	-	14,121
Tax credits for investment in fixed assets in previous years	(299,015)	(294,096)
Correction of use of tax credit from previous years	-	(4,660)
<b>Period tax expenditure</b>	<b>607,090</b>	<b>606,566</b>

<b>v) Achieved, unused and unrecognized tax credit (TC)</b>					in 000 RSD
Year of origination of tax credit	Year of expiry	Amount of transferred TC from 2014	Correction of TC for amended PT	Used TC in 2015	Outstanding TC for transfer 31.12.2015
2006	2016	93,719	4,660	89,059	-
2007	2017	33,154	0	33,154	-
2008	2018	57,663	0	57,663	-
2012	2022	156,179	4736	119,139	32,304
2013	2023	188,815	4678	-	184,137
2014	-	-	-	-	-
<b>Balance of tax credit ( TC )</b>		<b>529,530</b>	<b>14,074</b>	<b>299,015</b>	<b>216,441</b>

**26. PROFIT TAX AND DEFERRED PERIOD TAX ASSETS AND EXPENDITURES (cont'd.)**

Changes on account of deferred tax liabilities and assets on 31.12.2015 and on 31.12.2014 are shown in the following table:

in 000 RSD

<b><u>g) Deferred tax assets (deferred tax liabilities) 2014</u></b>	01.01.2014	Recognized in other gains and losses in 2014	Recognized in income sheet of 2014	31.12.2014
<b>Long-term assets</b>				
Intangible assets, property, plant, equipment and investment property	(270,015)	(26,218)	20,177	(276,056)
<b>Long-term liabilities</b>				
Provision for retirement and other employee benefits	-	(913)	7,952	7,039
Provision for litigation	-	-	-	-
<b>Short-term liabilities</b>				
Taxes, contributions and other levies	-	-	665	665
<b>Other</b>				
Unused tax losses	-	-	-	-
Unused tax credits	-	-	237,201	237,201
	<b>(270,015)</b>	<b>(27,131)</b>	<b>265,995</b>	<b>(31,151)</b>

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



## 26. PROFIT TAX AND DEFERRED PERIOD TAX ASSETS AND EXPENDITURES (cont'd.)

Balance of recognized deferred tax assets as of 31.12.2015 amounts to 178,767 thousand dinars, of which 144,733 thousand dinars relate to the recognition of the planned amount of use of the transferred tax credit in 2016, on the basis of the adopted rebalanced plan of the Company for the year 2016. The rest of the recognized deferred tax assets as of 31.12.2015 are applied based on the applicable corporate income tax rate of 15% to the balance of retirement provisions, provisions for jubilee benefits, provisions for litigation and to the balance of unpaid public revenues, as the same relate to temporary differences that will be recognized in tax period in which the same are paid.

The balance of recognized deferred tax liabilities as of 31.12.2015 amounts to 267,075 thousand dinars.

After application of the requirements of IAS 12 and offsetting deferred tax assets and deferred tax liabilities as of 31.12.2015, the balance of deferred tax liabilities is stated in the amount of 88,308 thousand dinars (on 31.12.2014, 31,151 thousand dinars).

Effects from changes in deferred tax assets and liabilities in relation to the initial balance, in the amount of 57,157 thousand dinars, were recognized at the expense of deferred period tax expenditures in the amount of 55,814 thousand dinars and at the expense of unrealized actuarial gains in the amount of 1,343 thousand dinars.

<b>27. PROFIT PER SHARE</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Net profit for owners	3,291,026	3,417,984
Net profit correction of 2014	-	4,150
<b>Net profit after correction</b>	<b>3,291,026</b>	<b>3,422,134</b>
Average weighted number of shares	34,289,350	34,289,350
Basic earnings per share <u>in RSD</u>	<b>95.98</b>	<b>99.80</b>

## 28. INTANGIBLE ASSETS

in 000 RSD

DESCRIPTION	2015	2014
<b>Purchase value</b>		
Initial balance	35,289	37,234
Purchase during the year	67,582	22,428
Alienation, disposal and sale	-	(24,373)
<b>Final balance</b>	<b>102,871</b>	<b>35,289</b>
<b>Value correction</b>		
Initial balance	9,366	27,956
Amortization in the current year	12,982	5,783
Alienation, disposal and sale	-	(24,373)
<b>Final balance</b>	<b>22,348</b>	<b>9,366</b>
<b>Net current value</b>	<b>80,523</b>	<b>25,923</b>

Total investments in intangible assets in the amount of 67,582 thousand dinars relate to the extension and expansion of Microsoft licenses for a period of three years in the amount of 34,390 thousand dinars and a variety of software for the needs of the business in the amount of 33,192 thousand dinars.

in 000 RSD										
29. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL RESOURCES	DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Investments in progress	Advances	Total property, plants and equipment	Biological resources - livestock
	<b>Purchase value</b>									
	Initial balance, 01.01.2014	9,034,813	10,403,526	3,413,161	20,963	3,619	1,219,824	32,702	24,128,608	266
	Initial balance correction based on assessment	-	-	-	-	-	-	-	-	-
	<b>Balance on 01.01.2014 after correction</b>	<b>9,034,813</b>	<b>10,403,526</b>	<b>3,413,161</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>32,702</b>	<b>24,128,608</b>	<b>266</b>
	Purchaser during the year	-	-	-	-	-	784,858	-	784,858	-
	Transfer from current investments	-	1,677,540	321,374	-	-	(1,998,914)	-	-	-
	Alienation, disposal and sale	-	(7,693)	(7,043)	-	-	-	(1,437)	(14,736)	-
	Other	-	-	-	-	-	-	(1,437)	(1,437)	-
	<b>Assets fair value est. on 31.12.2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Revaluation reserves	85,855	35,890	53,042	-	-	-	-	174,787	-
	Revaluation revenues	-	3,551	36,690	504	-	-	-	40,745	-
	Revaluation expenditures	-	(86)	(34)	-	-	-	-	(120)	(101)
	Current value reduced by accum.amortiz.	-	(2,010,163)	(1,496,764)	-	-	-	-	(3,506,927)	-
	<b>Final balance, 31.12.2014</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,320,426</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>31,265</b>	<b>21,605,778</b>	<b>165</b>
	<b>Value correction</b>									
	Initial balance, 01.01.2014	-	1,559,862	1,151,327	-	-	-	12,691	2,723,880	-
	Initial balance correction based on assessment	-	-	-	-	-	-	-	-	-
	<b>Balance on 01.01.2014 after correction</b>	<b>-</b>	<b>1,559,862</b>	<b>1,151,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,691</b>	<b>2,723,880</b>	<b>-</b>
	Amortization in the current year	-	454,858	356,395	-	-	-	-	811,253	-
	Alienation, disposal and sale	-	(4,557)	(6,690)	-	-	-	-	(11,247)	-
	Reversal of impairment at assets fair value estimation 31.12.2014	-	(2,010,163)	(1,496,764)	-	-	-	-	(3,506,927)	-
	Advance impairment	-	-	-	-	-	-	3,121	3,121	-
	<b>Final balance, 31.12.2014</b>	<b>-</b>	<b>-</b>	<b>4,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>20,080</b>	<b>-</b>
	<b>Net current value, 31.12.2014</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,316,158</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>15,453</b>	<b>21,585,698</b>	<b>165</b>
	<b>Net current value, 31.12.2013</b>	<b>9,034,813</b>	<b>8,843,664</b>	<b>2,261,834</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>20,011</b>	<b>21,404,728</b>	<b>266</b>



29. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL RESOURCES (cont'd.)											in 000 RSD
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Investments in progress	Advances	Total property, plants and equipment	Biological resources - livestock		
<b>Purchaser value</b>											
Initial balance, 01.01.2015	9,120,668	10,102,565	2,320,426	21,467	3,619	5,768	31,265	21,605,778	165		
Initial balance correction based on assessment	-	-	-	-	-	-	-	-	-		
<b>Balance on 01.01.2015 after correc.</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,320,426</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>31,265</b>	<b>21,605,778</b>	<b>165</b>		
Purchase during the year	-	-	-	-	-	693,953	-	693,953	-		
Transfer from current investments	-	184,331	495,154	-	-	(679,485)	-	-	-		
Alienation, disposal and sale	-	(42)	(2,978)	-	-	-	-	(3,020)	(5)		
Other	-	-	-	-	-	-	1,782	1,782	-		
<b>Assets fair value estimation</b>											
Revaluation revenues	-	-	-	4,606	-	-	-	4,606	-		
Revaluation expenditures	-	-	-	-	-	-	-	-	(40)		
<b>Final balance, 30.09.2015</b>	<b>9,120,668</b>	<b>10,286,854</b>	<b>2,812,602</b>	<b>26,073</b>	<b>3,619</b>	<b>20,236</b>	<b>33,047</b>	<b>22,303,099</b>	<b>120</b>		
<b>Value correction</b>											
Initial balance, 01.01.2015	-	-	4,268	-	-	-	15,812	20,080	-		
Initial balance correction based on assessment	-	-	-	-	-	-	-	-	-		
<b>Balance on 01.01.2015 after correct.</b>	<b>-</b>	<b>-</b>	<b>4,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>20,080</b>	<b>-</b>		
Amortization in the current year	-	428,134	326,762	-	-	-	-	754,896	-		
Alienation, disposal and sale	-	(25)	(956)	-	-	-	-	(981)	-		
<b>Final balance, 31.12.2015</b>	<b>-</b>	<b>428,109</b>	<b>330,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>773,995</b>	<b>-</b>		
<b>Net current value, 31.12.2015</b>	<b>9,120,668</b>	<b>9,858,745</b>	<b>2,482,528</b>	<b>26,073</b>	<b>3,619</b>	<b>20,236</b>	<b>17,235</b>	<b>21,529,104</b>	<b>120</b>		
<b>Net current value, 31.12.2014</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,316,158</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>15,453</b>	<b>21,585,698</b>	<b>165</b>		

Activation of investments in the reporting period amounted to RSD 679,485 thousand, of which to equipment refer RSD 495,154 thousand (for 2 De-icing vehicles for de-icing and anti-icing of aircraft in amount of RSD 129,800 thousand, one apron bus in amount of RSD 30,424 thousand, 3 electric tractors in amount of RSD 12,338 thousand, equipment for recovery of aircraft RSD 17,343 thousand, perimeter protection system in amount of RSD 82,290 thousand, x-ray units in amount of RSD 11,316 thousand, 3 fluid analyzing detectors in amount of RSD 9,990 thousand, 2 aircraft power units in amount of RSD 13,450 thousand, computer equipment RSD 72,995 thousand and other equipment in amount of RSD 26,494 thousand, increase of value of 5 air-bridges in amount of RSD 46,626 thousand, increase of value of runway lighting control system in amount of RSD 25,550 thousand, increase of value of fire alarm system in amount of RSD 8,634 thousand, increase of value of switchboard in amount of RSD 6,904 thousand) while on construction facilities refer RSD 184,331 thousand (increase of the value of T1 and T2 building for RSD 101,178 thousand, runway and apron RSD 27,562 thousand and D security check point RSD 55,591 thousand).

Balance of investments in progress on 31.12.2015 amounts to RSD 20,236 thousand (balance on 31.12.2014 was RSD 5,768 thousand).

<b>30. PARTICIPATION IN CAPITAL OF OTHER LEGAL ENTITIES AND OTHER SECURITIES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Privredna banka a.d. Beograd	392	392
<i>Minus: value correc.of partic.in capital of banks in bankruptcy</i>	(392)	(392)
	-	-
<b><i>Participation in capital of banks in liquidation</i></b>		
Union banka a.d. Beograd- in liquidation	667	667
Beogradska banka a.d. Beograd- in liquidation	18,988	18,988
Beobanka a.d. Beograd- in liquidation	38	38
	19,693	19,693
<i>Minus: value correc.of partic.in capital of banks in liquidation</i>	(19,693)	(19,693)
	-	-
<b><i>Participation in capital of foreign legal entities</i></b>		
Mondial Bodrum - Turkey	358,598	358,598
Societe International de Telecom. Aeronautiques Swisse (SITA)	1	1
<i>Minus: value corr.of particip. in capital of Mondial Bodrum-Turkey</i>	(358,598)	(358,598)
	1	1
	<b>1</b>	<b>1</b>

<b>31. OTHER LONG-TERM FINANCIAL INVESTMENTS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	6,161	5,750
Long-term time deposits	-	-
Long-term loans to employees	296,817	318,796
Receivables for sold socially owned housing	1,201	1,250
Receivables for purchase of solidarity housing	2,686	3,038
Total gross	306,865	328,834
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	(614)	(521)
Current maturirites of long-term loans to employees	(15,595)	(15,371)
Adjustment to fair value of long-term loans to employees	(169,778)	(210,168)
	<b>120,878</b>	<b>102,774</b>

Receivables from employees for long-term loans for purchase and tenant purchase of apartments on the day 31.12.2015 amounted to RSD 300,704 thousand (including current maturities in the amount of RSD 15,595 thousand). Effects of adjustment to fair value totaled RSD 170,321 thousand (169,778 thousand for the part of long-term receivables from employees and 543 thousand for the part that relates to the current maturity of long-term receivables). The foregoing relates to loans granted to employees for meeting the housing needs, given for a period of 20 - 40 years. Estimation of the fair value of housing loans as at 31.12.2014, conducted Institute for Economic Research in Belgrade, by projection of future cash flows from collection of receivables for housing loans, using discount rates (built-up method): from 7.5% to 20% depending on whether and in what time intervals housing loans are revalued or are contracted with currency clause, whether they have contracted interest rate or they are contracted without interest rates.



<b>32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES- ADP 0045</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Basic material	62,052	91,990
Spare parts	17,738	15,117
Tools and supplies	15,092	2,763
Value correction of material and spare parts stock	(62)	(62)
	<b>94,820</b>	<b>109,808</b>

<b>33. GOODS - ADP 0048</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	12,236	20,585
Goods in retail trade	65	27
	<b>12,301</b>	<b>20,612</b>

<b>34. ADVANCES FOR SUPPLIES AND SERVICES- ADP 0050</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Advances for services in the country	34,627	1,470
Advances for foreign services	644	635
Advance value correction	(1,120)	(1,079)
	<b>34,151</b>	<b>1,026</b>

<b>35. BUYERS IN THE COUNTRY</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
<b>Total balance of receivables from buyers in the country-gross</b>	<b>1,228,157</b>	<b>3,293,944</b>
-Value correction of the previous period	(129,497)	(2,066,369)
-Value correction of the current period	(29,393)	(550,860)
<b>Total balance of value receivables</b>	<b>(158,890)</b>	<b>(2,617,229)</b>
	<b>1,069,267</b>	<b>676,715</b>

Receivables from the buyers in the country on 31.12.2015 in the amount of RSD 1,228,157 thousand for the most part, in the amount refer to receivable from Air Serbia (RSD 722,881 thousand) for the services rendered in the period 18.09.2015 – 31.12.2015. The remaining amount of receivables of RSD 505,276 thousand refer to receivables from: JAT-Tehnika (RSD 204,979 thousand), Dufry d.o.o. (RSD 58,646 thousand), Aviogeneks (RSD 44,066 thousand), Internacionala CG (RSD 41,492 thousand) Air Serbia-Catering (RSD 35,883 thousand) and other domestic buyers (RSD 120,210 thousand).

Total value correction of receivables from buyers in the country amounts to RSD 158,890 thousand referring to value correction of receivables from: Air Serbia in the amount of RSD 21,248 thousand, JAT-Tehnika (RSD 17,574 thousand), Aviogeneks (RSD 41,812 thousand), Internacionala CG (RSD 41,492 thousand), Air Serbia- Katering (RSD 24,741 thousand) and other domestic buyers (RSD 12,023 thousand).

<b>36. BUYERS ABROAD</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
<b>Total balance of receivables from foreign buyers - gross</b>	<b>657,300</b>	<b>483,711</b>
-Value correction of the previous period	(14,373)	(14,761)
-Value correction of the current period	(10,255)	(841)
<b>Total balance of value receivables</b>	<b>(24,628)</b>	<b>(15,602)</b>
	<b>632,672</b>	<b>468,109</b>

Receivables from foreign buyers on 31.12.2015 amounted to RSD 657,300 thousand (non-matured RSD 463,816 thousand, matured up to 60 days RSD 147 897 thousand and matured more than 60 days RSD 45,587 thousand). The increase in receivables from foreign buyers by RSD 164,527 thousand compared to 31.12.2014 was mainly caused by an increase in receivables from Montenegro Airlines by app. RSD 111,376 thousand, due to delays in payment, which is why at the end of 2015, the Protocol was concluded with the airline Montenegro Airlines, adjusting receivables and contracting new maturities of outstanding receivables.

<b>37. OTHER RECEIVABLES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Receivables from buyers in the contry for default interest	3,538	21,100
Receivables for interest on term deposits	53,939	24,780
Receivables from employees	1,398	1,043
Other receivables	35,507	19,493
<b>Total receivables- gross</b>	<b>94,382</b>	<b>66,416</b>
-Value corr.from buyers for default interest of previous years	(467)	(17,413)
-Value corr.from buyers for default interest of the current year	-	(639)
-Value corr. from employees of the earlier period	(788)	(788)
-Value corr. from employees of the current period	(44)	-
-Value corr.of other receivables	(2,452)	(2,452)
<b>Total balance of value correction</b>	<b>(3,751)</b>	<b>(21,292)</b>
	<b>90,631</b>	<b>45,124</b>

<b>38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint. stores, heat. means - 6 months)	77,841	34,818
	<b>77,841</b>	<b>34,818</b>

<b>39. OTHER SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Short-term deposits	3,783,133	1,981,061
Current maturities of loans given to employees	15,595	15,371
Curr.maturities of long-term investments in Societe International de Telecomm.Aeronautiques Swisse (SITA)	614	521
	<b>3,799,342</b>	<b>1,996,953</b>
Adjustment to fair value of loans given to employees	(543)	(647)
	<b>3,798,799</b>	<b>1,996,306</b>

Short-term deposits with balance on 31.12.2015 shown in the amount of RSD 3,783,133 thousand, related to foreign currency and dinar time deposits, the deposit period of up to six months, with interest rate for the EUR of 1.5% - 2.5%, for USD - of 1.52 - 1.85 % and term deposits in RSD for six months, with interest rate of 6.0 - 6.75%.



40. CHANGES ON VALUE CORRECTION till 31.12.2015							in 000 RSD
Description of change on value correction	Long-term financial investments (Note 31)	Stock of material and spare parts (Note 32)	Advances for material and services (Note 34)	Receivables from buyers for goods, services and default interest (Notes 35,36,37)	Short-term financial investments (Note 39)	Total	
Initial balance 01.01.2014	169,327	62	755	4,308,052	326	4,478,522	
Correction at cost of current period	-	-	1,079	553,153	-	554,232	
Devaluation of long-term finan.invest.and securities	-	-	-	-	-	-	
Charged corrected receivables	(1,143)	-	-	(2,178,011)	(255)	(2,179,409)	
Value reconciliation	48,771	-	-	608	608	49,379	
Write-off	(6,787)	-	(755)	(18,243)	(32)	(25,817)	
Exchange rate differences	-	-	-	1,116	-	1,116	
Other	-	-	-	(11,944)	-	(11,944)	
<b>Final balance 31.12.2014</b>	<b>210,168</b>	<b>62</b>	<b>1,079</b>	<b>2,654,123</b>	<b>647</b>	<b>2,866,079</b>	
Correction at cost of current period	-	-	41	39,692	-	39,733	
Devaluation of long-term finan.invest.and securities	-	-	-	-	-	-	
Charged corrected receivables	(9,249)	-	-	(1,946,330)	(512)	(1,956,091)	
Value reconciliatioin	(31,141)	-	-	(38,688)	408	(69,421)	
Write-off	-	-	-	(521,960)	-	(521,960)	
Exchange rate differences	-	-	-	432	-	432	
Other	-	-	-	-	-	-	
<b>Final balance 31.12.2015</b>	<b>169,778</b>	<b>62</b>	<b>1,120</b>	<b>187,269</b>	<b>543</b>	<b>358,772</b>	

<b>41. CASH AND CASH EQUIVALENTS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Current account - in RSD	46,539	2,118,809
Current account - in foreign currency	652,584	680,987
Treasury	890	1,767
Other funds	4,114	2,288
<b>Total cash- balance</b>	<b>704,127</b>	<b>2,803,851</b>

<b>42. PREPAYMENTS AND ACCRUED INCOME</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Prepaid VAT	5,054	16,165
Prepaid insurance costs for the future period	8,836	8,801
Prepaid other costs for the future period	5,939	8,738
Calculated and non-invoiced income for the current period	6,461	11,828
Pre-calculated costs	96	0
	<b>26,386</b>	<b>45,532</b>

<b>43. CAPITAL</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Share capital	20,573,610	20,573,610
Reserves	2,842,810	1,534,430
Revaluation reserves	148,390	148,569
Actuarial gain	12,788	5,177
Undistributed profit of previous years	144,356	140,203
Undistributed profit of the current year	1,976,030	2,699,657
	<b>25,697,984</b>	<b>25,101,646</b>

#### 44. SHARE CAPITAL

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

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

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



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

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

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

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

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

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

The capital structure on 31.12.2015 and 31.12.2014 was the following:

<b>Shareholder</b>	<b>31.12.2015</b>			<b>31.12.2014</b>		
	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% particip.</b>	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% particip.</b>
Republic of Serbia	17,106,319	28,510,532	83.15%	17,106,316	28,510,526	83.15%
Domestic natural entities	2,029,496	3,382,493	9.86%	2,068,142	3,446,904	10.05%
Domestic legal entities	96,263	160,438	0.47%	97,147	161,912	0.47%
Foreign natural entities	18,950	31,583	0.09%	30,262	50,436	0.15%
Foreign legal entities	611,380	1,018,966	2.97%	577,060	961,767	2.80%
Custody entities	711,203	1,185,338	3.46%	694,683	1,157,805	3.38%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>

45. OTHER CAPITAL COMPONENTS	Reserves	Revaluation reserves based on the revaluation of property, plant and equipment	Actuarial gains
<b>Balance on 01.01.2014</b>	<b>1,529,338</b>	-	-
Legal reserves	-		
Statutory reserves	5,092		
Revaluation reserves for land		85,855	
Recognition of DTL charged to revaluation reserves		(12,878)	
Revaluation reserves for buildings		35,890	
Recognition of DTL charged to revaluation reserves		(5,384)	
Revaluation reserves for equipment		53,042	
Recognition of DTL charged to revaluation reserves		(7,956)	
Actuarial gains on reserves for retirement benefits			6,090
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves			(913)
<b>Balance on 31.12.2014</b>	<b>1,534,430</b>	<b>148,569</b>	<b>5,177</b>
Legal reserves			
Statutory reserves	1,308,380		
Revaluation reserves for land		-	
Revaluation reserves for buildings		-	
Revaluation reserves for equipment		-	
Decrease in revaluation reserves for equipment		(179)	
Actuarial gains on reserves for retirement benefits			8,954
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves			(1,343)
<b>Balance on 31.12.2015</b>	<b>2,842,810</b>	<b>148,390</b>	<b>12,788</b>

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



<b>46. NON-DISTRIBUTED PROFIT</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
<b>Initial balance 01.01.</b>	<b>2,695,507</b>	<b>13,321</b>
Initial balance correction	144,353	140,203
<b>Corrected initial balance 01.01.</b>	<b>2,839,860</b>	<b>153,524</b>
Distribution of undistributed profit for dividend	(1,333,170)	(8,230)
Transfer to statutory reserves	(1,308,380)	(5,091)
Participation of employees in profit distribution	(53,957)	-
<b>Net profit of the current period</b>	<b>3,291,026</b>	<b>3,417,984</b>
Net profit correction	-	4,150
<b>Total net profit of the current period</b>	<b>3,291,026</b>	<b>3,422,134</b>
Decision on distribution of interim dividend	1,314,996	722,477
<b>Undistributed profit of the current period</b>	<b>1,976,030</b>	<b>2,699,657</b>
Profit of the current period from transfer of revaluation reserves into profit at selling fixed assets in the current period	3	0
Correction of undistributed profit of the previous period	144,353	140,203
<b>Total undistributed profit of earlier years</b>	<b>144,356</b>	<b>140,203</b>
<b>Undistributed profit</b>	<b>2,120,386</b>	<b>2,839,860</b>

At the meeting of the Supervisory Board held on 18 December 2014, a decision was made on the distribution of interim dividend for 2014, in the amount of RSD 722.477 thousand, based on interim financial statements for the period from January to October 2014.

Payment of interim dividend for 2014 in the amount of RSD 722,477 thousand is made to major shareholder RS (RSD 600,717 thousand) on 26.02.2015, and to other shareholders (RSD 121,760 thousand) on 23.09.2015.

The decision on the distribution of undistributed profit in 2014 is made on a regular meeting of the Assembly of the Company held on 23 June 2015. Payment of dividend to the majority shareholder RS (RSD 1,108,489 thousand) was made on 26 June 2015, and to other shareholders (RSD 224,681 thousand) on 23.09.2015. Dividend payment for 2013, to other shareholders, was made 21.09.2015. Payment of the participation of employees in profit in the amount of RSD 53,957 thousand was made on 24 July 2015.

At the meeting of the Supervisory Board held on 28 August 2015, based on financial statements for the period from January 1 to June 30, 2015, was decided on the distribution of interim dividends for 2015 in the amount of RSD 1,314,996 thousand (for RS 1,093,379 thousand dinars and 221,617 thousand dinars for small shareholders). The payment of the part of interim dividend to majority shareholder RS for 2015 in the amount of RSD 500,000 thousand, is made on 15.09.2015.

Total undistributed profit of the current and previous years on 31.12.2015 amounts to RSD 2,120,386 thousand.

<b>47. LONG-TERM RESERVES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Reserves for terminal pays for employees	41,934	46,924
Reserves for jubilee bonuses	68,305	64,313
Reserves for litigations	114,781	74,090
	<b>225,020</b>	<b>185,327</b>

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

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in period I-XII 2015, compared to 2014 are shown in the following table:

in 000 RSD				
48.CHANGES IN RESERVES	Terminal wages	Jubilee bonuses	Total	Litigations
Balance on 01.01.2014	48,501	66,217	114,718	61,936
Reserves during the year	10,910	4,308	15,218	38,930
Actuarial gains	(6,090)	0	(6,090)	-
Cancellation during the year	-	(1)	(1)	(1,132)
Pay off during the year	(6,397)	(6,211)	(12,608)	(25,644)
<b>Balance on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>	<b>111,237</b>	<b>74,090</b>
Balance on 01.01.2015	46,924	64,313	111,237	74,090
Reserves during the current year	7,189	13,055	20,244	53,000
Actuarial gains	(8,954)	(3,797)	(12,751)	-
Cancellation during the current year	(64)	(33)	(97)	(498)
Pay off during the year	(3,161)	(5,233)	(8,394)	(11,811)
<b>Balance on 31.12.2015</b>	<b>41,934</b>	<b>68,305</b>	<b>110,239</b>	<b>114,781</b>

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

<u>a) The assumptions used when making calculation of reserves for retirement benefits and jubilee bonuses</u>	2015	2014
Discount rate	5.50%	8.00%
Estimated growth rate of average earnings	2.00%	2.00%
Fluctuation percentage	3.00%	2.00%
Amount of average net earning in XI/2015-2014	76,360	81,020
Total number of employees on 31.12.	1253	475
Number of retired workers who received terminal pay at retirement	11	20



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

	in 000 RSD	
<b><i>b) The calculation of the reserves for employee benefits as of 31.12.2015</i></b>	<b>Retirement benefits</b>	<b>Jubilee bonuses</b>
	in 000 RSD	in 000 RSD
<b>1. Reserves on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>
2. Interest expense	2,581	3,537
3. Cost of current work	4,608	9,518
4. Cost of past work	-	-
5. Actuarial (gain) /loss	(8,954)	(3,797)
6. Cancellation of provisions during 2014 in the business books of the Company	(3,225)	(5,266)
<b>7. The total net change in the amount reserved in 2015 (1+2+3+4+5+6)</b>	<b>(4,990)</b>	<b>3,992</b>
<b>8. Reserves on 31.12. 2015 (1+7)</b>	<b>41,934</b>	<b>68,305</b>

Actuarial gain is a consequence of reduction of the Company's average salary, without taxes and contributions, which is the basis for calculation of retirement benefit.

<b>50. LONG-TERM LOANS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Abroad	894,174	990,089
Current maturities	(101,380)	(100,824)
	<b>792,794</b>	<b>889,265</b>

<b>51. LONG-TERM LOANS</b>	<b>Annual interest rate</b>	<b>Date of maturity</b>	<b>Remaining amount 31.12.2015 (EUR)</b>	<b>31.12.2015 in 000 RSD</b>	<b>31.12.2014 in 000 RSD</b>
<u>Long-term loans abroad</u>					
European Investment Bank	4,07-5,16%	2025	7,329,838.77	894,174	990,089
<b>Total long-term loans (a+b)</b>			<b>7,329,838.77</b>	<b>894,174</b>	<b>990,089</b>
Current maturities of long-term loans:			-831,048.38	-101,380	-100,824
			<b>6,498,790.39</b>	<b>792,794</b>	<b>889,265</b>

Long-term loans abroad reported on 31.12.2015 in the amount of RSD 894,174 thousand (EUR 7,329,838.77), relate to the remaining obligations under the Agreement on financing the project of urgent rehabilitation of transport concluded on 13.12.2001 between the EIB and the Republic of Serbia. The said contract, the Company was granted a loan in the amount of 13,000,000 euros for investment and rehabilitation of airport infrastructure. The loan was granted with a repayment period up to 2025, with an interest rate of 5.16% for the first tranche of 3,000,000.00 EUR, 4.85% for the second tranche of 3,000,000.00 Euros and 4.07% for the third tranche of 7,000,000.00 EUR. Repayment of the first tranche of the loan shall be made in 31 equal semi-annual instalments starting from 05.12.2007;

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

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 equal semi-annual instalments.

<i>receivables from long-term loans</i>	Principle		Non-booked interest	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	101,380	100,824	38,563	42,899
from one year up to two years	101,380	100,824	33,990	38,351
from two years up to three	101,380	100,824	29,418	33,804
from three years up to four	101,380	100,824	24,845	29,256
from four years up to five	101,380	100,824	20,272	24,708
from five years up to ten years	387,274	432,891	39,111	57,438
over ten years	-	53,078	-	1,620
	<b>894,174</b>	<b>990,089</b>	<b>186,199</b>	<b>228,076</b>

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
<i>Current maturities</i>		
Long-term loan EIB	101,380	100,824
Other long-term liabilities-financial leasing	-	-
	<b>101,380</b>	<b>100,824</b>

53. RECEIVED ADVANCES, DEPOSITS AND SECURITY	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	32,983	16,784
Advances received from foreign buyers	13,025	14,129
Subscriptions from domestic buyers	5,470	5,933
Subscriptions from foreign buyers	10,883	10,586
	<b>62,361</b>	<b>47,432</b>

54. SUPPLIERS IN THE COUNTRY	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	95,434	66,953
Suppliers in the country-for investments in progress	9,962	58,095
Suppliers in the country-for equipment	99,087	7,698
	<b>204,483</b>	<b>132,746</b>

55. SUPPLIERS ABROAD	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	10,916	21,879
Suppliers abroad-for equipment	-	10,770
	<b>10,916</b>	<b>32,649</b>



<b>56. OTHER LIABILITIES FROM OPERATION</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Other liabilities from operation-for charged purch.on behalf of comp	24,846	6,504
Other liabilities from operation	538	739
	<b>25,384</b>	<b>7,243</b>

<b>57. OTHER SHORT-TERM LIABILITIES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Liabilities for dividend from 2013	-	1,394
Liabilities for dividend from 2014	-	722,477
Liabilities for dividend from 2015	814,997	-
Liabilities arising from participation in the profits-net	3	3
Other short-term liabilities	43,225	9,913
	<b>858,225</b>	<b>733,787</b>

<b>58. LIABILITIES FOR VAT</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Liabilities for VAT for XII 2014	25,809	66,619
	<b>25,809</b>	<b>66,619</b>

<b>59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Liabilities for income tax	59,744	458,336
Correction of income tax liability from 2010-2014	35,106	35,106
Liabilities for taxes, customs duty and other fees	720	4,523
Taxes, contributions and other fees	1,046	867
	<b>96,616</b>	<b>498,832</b>

<b>60. LIABILITIES FOR INCOME TAX-structure</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Balance on 01.01. of the current year	458,336	0
Correction of income tax	35,106	25,645
Correction of initial balance	493,442	25,645
Specified income tax liability for the current year	607,090	597,105
Correction of income tax liability	-	9,461
Specified income tax liability for the current year-total	607,090	606,566
Paid income tax liabilities for 2014	(458,336)	0
Income tax overpayment	-	(91,772)
Advance payment of income tax up to 31.12. of the current year	(547,346)	(46,997)
Liability for payment of income tax	<b>94,850</b>	<b>493,442</b>

<b>61. ACCRUALS AND DEFERRED INCOME</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Accrued expenses for the period	56,087	55,072
Calculated revenues for the future period	19,999	24,345
Other accruals and deferred income	6,065	9,524
Taxes, contributions and other duties	190	-
	<b>82,341</b>	<b>88,941</b>

62. OFF-BALANCE REGISTER	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Received blank bills - pieces	1,625	1,471
Given blank bills domestic - pieces	42	50
Received guarantees - RSD	257,732	261,592
Received guarantees - foreign currency	54,632	244,950
Given guarantees - RSD	7,500	4,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	627	620
<b>Total off-balance assets and liabilities</b>	<b>320,491</b>	<b>511,663</b>

Dinar received guarantees in the amount of RSD 257,732 thousand mainly relate to guarantees received from suppliers for good performance or a guarantee of fault repair within the warranty period.

Received foreign currency guarantees in the amount of RSD 54,632 thousand mainly relate to guarantees received from foreign suppliers for good performance, for fault repair within the warranty period or for reimbursement of advance payments as well as from buyers for the safety and timeliness in payment of services.

#### 63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 31.12.2015	Fair value in 000 RSD 31.12.2015	Accounting value in 000 RSD 31.12.2014	Fair value in 000 RSD 31.12.2014	The hierarchy of fair value-Level	Valuation techniques and inputs
1	2	3	4	5	6	7
Fixed assets	21,465,560	21,465,560	21,543,010	21,543,010	Level 3	Evaluation of a certified appraiser 31.12.2014
Investment property	26,073	26,073	21,467	21,467	Level 3	Evaluation of a certified appraiser 31.12.2015
Shares in capital of other legal entities	1	1	1	1	Level 2	Management estimates that they are not recoverable- the banks in bankruptcy
Long-term and short-term financial investments-housing loans	130,384	130,384	112,268	112,268	Level 3	Discounting the cash flows as follows: 20% for housing loans which are not revalued; 9% for housing loans that are revalued annually and have an interest rate of 0.5%, 7.5% for housing loans with foreign currency clause and interest rate of 0.5%; 9.25% for housing loans which are revalued every six months and 9.5% for housing loans that are revalued annually
Receivables from buyers	1,701,939	1,701,939	1,144,824	1,144,824	Level 3	Management's estimates of the recoverability in acc.with IAS 39
Other receivables	113,395	113,395	45,124	45,124	Level 3	Management's estimates of the recoverability in acc.with IAS 39

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



64 FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT		in 000 RSD					
		31.12.2015		31.12.2014			
Categories of financial instruments		total	value corr.	net amount	total	value corr.	net amount
Financial assets							
<b>1</b>	<b>Long-term financial investments</b>	<b>669,340</b>	<b>(548,461)</b>	<b>120,879</b>	<b>691,626</b>	<b>(588,851)</b>	<b>102,775</b>
-	Long-term time deposits	5,547	-	5,547	5,229	-	5,229
-	Participation in bank capital	20,085	(20,085)	-	20,085	(20,085)	-
-	Participation in capital of foreign legal entity	358,599	(358,598)	1	358,599	(358,598)	1
-	Long-term housing loans given to employee	285,109	(169,778)	115,331	307,713	(210,168)	97,545
<b>2</b>	<b>The receivables stated at nominal value</b>	<b>5,857,022</b>	<b>(187,812)</b>	<b>5,669,210</b>	<b>5,875,842</b>	<b>(2,654,770)</b>	<b>3,221,072</b>
-	Receivables from buyers	1,885,457	(183,518)	1,701,939	3,777,655	(2,632,831)	1,144,824
-	Short-term financial investments	3,877,183	(543)	3,876,640	2,031,771	(647)	2,031,124
-	Interest receivables	57,828	(467)	57,361	46,092	(18,052)	28,040
-	Other receivables	36,554	(3,284)	33,270	20,324	(3,240)	17,084
<b>3</b>	<b>Cash and cash equivalents</b>	<b>704,127</b>	<b>-</b>	<b>704,127</b>	<b>2,803,851</b>	<b>-</b>	<b>2,803,851</b>
		<b>7,230,489</b>	<b>(736,273)</b>	<b>6,494,216</b>	<b>9,371,319</b>	<b>(3,243,621)</b>	<b>6,127,698</b>
<b>Financial liabilities</b>							
1	Long-term loans	792,794	-	792,794	889,265	-	889,265
2	Current maturities of long-term loans	101,380	-	101,380	100,824	-	100,824
3	Current maturities long-term financial lease	-	-	-	-	-	-
4	Short-term liabilities	240,783	-	240,783	172,638	-	172,638
		<b>1,134,957</b>	<b>-</b>	<b>1,134,957</b>	<b>1,162,727</b>	<b>-</b>	<b>1,162,727</b>

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

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

### Financial risk management objectives

Financial risks include market risk (foreign exchange and interest rate), credit risk and liquidity risk. Financial risks are reviewed on a timely basis and is 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 because such instruments are not widely used, and there is no organized market for such instruments in the Republic of Serbia.

### I MARKET RISK

In its operations, the Company is exposed to financial risks from changes in foreign exchange rates and changes in interest rates. Market risk exposures are examined through sensitivity analysis. There were no significant changes in the Company's exposure to market risk, or 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 as protection against risks, considering that in Serbia such instruments are not common.

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

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

in 000 RSD

Currency description	<u>Total assets</u>				<u>Total liabilities</u>	
	31.12.2015		31.12.2014		31.12.2015	31.12.2014
	gross	net	gross	net		
EUR	3,904,003	3,709,037	2,969,310	2,742,893	896,088	1,012,030
USD	570,872	570,872	425,678	425,678	6,908	9,953
CHF	356	356	318	318	0	0
GBP	13	13	10	10	0	0
<b>Dinar contervalue of assets and liabilities in a currency</b>	<b>4,475,244</b>	<b>4,280,278</b>	<b>3,395,316</b>	<b>3,168,899</b>	<b>902,996</b>	<b>1,021,983</b>
Value of assets and liabilities in RSD	2,755,245	2,213,938	5,976,003	2,958,799	231,961	140,744
<b>Total</b>	<b>7,230,489</b>	<b>6,494,216</b>	<b>9,371,319</b>	<b>6,127,698</b>	<b>1,134,957</b>	<b>1,162,727</b>

By the analysis of the currency structure of financial assets and liabilities as of 31.12.2015, along with the balance as of 31.12.2014, it can be concluded that financial assets contracted with currency clause are higher than the contracted financial liabilities in foreign currencies. Financial liabilities contracted in foreign currency are generally of long-term nature.



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

**a) Currency risk (foreign exchange risk) (Cont'd.)**

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  
**31.12.2015**

Changes	EUR effect		USD effect		CHF effect		GBP effect	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit/ (loss)	281,295	-281,295	56,396	-56,396	36	-36	1	-1

in 000 RSD  
**31.12.2014**

Changes	EUR effect		USD effect		CHF effect		GBP effect	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit/ (loss)	173,086	-173,086	41,573	-41,573	32	-32	1	-1

**b) Risk of interest rate change**

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

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

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

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

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

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

in 000 RSD

Financial assets-net	31.12.2015			31.12.2014		
	total	value corr.	net amount	total	value corr.	net amount
<b>No interest</b>						
Partic.in capital of other legal entities	378,684	(378,683)	1	378,684	(378,683)	1
Receivables from buyers	1,885,457	(183,518)	1,701,939	3,777,655	(2,632,831)	1,144,824
Interest receiv. and other receiv.	94,382	(3,751)	90,631	66,416	(21,292)	45,124
Short-term financial investments	77,841	-	77,841	34,818	-	34,818
<b>No interest total</b>	<b>2,436,364</b>	<b>(565,952)</b>	<b>1,870,412</b>	<b>4,257,573</b>	<b>(3,032,806)</b>	<b>1,224,767</b>
<b>Fixed interest rate</b>						
Long-term financial invest.	290,656	(169,778)	120,878	312,942	(210,168)	102,774
Short-term financial invest.	3,799,342	(543)	3,798,799	1,996,953	(647)	1,996,306
<b>Fixed-total</b>	<b>4,089,998</b>	<b>(170,321)</b>	<b>3,919,677</b>	<b>2,309,895</b>	<b>(210,815)</b>	<b>2,099,080</b>
<b>Variable interest rate</b>						
Cash and cash equivalents	704,127	-	704,127	2,803,851	-	2,803,851
<b>Variable-total</b>	<b>704,127</b>	<b>0</b>	<b>704,127</b>	<b>2,803,851</b>	<b>0</b>	<b>2,803,851</b>
	<b>7,230,489</b>	<b>(736,273)</b>	<b>6,494,216</b>	<b>9,371,319</b>	<b>(3,243,621)</b>	<b>6,127,698</b>
<b>Financial liabilities</b>						
<b>No interest</b>						
Liabilities from operation	240,783	0	240,783	172,638	0	172,638
<b>No interest-total</b>	<b>240,783</b>	<b>0</b>	<b>240,783</b>	<b>172,638</b>	<b>0</b>	<b>172,638</b>
<b>Fixed interest rate</b>						
Long-term loans	792,794	0	792,794	889,265	0	889,265
Current maturity of long-term liabilities	101,380	0	101,380	100,824	0	100,824
<b>fixed-total</b>	<b>894,174</b>	<b>0</b>	<b>894,174</b>	<b>990,089</b>	<b>0</b>	<b>990,089</b>
<b>Variable interest rate</b>						
Current maturity of long-term liabilities	0	0	0	0	0	0
<b>Variable-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>1,134,957</b>	<b>0</b>	<b>1,134,957</b>	<b>1,162,727</b>	<b>0</b>	<b>1,162,727</b>



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

### v) Risk of price change

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

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

## II CREDIT RISK

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

The Company performs the reconciliation of assets and liabilities annually, as at 30.11. of the current year or more times during the year for specific clients, if the need arises. The Company has of the total receivables from domestic buyers on 30.11.2015 reconciled 93,47% of receivables. Of 6.53% of unreconciled receivables of domestic buyers on 30.11.2015, to sued buyers refers 4.3%. As for the receivables from foreign buyers on 30.11.2015 the Company has reconciled 96.16% of foreign receivables. Unreconciled receivables mainly relate to receivables for which buyers did not provide answers to the submitted IOS. At the end of the financial year, on 31.12.2015, are reconciled receivables with airlines Air Serbia and Montenegro Airlines.

Age structure of receivables from buyers	31.12.2015	share	31.12.2014	share
	in 000 RSD		in 000 RSD	
Air Serbia	722,881	38.34%	514,301	13.61%
Public Debt Admin. (Air Serbia from previous yers)	-	0.00%	2,128,877	56.35%
Jar Tehnika	204,979	10.87%	203,602	5.39%
Dufry doo	58,646	3.11%	219,660	5.81%
International CG	41,492	2.20%	41,452	1.10%
Air Serbia-Ketering d.o.o.	35,883	1.90%	25,686	0.68%
Aviogenex d.o.o.	44,066	2.34%	34,778	0.92%
Austrian-Branch	25,845	1.37%	36,926	0.98%
Other domestic buyers	94,365	5.00%	88,662	2.35%
<b>Total domestic buyers</b>	<b>1,228,157</b>	<b>65.14%</b>	<b>3,293,944</b>	<b>87.20%</b>
Montenegro Airlines	207,751	11.02%	96,374	2.55%
Wizz Air	140,017	7.43%	104,033	2.75%
Deutsche Lufthansa	46,523	2.47%	49,173	1.30%
Turkish Airlines	34,663	1.84%	32,677	0.87%
Ethihad Airlines	33,838	1.79%	10,639	0.28%
Aeroflot	27,268	1.45%	26,797	0.71%
Allitalia	20,596	1.09%	10,175	0.27%
Qatar Airways	16,165	0.86%	6,720	0.18%
Swiss Air	19,357	1.03%	27,015	0.72%
Other foreign buyers	111,121	5.89%	120,108	3.18%
<b>Total foreign buyers</b>	<b>657,300</b>	<b>34.86%</b>	<b>483,711</b>	<b>12.80%</b>
<b>Total gross receivables from domestic and foreign buy</b>	<b>1,885,457</b>	<b>100.00%</b>	<b>3,777,655</b>	<b>100.00%</b>
Total value correction	183,518		2,632,831	
<b>Total net receivables</b>	<b>1,701,939</b>		<b>1,144,824</b>	

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

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

The Company has large receivables from domestic and foreign buyers on 31.12.2015 (RSD 1,885,457 thousand), so that the credit risk is constantly there. To reduce this risk, the Company regularly monitors the implementation of the collection, analyzes the value of the collection achieved within the contracted period, collection with exceeded contracted period, the balance and age structure of outstanding receivables as per buyers.

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

Receivables from domestic buyers for goods and services on 31.12.2015 in the amount of RSD 1,228,157 thousand, accounted for 65.14% of total receivables from buyers for goods and services and mostly relate to receivables from Air Serbia ad, in the amount of RSD 722,881 thousand. Total balance of value adjustment of receivables from domestic buyers was RSD 158,890 thousand (charged to results of previous years RSD 129,497 thousand and charged to result of the current year RSD 29,393 thousand), so the net value of receivables from domestic buyers amounts to RSD 1,069,267 thousand.

Receivables from foreign buyers for goods and services amounted to RSD 657,300 thousand, which makes 34.86% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers is RSD 24,628 thousand (charged to results of previous years RSD 14,373 thousand and charged to results of the current year RSD 10,255 thousand), so the net value of receivables from foreign buyers amounts to RSD 632,672 thousand.

Age structure of receivables	31.12.2015	share	31.12.2014	share
	in 000 RSD		in 000 RSD	
Undue receivables from buyers - uncorrected	1,453,062	77.07%	1,005,838	26.63%
Undue receivables from buyers - corrected	6,868	0.36%	1,964,412	52.00%
<b>Total undue receivables</b>	<b>1,459,930</b>	<b>77.43%</b>	<b>2,970,250</b>	<b>78.63%</b>
Due receivables up to 60 days-uncorrected	175,627	9.31%	110,979	2.94%
Due receivables up to 60 days-corrected	2,494	0.13%	338,931	8.97%
<b>Total due receivables up to 60 days</b>	<b>178,121</b>	<b>9.45%</b>	<b>449,910</b>	<b>11.91%</b>
Due receivables over 60 days-uncorrected	73,250	3.88%	28,007	0.74%
Due receivables from buyers over 60 days-corrected	174,156	9.24%	329,488	8.72%
<b>Total due receivables over 60 days</b>	<b>247,406</b>	<b>13.12%</b>	<b>357,495</b>	<b>9.46%</b>
<b>Total receivables- gross</b>	<b>1,885,457</b>	<b>100.00%</b>	<b>3,777,655</b>	<b>100.00%</b>
<b>Total value correction</b>	<b>183,518</b>		<b>2,632,831</b>	
<b>Total receivables - net (gross - correction)</b>	<b>1,701,939</b>		<b>1,144,824</b>	

Undue receivables from domestic and foreign buyers for goods and services on 31.12.2015, amount to RSD 1,459,930 thousand (and on 31.12.2014 amounted to RSD 2,970,250 thousand), of which to receivables value correction of the current period are put undue receivables of Air Serbia in the amount of RSD 6,868 thousand.

Due receivables from domestic and foreign buyers for goods and services on 31.12.2015, are not older than 60 days, and amount to RSD 178,121 thousand (and on 31.12.2014 they amounted to RSD 449,910 thousand), of which to receivables value correction of the current period are put receivables from Air Serbia in the amount of RSD 2,494 thousand.



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

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

Due receivables from domestic and foreign buyers for goods and services, on 31.12.2015, older than 60 days, amounted to RSD 247,406 (and on 31.12.2014 they amounted to RSD 357,495 thousand) thousand of which RSD 30,286 thousand were put to value correction of receivables of the current period and charged to results of previous years RSD 143,870 thousand (due corrected receivables from domestic and foreign buyers for goods and services, older than 60 days, on 31.12.2014 amounted to RSD 329,488 thousand).

### III - LIQUIDITY AND CASH FLOW RISK

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

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

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

Maturity of financial assets	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Up to 30 days	1,558,930	3,548,725
1 - 3 months	2,440,280	379,418
3-12 months	2,319,613	1,976,228
1 - 5 years	78,527	120,405
over 5 years	96,866	102,922
	<b>6,494,216</b>	<b>6,127,698</b>

The average time of collection of receivables from buyers in the period I-XII 2015 is 111 days (in 2014: 170 days)

Interest maturity	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Up to 30 days	4,060	22,398
1 - 3 months	37,743	-
3-12 months	16,025	23,694
	<b>57,828</b>	<b>46,092</b>

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

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

<b>Maturities of financial liabilities</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Up to 30 days	240,783	172,638
1 - 3 months	12,199	12,132
3-12 months	89,181	88,692
1 - 5 years	405,522	403,295
over 5 years	387,272	485,970
	<b>1,134,957</b>	<b>1,162,727</b>

In the total liabilities of the Company the largest share have liabilities based on long-term loans in the amount of RSD 894,174 thousand, of which in 2015 becomes due RSD 101,380 thousand.

Liabilities towards suppliers on December 31, 2015 are disclosed in the amount of RSD 240,783 thousand (on 31 December 2014: RSD 172,638 thousand). Suppliers do not charge interest on arrears to due liabilities, whereby the Company due liabilities to suppliers, in accordance with the policy of financial risk management, settles within the agreed period. Average time of settlement of liabilities towards suppliers in 2015 is 48 days (31 days in 2014).

<b>Maturities of interest (for loans)</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Up to 30 days	-	-
1 - 3 months	4,733	5,296
3-12 months	33,830	37,603
1 - 5 years	108,524	126,119
over 5 years	39,112	59,058
	<b>186,199</b>	<b>228,076</b>

### Capital risk management

The aim of capital risk management is provision of such a structure of capital that will secure safety in operating, liquidity and solvency, at the same time maximizing profit increase of the owner, through the optimization of debt and equity. In addition to its own capital, which consists of core capital, reserves and undistributed profit, the Company uses the borrowed funds in the form of long-term loans and financial leasing. 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 observed current period of 2015 and the end of 2014 are as follows:

	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
<b>1 Indebtedness (ADP 432 + ADP 443)</b>	<b>894,174</b>	<b>990,089</b>
2 Cash and cash equivalents (ADP 068)	704,127	2,803,851
<b>I GROSS INDEBTEDNESS (1-2)</b>	<b>190,047</b>	<b>(1,813,762)</b>
3 Ratio of indebtedness against capital ( I/5 )	0.0074	-0.0723
4 Short-term financial investments (ADP 062)	3,876,640	2,031,124
<b>II NET INDEBTEDNESS ( I-5 )</b>	<b>(3,686,593)</b>	<b>(3,844,886)</b>
5 Capital (ADP 401)	25,697,984	25,101,646
6 Ratio of indebtedness against capital ( II/5 )	-0.1435	-0.1532



## 65. MANAGEMENT EARNINGS

The Company paid remuneration to key management, including members of the Supervisory Board, the Audit Commission and the General Assembly of Shareholders and Executive directors and Department directors (in the period I-XII 2015: total number of 21; I-IX 2014: 21). In the period I-IX 2015 in the gross amount is paid RSD 43,171 thousand (in the period I-XII 2014: RSD 38,597 thousand).

Management benefits	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
<b>Management</b>		
Earnings	30,841	30,365
Participation in distribution	4,173	0
	<b>35,014</b>	<b>30,365</b>
Remuneration to members of Supervisory Board	6,332	6,626
Remuneration to members of Audit Commission	615	336
Remun. to members of Shareholders Assembly	1,210	1,270
	<b>8,157</b>	<b>8,232</b>
<b>TOTAL</b>	<b>43,171</b>	<b>38,597</b>

## 66. TAX RISKS

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

## 67. LITIGATION

On 31 December, 2015 litigations against the Company amounted to RSD 177.162 thousand (excluding the effects of default interest). Amounts of final losses on litigations can be increased on the basis of default interest up to the completion of the settlement, or until the date of final payment by disputes. On 31 December, 2015 the Company has made provisions for potential losses on these litigations in the amount of RSD 114,781 thousand (Note 48 and 49). According to the assessment of the Company's management on this basis they does not expect additional significant losses in the future period.

## 68. EVENTS AFTER THE REPORTING PERIOD

The Executive Board Decision No. 32-7 of 10.02.2016 approved the payment of the part of interim dividend for 2015, to the shareholder Republic of Serbia, in the amount of RSD 200,000 thousand. Payment of the part of interim dividend to the shareholder Republic of Serbia, from the account of the Company was made on 11.02.2016. Payment of the remaining amount of the interim dividend to the shareholder Republic of Serbia will be made until 30.06.2016.

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 year which ended on 31 December 2015, or would require adjustment of the financial statements.

In Belgrade, 18 April 2016


  
 Legal representative

AKCIONARSKO DRUŠTVO  
AERODROM "NIKOLA TESLA"  
BEOGRAD

ПРИМЉЕНО	БРОЈ	ПРИЛОГА
09	27.09.2016	

**A.D. AERODROM NIKOLA TESLA  
BEOGRAD**

FINANCIAL REPORT FOR  
PERIOD 1.1. – 31.12.2015 AND  
INDEPENDENT AUDITOR'S REPORT



**A.D. Aerodrom Nikola Tesla Beograd**

**Financial Report for period 1.1. – 31.12.2015**

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# Grant Thornton

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## Convenience Translation of Auditors' Report Originally Issued in Serbian

### INDEPENDENT AUDITOR'S REPORT

To the Assembly of Shareholders and Supervisory Board of A.D. Aerodrom Nikola Tesla Beograd

#### Report on financial statements

We have audited the accompanying financial statements of A.D. Aerodrom Nikola Tesla Beograd, which comprise the Balance Sheet Statement as at December 31, 2015, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Serbian GAAP, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



**Convenience Translation of Auditors' Report Originally Issued in Serbian**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Report on the Financial Statements (continued)**

*Basis for Qualified Opinion*

As disclosed in note 29 to the financial statements, Company's property, plant and equipment as of December 31, 2015 were stated at a revalued amount of RSD 21,529,104 thousand (as of December 31, 2014 at a revalued amount of RSD 21,585,698 thousand), based on the appraisal of these assets as of December 31, 2014 by an independent certified appraiser. Cost replacement method and comparative market approach were used for the appraisal. Based on available documentation and procedures performed, we were unable to satisfy ourselves as to whether aforesaid appraisal methods were adequate for certain categories of property, plant and equipment, or as to the proper documenting of supporting information used in application of certain appraisal methods. Also, Company has not made all necessary disclosures regarding the appraisal of stated assets fair value as required by the IFRS 13 "Fair Value Measurement". Accordingly, it was not possible to estimate the effects that these matters may have on the reported values of property, plant and equipment, revaluation reserves and related deferred tax liabilities as of December 31, 2015, nor the calculated depreciation expense and the result before tax for 2015.

As disclosed in note 35 to the financial statements, Company has presented in comparative information as of December 31, 2014 domestic trade receivables in amount of RSD 3,293,944 thousand (before impairment allowance of RSD 2,617,229 thousand) which include receivables due from the Republic of Serbia Public Debt Directorate in the amount of RSD 2,145,319 thousand (before impairment allowance of RSD 1,897,107 thousand). The aforesaid receivables arose from the assumption of debt owed by Air Serbia d.o.o. Beograd to the Company, pursuant to the Law on Assumption of Liabilities of the Company Air Serbia to Legal Entities and Private Individuals for Services Rendered and Goods Delivered and Conversion Thereof into Public Debt of Republic of Serbia (hereinafter: the "Law"). Although the aforesaid receivables were collected in full as of March 31, 2015, as stipulated by the Law, Company has not applied the provisions of IAS 39 "Financial Instruments: Recognition and Measurement" in relation to impairment, nor the provisions of IAS 10 "Events after the Reporting Period" in relation to adjusting events after the reporting period, i.e. income for stated collection and consequently reversal of impairment was recognized in full in 2015, instead of 2014. Had the Company properly applied aforesaid provisions, trade receivables as of December 31, 2014, and other income and result before tax for 2014 would have been increased by RSD 1,897,107 thousand, and other income and result before tax for 2015 would have been decreased by RSD 1,897,107 thousand. This matter does not impact the balance of Company's net equity as of December 31, 2015.

*Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of A.D. Aerodrom Nikola Tesla Beograd as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Serbian GAAP.

**Convenience Translation of Auditors' Report Originally Issued in Serbian**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Report on the Financial Statements (continued)**

*Emphasis of Matter*

We draw attention to Note 2.1. to the financial statements which states that the Company has not calculated deferred tax liabilities on account of revalued land, as the Company considers that related provisions of IAS 12 "Income Taxes" cannot be applied in these circumstances due to inability of clear interpretation of the rules regarding the tax treatment of any sale or transfer of rights to use the land, then due to determining the usage rights and ownership rights of Company's land, and due to specific nature of business and regulations applicable to airport operations in Republic of Serbia, as well as specific provisions of Standalone articles of Law on amendments and annexes to the Law on right to free shares and financial compensation realized by the citizens in the privatization process ("Official Gazette of RS" no. 30/2010). Further, assuming that in the case of sale or transfer of rights to use the land this transaction would be subject to capital gains tax and that the purchase value for tax purposes would be determined at the level of purchase value recorded in the books as of December 31, 2003 as determined in accordance with the previously applicable accounting regulations which is a prescribed procedure for real estate owned by legal entities in the Republic of Serbia, in accordance with IAS 12 "Income Taxes" deferred tax liabilities on account of the revalued land as of December 31, 2015 would amount to RSD 1,163,256 thousand, i.e. total liabilities would be increased, and the equity decreased by the same amount. If and when there is a conversion of right to use into the ownership rights for the land referred, deferred tax liabilities will undoubtedly exist and the Company will have to record them and present them in its financial statements. Our opinion is not qualified in respect of this matter.

*Other matters*

The financial statements of the Company for the year ended December 31, 2014 were audited by another auditor who expressed a qualified opinion on those statements in his report on April 20, 2015. Predecessor auditor had qualified matters related to fair valuation of property, plant and equipment, as well as the matter of receivables from the Republic of Serbia Public Debt Directorate which were collected before reporting date of audited financial statements, but previously recognized impairment was not reversed.

**Report on Other Legal and Regulatory Requirements**

*Report on the consistency of annual business report with financial statements*

Company is responsible for compilation of annual business report, in accordance with the Law on Accounting ("Official Gazette of Republic of Serbia" no. 62/2013). In accordance with the Law on Auditing ("Official Gazette of Republic of Serbia" no. 62/2013), our responsibility is to express an opinion on consistency of annual business report for 2015 with financial statements for the same year. In conjunction to stated, our procedures are performed in accordance with International Standard on Auditing 720 "The Auditor's responsibilities relating to other information in documents containing audited financial statements", and we are limited to assessment of consistency of annual business report with the financial statements. In our opinion, annual business report is consistent with the audited financial statements.



**Convenience Translation of Auditors' Report Originally Issued in Serbian**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Report on Other Legal and Regulatory Requirements (continued)**

*Report on separation of airport operator activities and ground handling activities*

In accordance with the Rulebook on the provision of ground handling services at airports ("Official Gazette of Republic of Serbia" no. 61/2015), Company is responsible for such accounting of airport operator activities and ground handling activities which will secure complete accounting separation of stated activities, and that annual financial statements display the lack of any interrelated financial flows between stated activities. In accordance with the same Rulebook, our responsibility is to express an opinion whether the accounts of stated activities were separate during 2015, and whether there were any interrelated flows between stated activities. In our opinion, accounts of airport operator activities and ground handling activities have not been separated as of December 31, 2015 and during the year ended on that day. Also, based on available documentation it was not possible to determine whether there were any interrelated financial flows between stated activities in 2015. We draw attention to the fact that in accordance with provisions of the Rulebook, Company had a limit of six months from the Rulebook's entry into force to align with provisions of the Rulebook, and stated limit had not passed as of December 31, 2015.

Beograd, April 26, 2016

Grant Thornton Revizit



*Predrag Djordjevic*  
Predrag Djordjevic  
Certified Auditor

**FINANCIAL STATEMENTS 31 December 2015**

1. **INCOME SHEET** for the period from 01.01. to 31.12.2015, which include data for the third quarter of 2015;
2. **BALANCE SHEET** on 31.12.2015;
3. **REPORT ON OTHER RESULTS** for the period from 01.01. to 31.12.2015;
4. **STATEMENT ON CHANGES IN CAPITAL** from 01.01. to 31.12.2015;
5. **CASH FLOW STATEMENT** for the period from 01.01. to 31.12.2015;
6. **NOTES TO THE FINANCIAL STATEMENTS 31.12.2015.**

18 April 2016



**INCOME SHEET**  
In the period from 1 January to 31 December, 2015

INCOME SHEET					
for the period from 01.01.2015 to 31.12.2015					
- in thousand RSD -					
Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>REVENUES OF REGULAR BUSINESS</b>				
60 to 65, except 62 and 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		8,116,139	8,157,945
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	140,435	624,610
600	1. Revenues from sale of goods to parent companies and subsidiaries in domestic market	1003			
601	2. Revenues from sale of goods to parent companies and subsidiaries in foreign markets	1004			
602	3. Revenues from sale of goods to other related parties in domestic market	1005			
603	4. Revenue from sale of goods to other related parties in foreign markets	1006			
604	5. Revenues from sale of goods in domestic market	1007	5	37,318	4,082
605	6. Revenue from sale of goods in foreign market	1008	5	103,117	620,528
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	7; 8; 9	7,152,278	6,776,851
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 market	1011			
612	3. Revenues from sale of products and services to other related parties in domestic market	1012			
613	4. Revenues from sale of products and services to other related parties in foreign market	1013			
614	5. Revenues from sale of products and services in domestic market	1014	6	3,011,748	2,585,379
615	6. Revenues from sale of products and services in foreign market	1015	7	4,140,530	4,191,472
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0
65	IV OTHER OPERATING REVENUES	1017	10	823,426	756,484

**INCOME SHEET (continued)**  
**In the period from 1 January to 31 December, 2015**

-in thousands RSD-

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
50 to 55, 62 and 63	B. OPERATING EXPENSITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		4,468,458	4,690,213
50	I. PURCHASE VALUE OF SOLD GOODS	1019	11	133,258	595,349
62	II. REVENUES FROM ACTIVATION OF USE OF OWN PRODUCTS AND GOODS	1020		0	0
630	III. INCREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021			
631	IV. DECREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022			
51 except 513	V. COSTS OF MATERIAL	1023	12	162,971	204,813
513	VI. COSTS OF FUEL AND ENERGY	1024	13	275,494	286,278
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	14	2,414,173	1,460,936
53	VIII. COSTS OF PRODUCTION SERVICES	1026	15	368,161	833,147
540	IX. AMORTIZATION COSTS	1027	28, 29	767,878	817,036
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	69,447	54,148
55	XI. INTANGIBLE COSTS	1029	17	277,076	438,506
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		3,647,681	3,467,732
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		320,303	277,947
66, except 662, 663 and 664	I. FINANCIAL REVENUES FROM RELATED PARTIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial revenues from parent companies and subsidiaries	1034			
661	2. Financial revenues from other related parties	1035			
665	3. Revenue from participation in profit of associated legal entities and joint ventures	1036			
669	4. Other financial revenues	1037			
662	II. INCOME REVENUE (FROM THIRD PARTIES)	1038	18	168,453	92,703



**INCOME SHEET (continued)**  
**In the period from 1 January to 31 December, 2015**

-in thousands RSD-

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	151,850	185,244
56	DJ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		152,155	149,435
56, except 562, 563 and 564	I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN. EXPENDITURES (1042 + 1043 + 1044 + 1045)	1041		0	0
560	1. Financial expenditures from relation with parent com. and subsidiaries	1042			
561	2. Financial expenditures from relation with other related parties	1043			
565	3. Expenditures from participation in the loss of associated legal entities and joint ventures	1044			
566 and 569	4. Other financial expenditures	1045			
562	II. INCOME EXPENDITURES (TOWARD THIRD PARTIES)	1046	20	67,483	65,625
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	84,672	83,810
	E. PROFIT FROM FINANCING (1032 – 1040)	1048		168,148	128,512
	Ž. LOSS FROM FINANCING (1040 – 1032)	1049		0	0
683 and 685	3. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	22	79,590	20,161
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	23	40,100	605,438
67 and 68, exc. 683 and 685	J. OTHER REVENUES	1052	24	1,962,738	2,338,849
57 and 58, exc. 583 and 585	K. OTHER EXPENDITURES	1053	25	1,864,127	1,587,111
	L. PROFIT FROM REGULAR OPERATING BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054	26	3,953,930	3,762,705
	LJ. LOSS FROM REGULAR OPERATING BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055			
69-59	M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1056			
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057			

**INCOME SHEET (continued)**  
**In the period from 1 January to 31 December, 2015**

-in thousands RSD-

Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26; 47	3,953,930	3,762,705
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059			
	P. INCOME TAX				
721	I. INCOME TAX EXPENDITURE10	60	26; 47	607,090	606,566
part of 722	II. DEFERRED TAX EXPENDITURE	1061		55,814	
part of 722	III. DEFERRED INCOME TAX	1062	26; 47	0	265,995
723	R. EARNINGS PAID BY EMPLOYER	1063			
	S. NET PROFIT				
	(1058 – 1059 – 1060 – 1061 + 1062)	1064	27; 46	3,291,026	3,422,134
	T. NET LOSS				
	(1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET INCOME OF MINORITY SHAREHOLDERS	1066			
	II NET PROFIT OF THE MAJORITY OWNER	1067			
	III PROFIT PER SHARE				
	1. Basic earning per share	1068	27		
	2. Reduced (diluted) earning per share	1069			



**BALANCE SHEET**  
**On 31 December, 2015**

BALANCE SHEET						
on 31.12. 2015						
- in thousand RSD -						
Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
1	2	3	4	5	6 Final balance 31.12.2014	7 Initial balance 01.01.2014
	ASSETS					
0	A. NON-PAID UP SUBSCRIBED CAPITAL	1				
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		21,730,626	21,714,561	21,573,986
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3	28	80,523	25,923	9,278
010 & part 019	1. Investments in development	4				
011, 012 & part 019	2. Concessions, patents, licences, trade marks, software and other rights	5	28	80,523	25,923	9,278
013 & part 019	3. Goodwill	6				
014 & part 019	4. Other intangible assets	7				
015 & part 019	5. Intangible assets in progress	8				
016 & part 019	6. Advances for intangible assets	9				
2	II. REAL ESTATE, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	21,529,104	21,585,698	21,404,728
020, 021 & part 029	1. Land	11	29	9,120,668	9,120,668	9,034,813
022 & part 029	2. Buildings	12	29	9,858,745	10,102,565	8,843,664
023 & part 029	3. Plants and equipment	13	29	2,482,528	2,316,158	2,261,834
024 & part 029	4. Investment property	14	29	26,073	21,467	20,963
025 & part 029	5. Other property, plants and equipment	15	29	3,619	3,619	3,619
026 & part 029	6. Property, plants and equipment in progress	16	29	20,236	5,768	1,219,824
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	17,235	15,453	20,011
3	III. BIOLOGICAL AGENCIES (0020 + 0021 + 0022 + 0023)	19		120	165	266
030, 031 & part 039	1. Forests and perennial plants	20				
032 & part 039	2. Livestock unit	21	29	120	165	266
037 & part 039	3. Biological agencies in progress	22				
038 & part 039	4. Advances for biological agencies	23				
04, except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		120,879	102,775	159,714
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	3
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 held to maturity	32				
048 & part 049	9. Other long-term financial investments	33	31	120,878	102,774	159,711

**BALANCE SHEET (cont'd.)**  
**On 31 December, 2015**

- in thousand RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2014	Initial balance 01.01.2014
1	2	3	4	5	6	7
	<b>ASSETS</b>					
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		0	0	0
050 & part 059	1. Receivables from parent company and subsidiaries	35				
051 & part 059	2. Receivables from other related parties	36				
052 & part 059	3. Receivables from sale on trade credit	37				
053 & part 059	4. Receivables from sale per contracts on financial leasing	38				
054 & part 059	5. Receivables based on guarantees	39				
055 & part 059	6. Disputed and doubtful receivables	40				
056 & part 059	7. Other long-term receivables	41				
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER PROPERTY					
	(0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		6,540,995	6,201,901	2,602,694
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		141,272	131,446	140,585
10	1. Material, spare parts, tools and small inventory	45	32	94,820	109,808	98,433
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	12,301	20,612	33,682
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	34,151	1,026	8,470
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1,701,939	1,144,824	867,394
200 & part 209	1. Buyers in the country – parent companies and subsidiaries	52				
201 & part 209	2. Buyers abroad – parent companies and subsidiaries	53				
202 & part 209	3. Buyers in the country – other related parties	54				
203 & part 209	4. Buyers abroad – other related parties	55				
204 & part 209	5. Buyers in the country	56	35	1,069,267	676,715	458,534
205 & part 209	6. Buyers abroad	57	36	632,672	468,109	408,860
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	90,631	45,124	105,792
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 and 237	VI SHORT-TERM INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		3,876,640	2,031,124	538,172
230 & part 239	1. Short-term loans and invest. – parent com. and subsidiaries	63				
231 & part 239	2. Short-term loans and investments – other related parties	64				
232 & part 239	3. Short-term credits and loans in the country	65	38	77,841	34,818	37,200
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	39	3,798,799	1,996,306	500,972
24	VII CASH AND CASH EQUIVALENTS	68	41	704,127	2,803,851	896,778
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	26,386	45,532	53,973
	<b>D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)</b>	<b>71</b>		<b>28,271,621</b>	<b>27,916,462</b>	<b>24,176,680</b>
88	B. OFF-BALANCE SHEET ASSETS	72	62	320,491	511,663	566,762



**BALANCE SHEET (cont'd.)**  
**On 31 December, 2015**

- in thousand RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2014	Initial balance 01.01.2014
1	2	3	4	5	6	7
	<b>LIABILITIES</b>					
	<b>A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)</b>	<b>401</b>	<b>43</b>	<b>25,697,984</b>	<b>25,101,646</b>	<b>22,256,473</b>
30	<b>I CORE CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)</b>	<b>402</b>		<b>20,573,610</b>	<b>20,573,610</b>	<b>20,573,610</b>
300	<b>1. Share capital</b>	<b>403</b>	<b>44</b>	<b>20,573,610</b>	<b>20,573,610</b>	<b>20,573,610</b>
301	<b>2. Shares of limited liability companies</b>	<b>404</b>				
302	<b>3. Stakes</b>	<b>405</b>				
303	<b>4. State capital</b>	<b>406</b>				
304	<b>5. Social capital</b>	<b>407</b>				
305	<b>6. Cooperative shares</b>	<b>408</b>				
306	<b>7. Share issue premium</b>	<b>409</b>				
309	<b>8. Other core capital</b>	<b>410</b>				
31	<b>II NON-PAID SUBSCRIBED CAPITAL</b>	<b>411</b>				
047 & 237	<b>III REPURCHASED OWN SHARES</b>	<b>412</b>				
32	<b>IV RESERVES</b>	<b>413</b>	<b>45</b>	<b>2,842,810</b>	<b>1,534,430</b>	<b>1,529,339</b>
330	<b>V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLES, PROPERTY, PLANTS AND EQUIPMENT</b>	<b>414</b>	<b>45</b>	<b>148,390</b>	<b>148,569</b>	
33 except 330	<b>VI. NON-REALISED INCOMES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance of group account 33 except 330)</b>	<b>415</b>	<b>45</b>	<b>12,788</b>	<b>5,177</b>	
33 except 330	<b>VII. NON-REALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (debit balance of group account 33 except 330)</b>	<b>416</b>				
34	<b>VIII NON-DISTRIBUTED PROFIT (0418 + 0419)</b>	<b>417</b>	<b>46</b>	<b>2,120,386</b>	<b>2,839,860</b>	<b>153,524</b>
340	<b>1. Non-distributed profit of previous years</b>	<b>418</b>	<b>46</b>	<b>144,356</b>	<b>140,203</b>	<b>140,203</b>
341	<b>2. Non-distributed profit of the current year</b>	<b>419</b>	<b>46</b>	<b>1,976,030</b>	<b>2,699,657</b>	<b>13,321</b>
	<b>IX. SHARE WITHOUT RIGHT OF CONTROL</b>	<b>420</b>				
35	<b>X.LOSS (0422 + 0423)</b>	<b>421</b>		<b>0</b>	<b>0</b>	<b>0</b>
350	<b>1. Loss of previous years</b>	<b>422</b>				
351	<b>2. Loss of the current year</b>	<b>423</b>				
	<b>B. LONG-TERM RESERVES AND LIABILITIES (0425 + 0432)</b>	<b>424</b>		<b>1,017,814</b>	<b>1,074,592</b>	<b>1,115,042</b>
40	<b>I LONG-TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)</b>	<b>425</b>	<b>47;48</b>	<b>225,020</b>	<b>185,327</b>	<b>176,654</b>
400	<b>1. Reserves for costs within guarantee period</b>	<b>426</b>				
401	<b>2. Reserves for restoration of natural resources</b>	<b>427</b>				
403	<b>3. Reserves for restructuring costs</b>	<b>428</b>				
404	<b>4. Reserves for retirement and other employee benefits</b>	<b>429</b>	<b>47;48;49</b>	<b>110,239</b>	<b>111,237</b>	<b>114,718</b>
405	<b>5. Reserves for litigations</b>	<b>430</b>	<b>47;48;49</b>	<b>114,781</b>	<b>74,090</b>	<b>61,936</b>
402 & 409	<b>6. Other long-term reserves</b>	<b>431</b>				
41	<b>II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)</b>	<b>432</b>		<b>792,794</b>	<b>889,265</b>	<b>938,388</b>
410	<b>1. Liabilities that may be converted into capital</b>	<b>433</b>				
411	<b>2. Liabilities toward parent companies and subsidiaries</b>	<b>434</b>				
412	<b>3. Liabilities toward other related parties</b>	<b>435</b>				

**BALANCE SHEET (cont'd.)**  
**On 31 December, 2015**

- in thousand RSD -

Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
					Final balance 31.12.2014	Initial balance 01.01.2014
1	2	3	4	5	6	7
	<b>LIABILITIES</b>					
413	4. Liabilities from securities for a period longer than one year	436				
414	5. Long-term credits and loans in the country	437				
415	6. Long-term credits and loans abroad	438	50,51	792,794	889,265	938,388
416	7. Liabilities base on financial leasing	439				
419	8. Other long-term liabilities	440		0	0	0
498	V. DEFERRED TAX LIABILITIES	441	26	88,308	31,151	270,015
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,467,515	1,709,073	535,150
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		101,380	100,824	125,368
420	1. Short-term loans from parent companies and subsidiaries	444				
421	2. Short-term loans from other related parties	445				
422	3. Short-term credits and loans in the country	446				
423	4. Short-term credits and loans abroad	447				
427	5. Liabilities on fixed assets and assets from discontinued operations intended for sale	448				
424, 425, 426 and 429	6. Other short-term financial obligations	449	52	101,380	100,824	125,368
430	II RECEIVED PRIPAYMENT, DEPOSITS AND BAILS	450	53	62,361	47,432	36,768
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		240,783	172,638	282,769
431	1. Suppliers – parent com. and subsidiaries in the country	452				
432	2. Suppliers – parent com. and subsidiaries abroad	453				
433	3. Suppliers – other related parties in the country	454				
434	4. Suppliers – other related parties abroad	455				
435	5. Suppliers in the country	456	54	204,483	132,746	152,856
436	6. Suppliers abroad	457	55	10,916	32,649	127,078
439	7. Other business liabilities	458	56	25,384	7,243	2,835
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	858,225	733,787	2,640
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	25,809	66,619	6,691
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59; 60	96,616	498,832	27,153
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	82,341	88,941	53,761
	D. LOSS OVER CAPITAL (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) ≥ 0	463				
	DJ. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 – 0463) ≥ 0	464		28,271,621	27,916,462	24,176,680
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	320,491	511,663	566,762



**STATEMENT ON OTHER COMPREHENSIVE RESULT**  
**In the period from 1 January to 31 December, 2015**

STATEMENT ON OTHER COMPREHENSIVE RESULT					
for period from 01.01.2015 to 31.12.2015					
- In thousand RSD -					
Group of accounts, account 1	POSITION 2	ADP 3	Notes No. 4	Amount	
				Current year 5	Previous year 6
	<b>A. NET RESULTS FROM OPERATIONS</b>				
	I. NET PROFIT (ADP 1064)	2001	26; 46	3,291,026	3,422,134
	II. NET LOSS (ADP 1065)	2002			
	<b>B. OTHER COMPREHENSIVE PROFITS AND LOSS</b>				
	a) Items that will not be reclassified in income sheet in future periods				
	1. Changes in the revaluation of intangible assets, property, plant and equipment				
330	a) Increase in revaluation reserves	2003	45	0	174,787
	b) decrease in revaluation reserves	2004			
	2. Actuarial gains and losses on defined benefit plans				
331	a) gains	2005	45	8,954	6,090
	b) losses	2006			
	3. Gains or losses on investments in equity capital instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses on shares in other comprehensive profit or loss of associated companies				
333	a) gains	2009			
	b) losses	2010			
	b) Items that can subsequently be reclassified in income sheet in future periods				
	1. Gains or losses based on recalculation of financial statements of foreign operations				
334	a) gains	2011			
	b) losses	2012			
	2. Gains or losses on hedging instruments of net investment in a foreign operation				
335	a) gains	2013			
	b) losses	2014			
	3. Gains or losses on risk hedging instruments of cash flow				
336	a) gains	2015			
	b) losses	2016			
	4. Gains or losses on securities available for sale				
337	a) gains	2017			
	b) losses	2018			
	<b>I. OTHER GROSS COMPREHENSIVE PROFIT</b>				
	(2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		8,954	180,877
	<b>II. OTHER GROSS COMPREHENSIVE LOSS</b>				
	(2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			
	<b>III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD</b>	2021	45	1,343	27,131
	<b>IV. NET OTHER COMPREHENSIVE PROFIT</b>				
	(2019 - 2020 - 2021) ≥ 0	2022	45	7,611	153,746
	<b>V. NET OTHER COMPREHENSIVE LOSS</b>				
	(2020 - 2019 + 2021) ≥ 0	2023			

**STATEMENT ON OTHER COMPREHENSIVE RESULT**  
In the period from 1 January to 31 December, 2015

- in thousand RSD -

Group of accounts, account	POSITION	ADP	Notes No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
<b>B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD</b>					
	I. TOTAL NET COMPREHENSIVE PROFIT (2001 – 2002 + 2022 – 2023) ≥ 0	2024		3,298,637	3,575,880
	II. TOTAL NET COMPREHENSIVE LOSS (2002 – 2001 + 2023 – 2022) ≥ 0	2025		0	0
	G. TOTAL NET COMPREHENSIVE PROFIT OR LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0	2026		0	0
	1. Attributable to majority owners of capital	2027			
	2. Attributable to owners who do not have control	2028			



STATEMENT ON CHANGES IN CAPITAL for the period from 01.01 to 31.12.2015

STATEMENT ON CHANGES IN CAPITAL in the period from 01.01. to 31.12.2015

Serial No.	DESCRIPTION	Capital components										Components of other result							- in thousand RSD -	
		30	31	32	35	047 & 237	34	330	331	332	333	334	335	336	337	14	15	16	17	
		ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	ADP	
1	Opening balance on 01.01.2014																			
1	a) debit balance of account	4001	4019	4037	4055	4073	4091	0	4109	4127	4145	4163	4181	4199	4217	4235	0	4244		
	b) credit balance of account	4002	20,573,610	4020	4056	4074	4092	13,321	4110	4128	4146	4164	4182	4200	4218	4236	0	22,116,270		
2	Correction of materially significant errors and changes of accounting policies																			
	a) corrections on the debit side of the account	4003	0	4021	0	4039	0	4057	0	4129	0	4147	0	4183	0	4201	0	4236	0	4245
	b) corrections on the credit side of the account	4004	0	4022	0	4040	0	4058	0	4130	0	4148	0	4184	0	4202	0	140,203	0	0
3	Updating of opening balance on 01.01. 2014																			
	a) corrected debit balance of account (1a + 2a - 2b) ≥ 0	4005	0	4023	0	4041	0	4059	0	4131	0	4149	0	4185	0	4203	0	4237	0	4246
	b) corrected credit balance of account (1b - 2a + 2b) ≥ 0	4006	20,573,610	4024	4060	4078	4096	153,524	4114	4132	4150	4168	4186	4204	4222	4240	0	22,864,473	0	0
4	Changes in the previous 2014																			
	a) Turnover on the debit side of the account	4007	0	4025	0	4043	0	4061	0	4133	0	4151	0	4187	0	4205	0	4239	0	4248
	b) Turnover on the credit side of the account	4008	0	4026	0	4044	0	4062	0	4134	5,177	4152	0	4188	0	4206	0	4244	0	3,560,971
5	Balance at the end of prev. year on 31.12.2014																			
	a) debit balance of account (3a + 4a - 4b) ≥ 0	4009	0	4027	0	4045	0	4063	0	4135	0	4153	0	4189	0	4207	0	4241	0	4248
	b) credit balance of account (3b - 4a + 4b) ≥ 0	4010	20,573,610	4028	4064	4082	4100	2,839,860	4118	4136	5,177	4154	0	4190	0	4208	0	4236	0	26,101,644
6	Correction of materially significant errors and changes of accounting policies																			
	a) corrections on the debit side of the account	4011	0	4029	0	4047	0	4065	0	4137	0	4155	0	4191	0	4209	0	4243	0	4249
	b) corrections on the credit side of the account	4012	0	4030	0	4048	0	4066	0	4138	0	4156	0	4192	0	4210	0	4238	0	0
7	Corrected opening balance of the current year on 01.01. 2015																			
	a) corrected debit balance of account (5a + 6a - 6b) ≥ 0	4013	0	4031	0	4049	0	4067	0	4139	0	4157	0	4193	0	4211	0	4245	0	4250
	b) corrected credit balance of account (5b - 6a + 6b) ≥ 0	4014	20,573,610	4032	4068	4086	4104	2,839,860	4122	4140	5,177	4158	0	4194	0	4212	0	4240	0	26,101,644
8	Changes in the current 2015																			
	a) turnover on the debit side of account	4015	0	4033	0	4051	0	4069	0	4141	1243	4159	0	4195	0	4213	0	4247	0	4,012,025
	b) turnover on the credit side of account	4016	0	4034	0	4052	0	4070	0	4142	8954	4160	0	4196	0	4214	0	4,608,315	0	0
9	Balance at the end of curr. year on 31.12.2015																			
	a) debit balance of account (7a + 8a - 8b) ≥ 0	4017	0	4035	0	4053	0	4071	0	4143	4161	4179	0	4197	0	4215	0	4249	0	4,252
	b) credit balance of account (7b - 8a + 8b) ≥ 0	4018	20,873,810	4036	4072	4090	4108	2,120,388	4126	4144	12,788	4162	0	4198	0	4216	0	4244	0	26,837,384

**CASH FLOW STATEMENT**  
In the period from 1. January to 31 December, 2015

CASH FLOW STATEMENT				
in the period from 01.01.2015 to 31.12.2015				
- in thousand RSD-				
Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
<b>A. CASH FLOWS FROM BUSINESS ACTIVITY</b>				
I. Cash inflow from business activities (1 to 3)	3001		8,689,539	9,137,534
1. Sale and received advance payments	3002		7,516,837	8,211,506
2. Interests received from business activity	3003		20,209	50,140
3. Other inflows from regular operations	3004		1,152,493	875,888
II. Cash outflow from business activities (1 to 5)	3005		5,612,535	4,784,947
1. Payments for suppliers and given advance payments	3006		1,381,019	2,741,305
2. Salaries, salary compensations and other personal expenses	3007		2,400,957	1,469,359
3. Paid interest	3008		42,948	46,614
4. Income-tax	3009		1,005,682	46,997
5. Payment from other public revenues	3010		781,929	480,672
III. Net cash inflow from business activities ( I - II )	3011		3,077,004	4,352,587
IV. Net cash outflow from business activities ( II - I )	3012			
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
I. Cash inflow from investment activity (1 to 5)	3013		142,603	50,716
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		283	762
3. Other financial investments (net inflows)	3016		0	0
4. Interests received from investment activities	3017		142,320	49,954
5. Dividends received	3018		0	0
II. Cash outflows from investment activities (1 to 3)	3019		2,630,120	2,436,023
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021		855,436	1,008,471
3. Other financial investments (net outflows)	3022		1,774,684	1,427,552
III. Cash net inflow from investment activities ( I - II )	3023		0	0
IV. Cash net outflow from investment activities ( II - I )	3024		2,487,517	2,385,307



**CASH FLOW STATEMENT (cont'd.)**  
**In the period from 1.January to 31 December, 2015**

CASH FLOW STATEMENT				
in the period from 01.01.2015 to 31.12.2015				
- in thousand RSD-				
Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
<b>V. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
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		2,712,032	135,486
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033		101,035	98,612
3. Short-term loans (outflows)	3034		0	0
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036		0	30,038
6. Paid-up dividends	3037		2,610,997	6,836
III. Net cash inflow from financing activities (I-II)	3038			
IV. Net cash outflow from financing activities (II-I)	3039		2,712,032	135,486
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)	3040		8,832,142	9,188,250
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)	3041		10,954,687,356,	456
DJ. NET CASH INFLOW (3040 – 3041)	3042		0	1,831,794
E. NET CASH OUTFLOW (3041 – 3040)	3043		2,122,545	0
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		2,803,851	896,778
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3045		53,351	83,780
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3046		30,530	8,501
J. CASH AT THE END OF ACCOUNTING PERIOD	3047		704,127	2,803,851
(3042 – 3043 + 3044 + 3045 – 3046)				

**JSC BELGRADE NIKOLA TESLA AIRPORT**

**NOTES TO FINANCIAL STATEMENTS  
31 December, 2015**



## 1. FOUNDING AND OPERATION OF THE COMPANY

### 1.1. General data of the company

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

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

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

The Government of Republic of Serbia on 17.06.2010 made the Decision No. 023-4432/2010, on change of legal form of JP Aerodrom "Nikola Tesla" Beograd from a public company into closed joint stock company. The change of legal form is registered with the Business Registers Agency on 22.06.2010 by the Rescript No.BD 68460/2010.

After the change of legal form the company continued its business under the full name **Akcionarsko društvo Aerodrom "Nikola Tesla" Beograd.**

By the Rescript of the Registers Agency No: BD 7651/2011 dated on 24.01.2011, Akcionarsko društvo Aerodrom Nikola Tesla Beograd was registered in Business Registers Agency as an open joint stock company.

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

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

### 1.2. Number of employees and engaged persons

On Balance Sheet date on 31.12.2015 the Company had 1,871 engaged workers of which 1,253 employees of the Company and 491 permanent employees, employees on a specified period of time 762, temporary workers 164, and 454 workers engaged through youth organizations (on 31 December 2014 there were 1,682 engaged workers, of which 473 permanent employees, 2 employed for a specified period of time, over 594 workers engaged through OZB Komerc, 408 workers through youth organizations and 205 workers engaged in temporary and occasional jobs).

During 2015, the average number of employees engaged by the Company at the end of each month was 1,782 (485 permanent employees, 617 employees for a specified period of time, 435 workers engaged through youth organizations, 65 workers engaged through OZB Komerc and 181 workers engaged in temporary and occasional jobs (during 2014 there were on average 1,716 employees: 475 permanent employees, 3 employed for a specified period of time, 424 workers hired through youth organizations, 622 workers through OZB Komerc and 192 workers engaged in temporary and occasional jobs).

## **1. FOUNDING AND OPERATION OF THE COMPANY (cont'd.)**

### **1.3. Management structure**

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

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

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

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

### **1.4. Ownership structure**

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

The Government of Republic Serbia, on 09.12.2010 made the Decision No. 023-9103/2010-1, by which citizens of Republic of Serbia, the employees and former employees of the Company have acquired the right to 16.85% of ownership of the Company. After transfer of the right to free of charge shares to citizens, employees and former employees, Republic of Serbia owns 28,511,988 ordinary shares, which represents 83.15% of the total share capital of the Company.

By the Decision on admission of shares to Prime Listing 04/4 No. 478/11 dated on 28.01.2011, the shares of the Company are accepted on 'A' Listing of the Belgrade Exchange Market. Stock trade on the Belgrade Exchange Market commenced on 07.02.2011.

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

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

Financial statements for I-XII 2015 have been prepared in accordance legislation and approved at the meeting of the Supervisory Board on 26.04.2016.

Legal entities and entrepreneurs in Serbia are required to maintain books of account, recognition and evaluation of assets and liabilities, income and expenditure, and to make, present, submit and disclose financial statements in accordance with the Law on Accounting and Auditing (hereinafter the Law published in the " Official Gazette of the RS", No. 62/2013 ) and in accordance with other relevant secondary legislation. A company as large legal entity is required to apply International Financial Reporting Standards ("IFRS "), which in terms of the Law include: Framework for the Preparation and Presentation of Financial Statements ("Framework"), International Accounting Standards ("IAS"), international Financial Reporting Standards ("IFRS") and related interpretations issued by the Committee for the interpretation of accounting standards ("IFRIC"), subsequent amendments to those standards and related interpretations approved by the International Accounting standards Board ("Board") of which the translation is determined and published by the Ministry in charge of finance.

Decision of the Ministry of 13 March 2014, which was published in the Official Gazette No. 35 of 27 March 2014 (hereinafter "the Decision on establishing the translations") determined and published translations of the basic texts of IAS and IFRS conceptual framework for financial reporting ("Conceptual Framework"), approved by the Board, as well as related IFRIC interpretations. Those translations published in the Decision on establishing the translation does not include the basis for conclusions, illustrative examples, guidelines, comments, opposing opinions, developed examples and other supplementary explaining material that can be adopted in relation to standards or



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

### 2.1 Basis for composition and presentation of financial statements (cont'd.)

interpretations, unless expressly stated that the material is an integral part of these standards or interpretations. Based on Decision on establishing translation the conceptual framework, IAS, IFRS, IFRIC and related interpretations that are translated are in the application from the financial statements that are prepared as of 31 December 2014. Revised or issued IFRS and standard interpretations, after this date, have not been translated and published, and therefore are not applied in the preparation of these financial statements.

However, to the date of these financial statements, not all amendments to IAS / IFRS and IFRIC interpretations were translated that were effective for annual periods beginning on 1 January 2015. In addition, certain laws and subordinate legislation prescribes the accounting procedures, evaluation and disclosure which in some cases differ from the requirements of IAS / IFRS and IFRIC interpretations.

In addition, enclosed financial statements defer from IAS and IFRS following points:

- Deviations from IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, plant and equipment" in the treatment and recording the effects of equity valuation and whose main part is the valuation of property and equipment and investment property. Namely, in accordance with Article 27 of the Independent Members Law on Amendments and Supplements to the Law on right to free shares and financial compensation realized by the citizens in the privatization procedure ("Official Gazette" no. 30/2010) the founder of the Company was required to ensure that until June 30, 2010, the Company changes its legal form and expresses its capital in shares of certain par value based on the adjusted book value of equity. Accordingly, after the capital valuation was performed posting of estimated values of assets and liabilities in favour of the revaluation reserves. Based on the decision of the Board of Directors of the Company No. 04-100 /1 of 31 May 2010 on the capital increase, and the Decision of the Government of the Republic of Serbia number 023-4175/2010 of 4 June 2010 on the approval of the aforementioned decision on the increase of capital from their own funds by converting the reserves and retained earnings into core capital of JP Aerodrom Nikola Tesla, the Company in its business books made accounting records of increase of the state capital as of 1 January 2010, adjusting the opening balance by reduction of other capital, reserves, revaluation reserves and retained earnings. The aforementioned accounting treatment departs from IAS 16 "Property, plant and equipment", according to which: 1) the result of the revaluation attributed directly to equity, in line item revaluation reserve or recognized as revenue in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense, as well as in the area where 2) revaluation reserves that are part of capital related to property, plant and equipment may be transferred directly to retained earnings when the asset ceases to be recognized. Due to the above mentioned recognition of valuation in the accompanying financial statements in accordance with the mentioned acts are not in accordance with IAS 1 either "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment".
- Deviations from IAS 12 "Income Taxes" on the basis of which the recognized deferred tax liability or asset arising from the revaluation of assets that are not amortized in accordance with IAS 16 "Property, Plant and Equipment" and measures based on the tax consequences that would ensue recovery of the carrying value of that asset through sale, regardless of the basis for measuring the carrying value of the asset. Due to the inability of a clear interpretation of the rules regarding the tax treatment of any sale or transfer of rights to use the land, and the determination and the right to dispose of land ownership in the Company, and for the specific activities and regulation of business operations of airports in the Republic of Serbia, as well as the specific provisions of Independent Members of the Law of the amendments and supplements to the Law on right to free shares and financial compensation realized by the citizens in the privatization process ( "Official Gazette of RS" no. 30/2010), we consider that those provisions of IAS 12 "Income Taxes" can not be applied in the circumstances. Assuming that in the case of sale or transfer of rights to use the land this transaction would be subject to capital gains tax and that the purchase value for tax purposes would be determined at the level of purchase value reported in the books of the Company on 31.12.2003 as determined in accordance with the previously applicable accounting regulations as prescribed procedure for real estate owned by legal entities in the Republic of Serbia, in accordance with IAS 12 "Income Taxes" deferred tax liabilities based on the revalued land as of 31.12.2015 amounted to RSD 1,163,256 thousand, ie total liabilities would be increased, and the capital reduced by the same amount. If and when there is a conversion of right to use the title to the land referred deferred tax



liabilities will undoubtedly exist and the Company will have to register them and shown in its financial statements.

## **2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

### **2.1 Basis for composition and presentation of financial statements (cont'd.)**

- According to the Ministry, the participation of employees in the profit is recorded as a reduction of retained earnings, and not at the expense of the result of the current period, as required by IAS 19 "Employee Benefits".

Accordingly, and given the potentially material effects of the deviations of the accounting regulations of the Republic of Serbia from IAS and IFRS may have on the accuracy and fairness of the financial statements, the accompanying financial statements can not be regarded as financial statements prepared in accordance with IFRS and ISA.

Published standards and interpretations that came into force in the current period according to the Decision on establishing the translation are disclosed in Note 2.2. Published standards and Interpretations effective in the current period but not yet officially translated and adopted are disclosed in Note 2.3. Published standards and interpretations that are not yet in effect are disclosed in Note 2.4.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies presented below.

In the preparation of these financial statements, the company applied the accounting policies described in Note 3.

The financial statements are expressed in thousands of RSD The Dinar (RSD) is the official reporting currency of the Republic of Serbia.

### **2.2 Standards and Interpretations effective in the current period based on Decision on establishing of translation**

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments improving disclosure of the fair value and liquidity risk (as revised in March 2009, effective for annual periods beginning on or after January 1, 2009.)
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Additional Exemptions for First-time Adopters Amendments relating to the assets in the oil and gas industry and determining whether an arrangement contains a lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010.)
- Amendments to various standards and interpretations resulting from the annual improvement project of IFRS published on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with a view to removing inconsistencies and clarifying wording (amendments are effective for annual periods beginning on or after January 1, 2010., and the amendment to IFRIC on or after 1 July 2009),
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after July 1, 2009.)
- Amendments to IFRS 2 "Share-based Payment": Amendments resulting from the annual improvement project of IFRS (revised April 2009., Effective for annual periods beginning on or after July 1, 2009.) And amendments relating to payment transactions actions of groups based on cash (revised in June 2009., effective for annual periods beginning on or after January 1, 2010.)
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods beginning on or after 1 July 2009. and IAS 39 "Financial Instruments: Recognition and Measurement" - Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009.)
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009.)

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

### 2.2 Standards and Interpretations effective in the current period based on Decision on establishing of translation (cont'd.)

- "Conceptual Framework for Financial Reporting 2010 "being an amendment to the" Framework for the Preparation and Presentation of Financial Statements "(effective date on or after September 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Limited Exemption from Comparative disclosures prescribed in IFRS 7 of first-time Adopters (effective for annual periods beginning on or after 1 July 2010.)
- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for persons under the (significant) control or influence government and clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010.)
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May, 2010. (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2011.)
- Amendments to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" Prepaid Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011.).
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011.)
- Amendments to IFRS 7 "Financial Instruments: Disclosures"-Transfers of Financial Assets (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets for tax (effective for annual periods beginning on or after 1 January 2012.)
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013)

### 2.3 Standards and interpretations in effect in the current period which have not yet been translated and adopted

At the date of publication of these financial statements the following standards and amendments were issued by the International Accounting Standards Board, and the following interpretations were published by the Committee for International Financial Reporting Interpretations but not officially adopted in the Republic of Serbia:

- Amendments to IAS 32 "Financial Instruments : Presentation" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate Financial Statements" - Exemption dependents from consolidation according to IFRS 10 (effective for annual periods beginning on or after 1 . January 2014).
- Amendments to IAS 36 - "Property value depreciation" Disclosure of the recoverable amount of non financial assets (effective for annual periods beginning on or after January 1, 2014).



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

### 2.3 Standards and interpretations in effect in the current period which have not yet been translated and adopted (cont'd)

- Amendments to IAS 39 "Financial instruments" - restoring products and continued hedge accounting (effective for annual periods beginning on or after January 1, 2014).
- IFRIC 21 "tax" (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IAS 19 "Employee Benefits" - Defined benefit plans: contributions for employees (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period from 2010 to 2012, which are the result of the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period from 2011 to 2013, which are the result of the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014).

### 2.4. Published standards and interpretations which have not yet been entered into force

At the date of these financial statements the following standards, their amendments and interpretations were in issue but not yet effective:

- IFRS 9 "Financial Instruments", and subsequent amendments, which replaces the requirements of IAS 39 "Financial Instruments: Recognition and Measurement", relating to the classification and measurement of financial assets. Standard eliminates the existing categories of IAS 39 - assets held to maturity, available for sale and loans and receivables. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

In accordance with IFRS 9, financial assets will be classified into one of two categories listed at initial recognition: financial assets measured at amortized cost or financial assets measured at fair value. A financial asset will be recognized at amortized cost if the following two criteria are met: resources related to business model, which aims to apply the agreed cash flows and contractual terms provide a basis for payment on certain dates the cash flows that are solely principal and interest charges on the principal outstanding. All other assets will be valued at fair value. Gains and losses on valuation of financial assets at fair value will be recognized in the income statement, except for investments in equity instruments with non trading, where IFRS 9 allows, on initial recognition, later unchangeable choice that all changes in fair value recognized in within other gains and losses in the statement of comprehensive income. The amount so to be recognized within the report on the overall result would not be able later to recognize in the income statement.

- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisitions of businesses make joint Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).
- IFRS 14 "Accounts regulatory accrual" - effective for annual periods beginning on or after 1 January 2016.
- IFRS 15 "Revenue from contracts with customers", which defines the framework for the recognition of revenue. IFRS 15 supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programmes", IFRIC15 "Agreements for the construction of real estate" and IFRIC18 "Transfers of assets from customers". IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of the accepted methods of amortization Clarification of Acceptable Methods of Depreciation and Amortization (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture - industrial plants Agriculture - Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

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

### 2.4. Published standards and interpretations which have not yet been entered into force (cont'd)

- Amendments to IAS 27 "Separate Financial Statements" - the equity method in the individual financial statements Equity Method and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or transfer of assets between investors and its associated entities or joint ventures - Sale or Contribution of Assets between an Investor and its associate or joint venture (effective for annual periods beginning on or after 1 January 2016).
- IFRS 16 "Leases (Leasing)", which defines the lease. IFRS 16 supersedes IAS 17 "Leases". IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted, but only with the simultaneous application of IFRS 15.
- Amendments to IAS 1 "Presentation of Financial Statements" - an initiative to improve disclosure. Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Application exception in the consolidation. Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
- Annual improvements for the period from 2012 to 2014, resulting from the Annual quality improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34), to removing inconsistencies and clarifying formulations. Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

## 3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES

### 3.1 Incomes and outcomes

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

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

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

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

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

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

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

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

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



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

#### 3.2. Costs of borrowings

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

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

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

#### 3.3. Conversion of foreign exchange amount

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

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

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

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

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

Description	31.12.2015	31.12.2014
<b>Middel exchange rate of NBS:</b>	Value in RSD	
EUR	121.6261	120.9583
USD	111.2468	99.4641
CHF	112.5230	100.5472
GBP	164.9391	154.3650

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

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

Description	31.12.2015	31.12.2014
<b>Contracted exchange rate:</b>	Value in RSD	
EUR - for EIB loan	121.9910	121.3212
EUR - for Hypo leasing		122.7727

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

#### **3.4. Intangible investments**

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

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

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

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

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

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

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

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

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

Depreciation of property, plant and equipment is calculated using straight-line method over the estimated useful life. The depreciation rates that were used in the 2014 business year, as well as the rate of amortization calculated based on the useful life of the assets applied in 2015 are given in the following table:



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

DESCRIPTION	2015	2014
<b>Building facilities</b>	%	%
Water and electricity facilities	2,27 - 7,14	1,50 - 10,00
Roads, airports and parking lots	2,22 - 33,33	2,00 - 12,5
Other building facilities	5,00 - 50,00	5,00 - 20,00
Flats given to employees for use	1,49	1,42
<b>Equipment</b>	%	%
New specific equipment	6,67 - 50,00	5,00 - 33,33
Equipment for road traffic	6,67 - 33,33	6,67 - 33,33
Equipment for PTT and TV	10 - 50,00	10,00 - 33,33
Equipment for air traffic	4 - 50,00	6,67 - 20,00
Measuring and control devices and specific devices	4,00 - 33,33	5,00 - 50,00
Labor. equipment, teaching aids and med. devices	20,00 - 25	14,29
Electronic, calculating machines and computers	16,67 - 33,33	11,11 - 33,33
Furniture and equipment for general purposes	4,00 - 50,00	10,00 - 50,00
Equipment for road traffic under financial leasing	8,33 - 33,33	6,67 - 25,00
Equipment and plants	10,00 - 25,00	5,00 - 50,00
Tools and inventory	25,00 - 100,00	33,00 - 100,00
<b>Intangible investments</b>	%	%
Software and licenses	10,00 - 50,00	10,00 - 50,00

**3.7. Investment property**

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

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

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

**3.8. 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.

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

#### **3.8. Impairment (cont'd)**

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 3 December, 2015, based on the Company's management estimates there are no indications that the value of the assets is impaired.

#### **3.9. Stocks**

Stocks are disclosed per purchase value, i.e. cost value or net sale value, depending on the fact which one is lower.

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

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

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

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

#### **3.10. Taxes and contributions**

##### **Income tax**

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

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

##### **Current income tax**

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

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



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

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

#### ***Deferred income tax***

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

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

Deferred income taxes are charged or credited in the income statement, except when it relates to items that are directly credited or charged to capital, and in this circumstance the deferred tax is also recognized within the capital.

#### ***Taxes and contributions independent of results***

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

#### **Tax risks**

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

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

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

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

**3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**  
**3.11. Benefits for employees**

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

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

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

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

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

The Company has engaged an auditing firm AUDITOR to assess provisions for retirement benefits and jubilee awards on 31 December 2014. The assumptions used for the actuarial calculation and changes in provisions in the current period are disclosed in Note 49.

**3.12. Leasing**

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

***The Company as lessor***

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

***The Company as lessee***

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

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

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

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



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

#### 3.13. Information on business segments

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

#### 3.14. Financial instruments

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

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

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

##### *Long term investments*

Long-term investments after initially recognized are measured by:

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

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.

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

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

##### ***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 are not subject to significant risk of changes in value.

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

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

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

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

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

Other components of the capital include:

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

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

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

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

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

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

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

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



**3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd.)**  
**3.16. Provisions, contingent assets and contingent liabilities (cont'd)**

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 Summary of important accounting evaluations**

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

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

**3.17.1. Amortisation and amortisation rate**

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

In addition, due to the significance of fixed assets in the total assets of the Company, any change in the aforementioned assumptions may lead to material effects on the financial position of the Company as well as the financial result. As an example, if the Company shorten the average useful life by 10%, this would result in additional amortization charges for the year ended on 31 December 2015 for about RSD 76,788 thousand (year ended on 31 December 2014: RSD 81.704 thousand).

**3.17.2. Correction of values of uncollectible receivables**

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

**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 advisors.

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

**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

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

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

market information is not readily available. Hence, fair value can not be reliably determined in the absence of an active market. The Company's management assesses risk and when it estimates that the value of assets stated in its books may not be realized, it makes value corrections. In the opinion of the company management, the amounts in these financial statements reflect the value that is, in the circumstances, the most valid and useful for reporting purposes.

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

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. CORRECTION OF THE INITIAL BALANCE**

The Company has implemented a correction of opening balance (01.01.2015 of undistributed profit from previous years for the effects arising from application of the modified Opinion of the Ministry of Finance with respect to determination of the tax base for calculating depreciation for real property purchased before 01.01.2004.

On 09.11.2015 a new opinion of the Ministry of Finance MF, No.413-00-97 / 2013-04 was issued, in which the Ministry of Finance changed significantly opinion regarding the establishment of the purchase cost of real estate purchased before 01.01.2004, for income tax depreciation calculation purposes. Unlike of previous opinion (MF, no. 430-07-55 / 2005-04 of 05.10.2005), given more than ten years before, in which was stated that the basis for calculation of tax depreciation of real estate acquired before 01.01 .2004, is its purchase cost on 31.12.2003, in the Opinion given at the end of 2015, for these real estate tax base for calculating depreciation is their net book value as of 31.12.2003.

According to Article 11, paragraph 3 of the Law on Tax Procedure and Tax Administration ("Official Gazette of RS" No.80/01 .... and 112/15), Opinion of MF are binding for the Tax Administration since May 30, 2013.



The Executive Board of the Company has decided to implement the new MF Opinion No.413-00-97/2013-04 of 09.11.2015.

4. CORRECTION OF THE INITIAL BALANCE (cont'd.)

INCOME SHEET - CORRECTION							
for the period from 01.01.2015 to 31.12.2015							
- In thousands RSD -							
Group of accounts-account	POSITION	ADP	Note No.	Amount			
				Current year	Previous year corrected	Correction of previous year	Previous year
1	2	3	4	5	6	7	8
	<b>REVENUES OF REGULAR BUSINESS</b>						
60 to 65, except 62 and 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		8,116,139	8,157,945		8,157,945
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007 + 1008)	1002	5	140,435	624,610		624,610
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	7; 8; 9	7,152,278	6,776,851		6,776,851
65	IV OTHER OPERATING REVENUES	1017	10	823,426	756,484		756,484
	<b>EXPENDITURES OF REGULAR BUSINESS</b>						
50 to 55, 62 and 63	B. OPERATING EXPENSITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028 + 1029) ≥ 0	1018		4,468,458	4,690,213		4,690,213
50	I. PURCHASE VALUE OF SOLD GOODS	1019	11	133,258	595,349		595,349
51 except 513	V. COSTS OF MATERIAL	1023	12	162,971	204,813		204,813
513	VI. COSTS OF FUEL AND ENERGY	1024	13	275,494	286,278		286,278
52	VII. COSTS OF SALARIES, SALARY COMPEN. AND OTHER PERSONAL EXPENSES	1025	14	2,414,173	1,460,936		1,460,936
53	VIII. COSTS OF PRODUCTION SERVICES	1026	15	368,161	833,147		833,147
540	IX. AMORTIZATION COSTS	1027	28	767,878	817,036		817,036
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	69,447	54,148		54,148
55	XI. INTANGIBLE COSTS	1029	17	277,076	438,506		438,506
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		3,647,681	3,467,732		3,467,732
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		320,303	277,947		277,947
662	II. INCOME REVENUE (FROM THIRD PARTIES)	1038	18	168,453	92,703		92,703
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	151,850	185,244		185,244
56	DJ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		152,155	149,435		149,435
562	II. INCOME EXPENDITURES (TOWARD THIRD PARTIES)	1046	20	67,483	65,625		65,625
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	84,672	83,810		83,810
	E. PROFIT FROM FINANCING (1032 – 1040)	1048		168,148	128,512		128,512
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	22	79,590	20,161		20,161
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	23	40,100	605,438		605,438
67 and 68, except 683 and 685	J. OTHER REVENUES	1052	24	1,962,738	2,338,849		2,338,849
57 and 58, except 583 and 585	K. OTHER EXPENDITURES	1053	25	1,864,127	1,587,111		1,587,111
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054	26	3,953,930	3,762,705		3,762,705
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	3,953,930	3,762,705		3,762,705
	<b>P. INCOME TAX</b>						
721	I. INCOME TAX EXPENDITURE	1060	26	607,090	606,566	9,461	597,105
part of 722	II. DEFERRED TAX EXPENDITURE	1061		55,814			
part of 722	III. DEFERRED INCOME TAX	1062	26	0	265,995	13,611	252,384
	<b>S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)</b>	1064	27;45	3,291,026	3,422,134		3,417,984

4. CORRECTION OF THE INITIAL BALANCE (cont'd.)

BALANCE SHEET - CORRECTION										
on 31.12.2015										
- in thousand RSD -										
Group of accounts-account	POSITION	ADP	Note No.	Current year	Amount					
					Corrected final balance 31.12.2014	Correction of final balance 31.12.2014	Final balance 31.12.2014	Corrected Initial balance 01.01.2014	Correction of Initial balance 01.01.2014	Initial balance 01.01.2014
1	2	3	4	5	6 (7+8)	7	8	9 (10+11)	10	11
	<b>ASSETS</b>									
0	A. NON-PAID UP SUBSCRIBED CAPITAL	1								
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		21,730,626	21,714,561	0	21,714,561	21,573,986	0	21,573,986
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3	28	80,523	25,923	0	25,923	9,278	0	9,278
2	II. REAL ESTATE, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	21,529,104	21,585,698	0	21,585,698	21,404,728	0	21,404,728
3	III. BIOLOGICAL AGENCIES (0020 + 0021 + 0022 + 0023)	19	29	120	165	0	165	266	0	266
04 exc. 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24	30;31	120,879	102,775	0	102,775	159,714	0	159,714
	G. TURNOVER PROPERTY (0044+0051+0059+0060+ 0061+0062+0068+0069+0070)	43		6,540,995	6,201,901	0	6,201,901	2,602,694	0	2,602,694
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44	32;33;34	141,272	131,446	0	131,446	140,585	0	140,585
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51	35;36	1,701,939	1,144,824	0	1,144,824	867,394	0	867,394
22	IV OTHER RECEIVABLES	60	37	90,631	45,124		45,124	105,792		105,792
23 exc. 236 & 237	VI SHORT-TERM INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62	38;39	3,876,640	2,031,124	0	2,031,124	538,172	0	538,172
24	VII CASH AND CASH EQUIVALENTS	68	41	704,127	2,803,851		2,803,851	896,778		896,778
27	VIII VALUE ADDED TAX	69						0		0
28 exc. 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	26,386	45,532		45,532	53,973		53,973
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		28,271,621	27,916,462	0	27,916,462	24,176,680	0	24,176,680
	<b>LIABILITIES</b>									
	A. CAPITAL (0402 + 0411 - 0412 + 0413 + 0414 + 0415 - 0416 + 0417 + 0420 - 0421) ≥ 0 = (0071 - 0424 - 0441 - 0442)	401	43	25,697,984	25,101,646	144,353	24,957,293	22,256,473	140,203	22,116,270
30	I CORE CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402	44	20,573,610	20,573,610		20,573,610	20,573,610		20,573,610
32	IV RESERVES	413	45	2,842,810	1,534,430		1,534,430	1,529,339		1,529,339
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLES, PROPERTY, PLANTS AND EQUIPMENT	414	45	148,390	148,569		148,569			
33 exc. 330	VI. NON-REALISED INCOMES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance of group account 33 except 330)	415	45	12,788	5,177		5,177			
34	VIII NON-DISTRIBUTED PROFIT (0418 + 0419)	417	46	2,120,386	2,839,860	144,353	2,695,507	153,524	140,203	13,321
340	1. Non-distributed profit of previous years	418	46	144,356	140,203	140,203	0	140,203	140,203	0
341	2. Non-distributed profit of the current year	419	46	1,976,030	2,699,657	4,150	2,695,507	13,321		13,321
	B. LONG-TERM RESERVES AND LIABILITIES (0425 + 0432)	424		1,017,814	1,074,592	0	1,074,592	1,115,042	0	1,115,042
40	I LONG-TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48;49	225,020	185,327	0	185,327	176,654	0	176,654
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432	50;51	792,794	889,265	0	889,265	938,388	0	938,388
498	V. DEFERRED TAX LIABILITIES	441	26	88,308	31,151	-179,459	210,610	270,015	-165,848	435,863
42 to 49 (exc. 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,467,515	1,709,073	35,106	1,673,967	535,150	25,645	509,505
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443	52	101,380	100,824	0	100,824	125,368	0	125,368
430	II RECEIVED PRIPAYMENT, DEPOSITS AND BAILS	450	53	62,361	47,432		47,432	36,768		36,768
43 exc. 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451	54;55	240,783	172,638	0	172,638	282,769	0	282,769
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	858,225	733,787		733,787	2,640		2,640
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	25,809	66,619		66,619	6,691		6,691
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUT. AND FEES	461	59; 60	96,616	498,832	35,106	463,726	27,153	25,645	1,508
49 exc. 498	VII ACCRUALS AND DEFERRED INCOME	462	61	82,341	88,941		88,941	53,761		53,761
	DJ. TOTAL LIABILITIES (0424+0442+0441+0401 - 0463) ≥ 0	464		28,271,621	27,916,462	0	27,916,462	24,176,680	0	24,176,680



#### 4. CORRECTION OF THE INITIAL BALANCE (cont'd.)

The Company made a new calculation of tax amortization for the first amortization group (for real estate) for the past 10 years, according to the new MF Opinion of 2015, made amendment to amount of the tax amortization in the tax balances for the last 5 years (from 2010 to 2014 ) in positions of tax amortization.

Changes – reduction of the amount of tax amortization resulted in increase of the tax base, and from there to an increase in income tax liabilities of the Company.

The Company has issued amended tax return of income tax for the period from 2010 to 2014, established and paid the difference of income tax liabilities for the years in the amount of 35.106 thousand dinars, calculated and paid the default interest for the period from 2010 - 2014 and submitted to the Tax administration - CVPO, amended TR (PDP) applications for the period 2010 - 2014.

The Company is based on amended TR (PDP) applications for 2014, which defined a new advance payment of income tax for 2015, made a payment of determined difference of prepayment of income tax: for 2015 in the amount of 9.461 thousand dinars for 2016 1,577 thousand and calculated and paid default interest on arrears on determined difference advance of prepayments for 2015 and 2016.

Of the total accrued and paid interest on arrears in the amount of 23,709 thousand dinars, on expenditures of the Company for 2015 is registered 21,884 thousand dinars.

The Company made a record of changed income tax liabilities for the period from 2010 to 2014, through an adjustment (decrease) of the results from previous years in the amount of 35,106 thousand dinars.

Amendment of calculation of tax amortization for real estate has affected the increase in net book value of property for tax purposes (tax base), which significantly affected the calculation of deferred tax liabilities (DTL) based on the difference between the book and tax basis. Reduction of differences between the book and tax basis, resulted in a reduction in deferred tax liabilities (DTL). Reduction of DTL resulted in an increase in deferred tax revenue from previous years, amounting to 179,459 thousand dinars, which was recorded through correction (increase) of the results of previous years.

The net effect of the correction of initial balance, is the increase of the results - profit from previous years in the amount of 144,353 thousand dinars.

Corrections of initial balance on these grounds were reported in the following table:

4. CORRECTION OF THE INITIAL BALANCE (cont'd.)

<b>Income tax</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Period tax expenditure	(607,090)	(597,105)	(11,621)	(56,115)	(89,846)	(145,193)
Period tax expenditure correction	-	(9,461)	(9,499)	(4,736)	(5,421)	(5,989)
Deferred period tax revenues and expenditures	(55,814)	252,384	3,566	(145,392)	2,891	19,826
Correction of deferred period tax revenues and expenditures	-	13,611	14,178	60,028	10,843	80,799
<b>Total income tax</b>	<b>(662,904)</b>	<b>(340,571)</b>	<b>(3,376)</b>	<b>(146,215)</b>	<b>(81,533)</b>	<b>(50,557)</b>

<b>Deferred tax assets and liabilities</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Deferred tax assets	178,767	245,818	-	119	44	89
Correction of deferred tax assets						
Deferred tax liabilities	(267,075)	(456,428)	(435,863)	(439,548)	(294,037)	(296,928)
Correction of deferred tax liabilities	-	179,459	165,848	151,670	91,598	80,709
<b>Net deferred tax assets and liabilities</b>	<b>(88,308)</b>	<b>(31,151)</b>	<b>(270,015)</b>	<b>(287,759)</b>	<b>(202,395)</b>	<b>(216,130)</b>

<b>Receivables and liabilities in respect of current income tax</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Claims for overpaid income tax	-	91,772	-	26,244	43,248	-
Tax liabilities from the result	(59,744)	(550,108)	-	-	-	(34,254)
Correction of the liability from the result	(35,106)	(9,461)	(9,499)	(4,736)	(5,421)	(5,989)
<b>Net receivables and liabilities for income tax</b>	<b>(94,850)</b>	<b>(467,797)</b>	<b>(9,499)</b>	<b>21,508</b>	<b>37,827</b>	<b>(40,243)</b>



5. REVENUES FROM SALE OF GOODS	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	837	849
Revenues from sale of fuel in domestic market	1,016	3,233
Revenues from sale of oil fuel	35,465	0
<b>Revenues from sale of goods in domestic market</b>	<b>37,318</b>	<b>4,082</b>
Revenues from sale of goods- kerosene (reexport)	103,098	620,416
Revenues from sale of fuel in foreign market	19	112
<b>Revenues from sale of goods in foreign market</b>	<b>103,117</b>	<b>620,528</b>
	<b>140,435</b>	<b>624,610</b>

6. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET	I-XII 2015			I-XII 2014		
	Revenues with for. buyer branches	Revenues from for. buyer branches	Revenues w/o foreign buyer branches	Revenues with for. buyer branches	Revenues from for. buyer branches	Revenues w/o foreign buyer branches
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service	1,224,724	98,182	1,126,542	1,097,241	101,385	995,856
Security fee	445,614	19,875	425,739	393,194	20,724	372,470
Landing	215,990	34,695	181,295	198,565	37,848	160,717
Aircraft handling *	240,883	48,837	192,046	227,789	55,796	171,993
Infrastructure	133,790	27,619	106,171	126,078	31,554	94,524
Air-bridges	9,140	9,140	-	9,343	9,343	0
Lighting	61,955	1,433	60,522	56,071	2,714	53,357
Aircraft abode tax	4,794	32	4,762	6,684	929	5,755
Aircraft de-icing services	39,311	1,203	38,108	24,064	936	23,128
Com. usage of apron *	60,812	0	60,812	58,869	0	58,869
Usage of the CLTE system	76,504	5,034	71,470	18,698	5,187	13,511
Service on special request *	102,563	846	101,717	26,977	768	26,209
Renting of advertisement space	42,278	-	42,278	25,859	0	25,859
Public services	160,177	1,099	159,078	134,283	1,364	132,919
Cargo-custom services	137,156	567	136,589	117,832	53	117,779
DCS services*	-	-	-	0	0	0
Lost and found services *	1,024	1,024	-	1,262	1,262	0
Use of parking	16,476	321	16,155	36,424	0	36,424
Other services *	38,557	414	38,143	26,146	4,390	21,756
	<b>3,011,748</b>	<b>250,321</b>	<b>2,761,427</b>	<b>2,585,379</b>	<b>274,253</b>	<b>2,311,126</b>

Revenue from services realized by foreign companies that were registered in the Republic of Serbia as a "branch", are recorded in the books as income from domestic customers. Since the physical scope of services of specified branches is recorded in the Company as a physical volume of services of foreign companies, said revenue in Note 5 and 6, are shown in the way they are recorded in accounting, and also in a separate column as revenues from sales of goods and services from registered branches, for insight in the amount and participation of these revenues, which are recorded as revenues generated in the domestic market, but the essence is that the origin of these revenues is the foreign market.

7. REVENUES FROM SALE OF SERVICES IN FOREIGN MARKET	I-XII 2015			I-XII 2014		
	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service	1,528,179	98,182	1,626,361	1,514,117	101,385	1,615,502
Security fee	335,668	19,875	355,543	342,446	20,724	363,170
Landing	624,8593	4,696	659,555	612,834	37,848	650,682
Aircraft handling *	718,614	48,837	767,451	729,985	55,796	785,781
Infrastructure	417,7432	7,618	445,361	405,850	31,554	437,404
Air-bridges	183,785	9,140	192,925	175,973	9,343	185,316
Lighting	72,241	1,433	73,674	73,196	2,714	75,910
Aircraft abode tax	27,746	32	27,778	31,032	929	31,961
Aircraft de-icing services	25,780	1,203	26,983	19,195	936	20,131
Usage of the CUTE system	85,370	5,034	90,404	92,457	5,187	92,457
Service on special request *	29,662	846	30,508	29,061	768	29,829
Renting of advert. space	55	-	55	18	0	18
Public services	2,104	1,099	3,203	3,574	1,364	4,938
Cargo-custom services	13,694	567	14,261	25,106	53	25,159
Rev. from consultancy ser.	12,096	-	12,096	46,466	0	46,466
DCS services*	30,475	-	30,475	33,213	0	33,213
Lost and found services *	17,995	1,024	19,019	18,851	1,262	20,113
Other services*	14,464	735	15,199	38,098	4,390	47,675
	<b>4,140,530</b>	<b>250,321</b>	<b>4,390,851</b>	<b>4,191,472</b>	<b>274,253</b>	<b>4,465,725</b>
<b>Total revenues from sale of products and services</b>	<b>7,152,278</b>	<b>-</b>	<b>7,152,278</b>	<b>6,776,851</b>		<b>6,776,851</b>

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



8. Revenues from sale of services per geographic region	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Serbia	2,761,278	2,311,126
Germany (Lufthansa+Germanwings+European+Air Berlin+Euroj)	655,126	642,350
Montenegro (Montenegro +other buyers MN)	522,175	473,887
Austria (Austrian Airlines branch +Niki)	249,435	270,968
Switzerland (Swiss Air)	345,659	362,199
Russia (Aeroflot)	333,075	331,236
Turkey (Turkish +Pegasus+Mondial+Corendon Airlines+OnurAir+Freebird)	524,493	503,957
France (Air France)	560	911
Italy (Al Italia)	156,488	161,883
Abu Dhabi (Etihad Air branch +Etihad Air)	150,427	127,047
Hungary (Wiz air + Cityline)	650,260	609,701
Romania (Tarom)	39,622	31,108
Tunisia (Tunis Air)	35,368	50,922
Greece (Olympic +Olympic branch+ Aegean)	102,267	68,396
England (Eas yjet)	83,349	155,854
Norway (Norwegian)	83,472	68,789
Polland (Polskie linie)	33,443	68,954
Dubai (Fly Dubai)	74,091	66,862
Qatar (Qatar Airways)	97,269	61,033
Slovenia (Adria Airways+Solin Air+Fenixsped branch)	11,545	22,506
<b>Other foreign buyers</b>	<b>242,876</b>	<b>387,162</b>
	<b>7,152,278</b>	<b>6,776,851</b>

9. Revenues from sale of services per buyers	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Air Serbia-Serbia	2,251,424	1,797,688
Deutsche Lufthansa-Germany	590,657	577,957
Montenegro Airlines-Montenegro	519,397	470,245
Branch Austrian Airlines-Austria	248,743	270,968
Swiss Air-Switzerland	345,659	362,199
Turkish Airlines-Turkey	411,715	379,810
Aeroflot-Russia	333,075	331,236
Adria Airways-Slovenia	-	3,713
Alitalia-Italy	156,488	161,883
Air France-France	560	911
German wings-Germany	6,473	45,146
Norwegian-Norway	83,472	68,789
EasyJet-England	83,349	155,854
Wiz Air+ branch (Hungary)	650,260	607,116
Tarom-Romania	39,622	31,108
Pegasus- Turkey	87,862	77,681
Tunis Air- Tunisia	35,368	50,922
Fly Dubai-Dubai	74,091	66,862
Greece – Olympic +branch	-	4,136
Iran Air-Iran	61,117	24,724
Qatar airways-Qatar	97,269	61,033
Etihad Airways PJSC+branch -Abu Dhabi	150,427	127,047
NIS AD-Serbia	49,966	36,231
JAT Tehnika -Serbia	23,748	42,009
Parking service-Serbia	28,585	28,536
Alma Quatro *Air Media-Serbia	20,039	15,158
Dufry doo Beograd-Serbia	55,846	29,573
Mondial Bodrum-for consultancy services-Turkey	12,096	46,466
Other domestic buyers- Serbia	331,670	361,931
Other foreign buyers	403,300	539,919
	<b>7,152,278</b>	<b>6,776,851</b>

10. OTHER BUSINESS REVENUES	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	816,244	748,805
Revenues from lease to foreign legal persons	7,182	7,679
	<b>823,426</b>	<b>756,484</b>

Revenue from lease to domestic legal persons in the amount of RSD 816,244 thousand are mainly realized from the Lessee Dufry doo (RSD 661,256 thousand).

11. PURCHASE VALUE OF SOLD GOODS	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	576	682
Purchase value of sold kerosene - re-export	97,220	594,667
Purchase value of sold oil fuel	35,462	-
	<b>133,258</b>	<b>595,349</b>



<b>12. COSTS OF MATERIAL</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	74,418	100,235
Overhead costs of material (office material)	18,141	21,539
Costs of spare parts	31,577	59,886
Costs of tools and inventory	38,835	23,153
	<b>162,971</b>	<b>204,813</b>

<b>13. COSTS OF FUEL AND ENERGY</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	63,746	88,373
Costs of oil fuel for heating	35,075	26,060
Costs of electric energy	176,673	171,845
	<b>275,494</b>	<b>286,278</b>

<b>14. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	1,342,598	683,205
Gross salaries and salary reimburs. - management	30,841	30,365
Taxes and contributions at the cost of employer	245,846	127,721
Costs of reimburs. Per service contract and royalties	211	1,317
Costs of reimbursement for youth organizations etc.	542,414	544,353
Costs of reimburs. for natural persons - cont. on add. work	-	395
Costs of reimburs. for members of SB, SA, rev. committee	8,157	8,232
Transport of employees	60,374	37,371
Costs of business trip	10,796	5,400
Terminal wages and jubilee bonuses	729	1,727
Difference for payment to the Budget of RS under the Law on reduction of salaries in public	131,738	10,799
Premiums for voluntary pension insurance	20,217	-
New Year's gifts for children of employees -tax-free	7,765	1,299
Fees on Contracts for professional development	3,907	-
Other personal expenditures	8,580	8,752
	<b>2,414,173</b>	<b>1,460,936</b>

Change of structure of the mode of engagement of employees in the Company in favor of permanent employees has affected the increase in the cost of the position salary costs for employees, and to reduction of the cost of production services (Note 15) and intangible costs (Note 17), where in the past were evidenced costs of employee engagement through service companies (OZB). The average number of employees in the Company at the end of each month in 2015 was 1,102 employees: 485 permanent employees and 617 employees engaged for a specified period of time (in 2014, 479 employees).

The cost benefits to youth cooperatives and other forms of engagement presented in the period I-XII 2015 in the amount of RSD 542.414 thousand, in the largest amount of RSD 361.236 thousand, relate to employee involvement through youth organizations and engagement under contract for temporary and occasional jobs in the amount of RSD 181.178 thousand, according to the needs and requirements of performing services.

<b>15. COSTS OF PRODUCTION SERVICES</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSDi	n 000 RSD
Costs of engaging youth organizations for:		
- aircraft ground handling	25,232	225,054
-guarding etc.	23,559	273,124
IT services on passenger and baggage check-in	63,916	41,949
Costs of phone and other PTT services	24,460	27,833
Costs of maintenance services	155,578	134,422
Lease costs	33,350	30,430
Advertising costs	5,943	16,538
Costs of catering services of tenants-(re-invoiced to airlines)	1,854	43,214
Costs of utilities	26,688	29,114
Costs of other production services	7,581	11,469
	<b>368,161</b>	<b>833,147</b>

<b>16. COSTS OF LONG-TERM RESERVING</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSDi	n 000 RSD
Costs of reserving for terminal wages	7,189	10,910
Costs of reserving for jubilee bonuses	9,258	4,308
Costs of reserving for litigations	53,000	38,930
	<b>69,447</b>	<b>54,148</b>

<b>17. INTANGIBLE COSTS</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSDi	n 000 RSD
Costs of occupational health Air Serbia	10,577	10,577
Costs of cleaning services	50,809	53,626
Costs of engagement of OZB employees for:		
-technical support maintenance	4,506	63,102
-administration jobs (economic and legal)	17,294	111,354
Costs of other non-production services	51,467	66,348
Costs of representation	8,616	4,203
Costs of insurance	24,206	21,578
Costs of payment system	5,719	5,889
Membership	7,565	5,056
Property tax and other reimbursements	79,009	77,221
Other intangible costs	17,308	19,552
	<b>277,076</b>	<b>438,506</b>



<b>18. INTEREST INCOME</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	78,541	16,954
Interest for RSD deposits in current accounts	24,956	7,818
Interest in term deposits in foreign currency	49,846	14,210
Interest for foreign currency in current accounts	8,943	18,650
Interest on housing loans	1,536	1,470
Interest on court decisions	620	30,814
Interest on arrears for late payment by the buyers	3,946	2,726
Other interest	65	61
	<b>168,453</b>	<b>92,703</b>

<b>19. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECT OF CURRENCY CLAUSE</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	100,939	125,517
Revenues from non-realized exchange rate differences	49,650	48,039
Revenues from effects of contracted currency clause (realized and non-realized)	1,261	11,688
	<b>151,850</b>	<b>185,244</b>

<b>20. INTEREST EXPENDITURES</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Interest for long-term EIB loan	42,390	46,092
Interest for financial leasing	-	249
Default interest in the country	392	6,265
Interest for untimely paid public revenues	24,701	13,019
	<b>67,483</b>	<b>65,625</b>

<b>21. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	78,124	28,058
Negative exchange rate differences- non-realized	6,173	55,236
Expenditures from effects of contr. currency clause-realized	375	516
Expenditures from effects of contr. Curr. clause-non-realized	-	-
	<b>84,672</b>	<b>83,810</b>

22. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Value adjustment of receivables:		
-from buyers for services	38,688	11,914
-from buyers for interest	-	30
-from natural persons for housing loans (cancellation of value correction based on collection and fair value estimate)	40,902	6,819
Other non-mentioned income	-	1,398
	<b>79,590</b>	<b>20,161</b>

23. EXPENDITURES FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Impairment of receivables for housing loans	408	52,310
Impairment of receivables from buyers	39,648	552,340
Impairment of receivables from employees	44	-
Other expenditures based on impairment	-	788
	<b>40,100</b>	<b>605,438</b>

Impairment of receivables from buyers disclosed in the period I-XII 2015 in the amount of RSD 39,648 thousand are considerably lower compared to the same period last year. The main reason for this is that most part of receivables from company JSC Air Serbia Belgrade from the period September – December 2015, in amount of RSD 701,633 thousand, has not been put to value correction due to certainty of collection, estimated based on adopted and signed Agreement on the repayment of debt with Air Serbia 10-6/2016 dated 15.03.2016 (Decision of SB on consent to Agreement No. 33-69/1 dated 10.03.2016), in which were agreed new maturity dates, i.e. debt collection dates. First and second instalment of the Agreement in the amount of RSD 134,513 thousand are fully collected in agreed terms, with 31 March 2016 conclusive.

24. OTHER REVENUES	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	919	1,535
Revenues of collected, corrected receivables from buyers	1,946,330	2,178,011
Revenues from cancel.of reser.for litigations and emp.benefits	595	1,132
Revenues from indemnity from legal and natural persons	3,740	10,077
Revenues from charged court costs	929	2,250
Revenues of previous years	3,202	3,209
Positive effects of contracted revaluation	1,492	2
Revenues from revaluation of property and equipment	-	40,240
Revenues from revaluation of investment in real estate "Borik"	4,606	504
Other non-mentioned revenues	925	101,889
	<b>1,962,738</b>	<b>2,338,849</b>

Income from collection of previously corrected receivables disclosed for 2015 in the amount of RSD 1,946,330 thousand in largest part amounting to RSD 1,897,107 thousand refer to the receivables collected from Public Debt Administration of the Republic of Serbia.

Namely, under the Law on taking over liabilities of the company Air Serbia toward legal and physical entities for provided services and delivered goods and conversion of liabilities into public debt of the Republic of Serbia (Official Gazette of the RS142/2014 of 25.12.2014), the debt was taken over in the amount of RSD 4,290,638 thousand. On 29 December 2014, the Public Debt Administration of the



Republic of Serbia has carried out settlement of the first part of liabilities of Air Serbia in the amount of RSD 2,145,319 thousand, which is recognized in revenues of 2014.

#### 24. OTHER REVENUES (cont'd.)

On 31 March 2015, the Public Debt Administration of the Republic of Serbia has carried out settlement of Part 2. Part of obligations of Air Serbia in the amount of RSD 2,145,319 thousand, of which the amount of RSD 1,897,107 thousand is recorded on the income of the first half of 2015 based on the collected value correction of receivables from Air Serbia, which was debited to expenditures of the Company in 2012 and 2013, on the basis of value adjustment of these receivables. The rest of the revenue from collection of receivables in the amount of RSD 49,223 thousand mostly relates to the collection of receivables from Jat Tehnika in the amount of RSD 38,757 thousand

25. OTHER EXPENDITURES	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Loss from sale and write-off of equipment	77	3,340
Loss from sale and write-off of biological resources	5	-
Costs based on disclosed losses	190	-
Expenditures arising from direct write-off of receivables	1,830,396	1,517,335
Material spending as per inventory	-	2,963
Litigation expenses	339	6,127
Costs fro humanitarian, health and scientific purposes	11,638	29,382
Expenditures of previous years	13,334	9,022
Other non-mentioned expenditures	2,417	9,773
Impairment of property and equipment	-	120
Impairment of stock	40	101
Losses from impairment of advances	41	4,148
Expenditures for trade unions	5,650	4,800
	<b>1,864,127</b>	<b>1,587,111</b>

In 2015 he was made a direct write-off of receivables from domestic and foreign customers in the amount of 2,348,788 thousand dinars, of which to direct write-off of receivables from Air Serbia refers 2,342,274 thousand dinars and a direct write-off of receivables from other buyers 6,414 thousand dinars.

Mentioned direct write-off is recorded to impairment of receivables from previous years in the amount of 518,392 thousand dinars (from Air Serbia 512,109 thousand dinars), and the rest of direct write-offs of receivables in the amount of 1,830,396 thousand dinars (from Air Serbia 1,830,165 thousand dinars), is recognized as expenditure of the Company in 2015.

26. PROFIT TAX		
<i>a) Components of profit tax</i>	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Period tax expenditure	607,090	597,105
Correction of tax expenditure	-	9,461
<b>Period tax expenditure after correction</b>	<b>607,090</b>	<b>606,566</b>
Deferred period tax expenditure	55,814	-
Deferred period tax revenue	-	252,384
Correction of deferred period tax revenue	-	13,611
	662,904	340,571
Effective tax rate	16.77%	9.05%

<i>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</i>	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
Profit before tax	3,953,930	3,762,705
Profit tax calculated at rate of 15%	593,090	564,406
Tax effect of expenditures not acknow. in tax balance	313,015	326,795
Correction of tax effects of amortization expenditure not recog. in tax balance	-	14,121
Tax credits for investment in fixed assets in previous years	(299,015)	(294,096)
Correction of use of tax credit from previous years	-	(4,660)
<b>Period tax expenditure</b>	<b>607,090</b>	<b>606,566</b>

<i>v) Achieved, unused and unrecognized tax credit (TC)</i>	Year of expiry	Amount of transferred TC from 2014	Correction of TC for amended PT	Used TC in 2015	in 000 RSD
					Outstanding TC for transfer 31.12.2015
Year of origination of tax credit					
2006	2016	93,719	4,660	89,059	-
2007	2017	33,154	0	33,154	-
2008	2018	57,663	0	57,663	-
2012	2022	156,179	4736	119,139	32,304
2013	2023	188,815	4678	-	184,137
2014	-	-	-	-	-
<b>Balance of tax credit ( TC )</b>		<b>529,530</b>	<b>14,074</b>	<b>299,015</b>	<b>216,441</b>



**26. PROFIT TAX AND DEFERRED PERIOD TAX ASSETS AND EXPENDITURES (cont'd.)**

Changes on account of deferred tax liabilities and assets on 31.12.2015 and on 31.12.2014 are shown in the following table:

in 000 RSD

<b><u>g) Deferred tax assets (deferred tax liabilities) 2014</u></b>	01.01.2014	Recognized in other gains and losses in 2014	Recognized in income sheet of 2014	31.12.2014
<b>Long-term assets</b>				
Intangible assets, property, plant, equipment and investment property	(270,015)	(26,218)	20,177	(276,056)
<b>Long-term liabilities</b>				
Provision for retirement and other employee benefits	-	(913)	7,952	7,039
Provision for litigation	-	-	-	-
<b>Short-term liabilities</b>				
Taxes, contributions and other levies	-	-	665	665
<b>Other</b>				
Unused tax losses	-	-	-	-
Unused tax credits	-	-	237,201	237,201
	<b>(270,015)</b>	<b>(27,131)</b>	<b>265,995</b>	<b>(31,151)</b>

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

## 26. PROFIT TAX AND DEFERRED PERIOD TAX ASSETS AND EXPENDITURES (cont'd.)

Balance of recognized deferred tax assets as of 31.12.2015 amounts to 178,767 thousand dinars, of which 144,733 thousand dinars relate to the recognition of the planned amount of use of the transferred tax credit in 2016, on the basis of the adopted rebalanced plan of the Company for the year 2016. The rest of the recognized deferred tax assets as of 31.12.2015 are applied based on the applicable corporate income tax rate of 15% to the balance of retirement provisions, provisions for jubilee benefits, provisions for litigation and to the balance of unpaid public revenues, as the same relate to temporary differences that will be recognized in tax period in which the same are paid.

The balance of recognized deferred tax liabilities as of 31.12.2015 amounts to 267,075 thousand dinars.

After application of the requirements of IAS 12 and offsetting deferred tax assets and deferred tax liabilities as of 31.12.2015, the balance of deferred tax liabilities is stated in the amount of 88,308 thousand dinars (on 31.12.2014, 31,151 thousand dinars).

Effects from changes in deferred tax assets and liabilities in relation to the initial balance, in the amount of 57,157 thousand dinars, were recognized at the expense of deferred period tax expenditures in the amount of 55,814 thousand dinars and at the expense of unrealized actuarial gains in the amount of 1,343 thousand dinars.

<b>27. PROFIT PER SHARE</b>	<b>I-XII 2015</b>	<b>I-XII 2014</b>
	in 000 RSD	in 000 RSD
Net profit for owners	3,291,026	3,417,984
Net profit correction of 2014	-	4,150
<b>Net profit after correction</b>	<b>3,291,026</b>	<b>3,422,134</b>
Average weighted number of shares	34,289,350	34,289,350
Basic earnings per share <b>in RSD</b>	<b>95.98</b>	<b>99.80</b>

## 28. INTANGIBLE ASSETS

in 000 RSD

DESCRIPTION	2015	2014
<b>Purchase value</b>		
Initial balance	35,289	37,234
Purchase during the year	67,582	22,428
Alienation, disposal and sale	-	(24,373)
<b>Final balance</b>	<b>102,871</b>	<b>35,289</b>
<b>Value correction</b>		
Initial balance	9,366	27,956
Amortization in the current year	12,982	5,783
Alienation, disposal and sale	-	(24,373)
<b>Final balance</b>	<b>22,348</b>	<b>9,366</b>
<b>Net current value</b>	<b>80,523</b>	<b>25,923</b>

Total investments in intangible assets in the amount of 67,582 thousand dinars relate to the extension and expansion of Microsoft licenses for a period of three years in the amount of 34,390 thousand dinars and a variety of software for the needs of the business in the amount of 33,192 thousand dinars.



in 000 RSD										
29. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL RESOURCES										
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Investments in progress	Advances	Total property, plants and equipment	Biological resources - livestock	
<b>Purchase value</b>										
Initial balance, 01.01.2014	9,034,813	10,403,526	3,413,161	20,963	3,619	1,219,824	32,702	24,128,608	266	
Initial balance correction based on assessment	-	-	-	-	-	-	-	-	-	-
<b>Balance on 01.01.2014 after correction</b>	<b>9,034,813</b>	<b>10,403,526</b>	<b>3,413,161</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>32,702</b>	<b>24,128,608</b>	<b>266</b>	
Purchaser during the year	-	-	-	-	-	784,859	-	784,858	-	-
Transfer from current investments	-	1,677,540	321,374	-	-	(1,998,914)	-	-	-	-
Alienation, disposal and sale	-	(7,693)	(7,043)	-	-	-	-	(14,736)	-	-
Other	-	-	-	-	-	-	(1,437)	(1,437)	-	-
<b>Assets fair value est. on 31.12.2014</b>										
Revaluation reserves	85,855	35,890	53,042	-	-	-	-	174,787	-	-
Revaluation revenues	-	3,551	36,690	504	-	-	-	40,745	-	-
Revaluation expenditures	-	(86)	(34)	-	-	-	-	(120)	(101)	-
Current value reduced by accum.amortiz.	-	(2,010,163)	(1,496,764)	-	-	-	-	(3,506,927)	-	-
<b>Final balance, 31.12.2014</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,320,426</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>31,265</b>	<b>21,605,778</b>	<b>165</b>	
<b>Value correction</b>										
Initial balance, 01.01.2014	-	1,559,862	1,151,327	-	-	-	12,691	2,723,880	-	-
Initial balance correction based on assessment	-	-	-	-	-	-	-	-	-	-
<b>Balance on 01.01.2014 after correction</b>	<b>-</b>	<b>1,559,862</b>	<b>1,151,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,691</b>	<b>2,723,880</b>	<b>-</b>	<b>-</b>
Amortization in the current year	-	454,858	356,395	-	-	-	-	811,253	-	-
Alienation, disposal and sale	-	(4,557)	(6,690)	-	-	-	-	(11,247)	-	-
Reversal of impairment at assets fair value estimation 31.12.2014	-	(2,010,163)	(1,496,764)	-	-	-	-	(3,506,927)	-	-
Advance impairment	-	-	-	-	-	-	3,121	3,121	-	-
<b>Final balance, 31.12.2014</b>	<b>-</b>	<b>-</b>	<b>4,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>20,080</b>	<b>-</b>	<b>-</b>
<b>Net current value, 31.12.2014</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,316,158</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>15,453</b>	<b>21,585,698</b>	<b>165</b>	
<b>Net current value, 31.12.2013</b>	<b>9,034,813</b>	<b>8,843,664</b>	<b>2,261,834</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>20,011</b>	<b>21,404,728</b>	<b>266</b>	



in 000 RSD

29. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL RESOURCES (cont'd.)

DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Investments in progress	Advances	Total property, plants and equipment	Biological resources - livestock
<b>Purchaser value</b>									
Initial balance, 01.01.2015	9,120,668	10,102,565	2,320,426	21,467	3,619	5,768	31,265	21,605,778	165
Initial balance correction based on assessment	-	-	-	-	-	-	-	-	-
<b>Balance on 01.01.2015 after correc.</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,320,426</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>31,265</b>	<b>21,605,778</b>	<b>165</b>
Purchase during the year	-	-	-	-	-	693,953	-	693,953	-
Transfer from current investments	-	184,331	495,154	-	-	(679,485)	-	-	-
Alienation, disposal and sale	-	(42)	(2,978)	-	-	-	1,782	(3,020)	(5)
Other	-	-	-	-	-	-	-	1,782	-
<b>Assets fair value estimation</b>									
Revaluation revenues	-	-	-	4,606	-	-	-	4,606	-
Revaluation expenditures	-	-	-	-	-	-	-	-	(40)
<b>Final balance, 30.09.2015</b>	<b>9,120,668</b>	<b>10,286,854</b>	<b>2,812,602</b>	<b>26,073</b>	<b>3,619</b>	<b>20,236</b>	<b>33,047</b>	<b>22,303,099</b>	<b>120</b>
<b>Value correction</b>									
Initial balance, 01.01.2015	-	-	4,268	-	-	-	15,812	20,080	-
Initial balance correction based on assessment	-	-	-	-	-	-	-	-	-
<b>Balance on 01.01.2015 after correct.</b>	<b>-</b>	<b>-</b>	<b>4,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>20,080</b>	<b>-</b>
Amortization in the current year	-	428,134	326,762	-	-	-	-	754,896	-
Alienation, disposal and sale	-	(25)	(956)	-	-	-	-	(981)	-
<b>Final balance, 31.12.2015</b>	<b>-</b>	<b>428,109</b>	<b>330,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>773,995</b>	<b>-</b>
<b>Net current value, 31.12.2015</b>	<b>9,120,668</b>	<b>9,858,745</b>	<b>2,482,528</b>	<b>26,073</b>	<b>3,619</b>	<b>20,236</b>	<b>17,235</b>	<b>21,529,104</b>	<b>120</b>
<b>Net current value, 31.12.2014</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,316,158</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>15,453</b>	<b>21,585,698</b>	<b>165</b>

Activation of investments in the reporting period amounted to RSD 679,485 thousand, of which to equipment refer RSD 495,154 thousand (for 2 De-icing vehicles for de-icing and anti-icing of aircraft in amount of RSD 129,800 thousand, one apron bus in amount of RSD 30,424 thousand, 3 electric tractors in amount of RSD 12,338 thousand, equipment for recovery of aircraft RSD 17,343 thousand, perimeter protection system in amount of RSD 82,290 thousand, x-ray units in amount of RSD 11,316 thousand, 3 fluid analyzing detectors in amount of RSD 9,990 thousand, 2 aircraft power units in amount of RSD 13,450 thousand, computer equipment RSD 72,995 thousand and other equipment in amount of RSD 26,494 thousand, increase of value of 5 air-bridges in amount of RSD 46,626 thousand, increase of value of runway lighting control system in amount of RSD 25,550 thousand, increase of value of fire alarm system in amount of RSD 8,634 thousand, increase of value of switchboard in amount of RSD 6,904 thousand) while on construction facilities refer RSD 184,331 thousand (increase of the value of T1 and T2 building for RSD 101,178 thousand, runway and apron RSD 27,562 thousand and D security check point RSD 55,591 thousand).  
Balance of investments in progress on 31.12.2015 amounts to RSD 20,236 thousand (balance on 31.12.2014 was RSD 5,768 thousand).



<b>30. PARTICIPATION IN CAPITAL OF OTHER LEGAL ENTITIES AND OTHER SECURITIES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Privredna banka a.d. Beograd	392	392
<i>Minus: value correc.of partic.in capital of banks in bankruptcy</i>	(392)	(392)
	-	-
<b><i>Participation in capital of banks in liquidation</i></b>		
Union banka a.d. Beograd- in liquidation	667	667
Beogradska banka a.d. Beograd- in liquidation	18,988	18,988
Beobanka a.d. Beograd- in liquidation	38	38
	19,693	19,693
<i>Minus: value correc.of partic.in capital of banks in liquidation</i>	(19,693)	(19,693)
	-	-
<b><i>Participation in capital of foreign legal entities</i></b>		
Mondial Bodrum - Turkey	358,598	358,598
Societe International de Telecom. Aeronautiques Swisse (SITA)	1	1
<i>Minus: value corr.of particip. in capital of Mondial Bodrum-Turkey</i>	(358,598)	(358,598)
	1	1
	<b>1</b>	<b>1</b>

<b>31. OTHER LONG-TERM FINANCIAL INVESTMENTS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	6,161	5,750
Long-term time deposits	-	-
Long-term loans to employees	296,817	318,796
Receivables for sold socially owned housing	1,201	1,250
Receivables for purchase of solidarity housing	2,686	3,038
<b>Total gross</b>	<b>306,865</b>	<b>328,834</b>
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	(614)	(521)
Current maturities of long-term loans to employees	(15,595)	(15,371)
Adjustment to fair value of long-term loans to employees	(169,778)	(210,168)
	<b>120,878</b>	<b>102,774</b>

Receivables from employees for long-term loans for purchase and tenant purchase of apartments on the day 31.12.2015 amounted to RSD 300,704 thousand (including current maturities in the amount of RSD 15,595 thousand). Effects of adjustment to fair value totaled RSD 170,321 thousand (169,778 thousand for the part of long-term receivables from employees and 543 thousand for the part that relates to the current maturity of long-term receivables). The foregoing relates to loans granted to employees for meeting the housing needs, given for a period of 20 - 40 years. Estimation of the fair value of housing loans as at 31.12.2014, conducted Institute for Economic Research in Belgrade, by projection of future cash flows from collection of receivables for housing loans, using discount rates (built-up method): from 7.5% to 20% depending on whether and in what time intervals housing loans are revalued or are contracted with currency clause, whether they have contracted interest rate or they are contracted without interest rates.

<b>32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES- ADP 0045</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Basic material	62,052	91,990
Spare parts	17,738	15,117
Tools and supplies	15,092	2,763
Value correction of material and spare parts stock	(62)	(62)
	<b>94,820</b>	<b>109,808</b>

<b>33. GOODS - ADP 0048</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	12,236	20,585
Goods in retail trade	65	27
	<b>12,301</b>	<b>20,612</b>

<b>34. ADVANCES FOR SUPPLIES AND SERVICES- ADP 0050</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Advances for services in the country	34,627	1,470
Advances for foreign services	644	635
Advance value correction	(1,120)	(1,079)
	<b>34,151</b>	<b>1,026</b>

<b>35. BUYERS IN THE COUNTRY</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
<b>Total balance of receivables from buyers in the country-gross</b>	<b>1,228,157</b>	<b>3,293,944</b>
-Value correction of the previous period	(129,497)	(2,066,369)
-Value correction of the current period	(29,393)	(550,860)
<b>Total balance of value receivables</b>	<b>(158,890)</b>	<b>(2,617,229)</b>
	<b>1,069,267</b>	<b>676,715</b>

Receivables from the buyers in the country on 31.12.2015 in the amount of RSD 1,228,157 thousand for the most part, in the amount refer to receivable from Air Serbia (RSD 722,881 thousand) for the services rendered in the period 18.09.2015 – 31.12.2015. The remaining amount of receivables of RSD 505,276 thousand refer to receivables from: JAT-Tehnika (RSD 204,979 thousand), Dufry d.o.o. (RSD 58,646 thousand), Aviogeneks (RSD 44,066 thousand), Internacionala CG (RSD 41,492 thousand) Air Serbia-Catering (RSD 35,883 thousand) and other domestic buyers (RSD 120,210 thousand).

Total value correction of receivables from buyers in the country amounts to RSD 158,890 thousand referring to value correction of receivables from: Air Serbia in the amount of RSD 21,248 thousand, JAT-Tehnika (RSD 17,574 thousand), Aviogeneks (RSD 41,812 thousand), Internacionala CG (RSD 41,492 thousand), Air Serbia- Katering (RSD 24,741 thousand) and other domestic buyers (RSD 12,023 thousand).



<b>36. BUYERS ABROAD</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
<b>Total balance of receivables from foreign buyers - gross</b>	<b>657,300</b>	<b>483,711</b>
-Value correction of the previous period	(14,373)	(14,761)
-Value correction of the current period	(10,255)	(841)
<b>Total balance of value receivables</b>	<b>(24,628)</b>	<b>(15,602)</b>
	<b>632,672</b>	<b>468,109</b>

Receivables from foreign buyers on 31.12.2015 amounted to RSD 657,300 thousand (non-matured RSD 463,816 thousand, matured up to 60 days RSD 147 897 thousand and matured more than 60 days RSD 45,587 thousand). The increase in receivables from foreign buyers by RSD 164,527 thousand compared to 31.12.2014 was mainly caused by an increase in receivables from Montenegro Airlines by app. RSD 111,376 thousand, due to delays in payment, which is why at the end of 2015, the Protocol was concluded with the airline Montenegro Airlines, adjusting receivables and contracting new maturities of outstanding receivables.

<b>37. OTHER RECEIVABLES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Receivables from buyers in the contry for default interest	3,538	21,100
Receivables for interest on term deposits	53,939	24,780
Receivables from employees	1,398	1,043
Other receivables	35,507	19,493
<b>Total receivables- gross</b>	<b>94,382</b>	<b>66,416</b>
-Value corr.from buyers for default interest of previous years	(467)	(17,413)
-Value corr.from buyers for default interest of the current year	-	(639)
-Value corr. from employees of the earlier period	(788)	(788)
-Value corr. from employees of the current period	(44)	-
-Value corr.of other receivables	(2,452)	(2,452)
<b>Total balance of value correction</b>	<b>(3,751)</b>	<b>(21,292)</b>
	<b>90,631</b>	<b>45,124</b>

<b>38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint. stores, heat. means - 6 months)	77,841	34,818
	<b>77,841</b>	<b>34,818</b>

<b>39. OTHER SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Short-term deposits	3,783,133	1,981,061
Current maturities of loans given to employees	15,595	15,371
Curr.maturities of long-term investments in Societe International de Telecomm.Aeronautiques Swisse (SITA)	614	521
	<b>3,799,342</b>	<b>1,996,953</b>
Adjustment to fair value of loans given to employees	(543)	(647)
	<b>3,798,799</b>	<b>1,996,306</b>

Short-term deposits with balance on 31.12.2015 shown in the amount of RSD 3,783,133 thousand, related to foreign currency and dinar time deposits, the deposit period of up to six months, with interest rate for the EUR of 1.5% - 2.5%, for USD - of 1.52 - 1.85 % and term deposits in RSD for six months, with interest rate of 6.0 - 6.75%.

40. CHANGES ON VALUE CORRECTION till 31.12.2015

Description of change on value correction	in 000 RSD					
	Long-term financial investments (Note 31)	Stock of material and spare parts (Note 32)	Advances for material and services (Note 34)	Receivables for from buyers for goods, services and default interest (Notes 35,36,37)	Short-term financial investments (Note 39)	Total
Initial balance 01.01.2014	169,327	62	755	4,308,052	326	4,478,522
Correction at cost of current period	-	-	1,079	553,153	-	554,232
Devaluation of long-term finan.invest.and securities	-	-	-	-	-	-
Charged corrected receivables	(1,143)	-	-	(2,178,011)	(255)	(2,179,409)
Value reconciliation	48,771	-	-	-	608	49,379
Write-off	(6,787)	-	(755)	(18,243)	(32)	(25,817)
Exchange rate differences	-	-	-	1,116	-	1,116
Other	-	-	-	(11,944)	-	(11,944)
<b>Final balance 31.12.2014</b>	<b>210,168</b>	<b>62</b>	<b>1,079</b>	<b>2,654,123</b>	<b>647</b>	<b>2,866,079</b>
Correction at cost of current period	-	-	41	39,692	-	39,733
Devaluation of long-term finan.invest.and securities	-	-	-	-	-	-
Charged corrected receivables	(9,249)	-	-	(1,946,330)	(512)	(1,956,091)
Value reconciliation	(31,141)	-	-	(38,688)	408	(69,421)
Write-off	-	-	-	(521,960)	-	(521,960)
Exchange rate differences	-	-	-	432	-	432
Other	-	-	-	-	-	-
<b>Final balance 31.12.2015</b>	<b>169,778</b>	<b>62</b>	<b>1,120</b>	<b>187,269</b>	<b>543</b>	<b>358,772</b>



<b>41. CASH AND CASH EQUIVALENTS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Current account - in RSD	46,539	2,118,809
Current account - in foreign currency	652,584	680,987
Treasury	890	1,767
Other funds	4,114	2,288
<b>Total cash- balance</b>	<b>704,127</b>	<b>2,803,851</b>

<b>42. PREPAYMENTS AND ACCRUED INCOME</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Prepaid VAT	5,054	16,165
Prepaid insurance costs for the future period	8,836	8,801
Prepaid other costs for the future period	5,939	8,738
Calculated and non-invoiced income for the current period	6,461	11,828
Pre-calculated costs	96	0
	<b>26,386</b>	<b>45,532</b>

<b>43. CAPITAL</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Share capital	20,573,610	20,573,610
Reserves	2,842,810	1,534,430
Revaluation reserves	148,390	148,569
Actuarial gain	12,788	5,177
Undistributed profit of previous years	144,356	140,203
Undistributed profit of the current year	1,976,030	2,699,657
	<b>25,697,984</b>	<b>25,101,646</b>

#### 44. SHARE CAPITAL

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

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

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

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

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

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

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

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

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

The capital structure on 31.12.2015 and 31.12.2014 was the following:

<b>Shareholder</b>	<b>31.12.2015</b>			<b>31.12.2014</b>		
	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% particip.</b>	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% particip.</b>
Republic of Serbia	17,106,319	28,510,532	83.15%	17,106,316	28,510,526	83.15%
Domestic natural entities	2,029,496	3,382,493	9.86%	2,068,142	3,446,904	10.05%
Domestic legal entities	96,263	160,438	0.47%	97,147	161,912	0.47%
Foreign natural entities	18,950	31,583	0.09%	30,262	50,436	0.15%
Foreign legal entities	611,380	1,018,966	2.97%	577,060	961,767	2.80%
Custody entities	711,203	1,185,338	3.46%	694,683	1,157,805	3.38%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>



45. OTHER CAPITAL COMPONENTS	Reserves	Revaluation reserves based on the revaluation of property, plant and equipment	Actuarial gains
<b>Balance on 01.01.2014</b>	<b>1,529,338</b>	-	-
Legal reserves	-		
Statutory reserves	5,092		
Revaluation reserves for land		85,855	
Recognition of DTL charged to revaluation reserves		(12,878)	
Revaluation reserves for buildings		35,890	
Recognition of DTL charged to revaluation reserves		(5,384)	
Revaluation reserves for equipment		53,042	
Recognition of DTL charged to revaluation reserves		(7,956)	
Actuarial gains on reserves for retirement benefits			6,090
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves			(913)
<b>Balance on 31.12.2014</b>	<b>1,534,430</b>	<b>148,569</b>	<b>5,177</b>
Legal reserves			
Statutory reserves	1,308,380		
Revaluation reserves for land		-	
Revaluation reserves for buildings		-	
Revaluation reserves for equipment		-	
Decrease in revaluation reserves for equipment		(179)	
Actuarial gains on reserves for retirement benefits			8,954
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves			(1,343)
<b>Balance on 31.12.2015</b>	<b>2,842,810</b>	<b>148,390</b>	<b>12,788</b>

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

<b>46. NON-DISTRIBUTED PROFIT</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
<b>Initial balance 01.01.</b>	<b>2,695,507</b>	<b>13,321</b>
Initial balance correction	144,353	140,203
<b>Corrected initial balance 01.01.</b>	<b>2,839,860</b>	<b>153,524</b>
Distribution of undistributed profit for dividend	(1,333,170)	(8,230)
Transfer to statutory reserves	(1,308,380)	(5,091)
Participation of employees in profit distribution	(53,957)	-
<b>Net profit of the current period</b>	<b>3,291,026</b>	<b>3,417,984</b>
Net profit correction	-	4,150
<b>Total net profit of the current period</b>	<b>3,291,026</b>	<b>3,422,134</b>
Decision on distribution of interim dividend	1,314,996	722,477
<b>Undistributed profit of the current period</b>	<b>1,976,030</b>	<b>2,699,657</b>
Profit of the current period from transfer of revaluation reserves into profit at selling fixed assets in the current period	3	0
Correction of undistributed profit of the previous period	144,353	140,203
<b>Total undistributed profit of earlier years</b>	<b>144,356</b>	<b>140,203</b>
<b>Undistributed profit</b>	<b>2,120,386</b>	<b>2,839,860</b>

At the meeting of the Supervisory Board held on 18 December 2014, a decision was made on the distribution of interim dividend for 2014, in the amount of RSD 722.477 thousand, based on interim financial statements for the period from January to October 2014.

Payment of interim dividend for 2014 in the amount of RSD 722,477 thousand is made to major shareholder RS (RSD 600,717 thousand) on 26.02.2015, and to other shareholders (RSD 121,760 thousand) on 23.09.2015.

The decision on the distribution of undistributed profit in 2014 is made on a regular meeting of the Assembly of the Company held on 23 June 2015. Payment of dividend to the majority shareholder RS (RSD 1,108,489 thousand) was made on 26 June 2015, and to other shareholders (RSD 224,681 thousand) on 23.09.2015. Dividend payment for 2013, to other shareholders, was made 21.09.2015. Payment of the participation of employees in profit in the amount of RSD 53,957 thousand was made on 24 July 2015.

At the meeting of the Supervisory Board held on 28 August 2015, based on financial statements for the period from January 1 to June 30, 2015, was decided on the distribution of interim dividends for 2015 in the amount of RSD 1,314,996 thousand (for RS 1,093,379 thousand dinars and 221,617 thousand dinars for small shareholders). The payment of the part of interim dividend to majority shareholder RS for 2015 in the amount of RSD 500,000 thousand, is made on 15.09.2015.

Total undistributed profit of the current and previous years on 31.12.2015 amounts to RSD 2,120,386 thousand.

<b>47. LONG-TERM RESERVES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Reserves for terminal pays for employees	41,934	46,924
Reserves for jubilee bonuses	68,305	64,313
Reserves for litigations	114,781	74,090
	<b>225,020</b>	<b>185,327</b>



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

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in period I-XII 2015, compared to 2014 are shown in the following table:

in 000 RSD				
48.CHANGES IN RESERVES	Terminal wages	Jubilee bonuses	Total	Litigations
Balance on 01.01.2014	48,501	66,217	114,718	61,936
Reserves during the year	10,910	4,308	15,218	38,930
Actuarial gains	(6,090)	0	(6,090)	-
Cancellation during the year	-	(1)	(1)	(1,132)
Pay off during the year	(6,397)	(6,211)	(12,608)	(25,644)
<b>Balance on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>	<b>111,237</b>	<b>74,090</b>
Balance on 01.01.2015	46,924	64,313	111,237	74,090
Reserves during the current year	7,189	13,055	20,244	53,000
Actuarial gains	(8,954)	(3,797)	(12,751)	-
Cancellation during the current year	(64)	(33)	(97)	(498)
Pay off during the year	(3,161)	(5,233)	(8,394)	(11,811)
<b>Balance on 31.12.2015</b>	<b>41,934</b>	<b>68,305</b>	<b>110,239</b>	<b>114,781</b>

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

<i>a) The assumptions used when making calculation of reserves for retirement benefits and jubilee bonuses</i>	2015	2014
Discount rate	5.50%	8.00%
Estimated growth rate of average earnings	2.00%	2.00%
Fluctuation percentage	3.00%	2.00%
Amount of average net earning in XI/2015-2014	76,360	81,020
Total number of employees on 31.12.	1253	475
Number of retired workers who received terminal pay at retirement	11	20

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

<i>b) The calculation of the reserves for employee benefits as of 31.12.2015</i>	in 000 RSD	
	Retirement benefits	Jubilee bonuses
	in 000 RSD	in 000 RSD
<b>1. Reserves on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>
2. Interest expense	2,581	3,537
3. Cost of current work	4,608	9,518
4. Cost of past work	-	-
5. Actuarial (gain) /loss	(8,954)	(3,797)
6. Cancellation of provisions during 2014 in the business books of the Company	(3,225)	(5,266)
<b>7. The total net change in the amount reserved in 2015 (1+2+3+4+5+6)</b>	<b>(4,990)</b>	<b>3,992</b>
<b>8. Reserves on 31.12. 2015 (1+7)</b>	<b>41,934</b>	<b>68,305</b>

Actuarial gain is a consequence of reduction of the Company's average salary, without taxes and contributions, which is the basis for calculation of retirement benefit.

<b>50. LONG-TERM LOANS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Abroad	894,174	990,089
Current maturities	(101,380)	(100,824)
	<b>792,794</b>	<b>889,265</b>

<b>51. LONG-TERM LOANS</b>	Annual interest rate	Date of maturity	Remaining amount 31.12.2015 (EUR)	<b>31.12.2015</b>	<b>31.12.2014</b>
				in 000 RSD	in 000 RSD
<u>Long-term loans abroad</u>					
European Investment Bank	4,07-5,16%	2025	7,329,838.77	894,174	990,089
<b>Total long-term loans (a+b)</b>			<b>7,329,838.77</b>	<b>894,174</b>	<b>990,089</b>
Current maturities of long-term loans:			-831,048.38	-101,380	-100,824
			<b>6,498,790.39</b>	<b>792,794</b>	<b>889,265</b>

Long-term loans abroad reported on 31.12.2015 in the amount of RSD 894,174 thousand (EUR 7,329,838.77), relate to the remaining obligations under the Agreement on financing the project of urgent rehabilitation of transport concluded on 13.12.2001 between the EIB and the Republic of Serbia. The said contract, the Company was granted a loan in the amount of 13,000,000 euros for investment and rehabilitation of airport infrastructure. The loan was granted with a repayment period up to 2025, with an interest rate of 5.16% for the first tranche of 3,000,000.00 EUR, 4.85% for the second tranche of 3,000,000.00 Euros and 4.07% for the third tranche of 7,000,000.00 EUR. Repayment of the first tranche of the loan shall be made in 31 equal semi-annual instalments starting from 05.12.2007;



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

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 equal semi-annual instalments.

<i>receivables from long-term loans</i>	Principle		Non-booked interest	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	101,380	100,824	38,563	42,899
from one year up to two years	101,380	100,824	33,990	38,351
from two years up to three	101,380	100,824	29,418	33,804
from three years up to four	101,380	100,824	24,845	29,256
from four years up to five	101,380	100,824	20,272	24,708
from five years up to ten years	387,274	432,891	39,111	57,438
over ten years	-	53,078	-	1,620
	<b>894,174</b>	<b>990,089</b>	<b>186,199</b>	<b>228,076</b>

<b>52. OTHER SHORT-TERM FINANCIAL LIABILITIES</b>	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
<i>Current maturities</i>		
Long-term loan EIB	101,380	100,824
Other long-term liabilities-financial leasing	-	-
	<b>101,380</b>	<b>100,824</b>

<b>53. RECEIVED ADVANCES, DEPOSITS AND SECURITY</b>	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	32,983	16,784
Advances received from foreign buyers	13,025	14,129
Subscriptions from domestic buyers	5,470	5,933
Subscriptions from foreign buyers	10,883	10,586
	<b>62,361</b>	<b>47,432</b>

<b>54. SUPPLIERS IN THE COUNTRY</b>	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	95,434	66,953
Suppliers in the country-for investments in progress	9,962	58,095
Suppliers in the country-for equipment	99,087	7,698
	<b>204,483</b>	<b>132,746</b>

<b>55. SUPPLIERS ABROAD</b>	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	10,916	21,879
Suppliers abroad-for equipment	-	10,770
	<b>10,916</b>	<b>32,649</b>

<b>56. OTHER LIABILITIES FROM OPERATION</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Other liabilities from operation-for charged purch.on behalf of comp	24,846	6,504
Other liabilities from operation	538	739
	<b>25,384</b>	<b>7,243</b>

<b>57. OTHER SHORT-TERM LIABILITIES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Liabilities for dividend from 2013	-	1,394
Liabilities for dividend from 2014	-	722,477
Liabilities for dividend from 2015	814,997	-
Liabilities arising from participation in the profits-net	3	3
Other short-term liabilities	43,225	9,913
	<b>858,225</b>	<b>733,787</b>

<b>58. LIABILITIES FOR VAT</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Liabilities for VAT for XII 2014	25,809	66,619
	<b>25,809</b>	<b>66,619</b>

<b>59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Liabilities for income tax	59,744	458,336
Correction of income tax liability from 2010-2014	35,106	35,106
Liabilities for taxes, customs duty and other fees	720	4,523
Taxes, contributions and other fees	1,046	867
	<b>96,616</b>	<b>498,832</b>

<b>60. LIABILITIES FOR INCOME TAX-structure</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Balance on 01.01. of the current year	458,336	0
Correction of income tax	35,106	25,645
Correction of initial balance	493,442	25,645
Specified income tax liability for the current year	607,090	597,105
Correction of income tax liability	-	9,461
Specified income tax liability for the current year-total	607,090	606,566
Paid income tax liabilities for 2014	(458,336)	0
Income tax overpayment	-	(91,772)
Advance payment of income tax up to 31.12. of the current year	(547,346)	(46,997)
Liability for payment of income tax	<b>94,850</b>	<b>493,442</b>

<b>61. ACCRUALS AND DEFERRED INCOME</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	in 000 RSD	in 000 RSD
Accrued expenses for the period	56,087	55,072
Calculated revenues for the future period	19,999	24,345
Other accruals and deferred income	6,065	9,524
Taxes, contributions and other duties	190	-
	<b>82,341</b>	<b>88,941</b>



62. OFF-BALANCE REGISTER	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Received blank bills - pieces	1,625	1,471
Given blank bills domestic - pieces	42	50
Received guarantees - RSD	257,732	261,592
Received guarantees - foreign currency	54,632	244,950
Given guarantees - RSD	7,500	4,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	627	620
<b>Total off-balance assets and liabilities</b>	<b>320,491</b>	<b>511,663</b>

Dinar received guarantees in the amount of RSD 257,732 thousand mainly relate to guarantees received from suppliers for good performance or a guarantee of fault repair within the warranty period.

Received foreign currency guarantees in the amount of RSD 54,632 thousand mainly relate to guarantees received from foreign suppliers for good performance, for fault repair within the warranty period or for reimbursement of advance payments as well as from buyers for the safety and timeliness in payment of services.

63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 31.12.2015	Fair value in 000 RSD 31.12.2015	Accounting value in 000 RSD 31.12.2014	Fair value in 000 RSD 31.12.2014	The hierarchy of fair value- Level	Valuation techniques and inputs
1	2	3	4	5	6	7
Fixed assets	21,465,560	21,465,560	21,543,010	21,543,010	Level 3	Evaluation of a certified appraiser 31.12.2014
Investment property	26,073	26,073	21,467	21,467	Level 3	Evaluation of a certified appraiser 31.12.2015
Shares in capital of other legal entities	1	1	1	1	Level 2	Management estimates that they are not recoverable- the banks in bankruptcy
Long-term and short-term financial investments- housing loans	130,384	130,384	112,268	112,268	Level 3	Discounting the cash flows as follows: 20% for housing loans which are not revalued; 9% for housing loans that are revalued annually and have an interest rate of 0.5%, 7.5% for housing loans with foreign currency clause and interest rate of 0.5%; 9.25% for housing loans which are revalued every six months and 9.5% for housing loans that are revalued annually
Receivables from buyers	1,701,939	1,701,939	1,144,824	1,144,824	Level 3	Management's estimates of the recoverability in acc.with IAS 39
Other receivables	113,395	113,395	45,124	45,124	Level 3	Management's estimates of the recoverability in acc.with IAS 39

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

**64 FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT** in 000 RSD

Categories of financial instruments	Category IAS 39	31.12.2015		31.12.2014			
		total	value corr.	net amount	total	value corr.	net amount
<b>Financial assets</b>							
<b>1 Long-term financial investments</b>		<b>669,340</b>	<b>(548,461)</b>	<b>120,879</b>	<b>691,626</b>	<b>(588,851)</b>	<b>102,775</b>
- Long-term time deposits	Loans and receivables	5,547	-	5,547	5,229	-	5,229
- Participation in bank capital	Fin. assets available for sale	20,085	(20,085)	-	20,085	(20,085)	-
- Participation in capital of foreign legal entities	Fin. assets available for sale	358,599	(358,598)	1	358,599	(358,598)	1
- Long-term housing loans given to employees	At fair value through income sheet	285,109	(169,778)	115,331	307,713	(210,168)	97,545
<b>2 The receivables stated at nominal value</b>		<b>5,857,022</b>	<b>(187,812)</b>	<b>5,669,210</b>	<b>5,875,842</b>	<b>(2,654,770)</b>	<b>3,221,072</b>
- Receivables from buyers	Loans and receivables	1,885,457	(183,518)	1,701,939	3,777,655	(2,632,831)	1,144,824
- Short-term financial investments	Loans and receivables	3,877,183	(543)	3,876,640	2,031,771	(647)	2,031,124
- Interest receivables	Loans and receivables	57,828	(467)	57,361	46,092	(18,052)	28,040
- Other receivables	Loans and receivables	36,554	(3,284)	33,270	20,324	(3,240)	17,084
<b>3 Cash and cash equivalents</b>		<b>704,127</b>	<b>-</b>	<b>704,127</b>	<b>2,803,851</b>	<b>-</b>	<b>2,803,851</b>
		<b>7,230,489</b>	<b>(736,273)</b>	<b>6,494,216</b>	<b>9,371,319</b>	<b>(3,243,621)</b>	<b>6,127,698</b>

**Financial liabilities**

1 - Long-term loans	Fin. liabilities at amortized cost	792,794	-	792,794	889,265	-	889,265
2 - Current maturities of long-term loans	Fin. liabilities at amortized cost	101,380	-	101,380	100,824	-	100,824
3 - Current maturities long-term financial lease	Fin. liabilities at amortized cost	-	-	-	-	-	-
4 - Short-term liabilities	Fin. liabilities at amortized cost	240,783	-	240,783	172,638	-	172,638
		<b>1,134,957</b>	<b>-</b>	<b>1,134,957</b>	<b>1,162,727</b>	<b>-</b>	<b>1,162,727</b>

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



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

### Financial risk management objectives

Financial risks include market risk (foreign exchange and interest rate), credit risk and liquidity risk. Financial risks are reviewed on a timely basis and is 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 because such instruments are not widely used, and there is no organized market for such instruments in the Republic of Serbia.

### I MARKET RISK

In its operations, the Company is exposed to financial risks from changes in foreign exchange rates and changes in interest rates. Market risk exposures are examined through sensitivity analysis. There were no significant changes in the Company's exposure to market risk, or 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 as protection against risks, considering that in Serbia such instruments are not common.

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

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

Currency description	Total assets				Total liabilities	
	31.12.2015		31.12.2014		31.12.2015	31.12.2014
	gross	net	gross	net		
EUR	3,904,003	3,709,037	2,969,310	2,742,893	896,088	1,012,030
USD	570,872	570,872	425,678	425,678	6,908	9,953
CHF	358	358	318	318	0	0
GBP	13	13	10	10	0	0
<b>Dinar contervalue of assets and liabilities in a currency</b>	<b>4,475,244</b>	<b>4,280,278</b>	<b>3,395,316</b>	<b>3,168,899</b>	<b>902,996</b>	<b>1,021,983</b>
Value of assets and liabilities in RSD	2,755,245	2,213,938	5,976,003	2,958,799	231,961	140,744
<b>Total</b>	<b>7,230,489</b>	<b>6,494,216</b>	<b>9,371,319</b>	<b>6,127,698</b>	<b>1,134,957</b>	<b>1,162,727</b>

By the analysis of the currency structure of financial assets and liabilities as of 31.12.2015, along with the balance as of 31.12.2014, it can be concluded that financial assets contracted with currency clause are higher than the contracted financial liabilities in foreign currencies. Financial liabilities contracted in foreign currency are generally of long-term nature.

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

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

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  
31.12.2015

Changes	EUR effect		USD effect		CHF effect		GBP effect	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit/	281,295		56,396		36		1	
(loss)		-281,295		-56,396		-36		-1

in 000 RSD  
31.12.2014

Changes	EUR effect		USD effect		CHF effect		GBP effect	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit/	173,086		41,573		32		1	
(loss)		-173,086		-41,573		-32		-1

##### b) Risk of interest rate change

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

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

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

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



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

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

in 000 RSD

Financial assets-net	31.12.2015			31.12.2014		
	total	value corr.	net amount	total	value corr.	net amount
<b>No interest</b>						
Partic.in capital of other legal entities	378,684	(378,683)	1	378,684	(378,683)	1
Receivables from buyers	1,885,457	(183,518)	1,701,939	3,777,655	(2,632,831)	1,144,824
Interest receiv. and other receiv.	94,382	(3,751)	90,631	66,416	(21,292)	45,124
Short-term financial investments	77,841	-	77,841	34,818	-	34,818
<b>No interest total</b>	<b>2,436,364</b>	<b>(565,952)</b>	<b>1,870,412</b>	<b>4,257,573</b>	<b>(3,032,806)</b>	<b>1,224,767</b>
<b>Fixed interest rate</b>						
Long-term financial invest.	290,656	(169,778)	120,878	312,942	(210,168)	102,774
Short-term financial invest.	3,799,342	(543)	3,798,799	1,996,953	(647)	1,996,306
<b>Fixed-total</b>	<b>4,089,998</b>	<b>(170,321)</b>	<b>3,919,677</b>	<b>2,309,895</b>	<b>(210,815)</b>	<b>2,099,080</b>
<b>Variable interest rate</b>						
Cash and cash equivalents	704,127	-	704,127	2,803,851	-	2,803,851
<b>Variable-total</b>	<b>704,127</b>	<b>0</b>	<b>704,127</b>	<b>2,803,851</b>	<b>0</b>	<b>2,803,851</b>
	<b>7,230,489</b>	<b>(736,273)</b>	<b>6,494,216</b>	<b>9,371,319</b>	<b>(3,243,621)</b>	<b>6,127,698</b>
<b>Financial liabilities</b>						
<b>No interest</b>						
Liabilities from operation	240,783	0	240,783	172,638	0	172,638
<b>No interest-total</b>	<b>240,783</b>	<b>0</b>	<b>240,783</b>	<b>172,638</b>	<b>0</b>	<b>172,638</b>
<b>Fixed interest rate</b>						
Long-term loans	792,794	0	792,794	889,265	0	889,265
Current maturity of long-term liabilities	101,380	0	101,380	100,824	0	100,824
<b>fixed-total</b>	<b>894,174</b>	<b>0</b>	<b>894,174</b>	<b>990,089</b>	<b>0</b>	<b>990,089</b>
<b>Variable interest rate</b>						
Current maturity of long-term liabilities	0	0	0	0	0	0
<b>Variable-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>1,134,957</b>	<b>0</b>	<b>1,134,957</b>	<b>1,162,727</b>	<b>0</b>	<b>1,162,727</b>

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

##### v) Risk of price change

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

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

#### II CREDIT RISK

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

The Company performs the reconciliation of assets and liabilities annually, as at 30.11. of the current year or more times during the year for specific clients, if the need arises. The Company has of the total receivables from domestic buyers on 30.11.2015 reconciled 93,47% of receivables. Of 6.53% of unreconciled receivables of domestic buyers on 30.11.2015, to sued buyers refers 4.3%. As for the receivables from foreign buyers on 30.11.2015 the Company has reconciled 96.16% of foreign receivables. Unreconciled receivables mainly relate to receivables for which buyers did not provide answers to the submitted IOS. At the end of the financial year, on 31.12.2015, are reconciled receivables with airlines Air Serbia and Montenegro Airlines.

Age structure of receivables from buyers	31.12.2015		31.12.2014	
	in 000 RSD	share	in 000 RSD	share
Air Serbia	722,881	38.34%	514,301	13.61%
Public Debt Admin. (Air Serbia from previous yers)	-	0.00%	2,128,877	56.35%
Jar Tehnika	204,979	10.87%	203,602	5.39%
Dufry doo	58,646	3.11%	219,660	5.81%
International CG	41,492	2.20%	41,452	1.10%
Air Serbia-Ketering d.o.o.	35,883	1.90%	25,686	0.68%
Aviogenex d.o.o.	44,066	2.34%	34,778	0.92%
Austrian-Branch	25,845	1.37%	36,926	0.98%
Other domestic buyers	94,365	5.00%	88,662	2.35%
<b>Total domestic buyers</b>	<b>1,228,157</b>	<b>65.14%</b>	<b>3,293,944</b>	<b>87.20%</b>
Montenegro Airlines	207,751	11.02%	96,374	2.55%
Wizz Air	140,017	7.43%	104,033	2.75%
Deutsche Lufthansa	46,523	2.47%	49,173	1.30%
Turkish Airlines	34,663	1.84%	32,677	0.87%
Etihad Airlines	33,838	1.79%	10,639	0.28%
Aeroflot	27,268	1.45%	26,797	0.71%
Allitalia	20,596	1.09%	10,175	0.27%
Qatar Airways	16,165	0.86%	6,720	0.18%
Swiss Air	19,357	1.03%	27,015	0.72%
Other foreign buyers	111,121	5.89%	120,108	3.18%
<b>Total foreign buyers</b>	<b>657,300</b>	<b>34.86%</b>	<b>483,711</b>	<b>12.80%</b>
<b>Total gross receivables from domestic and foreign buy</b>	<b>1,885,457</b>	<b>100.00%</b>	<b>3,777,655</b>	<b>100.00%</b>
Total value correction	183,518		2,632,831	
<b>Total net receivables</b>	<b>1,701,939</b>		<b>1,144,824</b>	



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

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

The Company has large receivables from domestic and foreign buyers on 31.12.2015 (RSD 1,885,457 thousand), so that the credit risk is constantly there. To reduce this risk, the Company regularly monitors the implementation of the collection, analyzes the value of the collection achieved within the contracted period, collection with exceeded contracted period, the balance and age structure of outstanding receivables as per buyers.

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

Receivables from domestic buyers for goods and services on 31.12.2015 in the amount of RSD 1,228,157 thousand, accounted for 65.14% of total receivables from buyers for goods and services and mostly relate to receivables from Air Serbia ad, in the amount of RSD 722,881 thousand. Total balance of value adjustment of receivables from domestic buyers was RSD 158,890 thousand (charged to results of previous years RSD 129,497 thousand and charged to result of the current year RSD 29,393 thousand), so the net value of receivables from domestic buyers amounts to RSD 1,069,267 thousand.

Receivables from foreign buyers for goods and services amounted to RSD 657,300 thousand, which makes 34.86% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers is RSD 24,628 thousand (charged to results of previous years RSD 14,373 thousand and charged to results of the current year RSD 10,255 thousand), so the net value of receivables from foreign buyers amounts to RSD 632,672 thousand.

Age structure of receivables	31.12.2015	share	31.12.2014	share
	in 000 RSD		in 000 RSD	
Undue receivables from buyers - uncorrected	1,453,062	77.07%	1,005,838	26.63%
Undue receivables from buyers - corrected	6,868	0.36%	1,964,412	52.00%
<b>Total undue receivables</b>	<b>1,459,930</b>	<b>77.43%</b>	<b>2,970,250</b>	<b>78.63%</b>
Due receivables up to 60 days-uncorrected	175,627	9.31%	110,979	2.94%
Due receivables up to 60 days-corrected	2,494	0.13%	338,931	8.97%
<b>Total due receivables up to 60 days</b>	<b>178,121</b>	<b>9.45%</b>	<b>449,910</b>	<b>11.91%</b>
Due receivables over 60 days-uncorrected	73,250	3.88%	28,007	0.74%
Due receivables from buyers over 60 days-corrected	174,156	9.24%	329,488	8.72%
<b>Total due receivables over 60 days</b>	<b>247,406</b>	<b>13.12%</b>	<b>357,495</b>	<b>9.46%</b>
<b>Total receivables- gross</b>	<b>1,885,457</b>	<b>100.00%</b>	<b>3,777,655</b>	<b>100.00%</b>
<b>Total value correction</b>	<b>183,518</b>		<b>2,632,831</b>	
<b>Total receivables - net (gross - correction)</b>	<b>1,701,939</b>		<b>1,144,824</b>	

Undue receivables from domestic and foreign buyers for goods and services on 31.12.2015, amount to RSD 1,459,930 thousand (and on 31.12.2014 amounted to RSD 2,970,250 thousand), of which to receivables value correction of the current period are put undue receivables of Air Serbia in the amount of RSD 6,868 thousand.

Due receivables from domestic and foreign buyers for goods and services on 31.12.2015, are not older than 60 days, and amount to RSD 178,121 thousand (and on 31.12.2014 they amounted to RSD 449,910 thousand), of which to receivables value correction of the current period are put receivables from Air Serbia in the amount of RSD 2,494 thousand.

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

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

Due receivables from domestic and foreign buyers for goods and services, on 31.12.2015, older than 60 days, amounted to RSD 247,406 (and on 31.12.2014 they amounted to RSD 357,495 thousand) thousand of which RSD 30,286 thousand were put to value correction of receivables of the current period and charged to results of previous years RSD 143,870 thousand (due corrected receivables from domestic and foreign buyers for goods and services, older than 60 days, on 31.12.2014 amounted to RSD 329,488 thousand).

### III - LIQUIDITY AND CASH FLOW RISK

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

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

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

Maturity of financial assets	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Up to 30 days	1,558,930	3,548,725
1 - 3 months	2,440,280	379,418
3-12 months	2,319,613	1,976,228
1 - 5 years	78,527	120,405
over 5 years	96,866	102,922
	<b>6,494,216</b>	<b>6,127,698</b>

The average time of collection of receivables from buyers in the period I-XII 2015 is 111 days (in 2014: 170 days)

Interest maturity	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Up to 30 days	4,060	22,398
1 - 3 months	37,743	-
3-12 months	16,025	23,694
	<b>57,828</b>	<b>46,092</b>

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

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



Maturities of financial liabilities	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Up to 30 days	240,783	172,638
1 - 3 months	12,199	12,132
3-12 months	89,181	88,692
1 - 5 years	405,522	403,295
over 5 years	387,272	485,970
	<b>1,134,957</b>	<b>1,162,727</b>

In the total liabilities of the Company the largest share have liabilities based on long-term loans in the amount of RSD 894,174 thousand, of which in 2015 becomes due RSD 101,380 thousand.

Liabilities towards suppliers on December 31, 2015 are disclosed in the amount of RSD 240,783 thousand (on 31 December 2014: RSD 172,638 thousand). Suppliers do not charge interest on arrears to due liabilities, whereby the Company due liabilities to suppliers, in accordance with the policy of financial risk management, settles within the agreed period. Average time of settlement of liabilities towards suppliers in 2015 is 48 days (31 days in 2014).

Maturities of interest (for loans)	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
Up to 30 days	-	-
1 - 3 months	4,733	5,296
3-12 months	33,830	37,603
1 - 5 years	108,524	126,119
over 5 years	39,112	59,058
	<b>186,199</b>	<b>228,076</b>

### Capital risk management

The aim of capital risk management is provision of such a structure of capital that will secure safety in operating, liquidity and solvency, at the same time maximizing profit increase of the owner, through the optimization of debt and equity. In addition to its own capital, which consists of core capital, reserves and undistributed profit, the Company uses the borrowed funds in the form of long-term loans and financial leasing. 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 observed current period of 2015 and the end of 2014 are as follows:

	31.12.2015	31.12.2014
	in 000 RSD	in 000 RSD
<b>I</b> Indebtedness (ADP 432 + ADP 443)	894,174	990,089
2 Cash and cash equivalents (ADP 068)	704,127	2,803,851
<b>I</b> GROSS INDEBTEDNESS (1-2)	<b>190,047</b>	<b>(1,813,762)</b>
3 Ratio of indebtedness against capital ( I/5 )	0.0074	-0.0723
4 Short-term financial investments (ADP 062)	3,876,640	2,031,124
<b>II</b> NET INDEBTEDNESS ( I-5 )	<b>(3,686,593)</b>	<b>(3,844,886)</b>
5 Capital (ADP 401)	25,697,984	25,101,646
6 Ratio of indebtedness against capital ( II/5 )	-0.1435	-0.1532

## 65. MANAGEMENT EARNINGS

The Company paid remuneration to key management, including members of the Supervisory Board, the Audit Commission and the General Assembly of Shareholders and Executive directors and Department directors (in the period I-XII 2015: total number of 21; I-IX 2014: 21). In the period I-IX 2015 in the gross amount is paid RSD 43,171 thousand (in the period I-XII 2014: RSD 38,597 thousand).

Management benefits	I-XII 2015	I-XII 2014
	in 000 RSD	in 000 RSD
<b>Management</b>		
Earnings	30,841	30,365
Participation in distribution	4,173	0
	<b>35,014</b>	<b>30,365</b>
Remuneration to members of Supervisory Board	6,332	6,626
Remuneration to members of Audit Commission	615	336
Remun. to members of Shareholders Assembly	1,210	1,270
	<b>8,157</b>	<b>8,232</b>
<b>TOTAL</b>	<b>43,171</b>	<b>38,597</b>

## 66. TAX RISKS

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

## 67. LITIGATION

On 31 December, 2015 litigations against the Company amounted to RSD 177.162 thousand (excluding the effects of default interest). Amounts of final losses on litigations can be increased on the basis of default interest up to the completion of the settlement, or until the date of final payment by disputes. On 31 December, 2015 the Company has made provisions for potential losses on these litigations in the amount of RSD 114,781 thousand (Note 48 and 49). According to the assessment of the Company's management on this basis they does not expect additional significant losses in the future period.

## 68. EVENTS AFTER THE REPORTING PERIOD

The Executive Board Decision No. 32-7 of 10.02.2016 approved the payment of the part of interim dividend for 2015, to the shareholder Republic of Serbia, in the amount of RSD 200,000 thousand. Payment of the part of interim dividend to the shareholder Republic of Serbia, from the account of the Company was made on 11.02.2016. Payment of the remaining amount of the interim dividend to the shareholder Republic of Serbia will be made until 30.06.2016.

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 year which ended on 31 December 2015, or would require adjustment of the financial statements.

In Belgrade, 18 April 2016


  
 Београд Legal representative



**A.D. Aerodrom Nikola Tesla Beograd**

**Financial Report for period 1.1. – 31.12.2015**

## **Appendices**

**Appendix 1: Representation Letter**

[Company letterhead]

## Convenience Translation of Company's Representation Letter Originally Issued in Serbian

**Grant Thornton Revizit d.o.o. Beograd**  
**Kneginje Zorke br. 2/4**  
**11000 Beograd**  
**Srbija**

April 26, 2016

This representation letter is provided in connection with your audit of the financial statements of A.D. Aerodrom Nikola Tesla Beograd (herein after: Company) for the year ended December 31, 2015 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Serbian GAAP.

We confirm, to the best of our knowledge and belief, following facts:

### *Financial Statements*

- We have fulfilled our responsibilities, as set out in the Contract for audit of company's financial statements dated July 6, 2015, for the preparation of the financial statements in accordance with Serbian GAAP.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Serbian GAAP.
- All events subsequent to the date of the financial statements and for which adjustments or disclosures are required have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole, except for:
  - As disclosed in note 29 to the financial statements, Company's property, plant and equipment as of December 31, 2015 were stated at a revalued amount of RSD 21,529,104 thousand (as of December 31, 2014 at a revalued amount of RSD 21,585,698 thousand), based on the appraisal of these assets as of December 31, 2014 by an independent certified appraiser. Cost replacement method and comparative market approach were used for the appraisal. Based on available documentation and procedures performed, we were unable to satisfy ourselves as to whether aforesaid appraisal methods were adequate for certain categories of property, plant and equipment, or as to the proper documenting of supporting information used in application of certain appraisal methods. Also, Company has not made all necessary disclosures regarding the appraisal of stated assets fair value as required by the IFRS 13 "Fair Value Measurement". Accordingly, it was not possible to estimate the effects that these matters may have on the reported values of property, plant and equipment, revaluation reserves and related deferred tax liabilities as of December 31, 2015, nor the calculated depreciation expense and the result before tax for 2015.



- As disclosed in note 35 to the financial statements, Company has presented in comparative information as of December 31, 2014 domestic trade receivables in amount of RSD 3,293,944 thousand (before impairment allowance of RSD 2,617,229 thousand) which include receivables due from the Republic of Serbia Public Debt Directorate in the amount of RSD 2,145,319 thousand (before impairment allowance of RSD 1,897,107 thousand). The aforesaid receivables arose from the assumption of debt owed by Air Serbia d.o.o. Beograd to the Company, pursuant to the Law on Assumption of Liabilities of the Company Air Serbia to Legal Entities and Private Individuals for Services Rendered and Goods Delivered and Conversion Thereof into Public Debt of Republic of Serbia (hereinafter: the "Law"). Although the aforesaid receivables were collected in full as of March 31, 2015, as stipulated by the Law, Company has not applied the provisions of IAS 39 "Financial Instruments: Recognition and Measurement" in relation to impairment, nor the provisions of IAS 10 "Events after the Reporting Period" in relation to adjusting events after the reporting period, i.e. income for stated collection and consequently reversal of impairment was recognized in full in 2015, instead of 2014. Had the Company properly applied aforesaid provisions, trade receivables as of December 31, 2014, and other income and result before tax for 2014 would have been increased by RSD 1,897,107 thousand, and other income and result before tax for 2015 would have been decreased by RSD 1,897,107 thousand. This matter does not impact the balance of Company's net equity as of December 31, 2015.

#### *Information Provided*

- We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation, minutes from the meetings of Supervisory Board and Shareholders Assembly and other matters.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- Company has fulfilled all its liabilities for which failure to comply might have a materially significant impact on the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
 More specifically, we confirm that we have no knowledge of any such case affecting the Company.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. More specifically, we confirm that we have no knowledge of any such case affecting the Company.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There will be no cause for and we do not have any plans for liquidation of the Company.



- We have provided all plans for discontinuance of significant part of operations or sale of significant part of the Company.
- No events have occurred subsequent to the end of your audit fieldwork and through the date of your audit report that would have an impact on true and fair view of financial statements.
- We confirm our view disclosed in Note 2.1. to the financial statements for 2015 which states that the Company has not calculated deferred tax liabilities on account of revalued land, as the Company considers that related provisions of IAS 12 "Income Taxes" cannot be applied in these circumstances due to inability of clear interpretation of the rules regarding the tax treatment of any sale or transfer of rights to use the land, then due to determining the usage rights and ownership rights of Company's land, and due to specific nature of business and regulations applicable to airport operations in Republic of Serbia, as well as specific provisions of Standalone articles of Law on amendments and annexes to the Law on right to free shares and financial compensation realized by the citizens in the privatization process ("Official Gazette of RS" no. 30/2010). Further, assuming that in the case of sale or transfer of rights to use the land this transaction would be subject to capital gains tax and that the purchase value for tax purposes would be determined at the level of purchase value recorded in the books as of December 31, 2003 as determined in accordance with the previously applicable accounting regulations which is a prescribed procedure for real estate owned by legal entities in the Republic of Serbia, in accordance with IAS 12 "Income Taxes" deferred tax liabilities on account of the revalued land as of December 31, 2015 would amount to RSD 1,163,256 thousand, i.e. total liabilities would be increased, and the equity decreased by the same amount. If and when there is a conversion of right to use into the ownership rights for the land referred, deferred tax liabilities will undoubtedly exist and the Company will have to record them and present them in its financial statements.
- We confirm that income tax return with supporting documentation for 2015, as well as restated tax returns with supporting documentation for 2010, 2011, 2012, 2013 and 2014, will not be different from the drafts we provided to you and based on which we recorded and prepared financial statements for 2015.
- We confirm that we understood your responsibility to express an opinion on consistency of annual business report with financial statements, in accordance with Law on Auditing ("Official Gazette of Republic of Serbia" no. 62/2013). We confirm that Company's annual business report for 2015 is consistent in all material matters with Company's financial statements for year ending December 31, 2015.
- We confirm that we understood our responsibility regarding the accounting and financial reporting, as provisioned in the Rulebook on the provision of ground handling services at airports ("Official Gazette of Republic of Serbia" no. 61/2015). We confirm that we understood your responsibility for expressing an opinion whether the accounts of stated activities were separate during 2015, and whether there were any interrelated flows between stated activities, as provisioned in the stated Rulebook. We confirm that accounts of airport operator activities and ground handling activities in the Company have not been separate as of December 31, 2015 and during the year ending on that day.
- We confirm that we understood your responsibility for expressing an opinion on the efficiency of internal audit, risk management system and internal control system of the Company, and for inclusion of your conclusions and findings in Management Letter, as well as to deliver the Management Letter to the Securities Commission (of Republic of Serbia), as stipulated in Law on the Capital Market ("Official Gazette of Republic of Serbia" no. 31/2011 and 112/2015).
- We confirm that Company's internal audit have not adopted the plan of internal audit and have not issued any internal audit reports up to this day.

[signed]

Saša Vlasiavljević  
acting General Manager



[signed]

Dobriša Pejović  
Director of Finance

[signed]

Zerka Latinović  
Supervisor of accounting



**A.D. Aerodrom Nikola Tesla Beograd**

**Financial Report for period 1.1. – 31.12.2015**

## **Appendices**

### **Appendix 2: Statement of Independence**

**Convenience Translation of Auditors' Statement Originally Issued in Serbian**

**STATEMENT OF INDEPENDENCE**

**Name of audited company: A.D. Aerodrom Nikola Tesla Beograd**

Audit firm: Grant Thornton Revizit doo

Address: Kneginje Zorke 2/4 Beograd

Tel: 011/ 404 95 60

Fax: 011/ 404 95 61

In relation with audit of financial statements of A.D. Aerodrom Nikola Tesla Beograd for 2015 and as of December 31, 2015, we confirm that we are completely independent from the company A.D. Aerodrom Nikola Tesla Beograd and from its related parties as defined in International Standards on Auditing. In relation with our engagement in the company we confirm that our firm has been independent from the company during 2015 and up to this day as stipulated in "Code of Ethics for Professional Accountants" published by IFAC. We also confirm that:

1. No member of our management or audit team has any material direct or indirect financial stake in the company and other related parties of A.D. Aerodrom Nikola Tesla Beograd;
2. No member of our management or audit team is related with the company and other related parties of A.D. Aerodrom Nikola Tesla Beograd through having materially significant shares, voting rights, or being a part of its management or employees;
3. To the best of our knowledge, there are no other relations or circumstances which might impair our independence in audit of the company;
4. We expect to remain independent throughout the audit.

Director: \_\_\_\_\_

*Predrag Djordjevic*

e-mail: [predrag.djordjevic@gt.co.rs](mailto:predrag.djordjevic@gt.co.rs)

Date: April 26, 2016





**A.D. Aerodrom Nikola Tesla Beograd**

**Financial Report for period 1.1. – 31.12.2015**

## **Appendices**

**Appendix 3: Statement of rendered consulting services  
which are not forbidden**

**Convenience Translation of Auditors' Statement Originally Issued in Serbian**

**STATEMENT OF RENDERED CONSULTING SERVICES  
WHICH ARE NOT FORBIDDEN**

**Name of audited company: A.D. Aerodrom Nikola Tesla Beograd**

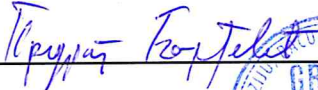
Audit firm: Grant Thornton Revizit doo

Address: Kneginje Zorke 2/4 Beograd

Tel: 011/ 404 95 60

Fax: 011/ 404 95 61

In relation with audit of financial statements of A.D. Aerodrom Nikola Tesla Beograd for 2015 and as of December 31, 2015, we confirm that, except for audit services, we have not provided consulting or any other services which are forbidden as stipulated in "Code of Ethics for Professional Accountants" published by IFAC, to the A.D. Aerodrom Nikola Tesla Beograd and its related parties as defined in International Standards on Auditing.

Director: ; e-mail: [predrag.djordjevic@gt.co.rs](mailto:predrag.djordjevic@gt.co.rs)

Date: April 26, 2016





АКЦИОНАРНО ДРУШТВО  
АЕРОДРОМ "НИКОЛА ТЕСЛА"  
БЕОГРАД  
Бр. 33-114/2  
26. 04. 2016 год.



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

**BUSINESS REPORT FOR THE PERIOD  
I-XII 2015**

**BELGRADE, APRIL 2016**

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## 1. GENERAL DATA OF THE COMPANY

<b>1</b>	<b>Business name</b>	<b>AD AERODROM "NIKOLA TESLA" BEOGRAD</b>
	<b>Head office and address</b>	11180 Belgrade 59
	<b>Register number</b>	07036540
	<b>TIN</b>	100000539
<b>2</b>	<b>web site and e-mail address</b>	<a href="http://www.beg.aero">www.beg.aero</a> ; <a href="mailto:kabinet@beg.aero">kabinet@beg.aero</a>
<b>3</b>	<b>Number and date of the Rescript on Company registration</b>	<p><b>Registration number: BD 4874/2005</b> <b>Date of registration: 15.16.2005</b></p> <p><b>Registration number:BD91540/2012</b> <b>Date of registration: 09.07.2012</b></p> <p><b>Registration number: BD100187/2012</b> <b>Date of registration: 20.07.2012</b></p>
<b>4</b>	<b>Activity (code and description)</b>	5223-Air-traffic services
<b>5</b>	<b>Number of employees</b>	1253 employees on 31.12.2015
<b>6</b>	<b>Core capital value</b>	<b>RSD 20,573,610,000 on 31.12.2015</b>
<b>7</b>	<b>Name, head office of auditor who revised the last financial statement</b>	"GRANT THORNTON REVIZIT" d.o.o. Kneginje Zorke 2/1, Beograd
<b>8</b>	<b>Number of issued shares, ISIN number and CFI code</b>	<b>Number of ordinary shares 34,289,350 (on 31.12.2015)</b> <b>CFI code ESVUFR</b> <b>ISIN number RSANTBE11090</b>
<b>9</b>	<b>Organised exchange market on which the shares are exchanged</b>	Beogradska berza ad Beograd, Omladinskih brigada 1, 11070 Novi Beograd

<b>Ten largest shareholders on 31.12.2015</b>			
<b>No.</b>	<b>Name of shareholder</b>	<b>Number of shares</b>	<b>% of participation</b>
1)	THE REPUBLIC OF SERBIA	28,510,532	83.15
2)	KJK FUND II SICAV SIF	441,137	1.29
3)	RAIFFEISEN BANK AD BEOGRAD– custody account KS	384,439	1.12
4)	RAIFFEISEN BANK AD – custody account KS	182,882	0.53
5)	EAST CAPITAL (LUX) – BALKAN FUND	145,038	0.42
6)	SOCIETE GENERALE BANKA SRBIJA– custody account-FO	126,066	0.37
7)	SOCIETE GENERALE BANKA SRBIJA– custody account-FO	84,812	0.25
8)	DANSKE INVST TRANS-BALKAN FUN	83,942	0.24
9)	UNICREDIT BANK SRBIJA AD– custody account – KS	82,762	0.24
10)	RAIFFEISEN BANK AD – custody account KS	70,572	0.21



## 2. MANAGEMENT DATA:

Management members on 31.12.2015

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

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

## 2.1. REVIEW OF CORPORATE GOVERNANCE RULES

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

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

The Code contains two types of rules:

1) Recommendations - rules that a for-profit corporation has to accept and act upon them, and which can be recongnized in the Code by the use of the word "should";

2) proposals - rules that are considered desirable practice in corporate governance, which in the Code can be identified by the use of the words "may," "should," and so on.

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



### 3. AIR TRAFFIC TURNOVER

In the period I-XII 2015 it was achieved total air traffic turnover, as follows:

- 58,507 air movements,
- 4,776,164 passengers and
- 15,681 tons of cargo and mail.

#### 3.1. AIR MOVEMENT TURNOVER

Achieved number of air movements per traffic types in the period I-XII 2015 is shown in the following table.

Number of air movements per traffic types

Traffic types	Achiev. I-XII 2014	III Rebalanced Plan I-XII 2015	Achiev. I-XII 2015	Index	Index	Particip. 2014	Particip. 2015
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air traffic	88	92	97	110	105	0.15	0.17
International air traffic- domestic carriers	31,392	32,586	33,117	105	102	53.48	56.60
International air traffic- foreign carriers	27,215	28,394	25,293	93	89	46.37	43.23
<b>TOTAL:</b>	<b>58,695</b>	<b>61,072</b>	<b>58,507</b>	<b>100</b>	<b>96</b>	<b>100.00</b>	<b>100.00</b>

The data from the table indicate total physical air traffic volume in the period from I-XII 2015, in the amount of 58,507 which is at the same level compared to the same period 2014 and by 4% lower than number in the III Rebalanced plan for the period I-XII 2015.

Within carrier pattern of the total traffic in for the period I-XII 2015, the largest share in air movements are of the domestic carriers in international air traffic with 56.60%; then there are foreign carriers in international air traffic with 43.23% and at the end, domestic carriers in domestic air traffic with participation of 0.17%.

Realization in the period I - XII 2015 compared to the same period 2014 shows that there is a growth in the share of domestic carriers in international air traffic from 53.48% to 56.60% and decline of foreign carriers in international air traffic from 46.37 % to 43.23%.

**In international air traffic of domestic carriers**, in the period I-XII 2015, was achieved total turnover of 33,117 air movements, which is by 5% higher compared to the same period previous year and by 2% higher in comparison to the III Rebalanced Plan for the period I-XII 2015.

Air Serbia in the period I-XII 2015 has achieved in international air traffic 32,268 air movements which is higher by 8% than in the same period previous year and by 4% in comparison with the III Rebalanced plan for the reporting period.

Air Serbia with 97.44% of share in international air traffic of domestic carriers has a dominant role.

Under other carriers in international air traffic are: Air Pink, Avio Služba, Princ Aviation, Verano Motors and others with realized 849 air movements in the period I-XII 2015 have participated with 2.56% in the total international air traffic of domestic carriers which is by 41% lower compared to achievement in the same period of the previous year and 44% lower in comparison to the III Rebalanced plan for the reporting period.



Number of air movements of foreign carriers in international air traffic

Air carriers	Achievement I-XII 2014	Ребаланс III Плана I-XII 2015	Achievement I-XII 2015	Index	Index	Partic. 2014	Particip. 2015
1	2	3	4	5(4/2)	6(4/3)	7	8
Montenegro Airlines	3,053	3,569	3,236	106	91	11.22	12.79
Lufthansa	2,963	2,870	2,787	94	97	10.89	11.02
Wizz Air	2,799	2,537	2,631	94	104	10.28	10.40
Austrian Airlines	2,152	2,108	1,864	87	88	7.91	7.37
Turkish Airlines	1,776	1,730	1,747	98	101	6.53	6.91
Swiss International	1,577	1,509	1,392	88	92	5.79	5.50
Aeroflot	1,459	1,463	1,456	100	100	5.36	5.76
Alitalia	1,036	1,008	758	73	75	3.81	3.00
Easyjet	842	842	370	44	44	3.09	1.46
Etihad Airways	728	730	744	102	102	2.67	2.94
B & H Airlines	586	743	20	3	3	2.15	0.08
Polskie Linie LOT	574	674	283	49	42	2.11	1.12
Solinair	569	1,028	467	82	45	2.09	1.85
Tarom Romanian Air	546	798	606	111	76	2.01	2.40
Aegean Airlines	514	556	626	122	113	1.89	2.47
Qatar Airways	422	418	626	148	150	1.55	2.47
Pegasus	386	374	394	102	105	1.42	1.56
Flydubai	340	328	322	95	98	1.25	1.27
Raf Avia	326	526	580	0	110	1.20	2.29
Norwegian Air Shatl	262	260	282	108	108	0.96	1.11
Tunis Air	254	252	176	69	70	0.93	0.70
Germanwings	228	0	26	11	0	0.84	0.10
Cityline Hungary	218	0	0	0	0	0.80	0.00
Belavia	212	420	210	99	50	0.78	0.83
CSA	196	206	0	0	0	0.72	0.00
Aircairo Company	172	194	194	113	100	0.63	0.77
Swiftair Aviation	164	256	1,006	0	393	0.60	3.98
Darwin Airlines	152	0	0	0	0	0.56	0.00
Onur Air	140	184	0	0	0	0.51	0.00
Tap Portugal	122	436	16	0	4	0.45	0.06
Freebird Airlines	120	120	0	0	0	0.44	0.00
Nesma Airlines	116	242	0	0	0	0.43	0.00
Croatia Airlines	114	114	113	99	99	0.42	0.45
Vueling Airlines	88	86	98	0	114	0.32	0.39
Adria Airways	58	0	0	0	0	0.21	0.00
Olympic Air	44	0	0	0	0	0.16	0.00
Gazprom - GZP	16	0	16	100	0	0.06	0.06
Swiftair HELLAS S.A.	0	0	239	0	0	0.00	0.94
Niki Luftfahrt	0	0	6	0	0	0.00	0.02
Corendon Airlines	1	0	46	4,600	0	0.00	0.18
Atlas Jet	0	48	30	0	63	0.00	0.12
Bora Jet	0	0	17	0	0	0.00	0.07
Air Baltic	0	0	2	0	0	0.00	0.01
Others	1,891	1,765	1,907	101	108	6.95	7.54
<b>TOTAL:</b>	<b>27,215</b>	<b>28,394</b>	<b>25,293</b>	<b>93</b>	<b>89</b>	<b>100.00</b>	<b>100.00</b>

In the period I-XII 2015 there were 35 foreign air carriers and 1 domestic air carrier, and in the same period 2014 there were 37 foreign air carriers and 1 domestic air carrier.

**In international traffic of foreign carriers** in the period I-XII 2015 it was achieved 25,293 air movements, which is by 7% lower score in comparison with the same period previous year and by 11% lower compared to III Rebalanced plan for the reported period of 2015.

New foreign carriers which started to operate in the period I-XII 2015 compared to the same period of the previous year are: Swiftair Hellas (Ljubljana, Thessaloniki), Atlas Jet (Antalya, Karsamba, Istanbul, Sabina, Adana, Ankara, Trabzon and Izmir), Bora Jet (Sabina), Niki Luftfahrt (Berlin, Hamburg and Sarajevo), Corendon Airlines (Antalya, Krasnodar and Kristiansand) and Air Baltic (Granada).

Foreign carriers that did not operate in the period I-XII 2015 compared to the same period of the previous year are: Adria Airways, Olympic Air, Cityline Hungary, CSA, Darwin Airlines, Freebird Airlines, Nesma Airlines and Onur Air.

In the period I-XII 2015 the most important role in the pattern of foreign carriers had: Montenegro Airlines with 12.79% participation, Lufthansa with 11.02% and Wizz Air with 10.40%, who collectively achieved 34.21% of international air traffic of foreign air carriers.

With participation from 7.37% to 5.76% in this type of air traffic are: Austrian Airlines, Turkish Airlines, Swiss International and Aeroflot, who together achieved 25.54% in international air traffic of foreign air carriers.

**Cargo traffic** of express mail in the period I-XII 2015 was carried out by seven foreign air carriers: Cityline Hungary, Swiftair Aviation, Swiftair Hellas, CSA, Raf Avia, Turkish Airlines and Solinair.

**Low Cost carriers** in the same period are: Wizz Air, Pegasus Airlines, Flydubai, Norwegian Air, Germanwings, EasyJet, Niki Luftfahrt and Air Baltic.

If individual participation of air carriers in total international air traffic achieved in the period I-XII 2015 (domestic and foreign air carriers) is considered, Air Serbia has a largest participation in it with 55.24%.



### 3.2. PASSENGER TURNOVER

In the period I-XII 2015 a total passenger turnover of 4,776,164 was achieved, which is by 3% higher than in the same period in 2014 and by 6% lower in comparison with the III Rebalanced plan for the period I-XII 2015.

Passenger turnover per traffic types

Type of traffic	Achievement I-XII 2014	Rebalanced III Plan I-XII 2015	Achievement I-XII 2015	Index	Index	Particip. 2014	Particip. 2015
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air traffic	84	92	118	140	128	0.00	0.00
International air traffic-domestic carriers	2,350,804	2,578,082	2,598,549	111	101	50.68	54.41
International air traffic-foreign carriers	2,287,689	2,497,544	2,177,497	95	87	49.32	45.59
<b>TOTAL:</b>	<b>4,638,577</b>	<b>5,075,718</b>	<b>4,776,164</b>	<b>103</b>	<b>94</b>	<b>100.00</b>	<b>100.00</b>

The greatest participation in passenger turnover per air traffic types for the period I-XII 2015 is of domestic carriers in international air traffic with 54.41%, then foreign carriers in international air traffic with 45.59%.

The number of the passengers transported by domestic carriers in international air traffic in 2015 is by 11% higher compared to the previous year and by 1% in comparison with the III Rebalanced plan in the period I-XII 2015.

The number of the passengers transported by foreign carriers in international air traffic in the period I-XII 2015 is by 5% lower compared to the previous year and by 13% lower in comparison to the III Rebalanced plan in the period I-XII 2015.

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

Air carriers	2014	2015	Index	Particip. 2014	Particip. 2015
1	2	3	4(3/2)	5	6
Air Serbia	2,347,923	2,596,494	111	50.62	54.36
Wizz Air	415,590	408,419	98	8.96	8.55
Lufthansa	283,867	295,338	104	6.12	6.18
Montenegro	258,841	263,382	102	5.58	5.51
Turkish Airlines	177,425	199,515	112	3.83	4.18
Swiss International	203,518	192,815	95	4.39	4.04
Others	951,329	820,083	86	20.51	17.17
<b>Total:</b>	<b>4,638,493</b>	<b>4,776,046</b>	<b>103</b>	<b>100.00</b>	<b>100.00</b>

In the total number of passengers in international air traffic in the period I-XII 2015 the largest participation is of Air Serbia with 54.36%, then follow: Wizz Air with 8.55%, Lufthansa with 6.18%, Montenegro Airlines with 5.51%, Turkish Airlines with 4.18% and Swiss International with 4.04%.

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

Destinations		2014	2015	Index
<i>1</i>		<i>2</i>	<i>3</i>	<i>4(3/2)</i>
1	Zurich	145,262	163,416	112
2	Paris	162,727	163,136	100
3	Podgorica	122,752	136,101	111
4	Moscow	130,708	124,696	95
5	Amsterdam	74,378	102,945	138
6	Tivat	101,608	99,024	97
7	Other destinations	1,610,488	1,807,176	112
TOTAL:		2,347,923	2,596,494	111

### 3.3. CARGO TURNOVER

In period I-XII 2015, cargo and mail turnover was achieved in the amount of 15,681 tons, which is 27% higher than in the same period of the previous year and 27% compared to the III Rebalanced plan for the same period 2015.

**Cargo turnover in tons**

Type of traffic	Achievement I-XII 2014	Rebalanced III Plan I-XII 2015	Achievement I-XII 2015	Index	Index	Particip. 2014	Particip. 2015
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5(4/2)</i>	<i>6(4/3)</i>	<i>7</i>	<i>8</i>
Domestic air traffic	0	0	0	0	0	0.00	0.00
International air traffic-domestic carriers	2,846	3,044	3,729	131	123	23.01	23.78
International air traffic-foreign carriers	9,521	9,345	11,952	126	128	76.99	76.22
TOTAL:	12,367	12,389	15,681	127	127	100.00	100.00

In domestic air traffic, the turnover is not performed in the period I-XII 2015, or in the same period last year.

In international air traffic of domestic carrier, the turnover in the period I-XII 2015 increased by 32% compared to the turnover for the same period of the previous year and by 23% in relation to III Rebalanced Plan for the same period in 2015. We can note that Air Serbia in 2015 for the first time achieved a turnover of truck transport of cargo and mail (7 tons).

In the foreign carrier's international air traffic turnover of goods in the period I-XII 2015 was 25% higher than the turnover for the same period of the previous year and 28% higher compared to III Rebalanced Plan for the same period in 2015.



**PHYSICAL VOLUME OF TRAFFIC**

Type of traffic		Achievement 2014		III Rebalanced plan 2015		Achievement 2015		Indexes	
			Partic.		Partic.		Partic.		
1		2		3		4		5(4/2)	6(4/3)
<b>1</b>	<b>Domestic traffic</b>								
	Air movements	88	0	92	0	97	0	110	105
	Passengers	84	0	92	0	118	0	140	128
	Air goods and mail ( tons )	0	0	0	0	0	0	0	0
<b>2</b>	<b>International traffic-domestic carriers</b>								
	Air movements	31,392	53	32,586	53	33,117	57	105	102
	Passengers	2,350,804	51	2,578,082	51	2,598,549	54	111	101
	Air goods and mail ( tons )	2,846	23	3,044	25	3,756	24	132	123
									0
<b>3</b>	<b>International traffic-foreign carriers</b>								
	Air movements	27,215	46	28,394	46	25,293	43	93	89
	Passengers	2,287,689	49	2,497,544	49	2,177,497	46	95	87
	Air goods and mail ( tons )	9,521	77	9,345	75	11,925	76	125	128
<b>4(1+2+3)</b>	<b>Total</b>								
	Air movements	58,695	100	61,072	100	58,507	100	100	96
	Passengers	4,638,577	100	5,075,718	100	4,776,164	100	103	94
	Air goods and mail ( tons )	12,367	100	12,389	100	15,681	100	127	127

## 4. REVENUES AND EXPENDITURES

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

### 4.1. REVENUES

In the period I-XII 2015 JSC Belgrade "Nikola Tesla" Airport achieved the total revenue in amount of RSD 10,478,770,312. Thus achieved total revenue is 3% lower in comparison to the achieved revenues in the same period of the previous year and 5% lower in relation to the III Rebalanced plan for the same period 2015.

The pattern of the achieved revenues for I-XII 2015 is shown in the table **Revenue pattern by service types**.

In the pattern of achieved revenues for the period I-XII 2015 **business revenues** have the greatest participation of 77% in the total revenues amounting to RSD 8,116,138,633. The achieved revenues are 1% lower than the same in the same period of the previous year and 5% in relation to III Revised plan for I-XII 2015.

Within business revenues, revenues generated by providing **air services** (landing, ground handling, lighting, infrastructure, aircraft abode, air-bridges) in the period I-XII 2015 amount to RSD 2,711,540,861 which is 26% of the total revenues. These revenues are higher by 2% compared to the same period last year and by 7% lower in relation to III Rebalanced plan for I-XII 2015.

Revenues from **passenger service and security fees** were achieved in the amount of RSD 3,534,185,379 for I-XII 2015, which is 34% of the total achieved revenues and are higher as compared with the revenues from passenger service and security fees in the same period of the previous year by 6% and lower by 11% in relation to III Rebalanced plan for the same period 2015.

In the period I-XII 2015 the revenues from **service rendering in cargo-customs warehouse** were achieved in the amount of RSD 150,849,517 and are by 6% higher than revenues achieved on this basis in the same period of the previous year and lower by 1% in relation to III Rebalanced plan for the same period 2015.

In the period I-XII 2015 the revenues from **other services** are 19% higher than in the same period of the previous year and 24% higher in relation to III Rebalanced plan for I-XII 2015, and were achieved in the amount of RSD of 755,702,198. The greatest participation in these revenues refers to: revenues from public services, revenues from the CUTE system, revenues from services on special request, revenues from aircraft de-icing services and revenues from the commercial usage of apron.

**The revenues from sales of goods** mainly refer to the revenues from the sale of kerosene and in the period I-XII 2015 it was sold 1,484 tons of kerosene (most important buyers are Iran Airlines with participation of 48% and Aeroflot with 29%), while in the same period of the previous year was sold 6,883 tons of kerosene. Realized revenue from the sale of goods for the period I-XII 2015 amounts to RSD 140,434,845 and is lower by 78% in comparison to the same period of 2014 and by 22% higher compared to III Rebalanced plan for the reporting period.

The main reason for decrease of the revenue from kerosene in the period I-XII 2015 compared to the same period previous year is the change in business policy of air carriers that is levitating towards other suppliers, which resulted in a smaller number of customers and thus the smaller quantity of sold kerosene.

In the period I-XII 2015 from the lease of business premises there is achieved revenue of RSD 823,425,833 which is by 9% higher than in the period I-XII 2014, and by 6% higher compared to III Rebalanced plan for the same period 2015. The greatest portion of these revenues refers to renting of business facilities to Dufry Company.



**Financial revenues** (group 66) in the period I-XII 2015 are disclosed in amount of RSD 320,302,751 and are higher by 15% in comparison to the same period of the previous year.

In the pattern of financial revenues for I-XII 2015 the greatest part refers to interest revenues in the amount of RSD 168,452,667, and to realized foreign exchange differences in the amount of RSD 101,111,623.

**Other revenues** (group 67 and 68) in the period I-XII 2015 were achieved in the amount of RSD 2,042,328,928 and are lower in comparison to the same period of the previous year by 13%.

The reason for such disclosed increase of these revenues is in the period I-XII 2015 receivables are less collected than in 2014, which were in previous years placed on value correction.

The largest part of collected receivables (group 67 and 68) in 2015 refers Air Serbia, which were in previous years placed on value correction of receivables. Public Debt Administration of the Republic of Serbia based on the conversion of the debt from Air Serbia has on 31.03.2015 paid the amount of RSD 1,897,107,221.

The main buyers from the point of participation in sales (group 60+61) in the period I-XII 2015 are:

- Air Serbia with the share in sales revenues of 30.87% (RSD 2,251,424 thousand),
- Deutsch Lufthansa with share in sales revenues of 8.10% (RSD 590,657 thousand),
- Montenegro Airlines with share in sales revenues of 7.12% (RSD 519,415.84 thousand).

## REVENUE PATTERN I-XII 2015/2014

S.No.	Type of service	Description	Realization I- XII 2014.	Rebalanced III plan I-XII 2015.	Realization I- XII 2015.	INDEX	
						7(6/4)	8(6/5)
1	2	3	4	5	6	7(6/4)	8(6/5)
	<b>Air services domestic carriers</b>						
	612000+612300	Landing	160,717,443	173,335,330	181,294,511	113	105
	612010+612310	Lighting	53,356,909	52,492,969	60,522,204	113	115
	612030+612330	Handling	171,993,239	186,716,748	192,045,294	112	103
	612040	Infrastructure	94,524,305	110,175,565	106,171,277	112	96
	612050	Air-bridges	0	0	0		
	612020+612320	Aircraft abode tax	5,755,054	6,886,911	4,762,539	83	69
I	<b>Total air services (domestic carriers):</b>		<b>486,346,950</b>	<b>529,607,523</b>	<b>544,795,825</b>	<b>112</b>	<b>103</b>
	<b>Air services foreign carriers</b>						
	613010+613011	Landing	650,682,221	720,231,085	659,554,748	101	92
	613020+613021	Handling	785,780,837	866,844,565	767,451,299	98	89
	613030+613031	Lighting	75,910,333	78,609,776	73,674,134	97	94
	613040	Infrastructure	437,404,315	480,355,563	445,361,060	102	93
	613060	Air-bridges	185,315,753	202,918,679	192,925,587	104	95
	613000+613001	Aircraft abode tax	31,961,037	35,675,391	27,778,206	87	78
II	<b>Total air services (foreign carriers):</b>		<b>2,167,054,497</b>	<b>2,384,635,059</b>	<b>2,166,745,036</b>	<b>100</b>	<b>91</b>
I+II	<b>Total air services</b>		<b>2,653,401,446</b>	<b>2,914,242,582</b>	<b>2,711,540,861</b>	<b>102</b>	<b>93</b>
	<b>Passenger service</b>						
	614400 - domestic carriers - domestic traffic	Passenger service d.c./d.t.	14,814	19,172	15,413	104	80
	614410+614412 - dom. Carriers- inter.traffic +614181+614190(BRS and PRM)	Passenger service d.c./i.t.	995,841,372	1,185,255,957	1,126,526,922	113	95
	615200+615210+615212 -615896-PRM (for. carriers)	Passenger service for.car.	1,615,502,718	1,930,837,617	1,626,360,755	101	84
	614420+614430+614432+615230+615232	Security fees	735,639,887	869,099,051	781,282,288	106	90
III	<b>Total passenger service</b>		<b>3,346,998,790</b>	<b>3,985,211,797</b>	<b>3,534,185,379</b>	<b>106</b>	<b>89</b>
I+II+III	<b>Total air services and passenger service</b>		<b>6,000,400,237</b>	<b>6,899,454,379</b>	<b>6,245,726,240</b>	<b>104</b>	<b>91</b>
	<b>CCW services</b>						
	612500+612510	CCW services dom. market	117,778,964	120,380,909	136,588,686	116	113
	613300 +613310 (foreign)	CCW services for. market	25,159,349	32,524,777	14,260,831	57	44
IV	<b>Total CCW services</b>		<b>142,938,313</b>	<b>152,905,686</b>	<b>150,849,517</b>	<b>106</b>	<b>99</b>
V	<b>Total services in air traffic (I to IV):</b>		<b>6,143,338,550</b>	<b>7,052,360,065</b>	<b>6,396,575,756</b>	<b>104</b>	<b>91</b>
	<b>Other services</b>						
1	614100+614360+615100	DCS services	33,213,234	38,467,919	30,474,667	92	79
2	614110+614112+614170+614180+614391+615891+615892+615893+615895	Special request - work order	56,025,167	57,478,408	132,224,775	236	230
3	614130+614131+615072+614370+615071+615072	VIP Lounge	5,705,314	4,684,379	6,306,034	111	135
4	614140+614390+615090	CUTE (dom + for)	105,967,691	111,384,948	161,873,629	153	145
5	615080+614380	Lost and found	20,112,945	21,580,098	19,019,411	95	88
6	6146+615120+615400+615401	Public utilities	137,856,700	138,159,262	162,281,483	118	117
7	614820+615170	Catering ser. Business Club	47,200,607	49,373,904	1,022	0	0
8	614870+615810	Advertising space	25,877,080	26,395,448	42,333,741	164	160
9	614883	Commer.use of apron	58,869,427	62,046,523	60,812,127	103	98
10	614160+615110	Aircraft de-icing service	43,259,001	29,725,065	65,091,103	150	219
11	Other non-mentioned services dom + foreign		99,425,594	68,140,776	75,284,205	76	110
VI	<b>Other services (1 to 11):</b>		<b>633,512,761</b>	<b>607,436,730</b>	<b>755,702,198</b>	<b>119</b>	<b>124</b>
VII	<b>Total 61 - Revenues from sale of services (V+VI)</b>		<b>6,776,851,311</b>	<b>7,659,796,795</b>	<b>7,152,277,955</b>	<b>106</b>	<b>93</b>
	<b>Revenues from sale of goods:</b>						
VIII	<b>60 - Revenues from sale of kerosene + goods</b>		<b>624,610,059</b>	<b>114,750,000</b>	<b>140,434,845</b>	<b>22</b>	<b>122</b>
IX	<b>Total (60+61) Revenues from sale (VII+VIII)</b>		<b>7,401,461,370</b>	<b>7,774,546,795</b>	<b>7,292,712,800</b>	<b>99</b>	<b>94</b>
X	<b>64 и 65 - Renting of office space</b>		<b>756,483,939</b>	<b>775,742,875</b>	<b>823,425,833</b>	<b>109</b>	<b>106</b>
XI	<b>BUSINESS REVENUES (IX+X)</b>		<b>8,157,945,309</b>	<b>8,550,289,670</b>	<b>8,116,138,633</b>	<b>99</b>	<b>95</b>
XII	<b>66 - FINANCIAL REVENUES</b>		<b>277,947,084</b>	<b>245,689,475</b>	<b>320,302,751</b>	<b>115</b>	<b>130</b>
1	interest		92,702,826	98,334,204	168,452,667	182	171
2	exchange rate differences -realised		126,224,603	132,096,464	101,111,623	80	77
3	exchange rate differences -non-realised		59,019,656	15,258,807	50,738,462	86	333
XIII	<b>67 и 68 OTHER REVENUES</b>		<b>2,359,009,860</b>	<b>2,184,842,435</b>	<b>2,042,328,928</b>	<b>87</b>	<b>93</b>
XIV	<b>Total revenues (XI+XII+XIII)</b>		<b>10,794,902,253</b>	<b>10,980,821,580</b>	<b>10,478,770,312</b>	<b>97</b>	<b>95</b>



## 4.2. EXPENDITURES

In the period I-XII 2015 **total expenditures** were achieved in the amount of RSD 6,524,839,868. Thus achieved expenditures are 7% lower than the expenditures achieved in the same period of the previous year and 20% lower than the figures in the III Rebalanced plan for I-XII 2015.

**The purchase value of sold goods** (group 50) for the period I-XII 2015 amounts to RSD 133,257,577 and almost completely refers to the purchase value of the sold kerosene. **Purchase value of sold kerosene** is RSD 97,220,213 or 84% lower than in the same period of the previous year and 8% higher in comparison to the III Rebalanced Plan for I-XII 2015.

As kerosene is registered both on revenues and expenditures, the real revenue of the Company is realised price difference, which amounted for the period I-XII 2015 to RSD 5,877,640. Average participation of price difference in sale value of kerosene (sales margin) for the period I-XII 2015 is 5.70% while in the same period of the previous year it was 4.15%.

**The costs of materials and energy** (group 51) for the period I-XII 2015 amount to RSD 438,465,269 and participate in total expenditure with 7% and mostly refer to: costs of electrical power, costs of basic material.

Within total expenditures one of the largest amounts refer to the **costs of salaries, reimbursements and other personal expenditures** (group 52), amounting for the period I-XII 2015 RSD 2,414,173,089 which is by 65% higher compared to the same period last year, primarily due to increase of the number of employees. The costs of salaries of employees (gross II account groups 520 and 521) at Belgrade "Nikola Tesla" Airport amount to RSD 1,619,284,757; whereas the costs for persons engaged through Youth organizations amount to RSD 361,236,022 (youth organizations Fan, Beograd, Knez, Medijator and Europa). Group 52 apart from gross II salaries includes also reimbursements by contracts (service contracts), reimbursements per temporary and occasional jobs, reimbursements for the members of the Supervisory board and members of the Assembly of Shareholders and other personal expenditures (transport of employees, business trip wages, costs of trips and joint assistance and jubilee bonuses).

In the **costs of production services** (group 53) which for the period I-XII 2015 amount to RSD 368,161,337, the largest cost refers to **maintenance service costs** in total amount of RSD 155,578,183 and they are by 16% higher than the same costs in the same period of the previous year and by 61% lower compared to III Rebalanced plan for the period I-XII 2015.

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

- **the costs of transport services**, where the most part refers to the costs of information and passenger check-in services in the amount of RSD 35,655,747, then the costs of monthly support of ITT for passenger and baggage check-in in the amount of RSD 27,315,797;
- **the costs of maintenance services** which in its largest part refer to costs of maintenance of other fixed assets in amount of RSD 138,937,198;
- **the costs of renting** are higher by 10% compared to the same period previous year and mainly refer to costs of renting network and server infrastructure;
- **the costs of advertising** in the period I-XII 2015 are considerably lower compared to the same period previous year;
- **the costs of other services** mostly referring to the services of OZB Komerc for Security department, then the costs of water, drainage, and the other.

The costs of **amortization and reserving** (group 54) for the period I-XII 2015 amounted to RSD 837,325,087, where the cost of amortization amounted to RSD 767,877,635 and of reserving for litigation USD 53,000,000.

**Intangible costs** (group 55) for the period I-XII 2015 amount to RSD 277,075,934 and they include:

- **the costs of non-production services**, where the most part refers to the costs of the cleaning services in the amount of RSD 50,808,705.

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

- **The representation costs**
- **The costs of insurance premiums**
- **The costs of payment operations**
- **The costs of membership fees**
- **Taxing costs and**
- **Other intangible costs**

**Financial expenditures** (group 56) in period I-XII 2015 are disclosed in the amount of RSD 152,155,153 and are 2% higher than in the same period of the previous year.

In the pattern of financial expenditures, expenditures realized from interest participate with 44%, and amount to RSD 67,482,764 and are 3% higher than in the same period of the previous year. The mentioned expenditures from interest refer to the interests for long-term liabilities per loans (EIB – reconstruction of the Terminal).

In the pattern of financial expenditures, non-realized negative exchange rate differences in the period I-XII 2015 amount to RSD 6,173,124 and they participate with 4% in the pattern of total financial expenditures. Realised negative exchange rate differences in the period I-XII 2015 amount to RSD 78,499,264 and participate with 52% in the pattern of overall financial expenditures.

**Other expenditures** (group 57, 58 and 59) in period I-XII 2015 were achieved in the amount of RSD 1,904,226,422 and are 13% lower than the same in the same period of the previous year and mainly refer to: expenditures based on direct write-off of receivables (RSD 1,830,396,491-write-off of Air Serbia debt, based on Conclusion of the Government of RS 05 No. 023-13959/2015-1 of 30.12.2015, and the Draft Agreement on discharge of debt), impairment of receivables from major buyers in the country (RSD 29,380,984) — major part refers to Air Serbia (RSD 19,055,531.59), than expenditures of previous years (document received after preparation of financial statements – RSD 13,334,175), impairment of receivables from buyers abroad (RSD 10,041,852), donations for humanitarian, health and religious purposes (RSD 9,853,716) etc.

Main suppliers from the point of turnover in I-XII 2015: Youth Cooperative Europa (RSD 263,551 thousand), EPS Snabdevanje (RSD 210,648 thousand) and Europlast (RSD 172,794 thousand).



## EXPENDITURE PATTERN I-XII 2015/2014

Acc.	Account name	Realizatin I-XII 2014	Rebalanced plan III I-XII 2015	Realizatin I-XII 2015	Indexes	
1	2	3	4	5	6(5/3)	7(5/4)
50	PURCHASE VALUE OF SOLD GOODS	595,349,502	93,615,585	133,257,577	22	142
501	PURCHASE VALUE OF SOLD GOODS	595,349,502	93,615,585	133,257,577	22	142
51	COSTS OF MATERIALS AND ENERGY	491,090,932	678,098,923	438,465,269	89	65
511	COSTS OF MATERIALS FOR PRODUCTION	100,234,727	236,970,540	74,417,648	74	31
512	COSTS OF OVERHEADS	21,538,689	23,023,409	18,141,355	84	79
513	COSTS OF FUEL AND ENERGY	286,277,554	305,452,961	275,494,181	96	90
514	COSTS OF SPARE PARTS	59,886,282	82,597,653	31,576,637	53	38
515	COSTS OF ONE-TIME WRITE-OFF OF TOOLS AND INVENTORY	23,153,680	30,054,360	38,835,448	168	129
52	SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES	1,460,936,066	2,547,770,653	2,414,173,089	165	95
520	SALARIES AND REIMBURSEMENTS-GROSS	713,570,105	1,562,641,985	1,373,438,691	192	88
521	TAXES AND CONTRIBUTIONS AT THE COST OF EMPLOYER	127,721,470	272,926,748	245,846,066	192	90
522	REIMBURSEMENT FOR SERVICE CONTRACTS-GROSS	1,316,748	1,560,000	211,131	16	14
524	COSTS OF REIMBURSEMENTS PER TEMPORARY AND OCCASIONAL JOBS-GROSS	544,352,433	539,895,685	542,414,384	100	100
525	REIMBURSEMENT FOR NATURAL PERSONS BY OTHER CONTRACTS-GROSS	395,306	677,667	0	0	0
526	REIMBURSEMENT TO DIRECTOR, I.E. MEMBERS OF MANAG. AND SUPERV. BODIES-GROSS	8,231,873	9,440,406	8,156,858	99	86
529	OTHER PERSONAL EXPENDITURES AND REIMBRSEMENTS	65,348,132	160,628,163	244,105,960	374	152
53	COSTS OF PRODUCTION SERVICES	833,148,977	728,113,010	368,161,337	44	51
531	COSTS OF TRANSPORTATION SERVICES	295,967,497	85,579,796	113,757,198	38	133
532	COSTS OF MAINTENANCE SERVICES	134,422,040	399,401,647	155,578,183	116	39
533	COSTS OF LEASE	30,429,964	120,669,910	33,349,621	110	28
535	COSTS OF ADVERTISING	16,538,276	52,024,516	5,943,367	36	11
539	COSTS OF OTHER SERVICES	355,789,200	70,437,141	59,532,969	17	85
54	COSTS OF AMORTIZATION AND RESERVES	871,183,626	954,000,000	837,325,087	96	88
540	COSTS OF AMORTISATION	817,035,611	900,000,000	767,877,635	94	85
545	RESERVES FOR REIMBURSEMENTS TO EMPLOYEES	15,218,015	14,000,000	16,447,451	108	117
549	OTHER LONG-TERM RESERVES	38,930,000	40,000,000	53,000,000	136	133
55	INTANGIBLE COSTS	438,505,730	434,498,471	277,075,934	63	64
550	COSTS OF NON-PRODUCTION SERVICES	305,007,228	252,697,611	134,653,058	44	53
551	COSTS OF REPRESENTATION	4,203,294	6,479,062	8,615,791	205	133
552	INSURANCE PREMIUMS	21,577,712	26,056,001	24,205,920	112	93
553	COSTS OF PAYMENT SYSTEM	5,889,283	6,330,000	5,719,569	97	90
554	COSTS OF MEMBERSHIPS	5,055,799	9,297,340	7,564,565	150	81
555	COSTS OF TAXES	77,220,788	107,349,658	79,008,885	102	74
559	OTHER INTANGIBLE COSTS	19,551,626	26,288,800	17,308,146	89	66
56	FINANCIAL EXPENDITURES	149,435,538	118,368,825	152,155,153	102	129
562	INTEREST EXPENDITURES	65,625,109	53,363,825	67,482,764	103	126
563	NEGATIVE EXCHANGE RATE DIFFERENCES	83,295,038	64,655,000	84,297,681	101	130
564	EXPENDITURE OF EXCHANGE CLAUSE RISK	515,391	350,000	374,708	73	107
57	OTHER EXPENDITURES	1,582,742,560	1,641,415,000	1,864,045,816	118	114
570	LOSSES BASED ON WRITE-OFFS AND SALE OF PROPERTY AND EQUIPMENT	3,339,734	4,520,000	77,085	2	2
571	LOSSES BASED ON WRITE-OFFS AND SALE OF BIOLOGICAL RESOURCES	0	0	5,000	0	0
574	LOSSES	0	0	189,485	0	0
575	PROTECTION FROM REVALUATION RISK	1,086	5,000	0	0	0
576	DIRECT WRITE-OFF OF RECEIVABLES	1,517,334,583	1,600,000,000	1,830,396,491	121	114
577	DISPOSAL - REMOVAL FROM INVENTORY	2,963,469	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	59,103,688	36,890,000	33,377,755	56	90
58	EXPENDITURE ON IMPAIRMENT OF ASSETS	609,806,773	1,004,050,000	40,180,606	7	4
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	220,631	0	40,000	18	0
583	IMPAIRMENT OF LONG-TERM FIN.INVESTMENTS AND OTHER SECURITY AVAILABLE FOR SALE	51,389,558	0	0	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-TERM FIN.INVESTMENTS	554,048,883	1,004,050,000	40,099,832	7	4
589	IMPAIRMENT OF OTHER ASSETS	4,147,701	0	40,774	1	0
59	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
	<b>TOTAL EXPENDITURES</b>	<b>7,032,197,703</b>	<b>8,199,930,468</b>	<b>6,524,839,868</b>	<b>93</b>	<b>80</b>

#### 4.3. SALARIES

In the period I-XII 2015 the total sum paid for salaries amounted RSD 1,373,438,692 (gross I- Acc.group 520), which is 92% higher than in the same period of 2014 and 12% lower in relation to III Rebalanced Plan for the period 2015.

Summary of paid salaries (gross I) to employees in the period I-XII 2015 is given in the table by months:

##### SALARIES GROSS I

Month	Achievement I-XII 2014	Rebalanced Plan III I-XII 2015	Achievement I-XII 2015	Index	
				5 (4/2)	6 (4/3)
1	2	3	4	5 (4/2)	6 (4/3)
January	58,763,373	114,802,319	74,223,219	126	65
January-Christmas bonus	0	8,537,802	8,537,802	0	100
February	58,526,830	111,403,981	87,524,276	150	79
February-Christmas bonus	12,094,150	0	0	0	0
March	56,646,424	123,340,121	91,590,335	162	74
April	59,635,426	110,823,606	115,580,786	194	104
April-Eastern bonus	12,119,827	8,537,802	13,891,582	115	163
May	59,190,994	123,340,121	115,027,051	194	93
June	57,154,146	119,361,408	119,056,146	208	100
July	57,930,899	141,942,063	122,633,377	212	86
August	57,021,314	140,098,941	122,264,222	214	87
August- school supplies	1,845,934	1,843,122	0	0	0
September	57,250,902	137,363,287	122,501,066	214	89
September - school supp.	0	0	4,379,457	0	0
October	57,451,373	141,942,063	123,015,561	214	87
November	53,701,148	137,363,287	126,253,517	235	92
December	54,237,363	141,942,063	126,960,296	234	89
<b>Total salaries</b>	<b>687,510,194</b>	<b>1,543,723,259</b>	<b>1,346,629,850</b>	<b>196</b>	<b>87</b>
<b>Total bonus</b>	<b>26,059,911</b>	<b>18,918,726</b>	<b>26,808,841</b>	<b>103</b>	<b>142</b>
<b>Total salaries + bonus</b>	<b>713,570,105</b>	<b>1,562,641,985</b>	<b>1,373,438,692</b>	<b>192</b>	<b>88</b>

In the period I-XII 2015 were paid out salaries to employees according to individual employment contracts as well as single payments, as Christmas and Eastern bonuses, to each employee, in the same amount of RSD 9,000.00 net, as well as school supplies for children of employees in the amount: for elementary education RSD 6,000.00 net and for secondary education RSD 8,000.00 net.

In the period I-XII 2015 salaries gross I are increased by 92% compared to salaries gross I in the period I-XII 2014 first of all due to change of employment status of the certain number of persons engaged from OZB Komerc who are transferred and employed by JSC Belgrade Nikola Tesla Beograd, as well as increase of the number of employees.



In the period I-XII 2015 the average gross I salary with Christmas and Easter bonuses and school supplies for the children of employees of the Company amounted to RSD 107,306 and is lower than the same for previous year by 15%. The reason for this decrease is the implementation of the Law on the temporary regulation of the base for calculation and payment of salaries and wages and other regular income with users of public funds, published in the Official Gazette No. 116/2014. Average net salary with bonuses for Christmas and Easter and school supplies for the children of employees of the Company amounted to RSD 76,360.

#### AVERAGE SALARY GROSS I

Month	JSC ANT
January	124,335
February	112,023
March	104,737
April	120,192
May	104,409
June	101,359
July	103,471
August	102,600
September	106,412
October	101,567
November	103,056
December	103,512
<b>Average I-XII 2015</b>	<b>107,306</b>
<b>Average I-XII 2014</b>	<b>126,101</b>
<b>PERCENT 2015 / 2014</b>	<b>85.10</b>

#### AVERAGE SALARY NET

Month	JSC ANT
January	88,297
February	79,661
March	74,558
April	85,396
May	74,330
June	72,193
July	73,673
August	73,061
September	75,734
October	72,337
November	73,371
December	73,702
<b>Average I-XII 2015</b>	<b>76,360</b>

#### 4.4. FINANCIAL RESULT

In the period I-XII 2015 was recorded a **gross profit** of the Company in the amount of RSD **3,953,930,444**, which is by 5% more than in the same period of 2014.

FINANCIAL RESULT I-XII 2014/2015						
RSD						
S.No.	Position	Achievement	Pebalanced plan III	Achievement	Index	
		I-XII 2014	I-XII 2015	I-XII 2015	6 (5/3)	7 (5/4)
1	2	3	4	5	6 (5/3)	7 (5/4)
1	Business revenues	8,157,945,309	8,550,289,670	8,116,138,633	99.49	94.92
2	Business expenditures	4,690,212,833	5,436,096,643	4,468,458,294	95.27	82.20
3	<b>Business profit (1-2)</b>	<b>3,467,732,476</b>	<b>3,114,193,027</b>	<b>3,647,680,339</b>	<b>105.19</b>	<b>117.13</b>
4	Financial revenues	277,947,084	245,689,475	320,302,751	115.24	130.37
5	Financial expenditures	149,435,538	118,368,825	152,155,153	101.82	128.54
6	<b>Financial profit (4-5)</b>	<b>128,511,546</b>	<b>127,320,650</b>	<b>168,147,598</b>	<b>130.84</b>	<b>132.07</b>
6a	<b>Financial loss (5-4)</b>					
7	Other revenues	2,359,009,860	2,184,842,435	2,042,328,928	86.58	93.48
8	Other expenditures	2,192,549,332	2,645,465,000	1,904,226,422	86.85	71.98
9	<b>Other profit (7-8)</b>	<b>166,460,528</b>		<b>138,102,506</b>	<b>82.96</b>	<b>0.00</b>
9a	<b>Other loss (8-7)</b>		<b>460,622,565</b>		<b>0.00</b>	<b>0.00</b>
10	<b>Total revenues (1+4+7)</b>	<b>10,794,902,253</b>	<b>10,980,821,580</b>	<b>10,478,770,312</b>	<b>97.07</b>	<b>95.43</b>
11	<b>Total expenditures (2+5+8)</b>	<b>7,032,197,703</b>	<b>8,199,930,468</b>	<b>6,524,839,868</b>	<b>92.79</b>	<b>79.57</b>
12	<b>Total GROSS PROFIT (10-11)</b>	<b>3,762,704,550</b>	<b>2,780,891,112</b>	<b>3,953,930,444</b>	<b>105.08</b>	<b>142.18</b>
12a	<b>Total gross loss (11-10)</b>					
14a	Period tax expenditure	606,565,665		607,090,316	100.09	0.00
14b	Deferred period tax expenditure			55,814,006	0.00	0.00
14c	Deferred period tax revenue	265,995,023			0.00	0.00
14d	Paid-up personal receiving to employer (interim dividend)				0.00	0.00
15	<b>Net profit</b>	<b>3,422,133,908</b>		<b>3,291,026,122</b>	<b>96.17</b>	<b>0.00</b>

In disclosing of the business result for 2014 one should bear in mind that there was a write-off of receivables from Air Serbia for the period from 01.10.2014 to 18.09.2015, based on Conclusion of the RS Government 05 No. 023-13959 / 2015-1 dated 30.12.2015 and the Draft Agreement on discharge of debt in the amount of RSD 2,342,273,525.99. Of the said amount is at a position other expenses (account group 576) is the amount of RSD 1,830,396,491, and the amount of RSD 511,877,034.99 was on value corrections in 2014. Write-off of RSD 1,830,396,491 significantly influenced the level of gross and net profit of the Company for the year 2015 compared to the same period last year.

**Net profit** for the period I-XII 2015 amounted to RSD **3,291,026,122**, which is 4% less than in the same period last year.

The Company has implemented a correction of opening balance (01.01.2015) of undistributed profit from previous years for the effects arising by use of the amended Opinion of the Ministry of Finance MF



No.413-00-97/2013-04 of 09.11.2015, according to which the basis for calculation of amortization of real estate purchased before 01.01.2004 was their purchaser value as of 31.12.2003.

Following the Opinion of the Ministry of Finance from 2005, the base for calculation of tax amortization of real estate purchased before 01.01.2004 was their purchaser value, as of 31.12.2003, while according to the new opinion of the Ministry of Finance from 2015, the basis for calculation of tax amortization of real estate purchased before 01.01.2004, is their current (non-written-off) value as of 31.12.2003.

The application of the amended Opinion of the Ministry of Finance MF No.413-00-97/2013-04 of 09.11.2015, had an impact on decrease in net profit of previous years, based on increased income tax liabilities in the amount of RSD 36,106,060 (2010-2014), and on increase of net profit from previous years on the basis of deferred tax liabilities in the amount of RSD 179,458,796, which in offset amount represents an increase of total net profit of previous years in the amount of RSD 144,352,709, of which to increase of net profit of 2014 refers to RSD 4,149,940, so that adjusted net profit for 2014 amounted to RSD 3,422,133,908 (before correction it amounted to RSD 3,417,983,968).

#### 4.5. ECONOMIC INDICATORS OF BUSINESS OPERATIONS

##### RATIO ANALYSIS OF COMPANY OPERATIONS FOR THE PERIOD I-XII 2015

SER.NO.	DESCRIPTION OF RATIO INDICATORS	ADP	RATION NO FOR I-XII 2014	RATIO NO FOR I-XII 2015
1	<b>LIQUIDITY INDICATORS</b>			
	Current liquidity ratio (current assets / short-term liabilities)	0043 / 0442	3.63	4.46
	Quick liquidity ratio (current assets - stocks / short-term liabilities)	(0043-0044) / 0442	3.55	4.36
	Cash liquidity ratio (cash and cash equivalents / short-term liabilities)	0068 / 0442	1.64	0.48
	Coefficient of financial stability (fixed assets / core capital + long-term liabilities)	0002 / (0402+0432)	1.01	1.02
2	<b>ECONOMY INDICATORS OF BUSINESS OPERATIONS</b>			
	Total revenue / total expenditure 2014		1.54	
	Total revenue / total expenditure 2015			1.61
3	<b>PROFITABILITY INDICATORS</b>			
	Net profit margin (net profit / revenue from sale of goods + revenue from sale of services)	1064 / (1002+1009+1017) *100	41.95	40.55
	Gross profit margin (gross profit / revenue from sale of goods + revenue from sale of services) *Gross profit margin provides information how much revenue is left when all costs are settled after the realization of products and services on the market	1058 / (1002+1009+1017) *100	46.12	48.72
	Return on assets (ROA) Net profit / Total assets*100	1064 / 0071*100	12.26	11.64
4	<b>PRODUCTIVITY INDICATORS</b>			
	Indebtedness ratio (total liabilities / fixed assets)	(0424+0442) / 0002	0.13	0.11
	Turnover ratio of short-term assets (total revenue / current assets)	Tot.rev. / 0043	1.74	1.60
5	<b>EBIT</b>			
	Ebit (operating income-operating expense)	1001-1018	3,467,732,475.69	3,647,680,339.06
6	<b>EBITDA</b>			
	Ebitda (operating income-operating expense) + amortization	(1001-1018)+1027	4,284,768,086.63	4,415,557,974.40
7	<b>SOLVENCY RATIO</b>			
	Solvency ratio (total assets / total liabilities) *Solvency is ability of the Company to pay all its obligations in due time. Company is solvent if ratio is > or = 1	0071 / (0424+0442)	10.03	11.38
8	<b>EBITDA MARGIN</b>			
	Ebitda margin (ebitda / operating income)*100 *It shows the percentage gain in income of the Company not taking into account amortization and financial result	Ebitda / 1001*100	52.52	54.40
9	<b>NET WORKING CAPITAL</b>			
	Net working capital - NWC (current assets - current liabilities)	0043-0442	4,492,828,876.28	5,073,480,571.25

## 5. INFORMATION ON INVESTMENTS FOR PROTECTION OF ENVIRONMENT

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

## 6. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES IN THE PERIOD I-XII 2015

### Managing bodies

Extraordinary Meeting of Shareholders' Assembly of Joint Stock Company Belgrade Nikola Tesla Airport was held on 12.02.2015, in the large room of the Lounge Beograd, Belgrade - Surčin, at the complex of Belgrade Nikola Tesla Airport starting at 12:00h.

Shareholders' Assembly of Joint Stock Company Belgrade Nikola Tesla Airport by conclusion of the Government of RS No. 119-16823/2014 from 31.12.2014, at the extraordinary meeting held on 12.02.2015 resolved of the member of the Supervisory Board of the Joint Stock Company Airport Nikola Tesla Belgrade, Snezana Paunovic from Pec.

Shareholders' Assembly of Joint Stock Company Belgrade Nikola Tesla Airport by conclusion of the Government of RS No. 119-122/2015 of 08.01.2015, at the extraordinary meeting held on 12.02.2015 resolved of the member of the Supervisory Board of the Stock Company Belgrade Nikola Tesla Airport, Darko Glisic from Ub.

Shareholders' Assembly of Joint Stock Company Belgrade Nikola Tesla Airport by conclusion of the Government of RS No. 119-249/2015-1 of 15.01.2015 at the extraordinary session held on 12.02.2015 appointed members of the Supervisory Board of Belgrade Nikola Tesla Airport, Vesna Stankovic Jevđević from Belgrade and Srdjan Minić from Belgrade.

The Supervisory Board of the Joint Stock Company Belgrade Nikola Tesla Airport, by Decision No.05-57/1 of 23.02.2015, at the session of the Supervisory Board appointed the President of the Supervisory Board, Jevđević Vesna Stankovic from Belgrade.

Based on Decision of the Supervisory Board of the Stock Company Belgrade Nikola Tesla Airport br.05-193/1 of 18.12.2014 in which was established amount for payment of interim dividend of RSD 722,476,604.50 or RSD 21.07 per gross share, by Decision of the Executive Board No.04-25 of 25.02.2015, on 26.02.2015, from the account of the Company was made payment of interim dividend to Republic of Serbia in the amount of RSD 600,716,782.82.

Extraordinary Meeting of Shareholders' Assembly of JSC Belgrade Nikola Tesla Airport, was held on 30.04.2015 in the large room of the Lounge Beograd, Belgrade - Surčin, at the complex of Belgrade Nikola Tesla Airport, starting at 12:00h.

Shareholders' Assembly of the Joint Stock Company Belgrade Nikola Tesla Airport by Conclusion of RS Government No. 119-2674/2015 of 31.03.2015, in an extraordinary meeting of the Supervisory Board resolved from duty members of the Supervisory Board, Aleksanadr Markovic and Jovan Vorkapić and based on the conclusion of the Government of RS No. 119-2674/2015 of 31.03.2015, elected two new members of the Supervisory Board of the Joint Stock Company Belgrade Nikola Tesla Airport: Ljubiša Dejković from Čuprija and Mirko Manojlovic from Belgrade.

Regular Shareholders' Assembly of JSC Belgrade Nikola Tesla Airport, was held on 23.06.2015 in the large room of the Lounge Beograd, Belgrade - Surčin, at the complex of Belgrade Nikola Tesla Airport, starting at 12:00h.

Shareholders' Assembly of JSC Belgrade Nikola Tesla Airport at the regular meeting made a decision to adopt the financial statements for 2014, the number of 21-13/1, Decision on adoption of the Report of independent auditor with enclosed financial statements of Joint Stock Company Belgrade Nikola Tesla Airport for 2014 number 21 -14/1, Decision on adoption of Business Report for 2014, the number of 21-15/1, Decision on adoption of the Report of the Supervisory Board of the Joint Stock Company Belgrade Nikola Tesla Airport number 21-16/1.



Shareholders' Assembly of Joint Stock Company Belgrade Nikola Tesla Airport at the regular meeting made a Decision No. 21-18/1 to distribute the profit generated in 2014 in the amount of RSD 3,417,983,967.97 as follows:

- Gross dividend - a total of RSD 1,333,169,928.00;
- at disposal of Belgrade Nikola Tesla Airport – RSD 1,362,337,435.47 of which for the Company reserves – RSD 1,308,380,630.28, for the participation of employees in the Company's profit – RSD 53,956,805.19.

For the Auditor of financial statements of JSC Belgrade Nikola Tesla Airport for 2015 Shareholders Assembly at the regular meeting by Decision No. 21-17/1 has selected company "Grant Thornton Revizit" d.o.o. from Belgrade.

Shareholders' Assembly of Joint Stock Company Belgrade Nikola Tesla Airport at the regular meeting adopted the Decision on Amending the Decision on the shares of airport services Joint Stock Company Belgrade Nikola Tesla Airport No. 21-19/1, Decision on preliminary approval of the price list BRS (Baggage Reconciliation Service – baggage sorting services) No 21-20/1, Decision on preliminary approval of the price list PRM (Passenger with reduced mobility - assistance services to passengers with reduced mobility) No 21-21/1.

The Executive Board of the Joint Stock Company Airport Nikola Tesla Belgrade on 23.06.2015 by the Decision No. 04-65 approved the payment of dividend to Republic of Serbia for 2014, in the total amount of RSD 1,108,489,250.88 on behalf of 28,510,529 shares, or 83.15% share in the total number of issued shares of the Company. Payment of dividend to the Republic of Serbia from the account of the Company was made on 26.06.2015.

The Executive Board of the Joint Stock Company Airport Nikola Tesla Belgrade, on 23.06.2015 by Decision No. 04-65 determined dividend to minority shareholders for the year 2014, in the gross amount of RSD 346,440,498.80 on behalf of 5,778,821 shares, or 16.85% of share in the total number of issued shares of the Company.

The Supervisory Board of the Joint Stock Company Airport Nikola Tesla Belgrade, at the meeting held on 28.08.2015 made a decision on the distribution of interim dividend No. 05-287/1. Based on the financial statements for the second quarter of 2015 and for the period January-June 2015, a net profit was established amounting to RSD 2,186,803,401.46. The Supervisory Board of the Joint Stock Company Belgrade Nikola Tesla Airport approved that part of the net profit amounting to RSD 1,314,996,572.50 is distributed for payment of interim dividend for 2015 or RSD 38.35 per share - gross, with the total number of shares 34,289,350. Payment of interim dividend to shareholders will be made till 30.06.2016. The Executive Board of the Joint Stock Company Airport Nikola Tesla Belgrade by Decision No. 04-89 of 14.09.2015 approved the payment of interim dividend for 2015, to the shareholder Republic of Serbia, in the amount of RSD 500,000,000.00. Payment of part of interim dividend for 2015, to the shareholder Republic of Serbia, from the account of the Company was made on 15.09.2015. Payment of the remaining amount of the interim dividend for 2015 to shareholder Republic of Serbia will be made until 30.06.2016.

Acting Director General of the Joint Stock Company Belgrade Nikola Tesla Airport, by Decision No. 6933 of 16.09.2015 approved the payment of dividend to shareholders for 2013, excluding the shareholder Republic of Serbia, in the gross amount of RSD 1,393,841.04 or RSD 0.24 per share gross. Payment of dividend for 2013 to small shareholders, from the account of the Company, was carried out on 21.09.2015.

According to the Decision of the Supervisory Board on the distribution of interim dividend for the year 2014 No. 05-193/1 of 18.12.2014 and the Decision of the Assembly on distribution of profit for the year 2014 No. 21-18 / 1 of 23.06.2015 the Executive Board of the Joint Stock Company Airport Nikola Tesla Belgrade by Decision No. 04-93 of 16.09.2015 approved payment of interim dividend and dividend for 2014 to the shareholders the Company, excluding the shareholder Republic of Serbia, in the total gross amount of RSD 346,440,498.80 or RSD 59.95 per share in gross amount. Payment of interim dividend and dividend to small shareholders for 2014, from the account of the Company, was made on 23.09.2015.

## **SIGNIFICANT BUSINESS OCCURENCES:**

### **Chamber 40 m<sup>3</sup> for goods with the temperature regime from +15°c to+25°c**

- Purpose: Increase of storage capacities in above temperature regime on the basis of demand of business partners, along with raising the quality of service and level of income
- Value: RSD 495,495.00 excluding VAT
- Contractor: ART FRIGO doo from Belgrade, the Contract on Public Procurement No. 18/11 of 27.01.2015 for delivery and installation of Chamber
- Status: Fixed asset is in function from 20.02.2015, Inventory No. 17122

### **Electronic weighing scale 10 tons**

- Purpose: Increase of the capacity of measuring equipment at the export checkpoint customs bond in order to improve handling of the growing volume of export shipments
- Value: RSD 660,000.00 excluding VAT
- Contractor: VAGAR from Novi Sad, Public procurement contract number 18/77 of 30.12.2014 for dismantling of the existing scale, preparatory construction works as well as delivery, installation and certification of the new electronic scale, capacity 10 tons
- Status: The fixed asset is in function from 31.03.2015.

### **Purchase of two aircraft de/anti-icing vehicles**

- Purpose: Increase of the capacity and quality of services provided to airlines, i.e. creation of conditions for safer and more regular flow of traffic during periods of poor weather conditions during winter season.
- Value: RSD 129,800,000.00 without VAT
- Supplier: Europlast d.o.o., Public procurement contract number 17-158/2014 of 21.10.2014.
- Status: The vehicles are delivered and in operation from 06.02.2015.

### **Installation of additional site for refill of aircraft de/anti-icing fluids**

- Purpose: Increase of capacity and more efficient loading and unloading of aircraft de/anti-icing fluid on the ground, i.e. creating of conditions for a more efficient use of vehicles for aircraft de-anti-icing.
- Value: RSD 1,116,319.50 without VAT
- Contractor: Ening-Energetika Inženjering d.o.o., Public Procurement Contract No. 18-69/2014 of 09.12.2014.
- Status: The installation built in and put into operation on 27.03.2015.

### **Procurement of five Push-back tow bars**

- Purpose: To increase the capacity and quality of services provided to airlines, and create conditions for safer and more regular traffic at aircraft push-back operations.
- Value: RSD 3,641,236.15 VAT excluded
- Supplier: Aviation Parts Service doo, Public procurement contract No. 17-153/2015 dated 30.09.2015.
- Status: tow bars are delivered and are in operation since 16.11.2015.



### **Purchase of two diesel GPU for supply of aircraft with electricity**

- Purpose: To increase the capacity and quality of services provided to airlines, and create conditions for safer and more regular traffic by enabling supply of aircraft with electricity at all parking positions throughout the year.
- Value: RSD 13,449,810.78 without VAT
- Supplier: Europlast d.o.o., Public procurement contract number 17-159/2015 of 02.10.2015
- Status: GPUs are delivered and in operation from 25.11.2015.

### **Purchase of three electric tractors – tow tractors**

- Purpose: To increase the capacity and quality of services provided to airlines in the context of transport baggage, cargo and mail for loading and after unloading from the aircraft, thus creating conditions for a more regular flow of traffic.
- Value: RSD 12,338,370.00 without VAT
- Supplier: Centum doo, Public procurement contract No.17-155/2015 of 01.10.2015
- Status: Electric tractors have been delivered and are in operation since 12.16.2015

### **Implementation of information systems for the registration of passengers and baggage (DCS)**

- **Purpose:** Rendering high level of service, safety, security and economy both to clients and airport in the domain of passengers and baggage registration, passenger boarding control, cargo loading control and making of aircraft load sheets.
- In the period from 15.06.2015 - 30.06.2015 was carried out implementation of a new system for the 12 regular airlines with the possibility of its application for additional airlines that express the need.
- The system is also used as a support to other airlines which use company systems (DCS) if they are not operating.
- In the course of implementing the new system, training was organized within the Department of passenger handling for 95 employees, while 10 weight and balance workers were also trained, who make aircraft load sheets.
- Status: The system is in operation and full implementation from July 2015.

### **Start of implementation of automated passengers and baggage reconciliation system - BRS**

- Purpose: To raise the level of service, safety, security and cost-effectiveness both to customers and airport in the process of passengers and baggage reconciliation.
- From 24.10.2015 system is in operation and full implementation for the airline Air Serbia.
- With introduction of the system is made reorganization of the technological process of work at the same time with creating conditions for more regular flow of traffic and reduction of costs related to baggage handling.
- In the course of implementing the new system, training was organized for 132 employed in the Ground Handling Department, who directly apply automated system for passengers and baggage reconciliation.

### **Investment "Purchase of roll-up doors"**

- **Purpose:** Public procurement completed, selected the most successful bidder and the contract signed under No. 17-56/2015 with the contractor in the amount of RSD 3,333,000.00. The purchase anticipates replacement of the industrial door on garage of fire brigade and on the facility of mechanization- total of 8 doors. Replacement is done due to obsolescence of doors and because of the need that doors meet certain requirements in speed and thermal insulation that existing doors does not meet.
- **Status:** Dismantling of old and installation of new doors began at the end of May and is completed by mid-June. All doors were installed, tested and put into operation by 12.06.2015.

### **Investment “Segment doors for baggage make-up areas”**

- **Purpose:** Tender opening was conducted on 13.11.2015. In due course is checking of the accuracy of the bids received, before signing of the contract. The purchase anticipated replacement of industrial doors on departure make-up area T1 as well as on make-up area T2. Replacement is done due to the obsolescence of the doors, poor thermal insulation and poor door system operation which often fails.
- **Status:** Currently received bids are checked before signing works contract. Signing of the contract is expected by mid-March, while dismantling of old doors and installation of new doors are expected in May 2016.

### **Investment purchase of “Bus”**

- **Purpose:** The purchase planned purchase of one bus for transport of passengers on apron, which is equipped also for transportation of handicapped persons. Procurement is carried out after the performed analysis that due to the increased volume of traffic in the daily rush hour, it will be necessary to use six passenger buses simultaneously. Currently ANT owns four passenger buses.
- **Status:** Public procurement was conducted, selected the most successful bidder and the contract signed under No. 17-117/2015 dated 22.07.2015 with the company "Centar S" in Belgrade, in the amount of EUR 252,900.00. The handover of the bus is done with the Minutes signed on 05.08.2015 at the Nikola Tesla Airport.  
The bus is operation.

### **Service of public lighting adaptation and service of design of external luminous sign at Terminal 2**

- **Purpose:** Public procurement was conducted, selected the most successful bidder and signed contracts under No. 17-47/2015 and 17-48/2015 with the contractor Electrical Energy in the amount of RSD 3,780,000.00 that is RSD 1,995,000.00. The purchase envisaged public lighting adaptation service around the parking lot P2 and making of inscription on the frieze of the roof of terminal 2 towards apron C.
- **Status:** The service is fully realized at the end of April and the first half of May.

### **Investment "Works on the lighting of the central line of the LS from positions B2 to B7 and works on lighting of the central line of the LS positions A10 to A14"**

- **Purpose:** Procurement provides for the modernization of the existing cabinet for remote monitoring and management, the accompanying software, which would give a new factory-installed and tested main control unit of the AMS, equipped with modern components of a new generation of devices with greater capacity, reliability, and advanced functions of control over the operation of the LS equipment.
- **Status:** Public Purchaser implemented, selected the most favourable Tenderer and signed Contract No. 17-158/2015 with contractor: The group of tenderers made of ELGRAD VISION d.o.o. New Belgrade and MC CORON d.o.o. Leštane. Value is RSD 25,550,000.00.

In the first phase of work a central cabinet of control and management system has been replaced, with supporting software.

In the second phase, delivery and installation of additional equipment is carried out, testing of the complete technical solution in order to achieve full functionality of the system for the operation in special conditions in accordance with the technical specification of the subject procurement.



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

- Purpose: Inspecting the existing concrete gutter on apron C from parking positions C1 to C6 was found that the corresponding concrete pipe has burst and that it does not perform its basic function drainage of storm water. It also leads to the breaking off of the concrete parts on the surface of the gutter which represents FOD on the maneuvering areas. It is necessary to replace it in order to ensure adequate drainage, prevent further wash-out of the lower layers and the deterioration of the pavement structure, as well as eliminate the occurrence of FOD zone.
- Status: Execution of works is in progress. Contractor is company GP "Planum" AD. Value of the contract for execution of works is RSD 21,323,971.00. Execution of works is realized in phases. Total execution deadline is 75 days.

### **Investment "Works on the lighting of the central line of the LS from positions B2 to B7 and works on lighting of the central line of the LS positions A10 to A14"**

- **Purpose:** Public procurement envisaged construction and electrical installation works according to the main project of LS guidance of aircraft to positions on aprons A and C - Phase 2 and Phase 3 of the project, equipping of central lines (TWY, H, junctions K and L; TWG from A10 to A14) with modern LED lights.
- **Status:** Public procurement implemented, selected the most favourable tenderer and signed contract No. 17-111/2015 with Institute Mihajlo Pupin, IMP Automatika, value RSD 26,107,171.21. Works are completed, acceptance of works carried out on 01.10.2015. Total value of executed works: RSD 25,946,949.79. Issued approval of Civil Aviation Directorate on functional use, system is in regular operation.

### **Investment "Adaptation of field lighting system remote monitoring and management of the manufacturer TRANSCON Czech Republic"**

- **Purpose:** Purchase envisages modernization of existing cabinets and accompanying software, which would give new factory assembled and tested the main control unit of AMS system, equipped with modern components of a new generation devices with greater capacity, reliability, and advanced functions of supervision over the operation of LS equipment.
- **Status:** The public procurement procedure is completed, selected the most favourable tenderer and signed Contract No. 17-158/2015 with contractor: Group of tenderers including ELGRA VISION d.o.o., Novi Beograd and MC CORONA d.o.o. Leštane, value RSD 25,550,000.00.

In the first phase the central cabinet of the monitoring and management system is replaced with accompanying software.

In the second phase is expected delivery and installation of additional equipment as an integral part of the solution for the purpose of full functionality of the system for system operation in special conditions in compliance with technical specification of the subject procurement.

### **Agreement reached with JKP Parking servis about return of parking spaces at the position P 1.1**

- By coming into force of Annex XI of the Agreement on business cooperation No. 764/2008 of 23.06.2008 (JKP Parking servis No. 6855 of 23.06.2008), by which space that is in parking position layout kept under designation P1.1 with a total of 102 parking places is exempted from the common exploitation, and made available for use of the JSC Belgrade Nikola Tesla Airport. Parking positions marked in the layout P2, a total of 200 parking places are still subject of regulation of business cooperation in the field of services and use of the parking lot on a unified space with JKP Parking

Servis, in the manner and under conditions defined by the said general Agreement and subsequent Annexes.

- This will achieve appropriate commercial effect from renting of parking spaces for Rent-a-Car companies. Although the basic fee for the lease is reduced from 2,500,000 RSD per month to 1,157,142.86 RSD per month, the difference will be compensated by renting to rent-a-car companies and third parties. Price for renting parking space in part P1.1 for Rent-a-Car companies is 7,000 RSD per month per position, while for other users it is RSD 3,000 per month per position.

In addition to commercial effect, the new parking spaces will be used for renting primarily to Rent-a-Car tenants of office space and thus will significantly relieve the zone of international arrivals and regulate the system of renting vehicles which will raise the quality of service for passengers at Belgrade Nikola Tesla Airport.

#### **The company LOT - Polish Airlines has temporarily suspended flights from 01.06.2015**

According to previous announcement of Polish Airlines LOT - Polish Airlines has temporarily suspended traffic on the route Warsaw-Belgrade until early 2016, as announced in a press release.

THERE IS A **NEW DCS SYSTEM** IPort INTRODUCED THAT HAS PUT OUR AIRPORT IN LINE OF AIRPORTS WITH THE MODERN SYSTEM FOR REGISTRATION OF PASSENGERS AND BAGGAGE. Instead of the previous GAETAN system, after a long time of preparation and introduction procedure came into force on 01.07.2015 the new DCS system IPort.

In this regard, is introduced a new price of 0.55 euros per passenger processed in our DCS system instead of the previous 0.50 euros per passenger processed in our DCS system.

Introduced collection of PRM services (assistance to passengers with reduced mobility) in the amount of 0.22 euros per passenger for all users of service starting from 15.09.2015. Instead of the previous billing of the service of use a wheelchair only when the need occurs is introduced regular collection of PRM service per passenger and in accordance with the Decision of the Shareholders' Assembly of the company Belgrade Nikola Tesla Airport No. 21-21/1 of 23.06.2015.

Introduced collection of BRS service (automation of baggage sorting) starting with 15.09.2015, in the amount of EUR 0.15 per check-in baggage for users of the service of the airline Air Serbia in accordance with the Decision of the Shareholders' Assembly of the company Belgrade Nikola Tesla Airport No. 21-20/1 of 23.06.2015.

#### **Suspension of the part of charter flights for the summer season 2015 which reduced the planned revenue from airline operations**

Due to not issuing permits for the first wave of charter flights for the season S15 there is a decrease of realized flights compared to the previous season S14 which will affect the revenues generated based on airline operations.

**JET FUEL PRICE CHANGES THAT LED TO THE REDUCTION OF REVENUES FOR THIS SERVICE**  
Due to the high price of **jet fuel** there has been drain of the part of customers and fall of revenues from the delivery of the same. After signing a contract with a new supplier it is expected to conclude contracts with new clients.



**Conclusion of Annex I of the Lease Agreement with Air Serbia according to the Decision of the Supervisory Board of JSC Belgrade Nikola Tesla Airport - execution of works for investment maintenance of the roof of Terminal 1**

• **Purpose:** Annex I made was based on the letter, which was filed in the archives of the Company under the number 3550 on 19.05.2015 and refers to the request of the tenant Air SERBIA for postponement of payment of the agreed rent until the completion of bringing business premises to the purpose, that is latest by 30.08.2015, as well as the harmonization of positions and statement of the lessee Air SERBIA on its willingness to carry out works for the investment maintenance of the roof above the premise. Main Lease Agreement is concluded on 26.03.2015 under No. 14-15/2015. In connection with the state of the subject business premises total area of 391,91 m<sup>2</sup>, located in A finger hall and roof surface of the building of Terminal 1 above the office space for repairing, surface 620.00 m<sup>2</sup>, a meeting was held between of the relevant Departments of JSC Belgrade Nikola Tesla Airport and Minutes was made on 15.05.2015 on the state of office space and a supplement of expert report of the City Bureau of Expertise, which was filed in the archives of the Company under number 4212/3 on 09.06.2015 and is an integral part of Annex I to the Lease Agreement.

**Air Serbia - Recognition of the cost of major maintenance of the roof surfaces of the building of Terminal 1 to the Expert findings and opinion number G-1096/15**

Based on the letter from Air Serbia No. 2490 of 28.12.2015 in relation to the requirements for the recognition of costs invested in the maintenance of the roof surfaces of the building of Terminal 1, the Supervisory Board of JSC Belgrade Nikola Tesla Airport at the meeting held on 29.01.2016, passed the Decision No. 33-23/1 approving the reduction of lease fee Joint Stock Company for Air Transportation Air SERBIA Belgrade in the amount of 50% of the monthly fee established on the Lease Agreement No.14-15/2015 of 26.03.2015 up to the amount of resources invested in the maintenance of the roof surfaces of the building of Terminal 1 as per the Expert findings and opinion No. G-1096/15, but without the possibility of recognition of property rights to the premises based on investment of funds.

The value of work actually performed by the expert findings and opinion number G-1096/15 (file number in the archive of Belgrade Nikola Tesla Airport 230 of 13.01.2016) amounts to RSD 5,485,524.00 according to the following reasoning:

JSC Belgrade Nikola Tesla Airport, as lessor, and JSC for Air Transport Air Serbia Belgrade, as lessee, concluded the contract on Lease Agreement of business premises number 14-15/2015 of 26.03.2015. (hereinafter referred to as: Agreement). The agreement, among other things, more closely regulate mutual rights of the parties in connection with the lease and adaptation of office space - the total area of 391.91 m<sup>2</sup> located in the A finger hall of Terminal 1 at Belgrade Nikola Tesla Airport.

The parties, thereafter, concluded also Annex 1 to the Agreement on the lease of office space at the Airport Nikola Tesla Belgrade (ANT No. 14-29/2015 of 09.06.2015) (hereinafter: Annex). Article 4 of the Annex provides that the parties subsequently found it necessary to perform works in connection with the repair of the roof surfaces of the building of Terminal 1, and that the lessee will perform investment maintenance of the roof area above the office space. In addition, paragraph 2 of the same article stipulates that the lessee will initially, at his own expense, make the necessary investment maintenance works on the roof, and that the lessor will recognize to the lessee these costs through the reduction of monthly fee, all in the manner and under conditions stipulated by the Decree on conditions for obtaining and alienation of immovable property by direct negotiation, hiring of things in public ownership and the public tendering procedures and collection of written bids ("Official Gazette of RS" No.24/2012). The same article provided that the lessee has the right to reduce the lease fee in the amount of up to 50% of the amount of each monthly fee for a period corresponding to the amount of invested funds (i.e. Actual expenses) incurred by the lessee in connection with the execution of investment maintenance works, based on the request for recognition of the investment maintenance costs.

Article 14, paragraph 1 of Decree on conditions for obtaining and alienation of immovable property by direct negotiation, hiring of things in public ownership and the public tendering procedures and collection of written bids ("Official Gazette of RS" No. 24/2012) provides that the lessor may at the request of the lessee approve execution of works that have the character of investment maintenance on the leased property to the usual standards and regulations in force in the field of civil engineering. Paragraph 2 of the same article stipulates that the report on the current state of real estate with description, bill of quantities and priced bill of quantities of planned works should be developed by a court expert of



appropriate discipline or authorized organization with which the lessor shall conclude a contract on business cooperation, provided that cost of making these documents shall be borne by the lessee.

Paragraph 5 of the said Article stipulates inter alia that after the completion of the works with the consent of the lessor, the lessee is obliged to hand a request to the lessor to recognize the costs of investment maintenance of office space, enclosed to which the invoices are submitted as evidence, provided that the amount of invested funds must be verified by an accredited expert or organization, which will assess the value, quality and standard of executed works and the overall state of real estate in relation to the report on the current situation. Paragraph 6 of the same Article provides that the lessee who with the consent of the lessor in the maintenance of office space invested its own funds, has the right to reduce the lease fee up to 50% of the monthly fee for a period corresponding to the amount of invested funds without the possibility of recognition of property rights to the premises based on investment funds.

Joint Stock Company for Air Transportation Air Serbia Belgrade, as lessee, submitted to JSC Belgrade Nikola Tesla Airport, as lessor, request for recognition of the investment maintaining costs No. 2490 of 28.12.2015 (filing number in the archives of Belgrade Nikola Tesla Airport: 9878 of 30.12.2015) (hereinafter: Request). The Request, inter alia, states that the lessee fully carried out investment maintenance of the roof, and that, therefore, forwards request for recognition of costs related to the execution of investment maintenance of the roof, and reduction of the fee in the amount of 50% of the monthly lease fee to expiration of a period corresponding to the amount of invested funds.

By amendment of the expert report number G-384/15-1-1 of 08.06.2015 (filing number ANT: 4212/3 of 09.06.2015) City Institute for expertise (hereinafter: Report No. G-384/15-1-1 of 08.06.2015), the opinion was submitted on the current state of the part of roof at Terminal 1 of Belgrade Nikola Tesla Airport, with the description, Bill of Quantities and Priced Bill of Quantities of performed works which is an integral part of the Annex. By Report number G-384/15-1-1 of 08.06.2015, the total cost of the works is 5,488,692.00 dinars.

Belgrade Nikola Tesla Airport requested from the City Institute of expertise examination of the works of the part of roof of terminal building above Business Club "Air Serbia". In Findings and opinion of the expert of the City Institute for expertise number G-1096/15 (filing number ANT 230 of 13.01.2016) (hereinafter: Report No.G-1096/15), experts believe that the real estate (part of the roof of terminal building above Business club "Air Serbia") is performed well and according to the rules of civil engineering profession, that performed works on capital maintenance of the roof will provide protection from atmospheric precipitation and impact, fire protection, removal of atmospheric precipitation, release of diffuse steam if there is a risk of condensation, energy-efficient protection and that the lessee in the performance thereof adhered to the approved description, Bill of Quantities, Price Bill of Quantities from the initial report G-384/15-1-1 of 08.06.2015. Value of works by report number G-384/15-1-1 of 08.06.2015 is 5,488,692.00 dinars. The value of works actually performed by report number G-1096/15 is 5,485,524.00 dinars. Accordingly, the value of works actually performed is less than the estimated value of the works mentioned in the Report No G-384/15-1-1 of 08.06.2015.

Bearing in mind that all the requirements are met for the recognition of the cost of investment maintenance and reduction of lease fee provided by the said Decree and Annex, the Supervisory Board of JSC Belgrade Nikola Tesla Airport at the meeting held on 29.01.2016 passed a Decision No. 33-23/1 approving the reduction of the lease fee to Stock Company for Air Transportation Air SERBIA Belgrade in the amount of 50% of the monthly fee established by the Lease Agreement number 14-15/2015 of 26.03.2015 up to the level of resources invested in the maintenance of the roof surface of the building of the Terminal 1.

- Status: Concluded Annex I to the Lease Agreement with the Joint Stock Company for Air Transportation Air SERBIA Belgrade number 14-29/2015 of 09.06.2015 on the basis of previously adopted decision of the Supervisory Board No. 05-193/1 of 29.05.2015.
- Status: Air Serbia has not re-invoiced investment costs with the attached accounts that are proof of the investment (in accordance with Article 14, paragraph 5 of the Decree) in all as stated in the invoice of the contractor and what is recognized by JSC Belgrade Nikola Tesla Airport as per report of the City Institute of Expertise and the Law on VAT with the remark that the value is compensated in accordance with Annex 14-29/2015 of 09.06.2015.
- Reduction of the lease fee will start from the account for January 2016 and will apply to the utilization of funds invested in the maintenance of the roof surfaces of the building of Terminal 1 in accordance with the decision of the Supervisory Board No. 33-23/1 of 29.01.2016 and the Law on VAT. On the invoice is



entered note that 50% of the calculated lease fee is paid by money transfer and 50% is compensated for the works performed.

**Conclusion of the Government of the Republic of Serbia with the proposal Protocol on regulation of mutual rights and obligations between JSC Belgrade Nikola Tesla Airport and the Ministry of Internal Affairs of the Republic of Serbia**

- **Purpose:** On the proposal of the Ministry of Internal Affairs the Government of the Republic of Serbia adopted Conclusion 05 number: 401-6099/2015-1 on 10.07.2015 in relation to the regulation of mutual rights and obligations between the Ministry of Internal Affairs and JSC Belgrade Nikola Tesla Airport. Conclusion recommended to the Supervisory Board of JSC Belgrade Nikola Tesla Airport to exempt direct beneficiary of budget funds, the Ministry of Interior, in the period from 01 January to 31 December 2015 from payment of fixed (common) costs for the use of office space arising from the Lease Agreement 1068/2005 dated 28.12.2005, Annex I No. 763/2006 of 03.10.2006 and Annex II No. 306/2007 of 22.06.2007 on transmission and supply of electricity No. 784/2006 of 16.10.2006 and the Contract on the use of communications systems No 760/2006 of 02.10.2006 and that Airport will continue to use and technically maintain of 11 X-ray devices for passengers and hand baggage security control free of charge according to the Minutes on the handover of x-ray device number 8225 of 20/12/2012, between the Border Police Station of Ministry of Interior of RS and Security Department of Belgrade Nikola Tesla Airport.

- Concluded Protocol on regulation of mutual rights and obligations between JSC Belgrade Nikola Tesla Airport and the Ministry of Interior, number 10-22/2015 of 27.08.2015 in relation to the regulation of mutual rights and obligations relating to exemption from payment of expenses for use of office space and maintenance costs and the use of x-ray devices.

- The Decision of the Supervisory Board is made, No. 05-274/1 of 13.08.2015 in connection with the approval of the text of the Draft Protocol on regulation of mutual rights and obligations. The protocol is applied in the period from 01 January 2015 to 31 December 2015.

- The Decision of the Supervisory Board is made, No. 05-275/1 of 13.08.2015 approving the discount for utility services in the amount of 50% to the Ministry of Interior for the period from 01 January 2015 to 31 December 2015.

- **Status:** Agreement with the Ministry of Interior Affairs is in progress in connection with the implementation of the Protocol and preparation of materials for the proposal of decision of the Supervisory Board of JSC Belgrade Nikola Tesla Airport.

- **Status:** Expired Protocol and approved invoice discounts are issued since 01.01.2016 according to contracts.

**A contract was signed on supply of jet fuel with Company "Dona Export", Ohrid, Macedonia**

- Concluded a contract with a new supplier for aviation fuel with a Macedonian company "Dona Export", Ohrid on 28.07.2015 for 6,500 tons of fuel.

**The cancellation of a service contract for delivery of fuel for requirements of the airlinet company "Aeroflot", concluded with the company "Aerofuels"**

- Due to the inappropriate conditions in the supply of jet fuel to Aeroflot there has been a cancellation of the contract with the company "Aerofuels" who for the needs of the Russian airline works as a representative. Cancellation of the contract occurred on 14.09.2015.

**Commencement of deliveries of jet fuel for the needs of the Iranian airline "Iran Air"**

- Delivery of fuel for the needs of "Iran Air" in the form of regular technical landings (three times weekly) started again on 23.09.2015. On average delivered 18 tonnes per flight.

### **The conclusion of Lease Agreement for business premises with Company "Air Serbia"**

- Concluded Lease Agreement for offices in the "Red Building" area of 1,339.52 m2, starting from June 2015
- Concluded Lease Agreement for offices in the "Flight Operations Building" area 424,42 m2, starting from August 2015.

The application of the new price list for advertising space 05-310/2 of 09.10.2015

- With the entry into force of the new price list for the lease of advertising space number 05-310/2 dated 09.10.2015, advertising positions are divided into five zones, where prices are expressed in m2. In this way it made it possible to lease all free areas at JSC Belgrade Nikola Tesla Airport. The new price list has increased the number of new advertising positions; prices are also lower compared to the previous price list No. 05-183/3 of 15.12.2014. Adding new positions increased commercial effect of leasing advertising spaces and concluding of lease agreements for advertising space.
- In the period from the entry into force of the new price lists agreement are made have been concluded with several lessees: Easy Advertising, Dva Jelena, Univerzitet Megatrend, which increased proceeds from lease of advertising space. Monthly lease fee with the aforementioned lessees is 3,110.00 euros without VAT.

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

• **Purpose:** The technical documentation provides construction of an aircraft de/anti-icing pad together with associated installations and facilities. Planned surface of the pad together with service road and parking for vehicles will be about 20,500 m2. Construction of aircraft de/anti-icing pad includes:

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

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

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

• **Status:**

- **Development of technical documentation:** after completed public procurement procedure for selection of the most favourable Tenderer for development of technical documentation for construction of aircraft de/anti-icing pad, it was selected consortium with leading member, company Mašinoprojekt kopriv. Public procurement contract is concluded on 09.06.2015. Total value of contract amounts to RSD 8,400,000.00. Decision of the Civil Aviation Directorate approving preliminary design is obtained on 16.11.2015. On the meeting of the Review Committee held on 10.12.2015 is approved Feasibility Study with preliminary design.
- Execution of works: On 23.11.2015 is made Decision on initiation of the public procurement for execution of works on aircraft de/anti-icing pad. Tender dossier for public procurement is published on 30.12.2015.



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

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

• **Status:** After completed public procurement procedure for the selection of the most favourable tenderer for preparation of technical documentation for upgrading of finger hall C, selected company is Mašinoprojekt kopriv. On 29.04.2015 public procurement contract is concluded for development of technical documentation. Total value of Contract is RSD 18,970,000. Approvals for Preliminary Design are obtained from the Civil Aviation Directorate, Ministry of Interior – Boarder Police station and Customs Administration. Review Committee approved on 10.12.2015 Feasibility Study and Preliminary Design.

### **Technical documentation for construction of D check point facility**

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

• **Status:** Works on the facility D are completed; the certificate of the completion of the expert supervision of works was issued on 14.12.2015. The works were performed by a consortium led by the Morava In with which the Contract was signed on 15.07.2015. The agreed value of the works amounts to 48,400,000 dinars. The works were carried out on a "turnkey" basis. On 04.12.2015 was obtained Decision of the Civil Aviation Directorate approving the use of the facility and on 24.12.2015 the positive report of the Commission for technical inspection.

### **Renovation of commercial space**

• **Purpose:** Increasing airport capacity and the commercialization of space in Terminal 1 in order to improve the quality of services and increase revenues from outside the aviation services. The planned new organization of space which involves the formation of offices, meeting rooms, conference operative services, recreation rooms, a kitchen as well as the formation of premises for installation of the UPS. In order to improve the above premises are planned works on the development of suspended ceilings with lighting, forming partition walls, replacement of flooring, renovation of facades and finishing of the area.

• **Status:** After the public procurement procedure for selection of the best bidder for the execution of the works selected by the consortium headed by the company WD Concord West. The contract was signed on 08.04.2015. Value of executed works is RSD 49,617,507.77. On 06.11.2015 is obtained Decision of the Civil Aviation Directorate approving use of the business space.

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

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



which includes dismantling of equipment for sorting and transfer of baggage, and complete renovation and equipping of the space.

• **Status:**

- **Development of technical documentation:** Development of technical documentation for renovation of Terminal 1 and the connecting part is completed. After completed public procurement procedure for selection of the most favourable tenderer for development of Preliminary Design and Bill of Quantities, it was chosen company Mašinoprojekt Koprivica. On 06.05.2015 was concluded public procurement contract for technical documentation. The total contract value amounts to 780,000 dinars.
- **Execution of works:** on 15.07.2015 are made Decisions on initiation of public procurement procedures for execution of works on renovation of the connecting part and renovation of the baggage claim area.

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

• **Purpose:** Existing district heating network in the section from canteen to the substation in the building of Terminal 2 is over 25 years old and partially goes under the terminal building. Leaks in this part of the route would jeopardize the stability of the building and rehabilitation alone would be extremely difficult to implement. Modernization of heating pipeline foresees relocation of the route that passes beneath Terminal 1, connecting part and Terminal 2, as well as placing of modern pre-insulated pipes over the entire length of the route, which will lead to a reduction in heat losses in the network, and therefore to financial savings. Also, the new route of the heating pipeline should supply thermal energy also to the terminal building which will be located in the extension of finger hall C.

• **Status:**

- **Development of technical documentation:** for reconstruction of the existing and construction of the new route of heating pipeline is completed. Technical documentation is made by company Quiddita with which a public procurement contract is concluded on 28.04.2015 in the amount of 1.939.000 dinars. A positive report of the Review Committee is obtained for Feasibility Study and Preliminary Design in 24.09.2015. On 30.11.2015 a building permit is issued by the Ministry of Construction, Transport and Infrastructure.
- **Execution of works:** on 23.10.2015 a Decision is made to initiate public procurement procedure for execution of works on reconstruction of the existing and construction of the new route of heating pipeline.

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

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

- **Status:** Pre-Feasibility Study with the General Design has been completed and forwarded to the Review Commission for technical inspection. In accordance with the Law on Air Transport Pre-Feasibility Study with the General Design was forwarded to the Civil Aviation Directorate for their opinion. Elimination of noticed deficiencies is in progress.

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

• **Purpose:** The road that will connect the apron A and apron B is intended for movement of vehicles and equipment for aircraft, handling as well as for movement of official vehicles to technical facilities and heating plant. The new road will allow movement of official vehicles without entering the area which is



under the responsibility of the airport traffic control, i.e. without crossing lines of aircraft movements and movements of official vehicles and equipment for aircraft ground handling.

- **Status:** On 05.11.2015 are obtained location conditions for construction of the road from the Ministry of Construction, Transport and Infrastructure. After completed public procurement procedure of low value, on 15.12.2015 is concluded contract with Institute for roads. Contracted price of development of technical documentation is RSD 1,440,000. Preliminary Design is completed and on 30.12.2015 handed to the Ministry of Construction, Transport and Infrastructure for expert inspection (revision).

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

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

- o **Status:** On 16.10.2015 a public procurement contract is concluded for the restoration of the mural in Terminal 1 with the Central Institute for Conservation. The total value of the contract amounts to 1,479,218 dinars. The works on restoration of the murals on the upper floor of Terminal 1 are in progress.

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

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

- **Status:** On 27.04.2015 a Decision was made to initiate a public procurement.

#### **Purchase of new seating sets in the Terminal facility**

- **Purpose:** To raise the level of service and comfort of passengers, it was purchased several different types of seating and relaxation sets that meet the highest standards in equipping the airport passenger terminals. By forming separate passenger units for seating and relaxation comfort is increased, and service rendered by airport is raised to a higher level. Sets are intended for the newly created and reconstructed areas.

- **Status:** In total are purchased 24 individual chairs adjusted for sleeping. Also is purchased semi-circular bench with 20 seats, and 36 chairs of different configurations that are located in relaxation areas

Seating sets in waiting areas A1 to A6 and C1 to C4 are replaced with more adequate and more comfortable seats. Distributed are 292 new benches – three-seaters of which each waiting room has benches designed for passengers with reduced mobility, and the chairs also have connectors for charging electronic equipment.

Public procurement contracts have been concluded with the bidders:

- o Tehnomerkur (contract value 16,466,000.00 dinars), delivered modular benches for sitting in a three-seater configuration, as well as benches for individual seating intended for equipping of waiting rooms and transit areas.

- Ktitor (contract value 1,237,500.00 dinars), submitted informal sets intended for equipping of relaxation areas, i.e. multi-functional modular elements of the "footstool" type as well as "bench" type for relaxation.

### **Placing of perimeter protection, and integration with video surveillance system**

• **Purpose:** The installation of the radar system for perimeter protection will allow detecting and alarming about unauthorized access of persons and vehicles to airport perimeter. As the perimeter of the Belgrade Nikola Tesla Airport is 14km long, and only a small part of it is illuminated, it is very difficult at night and in poor weather conditions to detect violation of the same. As the very terrain is specific, and there are ups and downs, it is difficult to notice potential intruders when lying down or obscured by some of the facilities. Also, at the outer side of perimeter there are fields in private ownership under agricultural crops, making it difficult to monitor and control the perimeter by security guards. Radar system for perimeter protection is a set of radar sensors that monitor activity in the environment or on critical infrastructural areas such as airports, harbours, military installations, state borders, refineries and other similar facilities of great importance for the country. The system also has cameras and thermal imaging day/night and situational, which makes it easier to locate targets in the area and they are fully integrated into the radar system, and are placed above the radar to see the same thing as radar. Radar is characterized by the ability to detect motion at ground level, such as walking or creeping towards the object or area to be protected, the movement of vehicles and low-flying objects, i.e. the radar's task is to notice, locate, detect and identify the target. For each target the following data are available: size, speed, direction of movement, identification, distance. The system works in all conditions and has filters that allow the removal of the harmful effects of snow and/or rain. These radars usually have a range of action of a few hundred meters to more than 10 km, depending on the needs of users, operate on the principle of Doppler wave and use electronic scanning, which allows simultaneous detection of fast and slow moving targets. The maximum number of targets per scan is several hundred.

Radar systems are characterized by the following features:

- **No need for the operator:** Radar autonomously detects movement in a particular area, monitors detected targets and raises an alarm if the monitored targets enter into the protected area.
- **Coverage:** radar covering a larger area can potentially be more useful than the radar covering a smaller area, or limited sector. Most of the radars cover an area within a radius of 360 degrees, while some have their designs limited to a radius of 80 to 180 degrees.
- **Resolution/frequency:** radars that operate at higher frequencies with narrow beams accurately determine the location of the target.

The radar system will be integrated with video surveillance system. When you attempt to detect unauthorized entry or damage to the perimeter alarm is activated at the Main Security Center, certain cameras are turning to the place of detection and starting to shoot, and security guard patrols are sent to the scene.

• **Value:** RSD 82,290,000.00 without VAT

• **Contractor:** MACCHINA SECURITY doo Belgrade, signed contract No. 17-94/2015 of 18.05.2015.

• **Status:** works on installation of the system are completed on 30.12.2015 and it is in operation from 31.12.2015.

### **Equipment for recovery of aircraft**

• **Purpose:** The goal of purchasing the equipment is completing existing equipment that was purchased in the previous period, which is used for recovery of disabled aircraft. Based on international regulations ICAO Annex 14, Chapter 9.3 and Airport Services Manual Part 5, the airport must have a plan for the recovery of the aircraft, and the recommendation is to possess also equipment for the recovery of aircraft so that in case of an aircraft accident or incident on runway or manoeuvring areas of the Airport it could make the recovery, move or removal of the same and to restore as soon as possible the normal functioning of the airport.

In case of aircraft accident following the on-site investigation of competent services and upon obtaining permission from them to start moving aircraft or portions thereof, it is necessary as soon as possible to enable the smooth functioning of the airport. In order to achieve this it is necessary that the airport has the equipment and professional staff that can do it safely and in the shortest possible time.



In the previous period is started procurement of a portion of equipment for the recovery of aircraft and the aircraft lifting air bags, synthetic ground panels, elastic cables, steel cables, tension meters and other supporting equipment. The same was necessary to supplement because with existing equipment it is not possible to recover aircraft in all segments of its possible damage. Equipment that is the subject of procurement is required for recovery of small aircraft from the runway (Example: landing of small aircraft that has not pulled out the wheels and stayed on the runway. The lack of adequate and now planned equipment, made removal of the aircraft much harder, although not greatly damaged, because it landed on fuselage and was sliding to a stop without rolling over. During that time it was impossible for any other aircraft to land). Also, with large aircraft if they land on fuselage and have a breakdown on the landing gear, and stop and remain on fuselage, to set the airbags and use equipment which the airport owns, the aircraft must first be temporarily raised by the planned equipment (crossbar for lifting Aircraft and other ancillary equipment). Only then airbags are placed and other equipment to try to recover it and fix the landing gear. If there is no possibility that aircraft moves on its landing gear then part of the equipment that is necessary are also units for transport of aircraft with inoperative / damaged front or main single-axle landing gear with accessories.

It is very important for the airport, since it has only one runway, that in case of accident aircraft, the same is as soon as possible removed because every minute of the airport closure brings huge losses to the airport.

We point out it is important to avoid secondary damage to the aircraft that may be caused if you are not doing it with adequate equipment and if staff handling it is not trained to work with it. Then there will be additional damage to the aircraft for which is directly responsible one who recovers aircraft.

To avoid such situations, it was necessary to obtain adequate and quality equipment and train workers to handle the same.

#### Exploitation of equipment:

In addition to all of the above, the plan of Security Department and Belgrade Nikola Tesla Airport is to try to become a regional centre for recovery of the aircraft and a training centre for the recovery of the aircraft. Bearing in mind that the Belgrade airport is the regional leader in numbers of carried passengers and baggage, as well as the capacity that has in relation to the airports of the former Yugoslavia, with the existing and new equipment for the recovery of aircraft the conditions can be met for conclusion of contracts with airports in the region and airlines, related to provision of aircraft recovery services.

We point out it is in the interest of every airport in case of aircraft accident on the runway to make the runway operational as soon as possible in order not to lose money. Given that very few airlines have equipment that part of the work will very few airport authorities to resolve the situation in a short time, while keeping in mind that hardly any airport in the has any of the equipment to act in such situations, the possibility is that the contracts for providing services of recovery of aircraft, which would be offered to airports in the region, would pay out the equipment itself. Along with the recovery of aircraft in the near future Security Department will be able to provide training in this field as at this time the airport has 12 licensed and trained workers for recovery of aircraft and four of them from are coordinators.

- **Value:** 17,342,765.00 dinars without VAT

- **Supplier:** Centum d.o.o., Contract No. 17-85/2015 of 04.05.2015

#### Training of employed workers in the field of fire protection

- **Purpose:** The main objective of the training is to familiarize employees with the field of fire protection and train them in handling extinguishing apparatuses by lecturers and instructors. During 2015 more than 600 employees successfully mastered the training in the field of fire protection. Training is done on the basis of the republic law on fire protection Art.53. Basic training in the field of fire protection is organized for all employees immediately after employment, and not later than 30 days from the date of their employment. Persons working in fire protection activities can perform basic training and practical knowledge test referred to in paragraph 1 of this Article in the legal entity in which they are employed. Basic training in the field of fire protection is organized for all employees, not later than one year from the date of their employment. Employees' basic training and practical knowledge test are performed by legal persons engaged in fire protection activities.

### Amendment of library "TIP" system

- **Purpose:** Installation of "TIP" system with new images (control system for the x-ray operator, or those who are doing security control of baggage)
- **Value:** RSD 1,624,000.00 without VAT
- **Contractor:** JUGOSCAN d.o.o. Belgrade, signed contract No. 18-32/2015 dated 22.04.2015
- **Status:** The system (image library) is installed in all X-ray devices at the complex of ANT in June 2015. TIP system for hand baggage is intended for devices such as:
  - aTIX,
  - HS 6040ix, HS 7555
  - HS 7555si

A library with at least 1,000 virtual displays of dangerous items, sorted by categories of threats, for devices that are used to control cabin baggage must contain:

- 65% of improvised explosive devices,
- 15% of weapons and components,
- 15% knives, and
- 5% other dangerous and prohibited items;

TIP system for checked baggage is intended for device types: HS 100100-2is has 1,000 virtual displays of prohibited items.

TIP system for cargo and mail is intended for devices such as:

- HS 180180-2-2is 300kV
- HS 100100-2is has 1,000 virtual displays of prohibited items.

#### Explanation:

Procurement of new images and supplement to the existing image library of TIP system is planned (x-rays operator control system, or those who do security control of baggage) and explosive detectors. TIP system consists of images of items (hand, hold baggage ...) in which are hidden prohibited items (weapons, ammunition, explosive devices ...) but so that they cannot be easily noticed. Images of these items are real, or identical to images of real objects that is, baggage being assessed. Images of whole baggage containing the prohibited items are inserted during the work of the operator into devices and downloaded to monitors together with images of actual baggage examined by X-ray device and thus control the work of operators and raise their vigilance and their training. In addition to images of whole baggage system inserts also "prohibited items" into the actual baggage examined on X-ray device. The operator must recognize prohibited baggage or prohibited items in real baggage and only when it is marked as suspicious, if it is a false image of TIP system, on the monitor appears information that it is a test. Based on the number of found or missed "tipped items" then the time required for decision, the system evaluates the work of operator by assessment from -4.66 to +4.66 and on this basis statistic of the work of each operator is made on a daily, weekly and monthly basis, and operators are sent to more or less frequently refreshers or they are for a limited time re-assigned to another job if they have not so good results.

It is necessary to introduce new images each year, to avoid mechanical action of operators when reviewing images that have been previously memorized, once a year is needed to refresh and increase existing image library.

### STI software with workstations and the central unit

- **Purpose:** Install STI software to workstations and the central unit
- **Value:** RSD 6,541,875.00 without VAT
- **Contractor:** JUGOSCAN doo Belgrade, signed contract no. 17-93/2015 on 13.05.2015
- **Status:** STI software with workstations and the central unit is installed in the room for training operators in T1 of ANT during August 2015

#### Explanation:

STI software is designed for training of x-ray operators. The basis for the procurement is item 5.5.2. of the Airport manual for security screening approved by the Civil Aviation Directorate of the



Republic of Serbia, which stipulates that persons working on x-ray devices or EDS (Explosives Detection System) must complete recurrent training consisting of recognition X-ray images and test, at least once a year. Regulations require that the base has 6000 images of prohibited items and must be updated every year. Operators who do not pass recurrent training cannot further work on these jobs, but are re-assigned to a lower position.

The existing system, which was used for training of operators, is owned by the Civil Aviation Directorate of the Republic of Serbia and is given for use by the Airport Nikola Tesla, provided that Civil Aviation Directorate of the Republic of Serbia has priority of use for its own purposes and may, in accordance with their needs, withdraw it from the airport. The system has been at the airport since 2010 and so far Image Base is not restored and the software itself is not entirely appropriate, because it contains both images of hand and hold baggage together and test is designed in such a way that all questions are regarding hand baggage.

The current system does not involve recognition of X-ray images of cargo and mail as separate entirety.

The existing system no longer supports some new legal provisions adopted in the meantime, such as a small knife blade length that can be carried in hand baggage.

As the Civil Aviation Directorate provided that in the x-ray security screening must be operators that work on security screening of cabin baggage, hold baggage, cargo and mail, the new STI system is so designed.

### **X-ray devices for hand baggage standard 2 (2 pieces)**

- **Purpose:** Purchase of two X-ray devices in standard 2 for examination of hand baggage of persons who are not travellers at D security check point.
- **Value:** RSD 11,316,000.00 without VAT
- **Contractor:** JUGOSCAN doo Belgrade, signed contract no. 17-97/2015 of 01.06.2015
- **Status:** two X-ray devices in standard 2 for security screening of hand baggage of persons who are not passengers procured for D security check point, installed in the waiting room gate-C5-C6-C7, as reconstruction of D check point is not completed, and in the aforementioned gate we had devices in standard 1. These devices are used in the above waiting room since the beginning of June 2015.

#### **Explanation:**

As part of the planned reconstruction of "D" check point it is planned to install place for security screening of employees, requiring deployment of two X-ray devices in standard 2. From the Civil Aviation Directorate it has been suggested before, the last time on 17.04.2014. Decision No. 5/4-04-0017/2014-0002 attached). According to the Manual for security screening in Nikola Tesla Airport is defined that „Persons who are not passengers, together with items carried shall be continuously screened when entering security - restricted area in order to prevent carrying of prohibited items into this area. Security screening of these persons is the same as for passengers and cabin baggage. Due to rationalization of costs, for D check point shall be procured device of more modest performances, which is standard one, which does not have the ability to detect explosives in liquids. This procedure will be done manually with the help of a portable device that has these capabilities, also because of the dimensions of the room where the security screening will be performed, is taken considerably smaller and thus lighter X-ray device. The facility designed for it is not yet constructed, so that X-ray devices will be placed in containers where the space for security screening is smaller than planned.

### **EMA-3 Liquid explosives detectors (3pieces)**

- **Purpose:** Purchase of 3 EMA devices to check liquids.
- **Value:** RSD 9.990.000 excluding VAT
- **Contractor:** SECURITY COMPANY KOBRA doo Belgrade signed contract No. 17-146/2015 on 22.09.2015
- **Status:** 3 EMA liquid explosive detectors are installed in the waiting rooms-gates where X-ray devices are installed in standard 1.

#### **Explanation:**

ANT was obliged to provide inspection of liquids, aerosols and gels in all places where security control of passengers and their hand baggage is performed, before boarding an aircraft. As ANT did not have X-

ray devices in standard 2, which can be used for inspection of liquids, aerosols and gels in each waiting rooms-gates (ANT owned 11 X-ray devices in standard 2), for the remaining waiting rooms-gates is made a combination consisting of X-ray devices in standard 1 and EMA for the control of liquids, aerosols and gels (Total of 5 waiting rooms). All this had to be done until inspection by ECAC, which was scheduled for the period 18-24 November 2015. Those devices were delivered and installed in time, i.e. before the said inspection.

#### **Test case with pedestal for X-ray device 180180-2 is**

- **Purpose:** Procurement of test case with a pedestal for testing large X-ray machine in Cargo Warehouse.
- **Value:** RSD 370,000 without VAT
- **Artist:** JUGOSCAN doo Belgrade signed a contract- order filed in the archives under No. 6263/1-1 of 09.09.2015
- **Status:** Test case with pedestal is located in Cargo Warehouse and is used for testing large X-ray machine (180180-2 is).

#### **Explanation:**

During earlier inspections in Cargo warehouse objection was made that the current test case is inadequate for x-ray device with a 180x180 cm tunnel opening, because the distance of the case from radiation generator is too large to obtain a good image, and therefore with the appropriate test case is also required pedestal onto which the test case is placed when testing x-ray device. This purchase is carried out in time, i.e. before the inspection by ECAC.

#### **Implementation of information systems for the registration of passengers and baggage - DCS**

- **Purpose:** The right of use as well as technical support for Information System for registration of passengers and baggage at Belgrade Nikola Tesla Airport.

JSD Belgrade Nikola Tesla Airport according to signed contracts for aircraft, passengers and goods handling is in obligation to provide services of registration of passengers and baggage and making of load sheets for the group of airlines group. Procurement is initiated by the Information Technology Services, and realized in cooperation with employees of Ground Handling Department. The envisaged deadline for the implementation of the system is 8 August 2015. In the period from 09 June to 14 July 2015 for all airlines that use the airport system, was executed a successful migration from the old system DCS *Gaetan* to the new system DCS *iPort*. In progress is also realization of passengers and baggage registration process through Internet, a service that has not been offered until now by Belgrade Nikola Tesla Airport.

During the period of implementation of the system at the same time was carried out training of employees for work on the new system of the Passenger Handling Division and the Technical Handling Division, a total of 104 employees GHD.

- **Purpose:** The right to use the Information System for the registration of passengers and baggage of group of airlines of *Austrian Airlines, Lufthansa, SWISS*.

In May 2015, at the request of the airlines *Austrian Airlines, Lufthansa, SWISS*, which for ground handling of aircraft, passengers and baggage use their information system for the registration, migration is performed from the company's system for registration of passengers and baggage from DCS *Picture* to DCS *Altea*. During the preparation and implementation of the said system, is trained a total of 48 employees of the Passenger Handling Division, Ground Handling Department. The request for migration of the system is sent from the above group of airlines.

#### **Expansion of IP telecommunications systems with contact center**

- **Purpose:** The subject of the contract is the purchase and expansion of the telecommunication system and switchboard with new software platforms and user IP phones and equipment, as well as systems integration with other parts of IP telecommunications systems. This acquisition has significantly improved telecommunications system and switchboard by new possibilities and obtained a modern



system of communications. Through this procurement a special system function was implemented that aims to reduce the cost of telephone calls from abroad. A special system option is implemented that translates service of mobile charging from abroad on a local call tariff. The result is significantly reduced phone bills for mobile services.

- Value: RSD 11,894,368.83 VAT excluded
- Supplier: Algotech d.o.o.

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

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

- Value: RSD 14,384,999.96 without VAT
- Supplier: EUNET, according to the Contract No. 17-24/2015 of 04.03.2015.

#### **The expansion of server and storage systems**

• **Purpose:** This acquisition extended capacity of data storage systems, which have improved the performance and operation of said system. Modern equipment for data storage is purchased, which in conjunction with existing devices make up a unified system for safe and reliably storage and backup of data of the business information systems.

- Value: RSD 11,789,200.00 without VAT
- Supplier: MDS Information Engineering

#### **Expansion of fire alarm systems**

• **Purpose:** This investment represents an extension of fire alarm systems of the facilities of AIRPORT "NIKOLA TESLA" - TERMINAL 1, TERMINAL 2, TS 'RUNWAY' 'CONNECTING TRACT OF TOWER BUILDING AKL TO THE TERMINAL 1, ANNEX OF TERMINAL 1, CONNECTING PART OF TERMINAL 1 - TERMINAL 2, VIP LOUNGE AND TECHNICAL BASE, which provides for replacement of existing automatic fire detection alarms and dismantling of the existing central units and installation of new addressable fire control panels.

It is anticipated networking of the newly exchanges of fire alarm systems with existing fire alarm control panels that are located in the building RCS ground floor and the room KRC into a single infrastructure. Designed addressable system is fully compatible with the existing addressable system that is built into the RCS and finger halls.

It is envisaged to connect fire panels to an existing computer network to connect to the system of early notification service for maintenance by sending an e-mail with a description of the event.

It is designed in a modern interactive addressable system for automatic fire detection which provides clear presentation of pre-alarm and alarm states showing the location of the activated detector.

The result of this investment will be modern and reliable fire alarm system in the building of Nikola Tesla Airport. Fire detection systems of all these facilities will be, in accordance with the new Law on Fire Protection, integrated into a single system, which is an essential element in the safety of the airport complex.

- Value: RSD 8,634,262.80 without VAT
- Supplier: Securiton

### **The introduction of wireless Internet access in the complex of ANT**

- **Purpose:** By entering into a contract on hire of network infrastructure wireless Internet access was introduced at the complex of the airport Nikola Tesla. Airport users will be able, until the end of the summer season, to use the service of wireless Internet access free of charge, throughout the airport complex. After that, there will be the possibility to use it free of charge for the first 30 minutes, with the possibility of buying Internet hours. In this way, users of the airport are provided with comfort and constant availability of information from the outside world, business correspondence, e-mails and other benefits.
- **Supplier:** Serbia Broadband - Serbian cable network

### **VDI infrastructure with external network access**

- **Purpose:** Virtual desktop infrastructure is a technology that offers numerous savings and significantly increases the flexibility and reliability of desktop environments. Virtual desktops can change its capacity and performance depending on the current needs of the user. All virtualized PCs can be quickly restarted on the spare hardware. Routine operations such as installation of a new work place, software upgrade on a large number of work positions and the similar are drastically faster. Increasing capacity on the server side it is possible to arbitrarily increase the capacity of the desktop. Because of the large factor of consolidation it is significantly cheaper than changing the server to improve desktop computers. The most significant advantages of VDI environments are located in the area of environmental management. A virtual machine is easier to backs up and has increased security because the use of USB ports and optical drives on customers can be effectively controlled and thus reduce the possibility that unscrupulous users install unwanted content endangering the security of the entire environment. The result of the benefit of this investment is the possibility that the processor and memory capacity of virtual machines dynamically increase or decrease, depending on the current needs of the user. Thus, users who occasionally require significant resources, do not need to dimension the computers to these maximum requirements, but will receive additional resources only when they are needed.
- **Value:** 11,738,100.00 dinars VAT excluded
- **Supplier:** MDS Information Engineering

### **Upgrading the equipment of central IT resources**

- **Purpose:** This investment represents the purchase and implementation of devices for protection and optimization of IP traffic to the data centre of the airport. Upgrading border protection firewall ASA5510 with new more modern models. It is anticipated that the acquisition includes PoE switches to implement PoE possibilities on locations where IP telephony is implemented. In addition, this acquisition provides for the introduction of new devices for wireless networking with centralized access and flow control that would be part of the data centre. Wireless networking achieves a new dimension of access to IT services and airport services, which would benefit both employees and customers. With the introduction of wireless access it is necessary to introduce new security measures in airports and computer network data centre. Airport data centre represents a central point from which all airport information systems start. Optimal and safe operation of the data centre is of vital importance for security and airport operations as well as for the effective performance of airport operations. Interruption or non-optimal access to airport services information systems would have a negative impact on the efficiency of airport operations and airport business operations. The result of this investment is the safety and efficiency of data centres and upgrade of computer networks with wireless access to a higher level.
- **Value:** 9,913,544.28 dinars without VAT
- **Supplier:** Saga d.o.o



### **Ramp information and time displays**

• **Purpose:** This investment represents the purchase of ramp information and time displays. Placing of ramp information displays will greatly enhance safety and facilitate the work of employees on the ramp. Installation ramp information displays and their integration into a single system that will significantly reduce both the time necessary to prepare for work in low visibility conditions and excessive communication between services on the ramp also. Ramp information displays enable the provision of timely, fast, accurate and visually interesting information. All ramp information displays will be part of a single system for the notification.

Due to the workload and increased investment, it is necessary to place on new positions time displays informing passengers about the exact time. Currently there is not enough time displays to cover these positions. Time displays with network communication are connected to existing single notification system at the Belgrade Nikola Tesla Airport.

The result of this investment is the process of modernization of IT equipment needed for quality passengers and employees notification. The purchase of this equipment will provide more efficient, more comfortable and better work of employees.

• Value: 7,987,663.00 dinars without VAT

• Supplier: Telegroup d.o.o

### **Expansion of Security Information Systems**

• **Purpose:** This investment represents an expansion of the security information systems of Belgrade Nikola Tesla Airport, and expands the computer network access control system and unauthorized access protection system.

Computer-communication network of the airport is a complex system of services, transfers, databases and users. One of the most important parameters of such a complex system is security. In today's world of information technology computer networks protection systems are quickly developed to adapt to new safety standards and requirements of users, so it is essential that the computer network of the airport is renewed with new, modern methods of protection.

Expanding the security information systems improves methods of protection and detection of unauthorized access to computer networks, and the ability to simplify user access to different information systems without compromising the security of computer-communication networks.

The result of this investment understands improvement of existing computer security systems, modernization of their application software caused by significant progress in the field of information technology and the introduction of new advanced systems, which would significantly improve the security of the computer network of airports and reduce the possibility of unauthorized access to critical information systems.

• Value: 29,465,319.60 dinars VAT

• Supplier: Saga d.o.o

### **The unique access and authentication to information systems**

• **Purpose:** This investment represents a unique access and authentication to information systems of Belgrade Nikola Tesla Airport, and refers to control of access to business - information systems and the protection system against unauthorized access. In today's world of information technology systems for the protection of computer networks and access to business - information systems are rapidly developed in order to adapt to new safety standards and requirements of users, so it is essential that the computer network of the airport is renewed with new, modern methods of protection. The purchase of a system of unique access and authentication to information systems improves the method of protection and detection of unauthorized access to computer networks and business - information system, as well as the ability to simplify user access to different information systems without compromising the security of computer-communication networks.

The result of this investment includes upgrading the security of application software, conditioned by significant progress in the field of information technology, as well as the introduction of new advanced systems, that would significantly enhance the security of computer networks and business - information systems of airports and reduce the possibility of unauthorized access to critical information systems and data.

• Value: 13,371,512.32 dinars VAT

• Supplier: Algotech d.o.o



### **Renewal and expansion of MICROSOFT LICENSES (SA - SOFTWARE ASSURANCE)**

• **Purpose:** this procurement provides the right to use as well as technical support for Microsoft products. JSC Airport Nikola Tesla as per previously concluded MS Enterprise Contract No. E5444791 06/2259 dated 28.02.2012, with a validity period up to 28.02.2015, has a permanent right to use licenses; and those versions of the product that were published at the time of termination of this contract, as well as earlier versions.

JSC Airport Nikola Tesla has renewed said contract upon expiry, so that for the software that it covers it provided only SA licenses, i.e. for already existing licenses continued to pay only the technical support - Software Assurance (SA) which practically provides a right to new versions of the software during the newly-contracted period. For all new software products which were not covered by the previous contract, the Purchaser effected procurement of licenses and technical support (LIC/SA). Validity of renewed MS Enterprise contract is from 01.03.2015 to 28.02.2018.

This investment provided for the extension of existing Microsoft licenses at significantly lower prices. As contract was signed for three years during this period licenses can be additionally purchased (Microsoft True-up) for all Microsoft products if business processes so require. As the preferential rates are significantly lower than usual and that due to the expansion of business processes occurs constant need to expand the licenses, by this are made considerable savings. In case existing licenses are not renewed in time the right to a preferential price (SA) is lost, and a new contract is signed with significantly higher prices of licenses.

• Value: RSD 34,390,167.00 without VAT Supplier: E-SMART SYSTEMS, Contract no. 17-40/2015 of 25.03.2015.

### **Information systems for the registration of passengers and baggage - DCS**

• **Purpose:** Information system for the registration of passengers and baggage - DCS (Departure Control System) is an information system that is used in the process of registration of passengers and baggage, aircraft boarding control of passengers, cargo loading and making of aircraft load sheets.

JSC Belgrade Nikola Tesla Airport has signed a contract for the supply, implementation and maintenance of DCS system. The implementation of the said system is in progress, and in August is foreseen start of system operation. The main role of this information system is to provide a process of aircraft, passengers and goods handling with the aim to provide a high level of service, safety, security and efficiency, both to clients and the airport. This system replaced DCS Gaetan, which is has been used at the airport for more than 10 years, and which termination of operation is announced by the end of July 2015.

• Value: 228,815.00 Euros without VAT

• Supplier: a group of bidders ASSECO SEE d.o.o. and RES2 BV, Contract no. 17-53/2015 of 15.04.2015.

### **Passengers and baggage reconciliation system - BRS**

• **Purpose:** Purchaser of passengers and baggage reconciliation system - BRS enables the automation of the passengers and baggage reconciliation process at the Airport Nikola Tesla.

JSC Belgrade Nikola Tesla Airport has signed a contract for the supply, implementation and maintenance of BRS system. The implementation of the said system is in progress, and in August was set the beginning of its operation. The introduction of BRS system enables automation of the important process of work in aircraft, passengers and goods handling of and is one of the next steps in the development of an integrated environment of specific airport systems and provides increased support of information systems to business processes of the Airport. The system should provide a higher level of quality of the process of baggage handling, improving communication paths and providing a common service platform also for the agents involved in the process of passenger and baggage handling.

• Value: 193,890.00 Euros without VAT

• Supplier: a group of bidders ASSECO SEE d.o.o. and TRAVSYS BV, Contract no. 17-89/2015 of 06.05.2015.



### **Bag message service - BMS**

- **Purpose:** The BMS is a service that is essential for the operation of BRS system and which allows its connection to the systems for registration of passengers and baggage (DCS) of airport users. JSC Belgrade Nikola Tesla Airport has completed the implementation of this system on 24.06.2015, and the handover protocol was signed on 08.07.2015 after completion of testing for a period of 2 weeks. Bag Message is a service for the distribution of messages designed to provide IATA BAGGAGE INFORMATION MESSAGES both to airlines that need to distribute messages on baggage, and airports that need unified data transmission to their systems for baggage handling, for a number of different users (airlines, airport, etc.).
- **Value:** BAG MESSAGE SERVICE - BMS 112,704.00 euros without VAT
- **Supplier:** SITA INC BV, Contract no. 17-97/2014 from 29.04.2014.

### **Standard IT equipment – per business plan for 2014**

- **The purpose:** The foreseen procurement will extend the existing server capacity of DATA CENTER to the virtual environment, the implementation of new business information systems, as well as the migration of existing systems to the virtual environment.

- a. **BRS (Baggage Reconciliation System)** - A system for matching passengers and baggage
  - b. **Microsoft SharePoint Server 2013** - includes the installation and configuration of servers, making internal portal and the development of modules, "Registry Office" and "Public Procurement", which will represent a very demanding services on the new portal.
  - c. **Microsoft Exchange Server** - the extension of existing capacity.
  - d. **Single Sign On Server** - Single Sign On (SSO for short) is an authentication process that allows the user presenting of his accreditation information only once to gain access to all allowed resources. After a user authenticates, he can run applications that he is authorized for.
  - e. **ERP (Enterprise Resource Planning)** - software that will monitor the entire business of the company with all transactions and organization of the production process.
  - f. **Back-up servers** - Back-up is a process that refers to making copies of the original source data in case the original source of the data is damaged.
  - g. **Microsoft Lync** - communication server
  - h. **System Center Configuration Manager** - Server that controls computers and servers, updates and maintenance updated version of the application, setup configuration and security policies, monitors state of systems.
  - i. As well as other Microsoft services.
- **Value:** RSD 9,776,600.00 without VAT
  - **Supplier:** PAN COMPUTERS, Contract no. 17-61/2015 of 22.04.2015.

### **Business Information system – ERP**

- **Purpose:** Business Information system - ERP (Enterprise Resource Planning System), represents a platform of integrated applications that provide integration and optimization of business processes. The main purpose of ERP system is to facilitate the flow of information between all business functions inside the organization and with external partners and business partners. Future information system should fully integrate business processes, eliminate the manual processes, and introduce automatic control in all fields of application.

The above acquisition includes the purchase of licenses for application software, service of business process analysis, implementation and adaptation of the system to the needs of airport business, as well as service of preventive and corrective maintenance of the system after commissioning. By the purchase of the ERP system is planned replacement of existing business information system with the new ERP system. The new ERP system will in addition to the functionalities of existing business information system introduce new functionalities as IT support to following processes: maintenance of infrastructure, human resources management, advanced reporting, investment management, etc. The purchase of the new system will provide the modular and expandable

solution, that as such, offers a simple system expansion by adding new functionalities and modules in the future;

- **Status:** On 12.01.2016 was published Invitation to tender. Tender submission deadline is 4. March 2016.

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

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

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

In order to use space in which new check-in counters will be placed for the intended purpose, it is intended to purchase an additional number of IDS (Information Display System) monitor with accessories for IDS system for displaying information about flights and timetables as well as various other information for passengers, employees and other users of the airport.

**Status:** The decision on initiation of the public procurement procedure is made as well as Decision on establishing of the procurement committee.

#### **The official application of Belgrade Nikola Tesla Airport**

- **Purpose:** Belgrade Nikola Tesla Airport announced the official application for Android and Windows mobile platforms in order to facilitate retrieval of information requested by the passengers, visitors and all users interested in specific information. The mobile application is one of the main sources of information for interested users and it was necessary to create the same so that users get as quickly as possible the information required. At the official application of Nikola Tesla Airport can be followed departures and arrivals, can get information on how to get to the airport, where one can shop, and airport map can be viewed, one can obtain information about airlines, car rental agencies, etc.

- **Status:** The formal application was released for Android and Windows mobile platforms. The rebalanced procurement plan for 2015 envisaged development of version for IOS mobile platform by which the mobile application for all currently most used platforms will be completed.

#### **Technical support services for Microsoft products - Premier Support**

**Purpose:** This procurement is carried out providing direct Microsoft Premier Support. The service is completely direct service of Microsoft which provides concrete technical and technological (proactive and reactive), organizational and informational activities.

Microsoft Premier technical support is the highest level of technical support that is available to large Microsoft customers.

As practically the entire server infrastructure is under Microsoft's products and as on that infrastructure are practically all airport information systems, of which some are essential for the basic functioning of the airports, it is of great importance that directly from Microsoft, we have reserved people who are at any time ready to intervene if something happens, faster or slower depending on the level of criticality of the problem and its impact on business processes. In addition, among other things, are provided special workshops and training for employees to be more professionally developed and trained to independently solve even bigger problems than usual, which even more improves response for solving specific problems as well as in the very time for solving arisen problems.



Microsoft Premier is support which Airport as a large company that cares about its image, must have, in order to ensure that a minimal impact on the existing problems to Airport services that it renders. This increases the perception of good and organized operation of the Airport with travellers and visitors.

- Value: 8,457,480.00 dinars without VAT
- Vendor: Microsoft Software, Contract no. 17-183/2015 of 02.12.2015.

### **Training of employees in the Employees Centre Training**

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

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

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

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

Number of trainees in the period 1.1.2015 – 31.12.2015:

	ANT	Third parties
Traffic dispatcher	9	
Ramp dispatcher	8	
Aircraft Balancer	6	3
Stewardess (cat. 1)	118	8
Stewardess (cat. 2)	15	
Supervisor of aircraft handling control (cat. 1)	11	3
Supervisor of aircraft handling control (cat. 2)	2	
Supervisor of aircraft handling control (cat. 3)	4	
Traffic Coordinator	4	4
Marshaller (level 1)	22	6
Marshaller (level 2)	6	3
Airport equipment operator (level 1)	141	14

Airport equipment operator (level 2)	41	9
Generator Operator	16	
Aircraft cargo loading worker	81	
Baggage sorting worker	27	
Cargo loading worker in Cargo Warehouse	9	
Winter maintenance service	28	12
Maneuvering areas safety controller		7

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

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

Number of trainings in the period 1.1.2015 – 31.12.2015:	ANT	Third parties
Professional fireman	19	2
Support staff	32	4
Training in fire protection	125	

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

1. Staff Category 1 - the sender or the person who takes over the responsibility of the sender;
2. Staff Category 2 - staff engaged in preparing packages of dangerous goods;
3. Staff Category 3 - staff that performs processing of dangerous goods;
4. Staff Category 4 - staff performing processing of cargo and mail (dangerous goods excluded);
5. Staff Category 5 - staff that performs handling and storage of cargo and mail;
6. Staff Category 6 - staff performing **acceptance of dangerous goods**;
7. Staff Category 7 - staff that performing acceptance of goods and mail (dangerous goods excluded);
8. Staff Category 8 - staff performing ground **handling of cargo, mail and baggage**;
9. Staff Category 9 - Staff who are engaged in passenger handling (**ground stewardesses / stewards, agents of passengers and baggage registration, supervisors of passenger and baggage registration**);
10. Staff category 10 - **Aircraft Balancer and supervisor of aircraft, passenger and goods ground handling**;
11. Staff Category 12 - Staff who are engaged in **x-ray security screening of passengers and baggage, cargo and mail**.

Number of trainees in the period 1.1.2015 – 3.12.2015:	ANT	Third parties
Transport of dangerous goods in air traffic, cat. 7	3	
Transport of dangerous goods in air traffic, cat. 10	10	5
Transport of dangerous goods in air traffic, cat. 9	33	7
Transport of dangerous goods in air traffic, cat. 12	66	
Transport of dangerous goods in air traffic, cat. 5 and 8	287	22



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

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

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

Number of trainees in the period 1.1.2015 – 3.12.2015:

ANT

Stockman	1
Fueller	17

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

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

### **Recruitment and Selection**

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

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

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

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

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

- 1) By conclusion of the Committee approval for new employment and further engagement with the users of public funds 51 No. 112-15916/2014 dated 23 December 2014, JSC Belgrade Nikola Tesla Airport has received approval for employment of 200 employees for a definite period of time;
- 2) Conclusion of the Committee 51 number: 112-1197/2015-2 dated 13 February 2015 approved employment of another 198 employees for a definite period of time;
- 3) The conclusion of the Committee 51 No: 112-3176/2015 of 23 March 2015, approved employment of another 200 employees for a definite period of time;

4) Conclusion of the Committee 51 number: 112-3628/2015-1 of 01 April 2015, gave approval for the extension of the validity of approval for persons engaged by Committee's Conclusion 51 Number: 112-15916/2014 dated 23 December 2014;

5) Conclusion of the Committee 51 number 112-6977/2015-1 of 30 June 2015 approved for a total of 803 people employed for a definite period of time and 65 persons engaged for professional development and training;

6) Conclusion of the Committee 51 number 112-11232/2015 of 19 October 2015 approved employment of 33 persons for an indefinite period of time;

7) Conclusion of the Committee 51 number 112-11662/2015 of 3 November 2015, approved employment of another 7 persons for an indefinite period of time;

8) Conclusion of the Committee 51 number 112-11662/2015-1 of 3 November 2015, approved a total of 831 persons, of which 802 are employees for a definite period of time and 29 engaged on other grounds (for professional development and training in accordance with the Article 201 of the Labour Law).

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

### **Professional development and training**

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

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

### **6.1. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES AFTER THE PERIOD I-XII 2015**

The Executive Board of the joint stock company Belgrade Nikola Tesla Airport by Decision No. 32-7 of 10.02.2016, approved the payment of interim dividend for 2015 to the shareholder Republic of Serbia, in the amount of 200,000,000.00 dinars. Payment of the part of interim dividend to the shareholder Republic of Serbia, from the account of the company, was executed on 11.02.2016. payment of the remaining amount of the interim dividend to the shareholder Republic of Serbia will be made until 30.06.2016.

### **Purchase of two belt conveyors - electric elevators**

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

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

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



- **Status:** In progress is implementation of the public procurement procedure for contracting works on construction of a new fence around the perimeter. Expected commencement of works by the end of March 2016.

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

• **Purpose:** on the subject apron and connection neither rehabilitation nor reconstruction is made since their construction. In 2010 and 2012 analyzes were performed to determine the state of pavement structures and the following conclusions are made: the state of pavement according to the parameter of damage on apron B and connection H is rated as very bad, and it is necessary to apply emergency rehabilitation - reconstruction measures. Procurement includes development of the complete technical documentation of reconstruction of apron B and connection H b and h connectors (TWY H).

- **Status:** In progress is implementation of the public procurement procedure for contracting development of technical documentation. It is expected to conclude the contract in the second half of April 2016.

#### **Investment "Replacement of DG4 with UPS and diesel generator for support"**

• **Purpose:** Existing diesel generator DG4 intended for support to consumers in Terminal 2, is technologically outdated and operates for more than 30 years. It is planned to replace it with UPS device, which functions reliably without the battery pack, and the corresponding diesel generator, which would avoid interruptions in power supply after a network voltage disruption. This would enable the smooth functioning of airport services and reliable power supply in the event of instability of voltage from the network or power surges, and at the same time protect sensitive equipment and consumers.

- **Status:** Public procurement procedure is in progress.

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

• **Purpose:** calorimeters are necessary for accurate accounting of thermal energy to consumers at the complex of ANT (recommended by State Audit Institution).

- **Status:** Public procurement procedure is in progress. Conclusion of contract is expected in the second half of April 2016.

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

**Development of technical documentation:** on 29.01.2016 the Ministry of construction, transportation and infrastructure had issued a building permit for the extension of taxiway F and construction of de/anti-icing pad, and on 17.02.2016 Serbia and Montenegro Air Traffic Services SMATSA, delivered a positive opinion on the documentation.

**Execution of works:** on 22.02.2016 tender opening procedure was carried out. Tender of the following Tenderers are submitted:

- Energoprojekt,
- Planum,
- Vojvodinaput Pancevo.

### **Construction of the check-pont D facility**

Approval of the Sector for emergency management in terms of implemented measures for fire protection is delivered on 21.01.2016. Obtaining of use permit is expected from the Ministry of construction, transportation and infrastructure. The Request for issuing of use permit was submitted on 30.12.2015.

### **Renovation of the Connecting Part of Terminal 1**

**Development of technical documentation:** on 18.02.2016 the Decision is obtained from the Civil Aviation Directorate approving documentation: Study - Technology of exploitation of the Connecting Part (excerpt from the preliminary design for renovation of the ground floor hall of Terminal 1 and the Connecting Part).

**Execution of works:** On 21.01.2016 a contract award decision was made for public procurement for execution for works on the renovation of the Connecting Part to group of Tenderers – W.D. Concord West, Ionterfast and Dabicom. An appeal was filed by the Tenderer Morava In, to which the reply was forwarded to the Republic Commission for protection of rights in public procurement procedures on 05.02.2016.

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

Prepared tender documentation for execution of the works on the reconstruction of the existing heating system and construction of a new route of heating pipeline. The deadline for submission of tenders is 29.02.2016.

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

On 18.02.2016 is obtained Decision from the Civil Aviation Directorate approving the Feasibility Study with Preliminary Design for the construction of roads.

### **Preparation of the study analysis of the Belgrade Nikola Tesla Airport capacity**

Prepared tender dossier for preparation of the Study analysis of Belgrade Nikola Tesla Airport capacity. The deadline for submission of tenders is 21.03.2016.

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

Prepared tender dossier for the execution of works on the renovation of cargo warehouse. The deadline for submission of tenders is 21.03.2016.

### **Purchase of Visual Docking Guidance System**

Prepared tender dossier for the purchase of Visual Docking Guidance System. The deadline for submission of tenders is 16.03.2016.



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

• **Purpose:** Purchase of office containers for employees and parking kiosks (a total of 11 containers for requirements of the Director General's Office, Commercial Department and Security Department).

### **Director General's Office:**

2 containers, one of which consists of two which are connected into one unit, are purchased for Director General's Office, because the ANT in areas where employees are performing regular work activities, directly next to the equipment or device that is used or held for maintenance for the position of head of the service for aircraft parking and transport of passengers and marshaller, there is a need for accommodation of employees, their stay while working in different environments and working conditions. Container for staff is efficient and flexible solution for accommodation of employees and stay in conditions where the nature of work requires the immediate vicinity of the equipment or devices that are used in different locations and environments.

It is essential that the head of the service for parking of aircraft and transportation of passengers is present with service workers. In the container will be located also marshalls who do not currently have the space of their own, but stay in the container for passengers transportation drivers. The most economical solution is to take a double container.

### **Commercial Department:**

2 containers are bought for commercial purpose, intended for leasing and would be located in security restricted areas, or on apron, for the lack of space for airlines, technical base of airlines for aircraft maintenance or registered legal entities with CAD for aircraft ground handling.

In accordance with the applicable price list of office space leasing number 05-32/2 of 26.02.2014 we have only a price of leasing space for placement of containers on apron in the amount of 13.00 euros per square meter, because until now we did not have the lease of containers, which would by price policy for 2016 be introduced as a new category in the price list for lease of office space with proposed price of 20.00 euros per square meter, thus depending on the surface of the container, the amount of investment by leasing would pay back in the period up to 24 months, taking into account the longer life of containers.

1 container - parking kiosk is purchased for the purpose of organizing the work of parking P7 (parking lot across the street of cargo warehouse, previously designated P3). The existing temporary facility does not meet the needs of work and working conditions of employees, because of age, it is leaking. Opening hours of the parking lot is 00.00 to 24.00 hours.

### **Security Department:**

4 containers are being bought for Security Department. Two containers are purchased for the purpose of accommodation of security guards. One container will replace the existing sub-standard container in the workplace of security guards at the ramp for access of vehicles to terminal for international arrivals, while the second container (two merged into one) will be placed on the security check-point "E" and it will contain equipment for x-ray screening (x-ray machine and walk through metal detector). This double container will be used by workers of security guards and x-ray screening.

The remaining two containers will be merged into one double, and are needed for providing adequate space for stay of employees and temporary disposal of equipment during training on fire training ground for preparation of exercises. In the vicinity of the training ground for preparation of exercises there is no brick building, or it is possible to get permission for the same.

**Value:** RSD 6,600,000.00 without VAT

**Contractor:** /

**Status:** Review of the tender dossier before publication by public procurement officers is in progress.

## **Handheld thermal imager**

• **Purpose:** Purchase of four hand thermal imaging cameras. Three cameras are planned for the sector of security guards in order to increase the level of security of the critical parts of security restricted areas. Thermal imaging cameras will be used in conditions of low visibility and night conditions, as thermal imaging cameras give a clear picture of the terrain and easily recognize emitters of heat, which would enable insight of persons and wildlife that can be a potential danger to critical parts of security restricted

areas. This is especially important during patrol operations in the periods when right next to the perimeter fence at the farms along the fence there are sown crops, which by their density and height prevent clear insight into the field right next to the perimeter fence (period from April to late October). The cameras have the option of storing the recorded material on the memory card for subsequent analysis and creation of a database. Cameras would be used by trained security guards in regular patrols and in interventions. The fourth camera is provided for the fire and rescue service and is the necessary equipment for detection of fire hot spots, finding injured persons on the intervention spot at low visibility and in complete invisibility due to the smoke, darkness, vapors and similar. The camera must be resistant to high temperatures and high humidity that may be created due to firefighting.

- **Value:** RSD 6,100,000.00 without VAT

- **Contractor:** /

- **Status:** Review of the tender dossier before publication by public procurement officers is in progress.

### **Servicing of LORROS and SeROS camera system**

- **Purpose:** Preparation for operation and maintenance of the Loros and Seros camera system. Seros and Loros long-range camera system (thermal imaging, with the ability to scan the perimeter and laser distance measurement) for some time do not work, and are over more than necessary. Two Seros cameras are mounted on the roof of the terminal, above waiting rooms A1 and A7 and are intended to control the perimeter and part directly in front of the terminal in the public area, while Loros is located on the dome of the tower and has a range of 5 km and serves to control the access roads to the airport and airport wider environment.

- **Value:** RSD 12,500,000.00 excluding VAT

- **Contractor:** /

- **Status:** Tender Dossier is being prepared.

X-ray security screening sector has planned the following purchases for which proceedings were at the end of 2015:

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

ANT has an obligation to use explosive trace detectors at points of passenger and hand baggage security x-ray screening in waiting rooms - gates.

#### **- Cabins for gates, 12 pieces**

ANT does not have cabs for examination of passengers in all gates, or has one cabin for double gates.

#### **- Bins for gates**

ANT is required in every waiting room-gate to have a bin for disposal of prohibited items that are confiscated from the passengers. The bin has to be locked.

#### **- Explosive inhibiting container**

The container must have a form of a trash can, and in principle is used for this purpose, but it has reinforced walls and opening up, so that in case of any explosion, fragmentation effect is pointing upward.

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

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

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

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



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

**- Walk Thourh Metal Detectors, 4 pieces**

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

**- Measurement of ambient dose of ionizing radiation**

Security Department - X-ray security screening sector has a legal obligation when purchasing new x-ray devices or explosive trace detectors to perform legally prescribed radiation measurement of devices with ionizing radiation and develop radiation safety and security project. The same procedure of measurement of ambient dose equivalent and development, i.e., correction of the project of radiation safety and security measures is foreseen also for the existing devices which license for use expires. X-ray security screening sector in the forthcoming period needs to obtain, or renew a license for a total of 40 x-ray devices and explosive detectors.

**- Network to connect x-ray devices**

The existing network was installed in 2010, when into the unique network are connected x-ray apparatuses of the airport operator and border police station. In the meantime, there have been changes that are reflected in the fact that x-ray screening in gates is taken over by security x-ray screening sector of Security Department so that it became unnecessary that part of the network with a central unit is located in the technical room of BPS and one workstation to control the work of police officers in BPS premises. Another reason for that purchase is quite destroyed the existing installation by works on the reconstruction of the gates in the past. This year in cooperation with the activities of I.T.T. it is partially renovated so that now it operates in combination with ANT network, but does not cover all the x-ray devices. In order that all the x-ray devices in ANT are networked, it is necessary to make the new network, which would connect all the x-ray devices and thus protect all the security information and control of the work of operators will be available at any time of their engagement at all workplaces where examinations of the security screening is performed.

**- Trainings**

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

Lot 1: training and refresher training for persons carrying out security screening of cabin baggage, hold baggage, cargo and mail.

Lot 2: training and refresher training for persons conducting security screening of passengers, persons who are not passengers and goods they carry.

Lot 3: training and refresher training for security screening and control of access of persons who are not passengers and vehicles they are driving.

Lot 4: training on the importance of security screening in aviation.

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

X-ray security screening sector for screening in waiting rooms - gates currently uses also x-ray devices in standard 1, which are borrowed from BPS. Procurement is initialed for 7 x-ray devices in standard 2, so that when procurement is completed in the first half of 2016, x-ray devices in standard 1 will no more be used in the waiting rooms – gates.

Also is initialed procurement of x-ray devices in standard 2, for screening of goods and mail.

#### **- Upgrade of existing explosives detectors ION SCAN 500DT, 2 pieces**

X-ray security screening sector started public procurement for upgrade of existing explosives detectors ION SCAN 500DT, produced in 2011, which are no longer in the list of ECAC-reference devices, but after software upgrades they will again be on the above mentioned list.

#### **- Status RA3**

It is necessary for JSC Belgrade Nikola Tesla Airport to gain status RA3 third country Regulated Agent. This status is only recognized by the European Union, i.e. foreign airlines - air carriers from EU. The approval of this status is given by validators of security from the list of the European Union, after the inspection of security measures implemented by the Belgrade Nikola Tesla Airport for treatment of goods and mail consignments. Requirements of all the airlines' inspections so far were that Airport is given that status as it will then be recognized (and placed on the list of EU for RA3) as the airport implementing cargo and mail security measures in line with EU standards. Status is issued for a period of 5 years.

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

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

- **Status:** implementation of the platform is in its final stage and is expected to be completed by the end of February. Currently, at the airport the new CUPPS and CUSS platform is used on 80 of the 92 existing positions. Period of stabilization of the system is in progress, after which the system will be handed over for use.

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

- **Purpose:** By planned procurement is continued the process of modernization of IT equipment in use, which started by procurements from previous years. The purchase of above equipment provides more efficient, more comfortable and better work of employees. Obsolete and worn out equipment will be out of use which enables to maintain the level of quality and reliability of equipment. Also, as a result of expansion of the airport the procurement of equipment covers new positions for which the need occurs and serving of all the extended and new business processes in everyday business is made possible. The new equipment adequately provides IT support in automation and handling all the processes that are taking place.

- **Status:** Procurement is organized in 4 lots and contracts are in signing stage.

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

- **Purpose:** As one of the most common platforms on which mobile devices operate and for which until now has not made necessary application, it is necessary to create a mobile airport application both for this platform and in for easier finding of information by passengers, visitors and all users interested in a particular information. The mobile application is one of the main sources of information for interested users and it was necessary to create the same so that users can reach the requested information as quickly as possible. On the application it will be able to track departures and arrivals, information on how



to get to the airport, where you can buy, and it will be possible to view maps of the airport, obtain information about the airlines, car rental agencies, etc.

iOS platform is one of the most common platform for mobile devices. As till now there were no version of airport mobile application for this platform, it is necessary to is complete this part also with application for iOS platform. Versions of mobile applications for ANDROID and WINDOWS MOBILE are made and therefore it is necessary as soon as possible to complete the mobile application for all platforms.

• **Status:** Signed Report on selection of the most favorable tender on 30.12.2015.

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

During 2016 it is expected to start regular ground handling of wide-body passenger aircraft, as well as the further growth of charter cargo aircraft handled at our airport, so the realization of procurement of cargo loaders is very important according to the procurement plan for 2016. This increases the capacity and quality of services provided to airlines, that creates conditions for the safer and more regular traffic. In 2016, before the start of the winter timetable the construction and commissioning of the platform for de/anti-icing pad is expected with supporting facilities and installations.

During 2016 is expected further growth of cargo transport, particularly of goods which storage require certain temperature conditions, so it is important to realize construction of another enclosure for goods with temperature regime from +15 ° c to +25 ° c according to the procurement plan for 2016.

Public procurement procedure is in progress for selection of a strategic advisor who will propose to the Government of the Republic of Serbia, as the majority owner of JSC Belgrade Nikola Tesla Airport, an optimal model for future development.

### **Internal risks:**

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

### **External risks:**

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

## **8. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT**

Due to market risks, which influence on financial instruments, the management of the Company vigilantly monitors risky developments and take precautionary measures for risk management.

### **8.1. MARKET RISK**

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

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

The analysis of the assets and resources of the Company on 31.12.2015, primarily of cash and cash equivalents, receivables from buyers, liabilities from long-term loans, financial leasing and the like can be said that the Company is exposed to foreign exchange risk.

By detailed analysis of the currency structure of financial assets and liabilities as of 31.12.2015 can be concluded that the funds are contracted with currency clause and that exceed the agreed financial obligations in the currency. Financial liabilities contracted in currencies are generally long-term nature. Based on the above facts it follows that JSC Belgrade Nikola Tesla Airport does not operate with a high exposure to currency risk.

#### **b) Risk of interest rate change**

Risk of change of interest rate does not represent significant risk for the Company. Financial instruments with contracted interest are mainly defined with fixed interest rate. Therefore, change of interest rate will not considerably influence revenues and expenditures of the Company

### **8.2. CREDIT RISK**

The Company estimates that the greatest of the risks affecting financial instruments is credit risk. The Company has huge receivables of domestic and foreign buyers and the credit risk permanently exists. In order to diminish this risk, the Company monitors charging realisation on regular basis. It analyses value of collection in the currencies, that is, in contracted terms, delays in payment default and monitoring of outstanding receivables.

### **8.3. LIQUIDITY RISK AND CASH FLOW**

Management of liquidity risk demands special attention of the Management of the Company. Therefore the Management has established business policy mostly based on financing from own resources. Outside funds are mostly long-term resources and short-term obligations can be covered from short-term receivables.

Looking at liquidity indicators we see that the coefficients of the current and quick liquidity are above 3.60, which indicates that the company is able to settle its current and short-term liabilities to maturity from own resources.

Average collection time of receivables is 111 days. It is necessary to give high priority to the collection of due receivables, to provide billing mechanisms with constant monitoring of the balances of receivables and daily updates of billing with the permissible mechanisms as shown by the indicator of turnover coefficient of customers which is 3.3. Average time of settlement of obligations toward suppliers is 48 days, i.e. the Company settles its current obligations within contracted terms.



## 9. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

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

### 9.1. EXISTANCE OF BRANCHES

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

Belgrade, April 2016

Chairman of the Executive Board

Acting Director General  
Saša Vlasisavljević



Finance Department Director

Dobriša Pejović

C. O.

## Director general's office



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### STATEMENT

Hereby we state that, according to our best knowledge, the Annual Business Report for 2015 is drafted in line with appropriate international standards of financial reporting and that it shows true and impartial data on property, obligations, financial position and operating, profits and losses, cash flows and changes on the capital of the Company.

Signed by:

**Acting General Director**

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**Saša Vlašavljević**

**Financial Director**

\_\_\_\_\_  
**Dobriša Pejović**

**Head of Accounting Sector**

\_\_\_\_\_  
**Zorka Latinović**



*C.O.*



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### NOTE

The Financial Statements for 2015 and Audit Reports were not adopted at the General Assembly of the Company and will be on the agenda of the annual meeting to be held within six months from the end of business year. On the agenda of the meeting of General Assembly of the Company one of the proposals will be a Decision on profit distribution.

Signed by:

**Acting General Director**

**Saša Vlaisavljević**



*S. a.*