



In accordance with Article 50 of the Capital Market Law (“Official Gazette of the Republic of Serbia”, No. 31/2011, 112/2015, 108/2016 and 9/2020), and in accordance with the Rulebook on the Content, Form and Manner of Publishing Annual, Semi-annual and Quarterly Reports of Public Companies (“Official Gazette of the Republic of Serbia”, No. 14/2012, 5/2015, 24/2017 and 14/2020) and Article 3 of the Decree on Postponement the Deadlines for Holding the Company’s Assembly General Meeting and Filing Annual and Consolidated Financial Statements of Companies, Cooperatives, Other Legal Entities and Entrepreneurs, as well as Deadlines for Filing Corporate Income Tax and Individual Business Activity Tax Return, Deadlines of Validity of Authorized Auditor’s Licenses and Licenses for Real Estate Value Assessment Expiring during the State of Emergency Declared due to COVID-19 caused by virus SARS-CoV-2 (“Official Gazette of the Republic of Serbia”, No. 57/20) Joint Stock Company Belgrade Nikola Tesla Airport hereby announces:

Annual Statement for the year 2019



Content of the Statement

1. Financial Statements:

- Income statement for the period I-XII 2019;
- Balance Sheet on 31 December 2019;
- Statement of Other Comprehensive Income for the period I-XII 2019;
- Statement of Changes in Equity for the period I-XII 2019;
- Cash Flow Statement for the period I-XII 2019;
- Notes to the Financial Statements 31 December 2019.

2. Auditor's Report and Financial Statements for the year 2019

3. Cash Flow Statement for the period I-XII 2019

4. Statement

5. Note

NIKOLA TESLA AIRPORT JSC, BELGRADE

FINANCIAL STATEMENTS
31 December 2019

1. **INCOME STATEMENT** for the period I-XII 2019;
2. **BALANCE SHEET** on 31 December 2019;
3. **STATEMENT OF OTHER COMPREHENSIVE INCOME** for the period I-XII 2019;
4. **STATEMENT OF CHANGES IN EQUITY** for the period I-XII 2019;
5. **CASH FLOW STATEMENT** for the period I-XII 2019;
6. **NOTES TO THE FINANCIAL STATEMENTS** 31 December 2019

May 2020

INCOME STATEMENT
for the period from 1 January to 31 December 2019

| INCOME STATEMENT | | | | | |
|--|---|---------------------------------|-------------|----------------|-------------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| -in thousands of RSD- | | | | | |
| Group of accounts - account | I T E M | ADP (position in the statement) | Note number | Current year | Previous year |
| 1 | 2 | 3 | 4 | 6 | 8 |
| REGULAR OPERATING REVENUE | | | | | |
| 60 to 65, except 62 and 63 | A. OPERATING REVENUE (1002 + 1009 + 1016 + 1017) | 1001 | | 615,344 | 69,504,846 |
| 60 | I REVENUE FROM THE SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007 + 1008) | 1002 | 4 | 0 | 5,469 |
| 600 | 1. Revenue from sales of goods to parent companies and subsidiaries – domestic market | 1003 | | | |
| 601 | 2. Revenue from sales of goods to parent companies and subsidiaries – foreign market | 1004 | | | |
| 602 | 3. Revenue from sales of goods to other related parties – domestic market | 1005 | | | |
| 603 | 4. Revenue from sales of goods to other related parties – foreign market | 1006 | | | |
| 604 | 5. Revenue from sales of goods – domestic market | 1007 | 4 | | 5,469 |
| 605 | 6. Revenues from sales of goods – foreign market | 1008 | | | |
| 61 | II REVENUE FROM SALES OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015) | 1009 | 5 | | 9,202,839 |
| 610 | 1. Revenue from sales of products and services to parent companies and subsidiaries – domestic market | 1010 | | | |
| 611 | 2. Revenue from sales of products and services to parent companies and subsidiaries – foreign market | 1011 | | | |
| 612 | 3. Revenue from sales of products and services to other related parties – domestic market | 1012 | | | |
| 613 | 4. Revenue from sales of products and services to to other related parties – foreign market | 1013 | | | |
| 614 | 5. Revenue from sales of products and services – domestic market | 1014 | 5 | | 3,893,053 |
| 615 | 6. Revenue from sales of finished products and services – foreign market | 1015 | 5 | | 5,309,786 |
| 64 | III REVENUE FROM PREMIUMS, SUBVENTIONS GRANTS, DONATIONS, ETC. | 1016 | | | |
| 65 | IV OTHER OPERATING REVENUES | 1017 | 6 | 615,344 | 60,296,538 |

INCOME STATEMENT (continued)
for the period from 1 January to 31 December 2019

| INCOME STATEMENT | | | | | |
|--|---------|-----|-------------|--------------|---------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| -in thousands of RSD- | | | | | |
| Group of accounts - account | I T E M | ADP | Note number | | |
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 6 | 8 |

| REGULAR OPERATING EXPENSES | | | | | |
|-----------------------------|---|-------------|-----------|------------------|-------------------|
| 50 to 55, 62 and 63 | B. OPERATING EXPENSES | | | | |
| | (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0 | 1018 | | 1,072,738 | 6,636,479 |
| 50 | I. COST OF GOODS SOLD | 1019 | 7 | | 4,911 |
| 62 | II. REVENUE FROM OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE | 1020 | | | |
| 630 | III. INCREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS | 1021 | | | |
| 631 | IV. DECREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS | 1022 | | | |
| 51 except 513 | V. COST OF MATERIAL | 1023 | 8 | 1,500 | 269,728 |
| 513 | VI. COST OF FUEL AND ENERGY | 1024 | 9 | 912 | 299,723 |
| 52 | VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES | 1025 | 10 | 137,575 | 3,509,843 |
| 53 | VIII. COST OF PRODUCTION SERVICES | 1026 | 11 | 68,447 | 475,154 |
| 540 | IX. DEPRECIATION COST | 1027 | 12 | 681,269 | 1,229,112 |
| 541 to 549 | X. LONG-TERM PROVISIONS | 1028 | 13 | 33,302 | 53,334 |
| 55 | XI. NON-PRODUCTION COST | 1029 | 14 | 149,733 | 794,674 |
| | C. OPERATING PROFIT (1001 – 1018) ≥ 0 | 1030 | | | 62,868,367 |
| | D. OPERATING LOSS (1018 – 1001) ≥ 0 | 1031 | | 457,394 | |
| 66 | E. FINANCIAL INCOME (1033 + 1038 + 1039) | 1032 | 15 | 71,340 | 125,123 |
| 66, except 662, 663 and 664 | I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034 + 1035 + 1036 + 1037) | 1033 | | | |
| 660 | 1. Financial income from parent companies and subsidiaries | 1034 | | | |
| 661 | 2. Financial income from other related parties | 1035 | | | |
| 665 | 3. Share of profit of associates and joint ventures | 1036 | | | |
| 669 | 4. Other financial income | 1037 | | | |
| 662 | II. INTEREST INCOME (FROM THIRD PARTIES) | 1038 | 15 | 20,649 | 67,048 |
| 663 and 664 | III. FOREIGN EXCHANGE INCOME AND CURRENCY CLAUSE INCOME (THIRD PARTIES) | 1039 | 15 | 50,691 | 58,075 |

INCOME STATEMENT (continued)
for the period from 1 January to 31 December 2019

| INCOME STATEMENT | | | | | |
|--|---------|-----|-------------|--------------|---------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| -in thousands of RSD- | | | | | |
| Group of accounts - account | I T E M | ADP | Note number | | |
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 6 | 8 |

| | | | | | |
|-----------------------------|--|-------------|----|----------------|-------------------|
| 56 | F. FINANCIAL EXPENSES (1041 + 1046 + 1047) | 1040 | 16 | 135,916 | 116,224 |
| 56, except 562, 563 and 564 | I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042 + 1043 + 1044 + 1045) | 1041 | | | |
| 560 | 1. Financial expenses - parent companies and subsidiaries | 1042 | | | |
| 561 | 2. Financial expenses - other related parties | 1043 | | | |
| 565 | 3. Share of loss of associates and joint ventures | 1044 | | | |
| 566 and 569 | 4. Other financial expenses | 1045 | | | |
| 562 | II. INTEREST EXPENSES (FROM THIRD PARTIES) | 1046 | 16 | 9,720 | 34,320 |
| 563 and 564 | III. FOREIGN EXCHANGE LOSSES AND CURRENCY CLAUSE LOSSES (THIRD PARTIES) | 1047 | 16 | 126,196 | 81,904 |
| | G. PROFIT FROM FINANCING OPERATIONS (1032 – 1040) | 1048 | | | 8,899 |
| | H. LOSS FROM FINANCING OPERATIONS (1040 – 1032) | 1049 | | 64,576 | |
| 683 and 685 | I. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS RECOGNIZED AT FAIR VALUE THROUGH INCOME STATEMENT | 1050 | 17 | 5,978 | 20,960 |
| 583 and 585 | J. EXPENSES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS RECOGNIZED AT FAIR VALUE THROUGH INCOME STATEMENT | 1051 | 18 | 21,075 | 52,908 |
| 67 and 68, except | K. OTHER INCOME | 1052 | 19 | 631,080 | 191,976 |
| 57 and 58, except | L. OTHER EXPENSES | 1053 | 20 | 574,830 | 397,851 |
| | M. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053) | 1054 | | | 62,639,443 |
| | N. OPERATING LOSS BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052) | 1055 | | 480,817 | |

INCOME STATEMENT (continued)
for the period from 1 January to 31 December 2019

| INCOME STATEMENT | | | | | |
|--|--|-------------|-------------|------------------|-------------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| -in thousands of RSD- | | | | | |
| Group of accounts - account | I T E M | ADP | Note number | | |
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 6 | 8 |
| 69 and 59 | O. NET INCOME FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS | 1056 | | | |
| 59-69 | P. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS | 1057 | 21 | 19,055 | 28,254 |
| | Q. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057) | 1058 | 22 | | 62,611,189 |
| | R. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056) | 1059 | | 499,872 | |
| | S. INCOME TAX | | | | |
| 721 | I. TAX EXPENSE OF THE PERIOD | 1060 | 23 | | 9,433,469 |
| part of 722 | II. DEFERRED TAX EXPENSE OF THE PERIOD | 1061 | 23 | | 22,270 |
| part of 722 | III. DEFERRED TAX INCOME OF THE PERIOD | 1062 | 23 | 46,015 | |
| 723 | T. PERSONAL INCOME PAID TO EMPLOYER | 1063 | | | |
| | U. NET PROFIT | 1064 | 23 | | 53,155,450 |
| | (1058 – 1059 – 1060 – 1061 + 1062) | | | | |
| | V. NET LOSS | 1065 | 23 | 453,857 | |
| | (1059 – 1058 + 1060 + 1061 – 1062) | | | | |
| | I NET PROFIT ATTRIBUTABLE TO MINORITY STAKEHOLDERS | 1066 | | | |
| | II NET PROFIT ATTRIBUTABLE TO MAJORITY OWNER | 1067 | | | |
| | III EARNINGS PER SHARE | | | | |
| | 1. Basic earnings per share | 1068 | 24 | (12.96) | 1,517.59 |
| | 2. Diluted earnings per share | 1069 | | | |
| 6 | TOTAL REVENUE | | | 1,362,730 | 69,851,726 |
| 5 | TOTAL EXPENSES | | | 1,862,602 | 7,240,537 |

BALANCE SHEET
On 31 December 2019

| BALANCE SHEET | | | | | | |
|--|---|-----|----------|----------------------------|-------------------------------|-------------------------------|
| on 31 December 2019 | | | | | | |
| -in thousands of RSD- | | | | | | |
| Group of accounts - account | I T E M | ADP | Note No. | Amount | | |
| | | | | Current year 31.12.2019 | Previous year | |
| | | | | | Closing balance 31.12.2018 | Opening balance 01.01.2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | ASSETS | | | | | |
| 0 | A. SUBSCRIBED CAPITAL UNPAID | 1 | | | | |
| | B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034) | 2 | | 28,989,692 | 26,722,716 | - |
| 1 | I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009) | 3 | 25 | 18,551 | 276,201 | - |
| 010 and part of 019 | 1. Investment in development | 4 | | | | |
| 011,012 and part of 019 | 2. Concessions, patents, licenses, trade and service marks, software and other rights | 5 | | | 274,606 | |
| 013 and part of 019 | 3. Goodwill | 6 | | | | |
| 014 and part of 019 | 4. Other intangible assets | 7 | | | | |
| 015 and part of 019 | 5. Intangible assets in progress | 8 | | | 18,551 | |
| 016 and part of 019 | 6. Advances for intangible assets | 9 | | | | 1,595 |
| 2 | II. PROPERTY, PLANT AND EQUIPMENT (0011 + 0012+0013+0014+0015+0016+0017+0018) | 10 | 26 | 28,845,688 | 26,302,258 | - |
| 020, 021 and part of 029 | 1. Land | 11 | | 14,180,349 | 9,968,707 | |
| 022 and part of 029 | 2. Buildings | 12 | | 10,811,830 | 10,984,909 | |
| 023 and part of 029 | 3. Plant and equipment | 13 | | 3,853,509 | 5,341,504 | |
| 024 and part of 029 | 4. Investment property | 14 | | | | |
| 025 and part of 029 | 5. Other property, plant and equipment | 15 | | | 3,619 | |
| 026 and part of 029 | 6. Property, plant and equipment under construction | 16 | | | 3,519 | |
| 027 and part of 029 | 7. Investments in others' property, plant and equipment | 17 | | | | |
| 028 and part of 029 | 8. Advances for property, plant and equipment | 18 | | | | |
| 3 | III. BIOLOGICAL ASSETS (0020 + 0021 + 0022 + 0023) | 19 | | 0 | 124 | - |
| 030, 031 and part of 039 | 1. Forests and perennial plantations | 20 | | | | |
| 032 and part of 039 | 2. Livestock | 21 | 26 | | 124 | |
| 037 and part of 039 | 3. Biological assets in progress | 22 | | | | |
| 038 and part of 039 | 4. Advances for biological assets | 23 | | | | |
| 04, except 047 | IV. LONG-TERM FINANCIAL INVESTMENTS (0025+ 0026+0027+0028+0029+0030+0031+0032+0033) | 24 | 27 | 125,453 | 131,065 | - |
| 040 and part of 049 | 1. Investments in subsidiaries | 25 | | | | |
| 041 and part of 049 | 2. Investments in associates and joint ventures | 26 | | | | |
| 042 and part of 049 | 3. Investments in other legal entities and other securities available for sale | 27 | 27a | 1 | 1 | |
| part of 043, part of 044 and part of 049 | 4. Long-term investments in parent companies and subsidiaries | 28 | | | | |
| part of 043, part of 044 and part of 049 | 5. Long-term investments in other related parties | 29 | | | | |
| part of 045 and part of 049 | 6. Long-term investments – domestic | 30 | | | | |
| part of 045 and part of 049 | 7. Long-term investments – foreign | 31 | | | | |
| 046 and part of 049 | 8. Securities held to maturity | 32 | | | | |
| 048 and part of 049 | 9. Other long-term financial investments | 33 | 27b | 125,452 | 131,064 | |


BALANCE SHEET (continued)
On 31 December 2019

| BALANCE SHEET | | | | | | |
|-------------------------------|--|-----------|----------|----------------------------|-------------------------------|-------------------------------|
| on 31 December 2019 | | | | | | |
| -in thousands of RSD- | | | | | | |
| Group of accounts - account | I T E M | ADP | Note No. | Amount | | |
| | | | | Current year 31.12.2019 | Previous year | |
| | | | | | Closing balance 31.12.2018 | Opening balance 01.01.2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041) | 34 | | 0 | 13,068 | - |
| 050 and part of 059 | 1. Receivables from parent company and subsidiaries | 35 | | | | |
| 051 and part of 059 | 2. Receivables from other related parties | 36 | | | | |
| 052 and part of 059 | 3. Receivables from sale of goods on credit | 37 | | | | |
| 053 and part of 059 | 4. Receivables arising out of finance lease contracts | 38 | | | | |
| 054 and part of 059 | 5. Receivables arising from guarantees | 39 | | | | |
| 055 and part of 059 | 6. Bad and doubtful receivables | 40 | | | | |
| 056 and part of 059 | 7. Other long-term receivables | 41 | 28 | | 13,068 | |
| 288 | C. DEFERRED TAX ASSETS | 42 | | | | |
| | D. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070) | 43 | | 4,534,853 | 65,364,611 | - |
| Class 1 | I INVENTORY (0045 + 0046 + 0047 + 0048 + 0049 + 0050) | 44 | | 2,058 | 32,948 | - |
| 10 | 1. Materials, spare parts, tools and small inventory | 45 | | | | |
| 11 | 2. Work in progress and services in progress | 46 | | | | |
| 12 | 3. Finished goods | 47 | | | | |
| 13 | 4. Merchandise | 48 | | | | |
| 14 | 5. Fixed assets held for sale | 49 | | | | |
| 15 | 6. Advances for inventory and services | 50 | 29 | 2,058 | 32,948 | |
| 20 | II RECEIVABLES FROM SALES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058) | 51 | 30 | 98,191 | 1,063,813 | - |
| 200 and part of 209 | 1. Domestic trade receivables – parent companies and subsidiaries | 52 | | | | |
| 201 and part of 209 | 2. Foreign trade receivables – parent companies and subsidiaries | 53 | | | | |
| 202 and part of 209 | 3. Domestic trade receivables – other related parties | 54 | | | | |
| 203 and part of 209 | 4. Foreign trade receivables – other related parties | 55 | | | | |
| 204 and part of 209 | 5. Trade receivables – domestic | 56 | 30 | 75,403 | 324,818 | |
| 205 and part of 209 | 6. Trade receivables – foreign | 57 | 30 | 22,788 | 738,995 | |
| 206 and part of 209 | 7. Other trade receivables | 58 | | | | |
| 21 | III RECEIVABLES FROM SPECIFIC OPERATIONS | 59 | | | | |
| 22 | IV OTHER RECEIVABLES | 60 | 31 | 1,607,808 | 115,183 | |
| 236 | V FINANCIAL ASSETS RECOGNIZED AT FAIR VALUE THROUGH INCOME STATEMENT | 61 | | | | |
| 23 except 236 and 237 | VI SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067) | 62 | 32 | 13,336 | 2,721,308 | - |
| 230 and part of 239 | 1. Short-term loans and investments – parent companies and subsidiaries | 63 | | | | |
| 231 and part of 239 | 2. Short-term loans and investments – other related parties | 64 | | | | |
| 232 and part of 239 | 3. Short-term loans – domestic | 65 | 32 | 2,432 | 289 | |
| 233 and part of 239 | 4. Short-term loans – foreign | 66 | | | | |
| 234, 235, 238 and part of 239 | 5. Other short-term loans and investments | 67 | 32 | 10,904 | 2,721,019 | |
| 24 | VII CASH AND CASH EQUIVALENTS | 68 | 33 | 910,118 | 61,394,573 | |
| 27 | VIII VALUE ADDED TAX | 69 | 34 | 40,792 | | |
| 28 except 288 | IX PREPAYMENTS AND ACCRUED INCOME | 70 | 35 | 1,862,550 | 36,786 | |
| | E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0042 + 0043) | 71 | | 33,524,545 | 92,087,327 | - |
| 88 | F. OFF-BALANCE SHEET ASSETS | 72 | 47 | 5,907,222 | 649,072 | |

BALANCE SHEET (continued)
on 31 December 2019

| BALANCE SHEET | | | | | | |
|-------------------------------|--|-----|----------|----------------------------|-------------------|---|
| on 31 December 2019 | | | | | | |
| -in thousands of RSD- | | | | | | |
| Group of accounts - account | I T E M | ADP | Note No. | Amount | | |
| | | | | Current year 31.12.2019 | Previous year | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| EQUITY AND LIABILITIES | | | | | | |
| | A. EQUITY (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 - 0424 - 0441 - 0442) | 401 | 36 | 29,672,524 | 81,105,207 | - |
| 30 | I NOMINAL CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410) | 402 | | 21,322,533 | 21,264,302 | |
| 300 | 1. Share capital | 403 | 36a | 21,015,677 | 21,015,677 | |
| 301 | 2. Stakes in limited liability companies | 404 | | | | |
| 302 | 3. Stakes | 405 | | | | |
| 303 | 4. State-owned capital | 406 | | | | |
| 304 | 5. Socially-owned capital | 407 | | | | |
| 305 | 6. Stakes in co-operatives | 408 | | | | |
| 306 | 7. Share issuing premiums | 409 | 36b | 306,856 | 248,625 | |
| 309 | 8. Other capital | 410 | | | | |
| 31 | II SUBSCRIBED CAPITAL UNPAID | 411 | | | | |
| 047 and 237 | III PURCHASE OF OWN SHARES | 412 | 36c | 33,192 | 265,416 | |
| 32 | IV RESERVES | 413 | 36d | 6,356,456 | 6,356,456 | |
| 330 | V REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT | 414 | 36e | 2,218,988 | 570,177 | |
| 33 except 330 | VI UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME (credit balance of the group of accounts 33, except 330) | 415 | 36f | | 17,290 | |
| 33 except 330 | VII UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME (debit balance of the group of accounts 33, except 330) | 416 | | | | |
| 34 | VIII RETAINED EARNINGS (0418+0419) | 417 | 36g | 261,596 | 53,162,398 | - |
| 340 | 1. Retained earnings from previous years | 418 | 36g | 261,596 | 6,948 | |
| 341 | 2. Retained earnings in current year | 419 | 36g | | 53,155,450. | |
| | IX. NON-CONTROLLING INTEREST | 420 | | | | |
| 35 | X. LOSS (0422 + 0423) | 421 | | 453,857 | 0 | - |
| 350 | 1. Loss from previous years | 422 | | | | |
| 351 | 2. Loss in current year | 423 | 36g | 453,857 | | |
| | B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432) | 424 | | 86,093 | 620,490 | - |
| 40 | I LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431) | 425 | 37 | 86,093 | 145,624 | - |
| 400 | 1. Provisions for costs during the warranty period | 426 | | | | |
| 401 | 2. Provisions for environmental rehabilitation | 427 | | | | |
| 403 | 3. Provisions for restructuring costs | 428 | | | | |
| 404 | 4. Provisions for salaries and other employee benefits | 429 | 37a | 5,087 | 1,285 | |
| 405 | 5. Provisions for litigations | 430 | 37 | 81,006 | 144,339 | |
| 402 and 409 | 6. Other long-term provisions | 431 | | | | |
| 41 | II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440) | 432 | | 0 | 474,866 | |
| 410 | 1. Liabilities convertible to capital | 433 | | | | |
| 411 | 2. Liabilities to parent companies and subsidiaries | 434 | | | | |
| 412 | 3. Liabilities to other related parties | 435 | | | | |
| 413 | 4. Liabilities for issued long-term securities | 436 | | | | |
| 414 | 5. Long-term loans – domestic | 437 | | | | |
| 415 | 6. Long-term loans – foreign | 438 | 38 | | 474,866 | |

BALANCE SHEET (continued)
on 31 December 2019

| BALANCE SHEET | | | | | | |  | |
|-----------------------------|---|------------|-----------|-------------------------|----------------------------|----------------------------|---|--|
| on 31 December 2019 | | | | | | | -in thousands of RSD- | |
| Group of accounts - account | I T E M | ADP | Note No. | Amount | | | | |
| | | | | Current year 31.12.2019 | Previous year | | | |
| 1 | 2 | 3 | 4 | 5 | Closing balance 31.12.2018 | Opening balance 01.01.2018 | 7 | |
| 416 | 7. Finance lease liabilities | 439 | | | | | | |
| 419 | 8. Other long-term liabilities | 440 | | | | | | |
| 498 | C. DEFERRED TAX LIABILITIES | 441 | 46 | 723,864 | 478,523 | | | |
| 42 to 49 (except | D. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462) | 442 | | 3,042,064 | 9,883,107 | | - | |
| 42 | I SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + | 443 | 39 | 0 | 98,520 | | - | |
| 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 loans – domestic | 446 | | | | | | |
| 423 | 4. Short-term loans – foreign | 447 | | | | | | |
| 427 | 5. Liabilities for fixed assets and assets of discontinued operations held for sale | 448 | | | | | | |
| 424, 425, 426 and 429 | 6. Other short-term financial liabilities | 449 | 39 | | 98,520 | | | |
| 430 | II RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY | 450 | 40 | 42,023 | 101,546 | | | |
| 43 except 430 | III OPERATING LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + | 451 | 41 | 59,548 | 618,354 | | - | |
| 431 | 1. Trade payables – parent companies and subsidiaries – | 452 | | | | | | |
| 432 | 2. Trade payables – parent companies and subsidiaries – | 453 | | | | | | |
| 433 | 3. Trade payables – other related parties – domestic | 454 | | | | | | |
| 434 | 4. Trade payables – other related parties – foreign | 455 | | | | | | |
| 435 | 5. Trade payables – domestic | 456 | 41 | 44,724 | 180,837 | | | |
| 436 | 6. Trade payables – foreign | 457 | 41 | 5,577 | 415,144 | | | |
| 439 | 7. Other operating liabilities | 458 | 41 | 9,247 | 22,373 | | | |
| 44, 45 and 46 | IV OTHER SHORT-TERM LIABILITIES | 459 | 42 | 17,305 | 12,090 | | | |
| 47 | V LIABILITIES FOR VALUE ADDED TAX | 460 | 43 | | 30,505 | | | |
| 48 | VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER | 461 | 44 | 2,482 | 8,929,626 | | | |
| 49 except 498 | VII ACCRUED EXPENSES AND DEFERRED INCOME | 462 | 45 | 2,920,706 | 92,466 | | | |
| | E. LOSS OVER EQUITY (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) | 463 | | 0 | 0 | | | |
| | F. TOTAL EQUITY AND LIABILITIES (0424 + 0442 + 0441 + 0401 | 464 | | 33,524,545 | 92,087,327 | | - | |
| 89 | G. OFF-BALANCE SHEET LIABILITIES | 465 | 47 | 5,907,222 | 649,072 | | | |

| STATEMENT OF OTHER COMPREHENSIVE INCOME | | | | | |
|--|---|------|----------|---------------------------------|---------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| Group of accounts -account | I T E M | ADP | Note No. | -in thousands of RSD- Amount | |
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 7 |
| | A. NET OPERATING RESULT | | | | |
| | I. NET PROFIT (ADP 1064) | 2001 | 23 | | 53,155,450 |
| | II. NET LOSS (ADP 1065) | 2002 | | 453,857 | |
| | B. OTHER COMPREHENSIVE PROFIT OR LOSS | | | | |
| | a) Items that will not be reclassified to profit or loss | | | | |
| | 1. Changes in the revaluation of intangible assets, property, plant and equipment | | | | |
| 330 | a) Increase in revaluation reserves | 2003 | | 2,308,471 | |
| | b) Decrease in revaluation reserves | 2004 | | 313,389 | |
| | 2. Actuarial gains and losses of post-employment benefit obligations | | | | |
| 331 | a) Gains | 2005 | | | |
| | b) Losses | 2006 | | 17,290 | 192 |
| | 3. Gains and losses arising from equity investments | | | | |
| 332 | a) Gains | 2007 | | | |
| | b) Losses | 2008 | | | |
| | 4. Gains and losses arising from share in the associate's other comprehensive profit or loss | | | | |
| 333 | a) Gains | 2009 | | | |
| | b) Losses | 2010 | | | |
| | b) Items that may be subsequently reclassified to profit or loss | | | | |
| | 1. Gains and losses from currency translation differences | | | | |
| 334 | a) Gains | 2011 | | | |
| | b) Losses | 2012 | | | |
| | 2. Gains and losses on net investment hedging instruments in foreign business | | | | |
| 335 | a) Gains | 2013 | | | |
| | b) Losses | 2014 | | | |
| | 3. Gains and losses on cash flow hedges | | | | |
| 336 | a) Gains | 2015 | | | |
| | b) Losses | 2016 | | | |
| | 4. Gains and losses from change in value of available-for-sale securities | | | | |
| 337 | a) Gains | 2017 | | | |
| | b) Losses | 2018 | | | |
| | I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0 | 2019 | | 1,977,792 | |
| | II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0 | 2020 | | | 192 |
| | III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS OF THE PERIOD | 2021 | | 346,271 | |
| | IV. NET OTHER COMPREHENSIVE PROFIT (2019 – 2020 – 2021) ≥ 0 | 2022 | | 1,631,521 | |
| | V. NET OTHER COMPREHENSIVE LOSS (2020 – 2019 + 2021) ≥ 0 | 2023 | | | 192 |
| | B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD | | | | |
| | I. TOTAL NET COMPREHENSIVE PROFIT (2001 – 2002 + 2022 – 2023) ≥ 0 | 2024 | | 1,177,664 | 53,155,258 |
| | II. TOTAL NET COMPREHENSIVE LOSS (2002 – 2001 + 2023 – 2022) ≥ 0 | 2025 | | | |
| | D. TOTAL NET COMPREHENSIVE PROFIT / LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0 | 2026 | | 1,177,664 | 53,155,258 |
| | 1. Attributable to shareholders | 2027 | | | |
| | 2. Attributable to minority stakeholders | 2028 | | | |

**STATEMENT OF CHANGES IN EQUITY
for the period from 1 January to 31 December 2019**

STATEMENT OF CHANGES IN EQUITY for the period from 1 January to 31 December 2019



-in thousands of RSD-

| No. | DESCRIPTION | Equity components | | | | | | | | | | | 330 | 331 | 332 | 333 | 334 and 335 | 336 | 337 | ADP | Total equity [Σ(line 1b col. 3 to col. 15) - Σ(line 1a col. 3 to col. 15)] ≥ 0 | ADP | Loss over equity [Σ(line 1a col. 3 to col. 15) - Σ(line 1b col. 3 to col. 15)] ≥ 0 | | | | | | | | | | | | | | |
|-----|---|-------------------|-----------------------|------|---------------------------------|-----------|----------------|---------|------------|------------|---------------------------------------|-----------|------------|--------|-----------|------|-------------|------|------|------|--|------|--|-------------------------|------|------|------|------------|------------|-----------|------|--|--|--|--|--|--|
| | | ADP | 30 Nominal capital | ADP | 31 Subscribed capital unpaid | ADP | 32 Reserves | ADP | 35 Loss | ADP | 047 and 237 Purchase of own shares | ADP | | | | | | | | | | | | 34 Retained earnings | | | | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | | | | | | | | | | | | | | | | | | | | | |
| 1 | Opening balance as at 01.01.2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4001 | | 4019 | 4037 | 4055 | 4073 | 4091 | 4109 | 4127 | 4145 | 4163 | 4181 | 4199 | 4217 | 4235 | 0 | 4244 | | | | 0 | | | | | | | | | | | | | | | |
| | b) credit | 4002 | 20,573,610 | 4020 | 0 | 4038 | 5,254,126 | 4056 | 0 | 4074 | 0 | 4092 | 3,267,110 | 4110 | 596,114 | 4128 | 17,482 | 4146 | 0 | 4164 | 0 | 4182 | 0 | 4200 | 0 | 4218 | 0 | 29,708,442 | | | | | | | | | |
| 2 | Adjustments of material errors and changes in accounting policies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4003 | | 4021 | 4039 | 4057 | 4075 | 4093 | 4111 | 4129 | 4147 | 4165 | 4183 | 4201 | 0 | 4219 | 0 | 4236 | 0 | 4245 | | | | | | | | | | | | | | | | | |
| | b) credit | 4004 | | 4022 | 4040 | 4058 | 4076 | 4094 | 4112 | 4130 | 4148 | 4166 | 4184 | 4202 | 0 | 4220 | 0 | | | | | | | | | | | | | | | | | | | | |
| 3 | Restated opening balance as at 1 January 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit (1a+2a-2b) ≥ 0 | 4005 | 0 | 4023 | 0 | 4041 | 0 | 4059 | 0 | 4077 | 0 | 4095 | 0 | 4113 | 0 | 4131 | 0 | 4149 | 0 | 4167 | 0 | 4185 | 0 | 4203 | 0 | 4221 | 0 | 4237 | 0 | 4246 | | | | | | | |
| | b) credit (1b-2a+2b) ≥ 0 | 4006 | 20,573,610 | 4024 | 0 | 4042 | 5,254,126 | 4060 | 0 | 4078 | 0 | 4096 | 3,267,110 | 4114 | 596,114 | 4132 | 17,482 | 4150 | 0 | 4168 | 0 | 4186 | 0 | 4204 | 0 | 4222 | 0 | | | | | | | | | | |
| 4 | Changes in 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4007 | 470,040 | 4025 | 4043 | 4061 | 4079 | 265,416 | 4097 | 3,267,110 | 4115 | 25,937 | 4133 | 192 | 4151 | 4169 | 4187 | 0 | 4205 | 0 | 4223 | 0 | 4238 | 0 | 4248 | 0 | 4256 | 0 | 4264 | 4,028,695 | 4247 | | | | | | |
| | b) credit | 4008 | 1,160,732 | 4026 | 4044 | 1,102,330 | 4062 | 4080 | 0 | 4098 | 53,162,398 | 4116 | 4134 | 4152 | 4170 | 4188 | 0 | 4206 | 0 | 4224 | 0 | 4239 | 0 | 4249 | 0 | 4257 | 0 | 4265 | 55,425,460 | | | | | | | | |
| 5 | Balance as at 31 December 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit (3a+4a-4b) ≥ 0 | 4009 | | 4027 | 0 | 4045 | 0 | 4063 | 0 | 4081 | 265,416 | 4099 | 0 | 4117 | 0 | 4135 | 0 | 4153 | 0 | 4171 | 0 | 4189 | 0 | 4207 | 0 | 4225 | 0 | 4239 | 0 | 4248 | | | | | | | |
| | b) credit (3b-4a+4b) ≥ 0 | 4010 | 21,264,302 | 4028 | 0 | 4046 | 6,356,456 | 4064 | 0 | 4082 | 0 | 4100 | 53,162,398 | 4118 | 570,177 | 4136 | 17,290 | 4154 | 0 | 4172 | 0 | 4190 | 0 | 4208 | 0 | 4226 | 0 | | | | | | | | | | |
| 6 | Adjustments of material errors and changes in accounting policies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4011 | | 4029 | 4047 | 4065 | 4083 | 4101 | 4119 | 4137 | 4155 | 4173 | 4191 | 4209 | 0 | 4227 | 0 | 4240 | 0 | 4249 | | | | | | | | | | | | | | | | | |
| | b) credit | 4012 | | 4030 | 4048 | 4066 | 4084 | 4102 | 4120 | 4138 | 4156 | 4174 | 4192 | 4210 | 0 | 4228 | 0 | | | | | | | | | | | | | | | | | | | | |
| 7 | Restated opening balance as at 1 January 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit (5a+6a-6b) ≥ 0 | 4013 | 0 | 4031 | 0 | 4049 | 0 | 4067 | 0 | 4085 | 265,416 | 4103 | 0 | 4121 | 0 | 4139 | 0 | 4157 | 0 | 4175 | 0 | 4193 | 0 | 4211 | 0 | 4229 | 0 | 4241 | | | | | | | | | |
| | b) credit (5b-6a+6b) ≥ 0 | 4014 | 21,264,302 | 4032 | 0 | 4050 | 6,356,456 | 4068 | 0 | 4086 | 0 | 4104 | 53,162,398 | 4122 | 570,177 | 4140 | 17,290 | 4158 | 0 | 4176 | 0 | 4194 | 0 | 4212 | 0 | 4230 | 0 | | | | | | | | | | |
| 8 | Changes in 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4015 | | 4033 | 4051 | 4069 | 453,857 | 4087 | 4105 | 53,162,398 | 4123 | 659,660 | 4141 | 17,290 | 4159 | 4177 | 4195 | 4213 | 0 | 4231 | 0 | 4242 | 0 | 4242 | 0 | 4242 | 0 | 4242 | 54,293,205 | 4251 | | | | | | | |
| | b) credit | 4016 | 58,231 | 4034 | 4052 | 4070 | 4088 | 232,224 | 4106 | 261,596 | 4124 | 2,308,471 | 4142 | 4160 | 4178 | 4196 | 4211 | 0 | 4232 | 0 | 4242 | 0 | 4242 | 0 | 4242 | 0 | | | | | | | | | | | |
| 9 | Balance as at 31 December 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit (7a+8a-8b) ≥ 0 | 4017 | 0 | 4035 | 0 | 4053 | 0 | 4071 | 453,857 | 4089 | 33,192 | 4107 | 0 | 4125 | 4143 | 4161 | 0 | 4179 | 0 | 4197 | 0 | 4215 | 0 | 4233 | 0 | 4243 | 0 | 4243 | 4252 | | | | | | | | |
| | b) credit (7b-8a+8b) ≥ 0 | 4018 | 21,322,533 | 4036 | 0 | 4054 | 6,356,456 | 4072 | 0 | 4090 | 0 | 4108 | 261,596 | 4126 | 2,218,988 | 4144 | 0 | 4162 | 0 | 4180 | 0 | 4198 | 0 | 4216 | 0 | 4244 | 0 | | | | | | | | | | |

CASH FLOW STATEMENT
for the period from 1 January to 31 December 2019

| CASH FLOW STATEMENT | | | |
|--|-------------|-------------------|-------------------|
| for the period from 1 January 2019 to 31 December 2019 | | | |
| -in thousands of RSD- | | | |
| I T E M | ADP | Amount | |
| | | Current year | Previous year |
| 1 | 2 | 4 | 5 |
| A. OPERATING CASH FLOW | | | |
| I. Operating cash inflow (1 to 3) | 3001 | 1,430,900 | 70,975,615 |
| 1. Sales and advances received | 3002 | 1,406,134 | 10,397,585 |
| 2. Interest from operating activities | 3003 | 182 | 4,020 |
| 3. Other inflow from operating activities | 3004 | 24,584 | 60,574,010 |
| II. Operating cash outflow (1 to 5) | 3005 | 12,646,410 | 7,056,914 |
| 1. Payments and prepayments to suppliers | 3006 | 822,923 | 1,903,985 |
| 2. Salaries, benefits and other personal expenses | 3007 | 137,553 | 3,697,871 |
| 3. Interest paid | 3008 | 12,606 | 28,595 |
| 4. Income tax | 3009 | 10,499,955 | 508,486 |
| 5. Payments for other public revenues | 3010 | 1,173,373 | 917,977 |
| III. Net cash inflow from operating activities (I-II) | 3011 | | 63,918,701 |
| IV. Net cash outflow from operating activities (II-I) | 3012 | 11,215,510 | |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| I. Cash inflow from investing activities (1 to 5) | 3013 | 3,037,062 | 171,522 |
| 1. Sale of shares and stakes (net inflow) | 3014 | 290,455 | |
| 2. Sale of intangible assets, property, plant, equipment and biological assets | 3015 | | 34,151 |
| 3. Other financial investments (net inflow) | 3016 | 2,716,029 | 64,200 |
| 4. Interest from investing activities | 3017 | 30,578 | 73,171 |
| 5. Dividends received | 3018 | | |
| II. Cash outflow from investing activities (1 to 3) | 3019 | 95,222 | 2,778,849 |
| 1. Purchase of shares and stakes (net outflow) | 3020 | | 735,456 |
| 2. Purchase of intangible assets, property, plant, equipment and biological assets | 3021 | 95,222 | 2,043,393 |
| 3. Other financial investments (net outflow) | 3022 | | |
| III. Net cash inflow from investing activities (I-II) | 3023 | 2,941,840 | |
| IV. Net cash outflow from investing activities (II-I) | 3024 | | 2,607,327 |

CASH FLOW STATEMENT (continued)
for the period from 1 January to 31 December 2019

| CASH FLOW STATEMENT | | | |
|---|-------------|-------------------|-------------------|
| for the period from 1 January 2019 to 31 December 2019 | | | |
| -in thousands of RSD- | | | |
| I T E M | ADP | Amount | |
| | | Current year | Previous year |
| 1 | 2 | 4 | 5 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| I. Cash inflow from financing activities (1 to 5) | 3025 | - | - |
| 1. Increase in nominal capital | 3026 | | |
| 2. Proceeds from long-term loans (net inflow) | 3027 | | |
| 3. Proceeds from short-term loans (net inflow) | 3028 | | |
| 4. Other long-term liabilities | 3029 | | |
| 5. Other short-term liabilities | 3030 | | |
| II. Cash outflow from financing activities (1 to 6) | 3031 | 52,128,413 | 2,261,999 |
| 1. Purchase of own shares | 3032 | | |
| 2. Repayment of long-term loans (outflow) | 3033 | 49,163 | 98,569 |
| 3. Repayment of short-term loans (outflow) | 3034 | | |
| 4. Repayment of other liabilities (outflow) | 3035 | 148,207 | |
| 5. Financial lease | 3036 | | |
| 6. Dividend distribution | 3037 | 51,931,043 | 2,163,430 |
| III. Net cash inflow from financing activities (I-II) | 3038 | - | - |
| IV. Net cash outflow from financing activities (II-I) | 3039 | 52,128,413 | 2,261,999 |
| D. TOTAL CASH INFLOW (3001 + 3013 + 3025) | 3040 | 4,467,962 | 71,147,137 |
| E. TOTAL CASH OUTFLOW (3005 + 3019 + 3031) | 3041 | 64,870,045 | 12,097,762 |
| F. NET CASH INFLOW (3040 – 3041) | 3042 | - | 59,049,375 |
| G. NET CASH OUTFLOW (3041 – 3040) | 3043 | 60,402,083 | |
| H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 3044 | 61,394,573 | 2,386,010 |
| I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS | 3045 | 37,208 | 14,749 |
| J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS | 3046 | 119,580 | 55,561 |
| K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 3047 | 910,118 | 61,394,573 |
| (3042 – 3043 + 3044 + 3045 – 3046) | | | |

BELGRADE NIKOLA TESLA AIRPORT JSC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

1. COMPANY ESTABLISHMENT AND OPERATION**1.1. Basic information about the company**

The joint stock company Belgrade Nikola Tesla Airport (hereinafter: "the Company") was established for the provision of airport services (landing, taking off, taxiing and parking of aircraft, acceptance and dispatch of aircraft, passengers and goods). In addition to the core activity of providing airport services, within its non-core activities, the Company also performs other services within the airport complex that meet the needs of service users, domestic and foreign airlines.

The operation of the Airport dates to 25 March 1928, at the location of Bezanijska kosa, while its operation at current location (Surcin) started in 1962.

According to the decision of the Government of the Republic of Serbia from 1992, the Airport was re-registered as the Public Enterprise Belgrade Airport, and in 2006, also according to the decision of the Government, it was renamed Public Enterprise Belgrade Nikola Tesla Airport.

On 17 June 2010, The Government of the Republic of Serbia passed the Decision no. 023-4432/2010 on the change of legal form of PE Belgrade Nikola Tesla Airport from a public enterprise to a closed joint stock company. Subject change of legal form was registered with the Business Registers Agency on 22 June 2010 under the Decision number BD 68460/2010.

Following the change of legal form, the company continued to operate under the full name Joint Stock Company Belgrade Nikola Tesla Airport. By the decision of the Business Registers Agency number BD 7651/2011 dated 24 January 2011, the registration of the open Joint Stock Company Belgrade Nikola Tesla Airport was made in the register of business entities

On 5 January 2018, the Decision on the selection of the most favourable bid in the procedure of granting a concession for financing, development through construction and reconstruction, maintenance and management of the infrastructure of JSC Belgrade Nikola Tesla Airport and performing the activities of the airport operator was registered in the Ministry of Construction, Transport and Infrastructure under the number: 023-00-1/2018-12 dated 5 January 2018, and at the ANT under number: GD 111/2018 dated 5 January 2018, The selected most favourable bidder is "Vinci Airports SAS France".

On 22 March 2018, the concession agreement was concluded for financing, development through the construction and reconstruction, maintenance and management of the infrastructure of the Joint Stock Company Nikola Tesla Airport Belgrade and the performance of activities of the airport operator at the Nikola Tesla Airport in Belgrade between the Republic of Serbia, represented by the Government of the Republic of Serbia and Joint Stock Company Belgrade Nikola Tesla Airport, VINCI Airports Serbia d.o.o. Belgrade (hereinafter: SPV), and VINCI Airports S.A.S. France, as the most favourable selected bidder.

The provisions of the Concession Agreement pertaining to the Transitional Period stipulate a number of preconditions for both contracting parties, the fulfilment of which, within the stipulated deadline, provide the conditions for the Concession Commencement Date to occur.

By fulfilling all preconditions, including the payment of one-off concession fee in the amount of EUR 501.000.000 to the account of JSC Belgrade Nikola Tesla Airport, made by Vinci Airports Serbia doo Belgrade on 21 December 2018, the conditions were met for the Concession Commencement Date to occur as of 22 December 2018.

On 21 December 2018, according to the decision of the Civil Aviation Directorate of the Republic of Serbia, the Airport certificate was transferred from JSC Belgrade Nikola Tesla Airport to Vinci Airports Serbia doo Belgrade..

NOTES TO FINANCIAL STATEMENTS 31 December 2019

From the Concession Commencement Date, i.e. 22 December 2018, Vinci Airports Serbia doo Belgrade assumed the management of the Airport and the provision of service activities in air transport, and from that date, JSC Belgrade Nikola Tesla Airport changed its core activity from service activities incidental to air transportation (52.23) to renting and operating of own or leased real estate (68.20), with the primary task to monitor the implementation of the concession agreement as the owner of all movable and immovable property given based on the Concession Agreement for the use and management to VINCI Airports Serbia doo Belgrade, all in accordance with the Law on Public-Private Partnership and Concessions with accompanying bylaws.

In addition to core activity, the Company may perform all other activities that are not prohibited by law, including foreign trade activity, regardless of whether such activities are determined by the articles of incorporation, i.e. the statute. The company performs activities of general interest.

| | |
|--|--|
| <i>Registered seat</i> | <i>11180 Beograd 59, Surcin</i> |
| <i>Company registration number</i> | <i>07036540</i> |
| <i>Tax identification number</i> | <i>100000539</i> |
| <i>Activity code and name up to 21.12.2018</i> | <i>52.23 - service activities incidental to air transportation</i> |
| <i>Activity code and name as of 21/12/2018</i> | <i>68.20 - renting and operating of own or leased real estate</i> |

In July 2019, VINCI Airports Serbia doo Belgrade changed its business name to Belgrade Airport doo Belgrade (hereinafter: SPV) based on the prior consent issued by the Concession Grantor.

According to the classification criteria from the Law on Accounting, JSC Belgrade Nikola Tesla Airport is classified as a medium-sized legal entity.

1.2 Management structure

The Company has established two-tier corporate system. The Bodies of the Company include the General Assembly, the Supervisory Board and the Executive Board. The Assembly comprises of the Company Shareholders entitled to participate in the Assembly's work. The Shareholder in possession of 35026 of ordinary shares has the right to participate in the Assembly's work.

The Supervisory Board has five (5) members, of which at least one is an independent from the Company. Supervisory Board members are assigned by the Assembly of the Company. The Supervisory Board is obliged to form audit committee, and if necessary, it may also form other committees that assist in its work. Supervisory Board committees have at least three members, whereof one has to be an independent member of the Supervisory Board.

The Executive Board consists of two (2) executive directors including the CEO. Executive directors are appointed by the Supervisory Board of the Company.

1.3 Ownership structure

Following the change of legal form into a closed joint stock company, a total of 34,289,350 shares, 100% owned by the Republic of Serbia were registered in the Central Securities Depository and Clearing House on 7 July 2010.

On 9 December 2010, the Government of the Republic Serbia issued the Decision No. 023-9103/2010-1, by which the citizens of the Republic of Serbia, the employees and former employees of the Company have acquired the right to 16.85% of ownership of the Company. Following the transfer of the right to free of charge shares to citizens, employees and former employees, the Republic of Serbia owns 28,511,988 ordinary shares, which represents 83.15% of the total share capital of the Company.

By the Decision on admission of shares to Prime Listing 04/4 No. 478/11 dated 28 January 2011, the shares of the Company were admitted and included in the 'A' Listing of the Belgrade Stock Exchange. Stock trading on the Belgrade Stock Exchange commenced on 7 February 2011.

NOTES TO FINANCIAL STATEMENTS 31 December 2019

As at 31 December 2019, a total of 35,026,129 ordinary shares with voting right at individual nominal value of RSD 600.00 were registered in the Central Securities Depository and Clearing House. The Republic of Serbia owns 29,616,702 ordinary shares, which represents 84.56% of the total share capital of the Company, while other shareholders own 5,409,427 ordinary shares, which represents 15.44% of the total share capital of the Company.

1.4 Number of employees and engaged persons

As at the Balance Sheet date on 31 December 2019, there were 37 engaged workers in the Company, 36 of whom account for full-time employees of the Company, while 1 employee was engaged through temporary employment contract (on 31 December 2018 there were 3 employees in the Company, 3 of whom were engaged through permanent employment contracts).

During 2019, the average number of employees in the Company based on the situation at the end of each month was 36, out of whom the average number of employees in the Company is 35 employees (34 with full-time and 1 with temporary employment) and on average 1 employee engaged through temporary employment (in 2018, the average number of employees engaged in the Company based on the situation at the end of each month was 2,227, of which the average number of employees in the Company was 1,556 (1,092 full-time employees, and 464 under temporary employment), with on average 276 employees under temporary employment and on average 395 persons engaged through youth cooperatives).

2 BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD

2.1 Basis for the preparation and presentation of financial statements

The financial statements for 2019 have been prepared in a manner and in accordance with the legislation and determined at the session of the Supervisory Board of the Company held on 24 June 2020.

Legal entities and entrepreneurs in the Republic of Serbia are obliged to keep business books, recognize and assess assets and liabilities, income and expenses, as well as to compile, present, submit and disclose financial statements in accordance with the Law on Accounting (hereinafter "the Law") published in the "Official Gazette of RS", No. 62/2013), as well as in accordance with other applicable bylaws. Being a large legal entity, the company is obliged to apply International Financial Reporting Standards ("IFRS"), which within the meaning of this 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 IFRS Interpretations Committee ("IFRIC"), subsequent amendments to those standards and related interpretations, approved by the International Accounting Standards Board ("Board"), whose translation was determined and published by the Ministry in charge of finance.

The Decision of the Ministry dated 13 March 2014, published in the Official Gazette of the Republic of Serbia No. 35 dated 27 March 2014 (hereinafter referred to as the "Decision on determining the translation"), determined and published translations of the basic texts of the IAS and IFRS, the Conceptual the Financial Reporting Framework ("Conceptual Framework"), adopted by the Board, as well as related IFRIC interpretations. These translations published in the Decision on determining the translation do not include bases for concluding, illustrative examples, guidelines, comments, contradictions, elaborated examples, as well as other accompanying explanatory material that may be adopted in relation to standards or interpretations, unless explicitly does not state that this material is an integral part of the standard or interpretation. Pursuant to the Decision on the Definition of Translation, the conceptual framework, IAS, IFRS, IFRIC and related interpretations that have been translated are applied from the financial statements that are compiled on 31 December 2014. The revised or issued IFRS and interpretation of the standards, after this date, have not been translated and published, and therefore have not been applied for the preparation of the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS 31 December 2019

However, until the date of drawing up the accompanying financial statements, all amendments to the IAS/IFRS and IFRIC Interpretations that were in force for the annual periods beginning on or after 1 January 2015 have not been translated. In addition, certain laws and regulations regulate accounting procedures, valuations and disclosures that in some cases deviate from the requirements of IAS/IFRS and IFRIC Interpretations.

In addition, the accompanying financial statements deviate from IAS and IFRS at the following points:

- - Deviations from IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment" in the treatment and recording of the effects of the valuation of capital, the main part of which is the valuation of the value of property, equipment and investment property. Namely, in accordance with Article 27 of the Independent Articles of the Law on Amendments to the Law on the Right to Free Shares and the Financial Benefit of Citizens in the Privatization Procedure ("Official Gazette of RS" No. 30/2010), the founder of the Company was obliged to ensure that by 30 June 2010, the Company changes the legal form and discloses its nominal capital in shares of a nominal value based on the adjusted book value of capital. Pursuant to the above, after the valuation procedure of the capital, posting of estimated values of assets and liabilities in favour of revaluation reserves were made. Pursuant to the Decision of the Company Board of Directors No. 04-100/1 dated 31 May 2010 on capital increase, and the Decision of the Government of the Republic of Serbia No. 023-4175/2010 of 4 June 2010 on granting consent to the mentioned Decision on Increasing nominal capital from own funds by conversion of reserves and retained earnings to the nominal capital of the Public Enterprise Belgrade Nikola Tesla Airport, the Company recorded in the books the increase in state-owned capital on 1 January 2010, by adjusting the initial balance by way of reducing the remaining capital, reserves, revaluation reserves and retained earnings. The said accounting treatment deviates from the requirement of IAS 16 "Property, plant and equipment" according to which: 1) the result of the revaluation is attributed directly to the capital, within the scope of the revaluation reserve, or recognized as income in the income statement up to the amount to which the revaluation reduction of the same assets previously recognized as an expense, as well as in the part by which 2) revaluation reserves that are an integral part of the capital related to real estate, plant and equipment can be transferred directly to the retained earnings when the asset ceases to be recognized. Due to the aforementioned recognition of the valuation in the accompanying financial statements in accordance with these acts, it is inconsistent with the requirements of IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment".
 - According to the Ministry's opinion, the employees' share in profit is recorded as a decrease in retained earnings, not at the expense of the results of the current period, as required by IAS 19 "Employee Benefits".

In accordance with the above, and having in mind the potential material effects that deviations of the accounting regulations of the Republic of Serbia from IFRS and IASs may have on the reality and objectivity of the Company's financial statements, the accompanying financial statements cannot be considered financial statements prepared in accordance with IFRS and IAS.

The published standards and interpretations that entered into force in the current period under the Decision on determining the translation are disclosed in the Note 2.2. Published standards and interpretations in force in the current period that have not yet been officially translated and adopted are disclosed in the Note 2.3.

The financial statements have been prepared in accordance with the historical cost principle, unless otherwise stated in the accounting policies set out below.

In compiling these financial statements, the Company applied the accounting policies set out in the Note 3.

In accordance with the Law on Accounting, the financial statements of the Company are expressed in thousands of dinars (RSD). Dinar represents the official reporting currency in the Republic of Serbia.

NOTES TO FINANCIAL STATEMENTS 31 December 2019

Published standards and interpretations that came into force on the basis of the Decision on determining the translation

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments to Improve Disclosure of Fair Value and Liquidity Risk (Revised March 2009, effective for annual periods beginning on or after 1 January 2009);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Additional exemptions for first-time adopters of IFRSs. The changes relate to assets in the oil and gas industry and determining whether the contracts contain leasing (revised July 2009, effective for annual periods beginning on or after 1 January 2010);
- Amendments to various standards and interpretations are the result of the IFRS Annual Qualitative Improvements Project issued on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16), primarily with the intention of eliminating non-compliance and clarifications of the wording in the text (amendments to the standards enter into force for annual periods beginning on or after 1 January 2010, and the amendment to the IFRIC on or after 1 July 2009);
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after 1 July 2009);
- Amendments to IFRS 2 "Share Payments": Changes as a result of the IFRS Annual Qualitative Improvements Project (revised April 2009, effective for annual periods beginning on or after 1 July 2009) and changes relating to payment transactions of the cash-based group shares (revised June 2009, effective for annual periods beginning on or after 1 January 2010);
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" are 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 day or after 30 June 2009);
- IFRIC 18 "Transfer of assets from customers" (effective for annual periods beginning on or after 1 July 2009);
- "Comprehensive Framework for Financial Reporting in 2010", which represents modification of the "Framework for preparing and presenting financial statements" (valid for the transfer of funds from customers received on or after September 2010);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Limited Exemption from Comparative Disclosures Required by IFRS 7 with First-time Adopters (effective for annual periods beginning on or after 1 July 2010);
- Amendments to IAS 24 "Related Party Disclosures" - Simplified disclosure requirements for persons under (significant) control or government influence and clarification of the definition of a related party (effective for annual periods beginning on or after 1 January 2011);
- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting Inclusion of a Preferential Right for New Shares (effective for annual periods beginning on or after 1 February 2010);
- Amendments to the various standards and interpretations "Improvements to IFRSs (2010)" are the result of the IFRS Annual Qualitative Improvements Project issued on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13), primarily with the intention of eliminating non-compliance and clarifications of the wording in the text (most of the amendments will be effective for annual periods beginning on or after 1 January 2011);

NOTES TO FINANCIAL STATEMENTS 31 December 2019

- Amendments to IFRIC 14 "IAS 19 - Limit of Defined Benefit Asset, Minimum funding requirements and their Interaction" Advance Payment of the Minimum Funding Requirements (effective for annual periods beginning on or after 1 January 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 International Financial Reporting Standards" - 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" - Transfer of Financial Assets (effective for annual periods beginning on or after 1 January 2011);
- Amendments to IAS 12 "Income Tax" - Deferred tax: recovery of funds used for taxation (effective for annual periods beginning on or after 1 January 2012);
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Legal Entities: Transitional Application Instructions" (effective for annual periods beginning on or after 1 January 2013);
- IAS 27 (revised in 2011) "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013);
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Government loans at an interest rate lower than the market (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Disclosures — Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 1 "Presentation of Financial Statements" - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012);
- Amendments to IAS 19 "Employee Benefits" - Improvements in the Accounting for Post-Employment Benefits (effective for annual periods beginning on or after 1 January 2013);
- Annual improvements for the period 2009 to 2011 issued in May 2012 relating to various IFRS improvement projects (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), primarily with the intention of eliminating non-compliance and clarifications of the wording in the text (effective for annual periods beginning on or after 1 January 2013);

NOTES TO FINANCIAL STATEMENTS 31 December 2019

- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013);

Published standards and interpretations in force in the current period that have not yet been officially translated and adopted

On the date of the publication of these financial statements, the standards and amendments to the standards listed below were issued by the International Accounting Standards Board and the following interpretations were published by the International Financial Reporting Interpretation Committee, 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 1 January 2014).
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" - Exemption of subsidiaries from consolidation under IFRS 10 (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 36 - "Impairment of Assets" Disclosures of recoverable amounts for non-financial assets (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 39 "Financial Instruments" - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).
- IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period 2010 to 2012 as a result of the IFRS Annual Qualitative Improvements Project (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), with the intention of eliminating non-compliance and clarifications of the wording in the text (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period 2011-2013, as a result of the IFRS Annual Qualitative Improvements Project (IFRS 1, IFRS 3, IFRS 13 and IAS 40), with the intention of eliminating non-compliance and clarifications of the wording in the text (effective for annual periods beginning on or after 1 July 2014).
- Amendments to IFRS 11 "Joint Operations" - Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

NOTES TO FINANCIAL STATEMENTS 31 December 2019

- Amendments to IAS 27 "Individual Financial Statements" - Equity method in separate financial statements (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10, IFRS 12 and IAS 28 "Investment Companies: Applying the Consolidation Exception". Amendments clarify that a parent company may be exempt from the obligation to prepare consolidated financial statements if it is simultaneously a subsidiary of an investment entity, even if the investment entity measures investments of all its subsidiaries at fair value in accordance with IFRS 10. As a result of these amendments, IAS 28 has been amended to clarify the exemption from applying equity method (i.e. retaining fair value measurement) that applies to the investor in an associate or joint venture if it is a subsidiary of an investment firm that measures all its investments in subsidiaries at fair value. (Amendments are applied retroactively for annual periods beginning on or after 1 January 2016 with earlier application permitted.)
- Amendments to Different Standards "Improvements to IFRSs" (for the period from 2012 to 2014) as a result of the IFRS Annual Qualitative Improvements Project (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with the intention of eliminating non-compliance and clarifications of the wording in the text (in force for annual periods beginning on or after 1 January 2016).
- IFRS 9 "Financial Instruments" and later amendments, replacing the requirements of IAS 39 "Financial Instruments: Recognition and Measurement", relating to the classification and measurement of financial assets. The standard eliminates existing categories from IAS 39 - held-to-maturity assets, available-for-sale assets, loans and receivables. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted;
- In accordance with IFRS 9, financial assets will be classified in one of the two categories at initial recognition: financial assets valued at amortized cost or financial assets valued at fair value. A financial asset will be recognized at amortized cost if the following two criteria are met: if the assets are related to a business model whose purpose is to charge contracted cash flows and if the contractual terms provide a basis for collection at specified dates of cash flows that are exclusively the principal and interest payments on the remaining principal. All other assets will be valued at fair value. Fair value through profit or loss will be recognized in the income statement, except for investments in non-traded instruments, where IFRS 9 permits, at initial recognition, subsequently unchanged choice to change all fair values recognized in the other gains and losses in the overall result report. The amount so recognized in the report on the total result will not be able to subsequently be recognized in the income statement;
- IFRS 15 "Revenue from contracts with customers", which defines the framework for revenue recognition. IFRS 15 replaces IAS 18 "Revenues", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programs", IFRIC15 "Real Estate Agreements" and IFRIC18 "Transfer of assets from customers". IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted;
- Amendments to IFRS 2 "Share-based Payment - Classification and Measurement of Share-based Payment Transactions", effective for annual reporting periods beginning on or after 1 January 2018, with earlier application permitted;
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or transfer of funds between an investor and its associated entities or joint ventures. The standard should have been in force for annual periods beginning on or after 1 January 2016, but in December 2015, the IASB postponed the application to the future date, with earlier application permitted;
- Amendments to IAS 7 - "Disclosure Initiative" require entities to disclose such disclosures that enable users of financial statements to assess changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes. Amendments to IAS 7 are effective for annual periods beginning on or after 1 January 2017, with earlier application permitted;

NOTES TO FINANCIAL STATEMENTS 31 December 2019

- Amendments to IAS 12 "Income Tax" amended by Recognition of Deferred Tax Assets for Unrealised Losses are applied retrospectively for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- Amendments to IFRS 12 due to "IFRS Improvements (Cycle 2014-2016)" arising from the project of the annual improvement of IFRSs (IFRS 1, IFRS 12 and MRS 28) eliminating inconsistencies and clarification of the formulation the IFRS amendment 12 apply to annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 4 "Insurance Contracts" - Amended by Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for annual periods beginning on or after 1 January 2018 or when it is first applied to IFRS 9 "Financial instruments")
- Amendments to IAS 40 "Investment Property" - Transfers of investment property (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 1 and IAS 28 as a result of "Improvements to IFRSs (2014-2016)" as a result of the IFRS Annual Qualitative Improvements Project (IFRS 1, IFRS 12 and MRS 28), primarily with the aim of eliminating inconsistencies and clarification of the formulation (amendments to IFRS 1 and IAS 28 applies for annual periods beginning on or after 1 January 2018);
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018);
- IFRS 16 "Leasing" provides a comprehensive model for identifying leasing arrangements and their treatment in financial statements of both lessors and lessees. On the date of entry into force on 1 January 2019, this Standard will supersede the following leasing standards and interpretations: IAS 17 "Leasing", IFRIC 4 "Determining whether an arrangement contains leasing", SIC 15 "Operating leases - incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease";

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

2.2. Accounting treatment of the Concession Agreement

Bearing in mind the non-existence of guidelines, i.e. specific IAS/IFRS for accounting coverage of the Concession Agreement from the aspect of the Company as one of the two Concessionaires, the Company uses its own assessment to determine and apply adequate accounting policy (IAS 8.10). In making its judgment, the Company considers the applicability of requirements from IFRS dealing with similar and related issues, the definition from the Framework, as well as the communication of bodies dealing with the adoption of the Standard. As part of the analysis of the accounting treatment of the Concession Agreement, the following options were considered:

- Application of IAS JS 32 - Service Concession Arrangements
- Application of IFRS 15 - Revenue from Contracts with Customers
- Application of IAS 40 - Investment Property
- Application of IFRS 16 - Leases

By analysing the applicability of IFRS 16 - Leasing Agreements, the Company considers IFRS 16 as the most appropriate standard for accounting coverage of the Concession Agreement.

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. In the analysis of whether the definition of leasing is met or not, it is necessary to meet certain criteria. Mandatory elements of the leasing contract include:

- **Identified asset** – Airport infrastructure is a defined identified asset specified in the Contract;
- **The lessee acquires almost all economic benefits** – the lessee (Special Purpose Vehicle (SPV) established by the selected most favourable bidder solely for the implementation of the Concession Agreement) generates the entire income from the use of airport infrastructure during the period of use;
- **The lessee determines the use of the identified asset** – Since the decisions "How and for what purpose" on the use of the asset are predetermined by the Concession Agreement in terms of infrastructure use and other, SPV has the right to determine the use of assets in operational terms. Namely, SPV makes operational decisions on the use of funds related to the airport operation (flight schedules, personnel issues, selection of suppliers, etc.) during the concession period without the Company's ability to influence them.

In accordance with the IFRS 16 requirements, the Company assets are divided into the following categories:

- Airport infrastructure;
- Closely related assets that SPV will use until the end of the concession period;
- Closely related assets that SPV will not use until the end of the concession period;
- Other assets that SPV will use until the end of the concession period;
- Other assets that SPV will not use until the end of the concession period.

Closely related assets are assets closely related to airport infrastructure and significant airport equipment.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

The following presents an overview of the accounting coverage of asset categories).

| Asset category (assets) | Accounting treatment |
|--|---|
| Airport infrastructure | Operating lease Recognition of assets in accordance with IAS 16 |
| Closely related funds that the SPV will not use until the end of the concession period | Operating lease Recognition of assets in accordance with IAS 16 |
| Closely related funds that the SPV will use until the end of the concession period | Operating lease Recognition of assets in accordance with IAS 16 |
| Other funds that the SPV will not use until the end of the concession period | Operating lease Recognition of assets in accordance with IAS 16 |
| Other funds that the SPV will use until the end of the concession period | De-recognition of assets Treatment as sale on the 1st day of the beginning of the Concession Agreement (claim) |

Accounting treatment in accordance with IFRS 16 - Leasing Contracts of the above categories of assets (assets) was performed on 1 January 2019, which is the date of Concession Agreement commencement.

Accounting coverage of various leasing payments

In accordance with IFRS 16.81, a lessor recognizes lease payments as income on a straight-line or other systematic basis over the term of the lease. He applies another systematic basis when such basis is more appropriate for presenting a form in which the benefit from the use of funds is reduced. In accordance with the above, the Company recognizes as income the following:

- Income based on the Minimum Annual Concession Fee in accordance with the Concession Agreement in the period in which it is incurred,
- Variable fees that depend on the amount of income of SPV in the period in which they occur,
- Income from non-cash compensation (mandatory works and land) is treated as variable compensation and is recognized in the income statement in the same amount (straight-line) during the remaining period of the concession starting from the moment when SPV is obliged to buy/build a new asset, and based on receipt of funds/performed works.

In addition to the above payments, there is also a portion of the fee for the sale of other assets to be used by SPV until the end of their useful life in terms of revenue reduction during the Concession Period.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Revenues and expenses**

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 in proportion during the performance of services if it lasts for more than one accounting period.

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

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

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

With the date on which revenues are recognized, the corresponding expenses are also recognized (the principle of causality of income and expenses).

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

Expenditures are accounted for on an accrual basis of revenues and expenditures.

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

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 generated based on the temporary investment of borrowed funds is deducted from incurred borrowing costs intended to finance qualifying assets.

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

3.3. Conversion of assets and liabilities in foreign currencies

Transactions arising in foreign payment instruments are converted into dinars at the middle exchange rate established on the interbank foreign exchange market, valid on the transaction day.

Assets and liabilities denominated in foreign currencies at the balance sheet date are converted into dinars at the middle exchange rate established on the interbank foreign exchange market valid on that date.

Positive and negative exchange rate differences arising from business transactions in foreign currencies and in the conversion of monetary items to the balance sheet presented in foreign currencies are credited to or at the expense of the income statement as gains or losses on the basis of foreign exchange differences.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Non-monetary items in the balance sheet are not converted on the balance sheet date but are valued at historical value converted at the exchange rate on the transaction date, except for non-monetary items that are valued at fair value in which case they are converted at the exchange rate on the date of determining fair value. Income and expenses based on exchange rate differences and currency clause effects, are recorded in the income statement of the observed period.

The middle exchange rates for foreign exchange, determined on the interbank foreign exchange market, applied for the conversion of foreign currency balance sheet items into dinars, for certain major currencies were the following:

| Middle exchange rate | In dinars | |
|----------------------|------------|------------|
| | 31/12/2019 | 31/12/2018 |
| EUR | 117.5928 | 118.1946 |
| USD | 104.9186 | 103.3893 |
| CHF | 108.4004 | 104.9779 |
| GBP | 137.5998 | 131.1816 |

Since the Company has no liabilities for the EIB long-term loan on 31 December 2019, long-term loan liabilities from the EIB are restated in dinar equivalent at the agreed selling rate of the bank.

The bank's selling rate on the date of compilation of the financial statements is shown in the table below:

| Agreed exchange rate for loan from EIB | In dinars | |
|--|------------|------------|
| | 31/12/2019 | 31/12/2018 |
| EUR | - | 118.5492 |

3.4. Intangible investments

Intangible assets relate to purchased software and licenses and are stated at cost less depreciation and written off using a proportional method over a period of two to ten years.

3.5. Property, plant, equipment and biological assets

Property, plant and equipment that meet the requirements for the recognition of assets are measured at their purchase price or cost price. Purchase cost is the invoice value of the purchased assets increased by all the costs incurred until their putting into use.

After initial recognition, property, plant and equipment (other than tools and inventory for which the cost model applies) are stated at the revalued amount that expresses their fair value at the date of revaluation, minus the total amount of the allowance for depreciation and the total amount of the allowance based on impairment loss.

The fair value of the real estate makes up their market value, which is determined by valuation. Revaluation is performed only when the fair value of a revalued asset materially differs from its carrying value. Revaluation gains are recognized in other gains and losses in favour of revaluation reserves in equity. Up to the amount of previously recognized revaluation losses or impairment losses recognized in the income statement, revaluation gains are recognized in the income statement and the rest of gains are recognized in other gains and losses. Revaluation losses are recognized after valuation or impairment testing, and they are recognized in other gains and losses up to the amount of previously recognized revaluation reserves in equity, and the rest of the losses are recognized in the income statement. Upon removal from inventory or disposal of an asset, the related revaluation reserve is transferred directly to retained earnings.

The latest valuation of property, plant and equipment was performed on 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Tools and small inventory, whose useful life is longer than one year, are recognized as fixed assets as of 1 January 2016, regardless of the amount of the individual purchase price. These assets are depreciated according to the estimated useful life.

Gains or losses arising on disposal or removal from inventory are recognized as income or expense in the income statement.

3.6. Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis over their estimated useful lives. Depreciation rates, which were used in the business year 2019, as well as depreciation rates calculated based on the useful life of assets that were applied in 2018, are shown in the table below:

| | % | |
|---|--------------|----------------|
| | 2019 | 2018 |
| Buildings: | | |
| <i>Electricity and water management facilities</i> | 2.33 - 20 | 2.27 - 7.14 |
| <i>Roads, airports and parking lots</i> | 2.27 - 50 | 2.22 - 33.33 |
| <i>Other buildings</i> | 2.86 - 100 | 5.00 - 25.00 |
| <i>Apartments</i> | 1.54 | 1.49 |
| Equipment: | | |
| <i>New specific equipment</i> | 2.50 - 50 | 6.67 - 50.00 |
| <i>Road traffic equipment</i> | 3.33 - 50 | 5 - 50.00 |
| <i>PTT and TV traffic equipment</i> | 33.33 - 50 | 7.14 - 50.00 |
| <i>Air traffic equipment</i> | 2.86 - 16.67 | 4 - 50.00 |
| <i>Measurement and control equipment and specific devices</i> | 5 - 12.50 | 4.00 - 33.33 |
| <i>Laboratory, school and medical equipment and devices</i> | - | 20.00 - 25 |
| <i>Electronic, computing machines and computers</i> | 5.26 - 33.33 | 10 - 50.00 |
| <i>Furniture and devices for general use</i> | 2.84 - 7.69 | 4 - 50.00 |
| <i>Road traffic equipment taken on financial leasing</i> | 6.67 - 11.11 | 8.33 - 33.33 |
| <i>Plants and equipment</i> | 2.94 - 100 | 10.00 - 25.00 |
| <i>Tools and inventory</i> | - 3.57 | 20.00 - 100.00 |
| Intangible assets: | | |
| <i>Software and licenses</i> | - | 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 increase or for both of them, and not for use in the provision of services or for administrative purpose or sale in within regular business. The initial measurement of investment property at the moment of 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 based on changes in the fair value of investment property are recognized in the income statement.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

3.8. Impairment

On each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In case of such indications, the recoverable amount of the asset is estimated to determine any impairment loss. If it is not possible to estimate the recoverable amount of an asset, the Company assesses the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, then the carrying amount of that asset (or cash-generating unit) is reduced to recoverable amount. Impairment losses are recognized immediately as an expense, unless the asset is not a land or a building that is not used as an investment property that is stated at the revalued amount, in which case the impairment loss is recognized as a decrease in value resulting from the revaluation of the asset.

In the event of a subsequent reversal of the impairment loss, the carrying amount of the asset (cash-generating unit) is increased to the revised estimated recoverable amount of that asset, where the higher carrying amount does not exceed the carrying amount that would have been established that in previous years there were no recognized losses on that asset (cash-generating unit) due to impairment. Reversal of impairment loss is recognized immediately as income, unless the asset is stated at the estimated value, in which case the reversal of impairment loss is recognized as an increase due to revaluation.

As at 31 December 2019, based on the assessment of the Company's management, there are no indications that the value of assets has been impaired.

3.9. Inventories

Inventories are stated at purchase price, i.e. the cost price or at the net sales value, whichever is lower.

Net realizable value is the price at which inventories can be sold in the ordinary course of business after deducting selling expenses. The purchase value includes the value according to the supplier's invoices, transport and dependent purchase costs.

The calculation of inventory output is determined by the method of weighted average purchase price.

Inventories of goods are recorded at selling prices. At the end of the accounting period, the value of inventories is reduced to the purchase value by allocating the difference in price, calculated on an average basis, between the purchase value of sold goods and inventories at the end of the year.

Offsetting other expenses is used to adjust the value of inventories in cases when it is estimated that it is necessary to reduce their value to the net expected sales value (including inventories with slow turnover, redundant and obsolete inventories). Damaged inventories and inventories that do not meet quality standards are written off.

In accordance with the Concession Agreement dated 22 December 2018, the Company performed transfer of inventories to the Vinci company Airports Serbia doo Belgrade, that assumed the management of the Airport and the performance of service activities in air traffic.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

3.10. Taxes and contributions**Income tax**

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

Current income tax receivables and liabilities, or deferred tax assets and liabilities are offset only if the Company has the legal right to offset recognized amounts and if it intends to make the settlement on a net basis or to realize the asset and settle the obligation at the same time.

Current income tax

Assets or liabilities based on current income tax represent liabilities or receivables from fiscal authorities in relation to current or prior periods that have not been carried out on the date of these financial statements.

Current income tax is the amount calculated by applying the prescribed tax rate of 15% to the tax base determined by the tax balance, which represents the amount of the pre-tax profit after deduction of the effects of adjusting income and expenses, in accordance with the tax regulations of the Republic of Serbia, with the deduction for the prescribed tax credit.

The Law on Corporate Income Tax of the Republic of Serbia does not provide that tax losses from the current period can be used as a basis for the refund of taxes paid in previous periods. However, the losses reported in the tax balance sheets up to 2009 may be used to reduce the tax base for future accounting periods in the next ten years from the day of exercising the rights, and the losses incurred and reported in the tax balance sheet for 2010, and beyond may be used to reduce the tax base for future accounting periods, but not longer than five years.

The Law on Corporate Income Tax of the Republic of Serbia in the part related to tax credit provides that taxpayers who have exercised the right to tax incentives referred to in Article 48 of the previous law, and disclosed data in the Tax Balance and tax return for 2013, may exercise that right until the expiry of the time limit and in the manner prescribed by the previous law. According to Article 48, paragraph 5 of the previous law, "the unused portion of the tax credit may be offset against income tax in future periods up to the prescribed limit of 33% (for large and medium-sized legal entities), but not longer than ten (10) years which is applicable starting from the tax balance for 2003". When determining income tax for 2017 the earliest previous tax period from which an unused tax credit can be used is the tax balance, or the tax credit form (PK Form) from 2007. The transferred tax credit is used in the order of investment.

Deferred income tax

Deferred tax effects arise as a result of the difference between the bases for the calculation of depreciation according to accounting and tax regulations. In addition, this difference also arises from the existence of equipment whose purchase value at the time of procurement was below the average gross salary in the Republic of Serbia, based on unused tax credit, and in other cases where there is a time difference between the creation of a tax liability and the obligation to pay it. Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profits will be available for the use of deductible temporary differences. The carrying amount of deferred tax assets is reviewed at the date of the financial statements and adjusted as necessary to comply with the current assessment of taxable profits of future periods.

Deferred tax assets and liabilities are accounted for at a tax rate of 15% the application of which is expected in the period when the asset will be realized or the liability will be settled.

Deferred tax is charged or credited to the income statement, except when it relates to positions that are credited directly to or in equity, and in this case, deferred tax is also allocated to equity.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Taxes and contributions that do not depend on results

Taxes and contributions that do not depend on results include property tax and other taxes and contributions in accordance with national, tax and general regulations. These taxes and contributions are presented under other operating expenses.

Tax risks

The tax laws of the Republic of Serbia are often interpreted differently and subject to frequent changes. The interpretation of tax laws by the tax authorities in relation to the Company's transactions and activities may differ from the interpretations of the management. As a result, transactions may be challenged by the tax authorities and an additional amount of taxes, penalties and interest may be imposed on the Company. The statute of limitations for the tax liability is five years. This practically means that the tax authorities have the right to determine the payment of outstanding obligations within five years from the time when the obligation was incurred.

3.11. Employee benefits***Taxes and contributions to social security funds for employees***

In accordance with the regulations applicable in the Republic of Serbia, the Company is obliged to pay contributions to state funds providing for the social security of employees. These obligations include contributions for employees payable by the employer in amounts calculated at rates prescribed by relevant legal regulations. The company is also obliged to suspend contributions from employees' gross salaries and to pay them to those funds on behalf of employees. Contributions made at the expense of the employer and contributions made at the expense of employees are recorded as expenditures of the period to which they relate.

Taxes and contributions to social security funds for employees

The Company has engaged a Certified Actuary to perform assessment for the provisions for retirement severance pays and jubilee awards as of 31 December 2019 based of the Collective Agreement, adopted on 11 January 2019, which stipulates that the Company is obliged to pay its employees:

- Retirement severance pay in the amount of four average monthly salaries excluding taxes and contributions paid by the employer in the month prior to the payment of severance pay
- Jubilee award for the total amount of employment service spent with the Employer in the amount of the average monthly salary without taxes and contributions paid by the Employer for the month preceding the month in which the employee acquired the right to the jubilee award, namely for:
 - 10 years of service – in the amount of one monthly salary;
 - 20 years of service – in the amount of two monthly salaries;
 - 30 years of service – in the amount of three monthly salaries;
 - 35 years of service for women and men – in the amount of four monthly salaries;

At the end of each business year, the Company performs assessment of provisions for severance pays and jubilee awards in accordance with the requirements of IAS 19 - Employee Benefits.

The assumptions used for actuarial calculation and changes in provisions in the current period are disclosed in Note 37a.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

3.12. Leasing

Leasing is classified as a finance lease in all cases where the lease transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee. Every other lease is classified as an operating lease.

The Company as lessor

Income based on operating lease is recognized using the straight-line method over the lease period.

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 arising from financial leasing.

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

Operating lease instalments are recognized as an expense on a straight-line basis over the term of the lease, unless there is another systematic basis that better reflects the timing of the expenditure of economic benefits from the leased asset.

In the case when leasing benefits are granted, they are part of the operating lease and are recognized as a liability. The total benefit of the incentives is recognized as a reduction in rental costs on a straight-line basis, unless there is another systematic basis that better reflects the time structure of spending the economic benefits of the leased asset.

3.13. Information on business segments

The company performed its business activity as a single business segment, providing airport services until 21 December 2018. Accordingly, information relating to sales revenues by products and services, and geographic information on sales revenues represent disclosures at the level of the Company for the period 2018.

3.14. Financial instruments

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

Upon initial recognition, financial assets and financial liabilities are measured at cost, which represents the fair value of the consideration given (in the case of an asset) or received (in the case of a liability).

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

Long-term financial investments

Long-term financial investments after initial recognition are measured according to:

- fair value, if held for trading,
- amortized value, if they have a fixed maturity,
- at cost, if they do not have a fixed maturity.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

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

Long-term loans granted to employees are recognized at fair value through discounting applying market interest rates.

Short-term receivables and investments

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

Receivables from sales of services and goods are measured according to values from the original invoice. Invoiced interest related to the sale of goods and services is recognized as other receivables and is recorded in income in the period in which it arises.

Other receivables and placements originating from 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.

Impairment of financial assets

On the day of each balance, an assessment of objective evidence of the value of assets is performed by analysing the expected net cash inflows.

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

Cash and cash equivalents

Cash and cash equivalents include cash in current accounts with banks and in cash, as well as highly liquid investments with maturity up to three months after acquisition, which can be quickly converted into known amounts of cash and which are not affected by a 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 financial liabilities), short-term operating liabilities and other liabilities.

Financial liabilities are initially recognized in the amount of funds received. After initial recognition, a financial liability is measured at the amount at which the liability was initially recognized, reduced by principal repayments, increased by the amounts of capitalized interest and less any write-off granted by the creditor. Liabilities based on interest on financial liabilities are recorded at the expense of financial expenses in the period to which they relate and presented within other short-term liabilities and accrued costs and deferred revenue.

3.15. Capital, reserves and payment of profits (dividends)

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

Other capital components include:

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

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

All retained earnings and accumulated losses of this and prior periods are recognized within the retained earnings and losses.

Distributed profit (dividend) is recognized within the liabilities when the Company's General Meeting adopts a decision on profit distribution.

3.16. Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, harmful contracts or other claims against the Company are recognized when the Company incurs a legal or constructive obligation as a result of a past event, when there is a known outflow of economic benefits from the Company and when the amounts of such outflows can be estimated reliably. The timing or exact amount of that outflow may still be uncertain.

Restructuring costs are recognized only if there is a detailed formal restructuring plan and the management has communicated the main features of the plan to all those affected by the plan or the execution of the plan has already begun. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated cost 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 liabilities, the likelihood of outflow for settling is determined at the liability class level. Provisions are discounted to present value in the event that the amount of the discount is material.

Any compensation in respect of liabilities that the Company is certain to realize from a third party is recognized as a separate asset. However, this asset cannot exceed the amount of the related provision.

No liability or provision is recognized unless the outflow of economic benefits arising from the present obligation is recognized. Such situations are disclosed as contingent liabilities, except when the probability of an outflow is low.

3.17. Overview of significant accounting estimates

The presentation of the financial statements requires the Company's management to use the best possible estimates and reasonable assumptions that affect the presented values of assets and liabilities, as well as disclosure of contingent receivables and liabilities at the date of preparation of the financial statements, as well as income and expenses during the reporting period. These estimates and assumptions are based on the information available on the day of preparation of the financial statements. Actual amounts may differ from those estimated.

Below are the key assumptions about the future and other sources of uncertainty assessment at the balance sheet date that represent a significant risk for material adjustments to the balance sheet items in the next financial year.

3.17.1. Depreciation and depreciation rate

Depreciation calculation and depreciation rates are based on the projected economic life of property, plant and equipment. Once a year, the Company estimates the economic life based on current forecasts.

In addition, due to the importance of fixed assets in the total assets of the Company, any change in these assumptions may lead to material effects on the financial position of the Company, as well as on the financial result. In accordance with the accounting policy of the Company for subsequent valuation of property, plant and equipment, they are stated according to the revaluation model which expresses their fair value on the revaluation date, reduced by the total

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

amount of impairment and depreciation and impairment losses. The fair value of property reflects its market value which is determined by valuation. The valuation of intangible assets, property, plant and equipment was performed on 1 January 2019 by the authorized appraiser KPMG d.o.o. Belgrade. Depreciation costs for the assets that were the subject of the valuation were calculated based on the estimated remaining life in the annual report for 2019.

3.17.2. Provisions for bad debts

We have accounted the allowance for receivables older than 60 days, based on estimated losses due to the inability of the customer to meet the required obligations. Our valuation is based on the age analysis of trade receivables, historical write-offs, creditworthiness of our customers and changes in sales conditions, when determining the adequacy of the value adjustment of doubtful and disputed collections. This includes assumptions about future customer behaviour and the resulting future receivables. The management believes that no additional value adjustment of receivables is required, other than the value adjustment already shown in the financial statements.

3.17.3. Court disputes

In general, provisions are significantly subject to estimates. The Company assesses the probability that adverse events may occur as a result of past events and assesses the amount required to settle the obligation. The assessment of contingent liabilities based on litigation is performed by internal expert services or outsourced advisors.

Although the Company performs assessment according to prudent person principle, given that there is a large degree of uncertainty, in certain cases, actual results may deviate from these estimates.

3.17.4. Fair value

For disclosure purposes, and in accordance with the requirements of IFRS 13, fair value is defined as the price that would be acquired for the sale of assets, or paid in consideration of transfer liabilities in a regular transaction between market participants on the measurement date.

The Company's business policy is to disclose information about the fair value of assets and liabilities for which there is official market information and when the fair value differs significantly from the carrying amount. There is not sufficient market experience in the Republic of Serbia, as well as stability and liquidity in the purchase and sale of receivables and other financial assets and liabilities, as official market information is not available at all times. Therefore, fair value cannot be reliably determined in the absence of an active market. The management of the Company performs risk assessment and in cases when it is assessed that the value at which the assets are stated in the business books may not be realized, it performs value adjustment. In the opinion of the Company management, the amounts in these financial statements reflect the value that is, in the circumstances, the most reliable and useful for reporting purposes.

The Company measures the fair value of assets and liabilities using assumptions that market participants would use in determining the price of assets or liabilities, assuming that market participants act in their best economic interest. The fair value is the price that would be charged or paid for the transfer of responsibilities in a regular transaction at the primary or most favourable market on the measurement date, under 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.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

To increase consistency and comparability in measuring fair value and related disclosures, the fair value hierarchy is established that classifies into three levels of inputs for valuation techniques, which are used in measuring fair value according to the structure below:

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

Inputs Level 2 – are 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 observable 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. Therefore, 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.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

4. REVENUE FROM THE SALE OF GOODS

| Structure of revenues from the sale of goods | In 000 RSD | |
|--|------------|--------------|
| | I-XII 2019 | I-XII 2018 |
| <i>Sale of goods on the domestic market:</i> | | |
| Revenue from the sale of beverages in hospitality facilities | | 1,629 |
| Revenue from the sale of fuel - domestic market | | - |
| Revenue from the sale of crude oil | | 3,840 |
| Total | - | 5,469 |
| <i>Sale of goods on foreign markets:</i> | | |
| Revenue from the sale of goods - kerosene (re-export) | | |
| Revenue from the sale of goods - foreign market | | |
| Total | - | - |
| Grand total | - | 5,469 |

5. REVENUE FROM THE SALE OF PRODUCTS AND SERVICES

| Structure of revenue from the sale of products and services | In 000 RSD | |
|--|------------|------------------|
| | I-XII 2019 | I-XII 2018 |
| Revenue from the sale of products and services – domestic market | | 3,893,053 |
| Revenue from the sale of products and services – foreign market | | 5,309,786 |
| Grand total | - | 9,202,839 |

From 22 December 2018, which is the date of the commencement of the concession, the Company is no longer the Airport operator, i.e. the core activity of the Company has changed. Consequently, the Company does not generate income from the provision of airport services as it did in the same period last year.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

6. OTHER OPERATING REVENUES

| Structure of other operating revenues | In 000 RSD | |
|--|----------------|-------------------|
| | I-XII 2019 | I-XII 2018 |
| Revenue from rental fees – domestic legal entities | | 1,017,344 |
| Revenue from rental fees – foreign legal entities | | 11,520 |
| Trademark revenue | 8,500 | |
| Revenue from one-time concession fee | | 59,253,721 |
| Revenue from periodic concession fee | 558,888 | 13,953 |
| Decrease in income from fixed assets transferred to accruals | (77,045) | |
| Revenue from monetary compensation – land | 119,474 | |
| Revenue from pass-through costs | 5,527 | |
| Grand total | 615,344 | 60,296,538 |

As explained in item 2.2. Note, the Company has recognized the following as revenue:

- Income from Minimum annual concession fee in accordance with the Concession Agreement in the period in which it was generated. This income amounts to RSD 510,884 thousand.
- Variable fee depending on the amount of SPV income in the period it was generated. The variable fee for 2019 amounts to RSD 48,004 thousand.
- A part of the fee from the sale of other assets which SPV will use until the end of their useful lifetime in terms of decrease of revenue during the concession period. The amount of the fee, RSD 77,045 thousand, consists of the expenses of these assets amounting to RSD 6,811 thousand, shortage after inventory amounting to RSD 95 thousand and annual fee for the asset that is shown as receivables from sales of accruals amounting to RSD 70,139 thousand.
- Revenue from non-monetary fee relating to accrued income from land based on the transfer of ownership amounting to RSD 119,474 thousand per year.

7. COST OF GOODS SOLD

| Structure of goods sold | In 000 RSD | |
|-----------------------------|------------|--------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of goods sold – retail | | 4,911 |
| Grand total | - | 4,911 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

8. COST OF MATERIAL

| Structure of material cost | In 000 RSD | |
|---|--------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of raw material (basic material, tools and inventory, working and official clothes and footwear) | | 189,445 |
| Cost of other material (overhead) - stationery and other material) | 1,500 | 21,330 |
| Cost of spare parts | | 58,953 |
| Grand total | 1,500 | 269,728 |

9. COST OF FUEL AND ENERGY

| Structure of fuel and energy cost | In 000 RSD | |
|-----------------------------------|------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of gasoline and diesel fuel | 912 | 73,876 |
| Cost of crude oil for heating | | 42,592 |
| Cost of electricity | | 183,255 |
| Grand total | 912 | 299,723 |

10. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES

| Structure of costs of salaries, fringe benefits and other personal expenses | In 000 RSD | |
|--|----------------|------------------|
| | I-XII 2019 | I-XII 2018 |
| Gross salaries and fringe benefits | 100,549 | 2,022,302 |
| Costs of taxes and contributions on salaries and fringe benefits charged to | 16,885 | 362,006 |
| Costs of remunerations according to temporary service contracts and author's contracts | 1,018 | 293 |
| Costs of remunerations according to temporary and provisional contracts | 6,153 | 647,935 |
| Costs of remuneration to members of Supervisory Board, Shareholders meetings, Audit Committee | 7,478 | 9,184 |
| Other personal expenses: | | |
| <i>Transportation costs</i> | 1,042 | 123,060 |
| <i>Business trip expenses</i> | 1,463 | 17,308 |
| <i>Severance pay and jubilee awards</i> | | 2,783 |
| <i>Differences in wages based on the Law on Reduction of Wages in the Public Sector, which is transferred to the RS Budget</i> | | 186,111 |
| <i>Voluntary pension insurance premiums</i> | 2,249 | 116,637 |
| <i>Solidarity assistance costs (newborns, medical treatments, natural disasters)</i> | 490 | 21,581 |
| <i>Other personal expenses</i> | 248 | 643 |
| Total | 5,492 | 468,123 |
| Grand total | 137,575 | 3,509,843 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

11. COST OF PRODUCTION SERVICES

| Structure of production services cost | In 000 RSD | |
|---|---------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Transport services costs: | | |
| <i>IT services on checking passengers and luggage</i> | | 38,812 |
| <i>Costs of telephone and other PTT services</i> | 2,371 | 26,587 |
| Total | 2,371 | 65,399 |
| Maintenance costs | 12,755 | 203,870 |
| Rental costs | 22,553 | 38,095 |
| Advertising costs (sponsorship) | 27,445 | 113,432 |
| Costs of other production services: | | |
| <i>Utility costs</i> | 2,840 | 31,131 |
| <i>Costs of catering services of tenants – pre-invoiced to airlines</i> | | 4,133 |
| <i>Costs of other services</i> | 483 | 19,094 |
| Total | 3,323 | 54,358 |
| Grand total | 68,447 | 475,154 |

12. DEPRECIATION COSTS

| Structure of depreciation costs | In 000 RSD | |
|--|----------------|------------------|
| | I-XII 2019 | I-XII 2018 |
| Costs of depreciation of intangible assets | | 63,940 |
| Real estate depreciation costs | 409,800 | 386,328 |
| Equipment depreciation costs | 271,469 | 778,844 |
| Grand total | 681,269 | 1,229,112 |

In accordance with the Company's accounting policy for subsequent valuation of property, plant and equipment, they are expressed according to the revaluation model which shows their fair value at the revaluation date, decreased for the total provisions for depreciation and total provisions for losses from impairment. Fair value of property consists of their assessed market value. In accordance with the IAS 16.31 and regulations, property assessment is done in the period from three to five years. The assessment of intangible assets, property, plant and equipment was done on 1 January 2019 by the authorized appraiser KPMG d.o.o. Beograd. Costs of depreciation are comprised and calculated based on the estimated remaining lifetime for assets being the subject of assessment in the financial report for 2019.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

13. COST OF PROVISIONS

| Provision cost structure | In 000 RSD | |
|--|---------------|---------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of provisions for severance pay at retirement | 987 | |
| Cost of provisions for jubilee awards | 2,815 | |
| Cost of provisions for litigations | 29,500 | 53,334 |
| Grand total | 33,302 | 53,334 |

14. NON-PRODUCTION COST

| Structure of non-production costs | In 000 RSD | |
|--|----------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of non-production services: | | |
| <i>Health care costs</i> | | 16,264 |
| <i>Cleaning costs</i> | | 37,854 |
| <i>Costs of consulting services</i> | 5,925 | 479,740 |
| <i>Costs of professional development services</i> | 5,285 | 28,772 |
| <i>Costs for services to existing PIS software</i> | 5,550 | 14,289 |
| <i>Costs of other non-production services</i> | 46,289 | 40,074 |
| Total | 63,049 | 616,993 |
| Representation cost | 3,394 | 9,909 |
| Cost of insurance premiums | 552 | 44,713 |
| Cost of payment operations | 2,355 | 6,986 |
| Membership fees | 1,115 | 4,382 |
| Tax costs | 75,026 | 88,584 |
| Other non-production costs | 4,242 | 23,107 |
| Grand total | 149,733 | 794,674 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

15. FINANCIAL INCOME

| Financial income structure | In 000 RSD | |
|--|---------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Financial income from parent companies and subsidiaries | | |
| Financial income from other related parties | | |
| Share of profit of associates and joint ventures | | |
| Interest income | 20,649 | 67,048 |
| Foreign exchange income and currency clause income: | | |
| <i>Foreign exchange income</i> | 49,980 | 57,881 |
| <i>Currency clause income</i> | 711 | 194 |
| Total | 50,691 | 58,075 |
| Other financial income | | |
| Grand total | 71,340 | 125,123 |

16. FINANCIAL EXPENSES

| Financial expenses structure | In 000 RSD | |
|--|----------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Financial expenses - parent companies and subsidiaries | | |
| Financial expenses - other related parties | | |
| Share of loss of associates and joint ventures | | |
| Interest expenses | 9,720 | 34,320 |
| Foreign exchange losses and currency clause losses | | |
| <i>Foreign exchange losses</i> | 124,443 | 81,067 |
| <i>Currency clause losses</i> | 1,753 | 837 |
| Total | 126,196 | 81,904 |
| Other financial expenses | | |
| Grand total | 135,916 | 116,224 |

17. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS

| Structure of income from valuation adjustments of other assets recognized at fair value through income statement | In 000 RSD | |
|---|--------------|---------------|
| | I-XII 2019 | I-XII 2018 |
| Income from valuation adjustments of receivables from natural persons for housing loans based on collection and fair value assessment | 5,978 | 20,879 |
| Income from valuation adjustments of trade receivables for services | | 7,781 |
| Grand total | 5,978 | 28,660 |

18. EXPENSES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS

| Structure of expenses from valuation adjustments of other assets recognized at fair value through income statement | In 000 RSD | |
|--|---------------|---------------|
| | I-XII 2019 | I-XII 2018 |
| Impairment of receivables from housing loans | 152 | 25,407 |
| Expenses from provisions for trade receivables | 20,923 | 27,121 |
| Expenses from provisions for receivables for interest | | 20 |
| Expenses from provisions for receivables from employees | | 360 |
| Grand total | 21,075 | 52,908 |

Additional provisions for receivables amounting to RSD 20,903 thousand relating to trade receivables – foreign, Alitalia Societa Aerea Italiana S.p.A, were performed in 2019.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

19. OTHER INCOME

| Structure of other income | In 000 RSD | |
|--|----------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Gains on disposals of equipment and materials | 2,057 | 6,836 |
| Collected written-off receivables | 19,801 | 302 |
| Income from abolishing of long-term provisions for litigations | 19,692 | 124,748 |
| Income from contracted revaluation | 641 | 655 |
| Income from reduction of liabilities | 523,785 | 3,106 |
| Other income: | | |
| <i>Income from reimbursement of court costs</i> | 1,897 | 2,146 |
| <i>Income from compensation of damages from legal entities and natural persons</i> | - | 6,853 |
| <i>Other</i> | 719 | 2,982 |
| Total | 2,616 | 11,981 |
| Income from valuation adjustments of intangible assets | - | - |
| Income from valuation adjustments of property, plant and equipment – assessment | 62,488 | 44,348 |
| Grand total | 631,080 | 191,976 |

20. OTHER EXPENSES

| Structure of other expenses | In 000 RSD | |
|--|----------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Losses from land transfer without compensation | 9,528 | 169,409 |
| Losses from the sale/writing-off of equipment and materials | | 169,855 |
| Shortages | | 3,134 |
| Writing-off of receivables | 1,674 | 542 |
| Other expenses: | | |
| <i>Costs of court proceedings</i> | 1,101 | 10,486 |
| <i>Expenses for humanitarian, health and scientific purposes</i> | | 32,343 |
| <i>Union expenditures</i> | | 5,003 |
| <i>Other</i> | 14,037 | 1,954 |
| Total | 15,138 | 49,786 |
| Impairment of property, plant and equipment – assessment | 528,190 | 3,929 |
| Impairment of intangible assets – assessment | 16,168 | |
| Impairment of other assets | 4,132 | 1,196 |
| Grand total | 574,830 | 397,851 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

21. NET PROFIT/LOSS FROM CORRECTION OF PRIOR PERIOD ERRORS

| Structure of net profit/loss from correction of prior period errors | In 000 RSD | |
|---|-----------------|-----------------|
| | I-XII 2019 | I-XII 2018 |
| Subsequently recognized revenues from previous years | 38,988 | 8,821 |
| Subsequently recognized (expenses) from previous years | (58,043) | (37,075) |
| Net profit/(loss) from correction of prior period errors | (19,055) | (28,254) |

22. PROFIT/LOSS BEFORE TAX

| Structure of gross result | In 000 RSD | |
|--|------------------|-------------------|
| | I-XII 2019 | I-XII 2018 |
| Operating income | 615,344 | 69,504,846 |
| Operating expenses | 1,072,738 | 6,636,479 |
| Operating result | (457,394) | 62,868,367 |
| Financial income | 71,340 | 125,123 |
| Financial expenses | 135,916 | 116,224 |
| Financial result | (64,576) | 8,899 |
| Income from valuation adjustments of other assets recognized at fair value through income statement | 5,978 | 20,960 |
| Other income | 631,080 | 191,976 |
| Expenses from valuation adjustments of other assets recognized at fair value through income statement | 21,075 | 52,908 |
| Other expenses | 574,830 | 397,851 |
| Other income and expenses result | 41,153 | -237,823 |
| Net income from discontinued operations, effects of changes in accounting policies and correction of prior period errors | | |
| Net loss from discontinued operations, effects of changes in accounting policies and correction of prior period errors | 19,055 | 28,254 |
| TOTAL INCOME | 1,362,730 | 69,851,726 |
| TOTAL EXPENSES | 1,862,602 | 7,240,537 |
| PROFIT/(LOSS) BEFORE TAX | (499,872) | 62,611,189 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

23. INCOME TAX AND NET PROFIT

| Structure of Income tax and net profit/(loss) tax calculation | In 000 RSD | |
|--|------------------|-------------------|
| | I-XII 2019 | I-XII 2018 |
| Profit/(Loss) before tax | (499,872) | 62,611,189 |
| Capital gain/(loss) shown in the Income Statement | | |
| Profit/(loss) adjustments and corrections in the Tax Balance Sheet | 1,506 | 278,606 |
| Taxable profit/(loss) | (498,366) | 62,889,795 |
| Loss from previous years up to the amount of taxable profit shown in the Tax Balance Sheet | | |
| Remainder of taxable profit | - | 62,889,795 |
| Capital gain/(loss) calculated in accordance with the Law | (340,915) | |
| Transferred capital loss from previous years up to the amount of capital gain in accordance with the Law | | |
| Remainder of capital gain | - | 0 |
| Tax base | - | 62,889,795 |
| Calculated tax (15% of the tax base) | - | 9,433,469 |
| Total deductions of calculated tax | | |
| Calculated tax after deduction | - | 9,433,469 |
| Profit/(Loss) before tax | (499,872) | 62,611,189 |
| Tax expense of the period | - | (9,433,469) |
| Deferred tax profit/(loss) of the period | 46,015 | (22,270) |
| Net profit/(loss) | (453,857) | 53,155,450 |
| Effective tax rate | 9.21% | 15.10% |

24. EARNINGS PER SHARE

| Indicator | In 000 RSD | |
|------------------------------------|----------------|-----------------|
| | I-XII 2019 | I-XII 2018 |
| Net profit belonging to owners | (453,857) | 53,155,450 |
| Average weighted number of shares | 35,026,129 | 35,026,129 |
| Earnings per share (in RSD) | (12.96) | 1,517.59 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

25. INTANGIBLE ASSETS

In 000 RSD

| Intangible assets structure | Concessions, patents, licenses, software and other rights | Intangible assets under development | Advances for intangible assets | Grand total |
|--|---|-------------------------------------|--------------------------------|------------------|
| <u>Purchase value</u> | | | | |
| Opening balance, 01.01.2018 | 260,952 | | | 260,952 |
| Opening balance correction | | | | 0 |
| Balance on 01.01.2018 after correction | 260,952 | 0 | 0 | 260,952 |
| Procurements during the year | | 172,641 | 1,595 | 174,236 |
| Transfer from intangible assets in progress | 172,641 | (172,641) | | 0 |
| Withdrawals, disposals and sales | | | | 0 |
| Balance on 31.12.2018 | 433,593 | 0 | 1,595 | 435,188 |
| Opening balance correction | | | | 0 |
| Balance on 01.01.2019 after correction | 433,593 | 0 | 1,595 | 435,188 |
| Procurements during the year | | 18,551 | | 18,551 |
| Transfer from intangible assets in progress | | | | - |
| Withdrawals, disposals and sales | | | | - |
| Transfer to prepayments and accrued income – intangible assets sold on the first day of concession | (290,086) | | | (290,086) |
| Other | | | (1,595) | (1,595) |
| <u>Assessment of the fair value of assets</u> | | | | |
| Revaluation reserves | 31,648 | | | 31,648 |
| Deductions at the expense of earlier revaluation reserves | | | | - |
| Revaluation income | | | | - |
| Revaluation expenses | (16,168) | | | (16,168) |
| Deduction of the current value for accumulated | (158,987) | | | (158,987) |
| Balance on 31.12.2019 | 0 | 18,551 | 0 | 18,551 |
| <u>Provisions</u> | | | | |
| Opening balance, 01.01.2018 | 95,047 | | | 95,047 |
| Opening balance correction | | | | 0 |
| Balance on 01.01.2018 after correction | 95,047 | 0 | 0 | 95,047 |
| Depreciation in the current year | 63,940 | | | 63,940 |
| Withdrawals, disposals and sales | | | | 0 |
| Balance on 31.12.2018 | 158,987 | 0 | 0 | 158,987 |
| Opening balance correction | | | | 0 |
| Balance on 01.01.2019 after correction | 158,987 | 0 | 0 | 158,987 |
| Depreciation in the current year | | | | 0 |
| Withdrawals, disposals and sales | | | | 0 |
| Cancellation of provisions after fair value of the assets | (158,987) | | | (158,987) |
| Provisions for advances | | | | 0 |
| Balance on 31.12.2019 | 0 | 0 | 0 | 0 |
| <u>Net current value</u> | | | | |
| 31.12.2018 | 274,606 | 0 | 1,595 | 276,201 |
| 31.12.2019 | 0 | 18,551 | 0 | 18,551 |

The assesment of intangible assets was performed on 1 January 2019 by the authorized appraiser KPMG d.o.o. Beograd. The assessment effects are shown in the above table. More details about the assessment can be found in Note 26. Additionally, intangible asset were transferred to prepayments and accrued income as assets sold on the first day of concession amounting to 290.086 RSD.

During 2019, investments were made in intangible assets - licenses and software in the amount of RSD 18,551 thousand.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

26. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS – 2018

| Structure of property, plant, equipment and biological assets structure for 2018 | Land | Buildings | Equipment | Investment property | Other property, plant and equipment | Investments in progress | Advances | Total property, plant and equipment | Biological assets- Livestock |
|--|------------------|-------------------|------------------|---------------------|-------------------------------------|-------------------------|---------------|-------------------------------------|------------------------------|
| Purchase value | | | | | | | | | |
| Opening balance, 01.01.2018 | 9,437,117 | 10,511,358 | 5,579,334 | 29,516 | 3,619 | 349,493 | 27,811 | 25,938,248 | 123 |
| Opening balance correction | - | - | - | - | - | - | - | - | - |
| Balance on 01.01.2018 after correction | 9,437,117 | 10,511,358 | 5,579,334 | 29,516 | 3,619 | 349,493 | 27,811 | 25,938,248 | 123 |
| Procurements during the year | - | - | - | - | - | 2,630,039 | - | 2,630,039 | - |
| Transfer from investments in progress | 710,329 | 1,180,464 | 1,054,999 | - | - | (2,945,792) | - | - | - |
| Withdrawals, disposals and sales | (178,739) | (20,787) | (71,199) | - | - | (30,221) | - | (300,946) | - |
| Other | - | 30,846 | (148) | (30,698) | - | - | (11,999) | (11,999) | - |
| Assessment of the property fair value | - | - | - | 1,182 | - | - | - | 1,182 | - |
| Revaluation income | - | - | - | - | - | - | - | - | 1 |
| Revaluation expenses | - | - | - | - | - | - | - | - | - |
| Closing balance, 31.12.2018 | 9,968,707 | 11,701,881 | 6,562,986 | - | 3,619 | 3,519 | 15,812 | 28,256,524 | 124 |
| Provisions | | | | | | | | | |
| Opening balance, 01.01.2018 | - | 333,904 | 459,555 | - | - | - | 15,812 | 809,271 | - |
| Opening balance correction based on the assessment | - | - | - | - | - | - | - | - | - |
| Balance on 01.01.2018 after correction | - | 333,904 | 459,555 | - | - | - | 15,812 | 809,271 | - |
| Depreciation in the current year | - | 386,328 | 778,844 | - | - | - | - | 1,165,172 | - |
| Withdrawals, disposals and sales | - | (3,260) | (16,917) | - | - | - | - | (20,177) | - |
| Closing balance, 31.12.2018 | - | 716,972 | 1,221,482 | - | - | - | 15,812 | 1,954,266 | - |
| Net current value | | | | | | | | | |
| 01.01.2018 | 9,437,117 | 10,177,454 | 5,119,779 | 29,516 | 3,619 | 349,493 | 11,999 | 25,128,977 | 123 |
| 31.12.2018 | 9,968,707 | 10,984,909 | 5,341,504 | - | 3,619 | 3,519 | - | 26,302,258 | 124 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

26 a. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS – 2019

| Structure of property, plant, equipment and biological assets | Land | Buildings | Equipment | Investment property | Other property, plant and equipment | Investments in progress | Advances | Total property, plant and equipment | Biological assets- Livestock |
|---|-------------------|-------------------|------------------|---------------------|-------------------------------------|-------------------------|----------|-------------------------------------|------------------------------|
| Purchase value | | | | | | | | | |
| Opening balance, 01.01.2019 | 9,968,707 | 11,701,881 | 6,562,986 | - | 3,619 | 3,519 | 15,812 | 28,256,524 | 124 |
| Procurements during the year | | | | | | 3,044,561 | | 3,044,561 | |
| Transfer from investments in progress | 2,986,857 | 13,339 | 47,884 | | | (3,048,080) | | - | |
| Withdrawals, disposals and sales | (9,789) | (22,469) | (46,829) | | | | | (79,087) | |
| Other advances | | | | | | | (15,812) | | |
| Transfer to prepayments and accrued income – fixed assets sold on the first | | | (1,466,573) | | (3,619) | | | (1,470,192) | (96) |
| Assessment of the property fair value | | | | | | | | - | |
| Effect on restatement on capital | 1,234,574 | 607,378 | 434,871 | | | | | 2,276,823 | |
| Deduction at the expense of earlier effect on restatement on capital | | (28,033) | (75,486) | | | | | (103,519) | |
| Revaluation income | | 55,578 | 6,910 | | | | | 62,488 | |
| Revaluation expenses | | (389,264) | (138,898) | | | | | (528,162) | (28) |
| Deduction of the current value for accumulated depreciation | | (716,972) | (1,199,887) | | | | | (1,916,859) | |
| Balance on 31.12.2019 | 14,180,349 | 11,221,438 | 4,124,978 | - | - | - | - | 29,542,577 | - |
| Provisions | | | | | | | | | |
| Opening balance, 01.01.2019 | - | 716,972 | 1,221,482 | - | - | - | 15,812 | 1,954,266 | - |
| Depreciation in the current year | - | 409,800 | 271,469 | - | - | - | - | 681,269 | - |
| Other advances | | | | | | | (15,812) | | |
| Withdrawals, disposals and sales | - | (192) | (21,595) | - | - | - | - | (21,787) | - |
| Cancellation of provisions after fair value of the assets | - | (716,972) | (1,199,887) | - | - | - | - | (1,916,859) | - |
| Balance on 31.12.2019 | - | 409,608 | 271,469 | - | - | - | - | 696,889 | - |
| Net current value | | | | | | | | | |
| 31.12.2018 | 9,968,707 | 10,984,909 | 5,341,504 | - | 3,619 | 3,519 | - | 26,302,258 | 124 |
| 31.12.2019 | 14,180,349 | 10,811,830 | 3,853,509 | - | - | - | - | 28,845,688 | - |

NOTES TO FINANCIAL STATEMENTS 31 December 2019

In accordance with the Company's accounting policy for subsequent valuation of property, plant and equipment, these assets are expressed according to revaluation model which shows their fair value on the revaluation day, decreased for the total amount of provisions for depreciation and total amount of provisions for losses from impairment. Fair value of property consists of their assessed market value. In accordance with IAS 16.31 and regulations, property assessment is made in the period from three to five years.

The assessment of assets and property, plant and equipment was performed on 1 January 2019 by the authorized appraiser KPMG d.o.o. Beograd. During assessment, the appraiser was guided by the International Financial Reporting Standard IFRS 13 – Determination of fair value requiring that the assessment of fixed assets value is based on the observable information, i.e. information verified on the market. Having in mind the Company's assets specificity and that transactions of these types of assets are rare on the market, as well as that these assets, being the subject of assessment, have the character of concession assets at the same time, the appraiser mostly decided to apply the method of depreciated replacement costs – cost method. Speaking of the selection of the method, the appraiser used the method of depreciated replacement costs – cost method for assessment of equipment and buildings, method of direct comparison of selling prices – market method for assessment of land and apartments. The method of discounted cash flows – yield method couldn't be applied for assessment of each individual asset as it was not possible to identify cash flows generated from individual assets, but it was used for the purpose of determination of writing-off of the asset.

The assessment effects in terms of comprising fair value of assets, effect on restatement on capital, income and expenses in the Income Statement are shown in the above table – Property, plant, equipment and natural assets for 2019.

Total investments in property, plant and equipment in the period from I-XII 2019 amount to RSD 3,044,561 thousand, investments in land amount to 2,986,857 thousand RSD, investments in buildings amount to RSD 13,339 thousand (RSD 3,519 thousand for buildings comprised in the assessment on January 1, 2019) and investments in equipment amount to RSD 47,884 thousand. All funds are activated.

On 31 December 2019, total property, plant and equipment amount to RSD 28,845,688 thousand and refer to leased concession assets amounting to RSD 28,797,716 thousand, whereas assets used by the Company amount RSD 47,972 thousand.

During 2019, property rights of two cadastral parcels, 5251 and 5252, having total area of 107,650 m² were transferred to the Company. Land was entered in the Company's business books based on the appraiser's assessment in the amount of RSD 2,986,857 thousand.

In accordance with item 2.2 of the Notes, other assets which will be used by SPV until the expiration of the concession period and which on the concession start date cease to be recognized as assets in accordance with IAS 16, but are treated as sold on the first day of concession represent other assets that are not closely connected with infrastructure and significant airport equipment. Having that the current value of these assets represents fair value of the assets, there is no profit/loss during sales of these assets which could be shown in the Income Statement.

Total receivables from these assets shown in prepayments and accrued income amount to RSD 1,760,374 thousand (Intangible assets (RSD 290,086 thousand), Equipment (RSD 1,466,573 thousand), Other equipment (RSD 3,619 thousand) and Livestock (RSD 96 thousand)).

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

27. LONG-TERM FINANCIAL INVESTMENTS

| Structure of long-term financial investments | in 000 RSD | |
|---|------------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Investments in subsidiaries | | |
| Investments in associates and joint ventures | | |
| Investments in other legal entities and other securities available for sale | 378,684 | 378,684 |
| Long-term investments in parent companies and subsidiaries | | |
| Long-term loans to other related parties | | |
| Long-term investments – domestic | | |
| Long-term investments – foreign | | |
| Securities held to maturity | | |
| Other long-term financial investments | 212,634 | 224,072 |
| Total | 591,318 | 602,756 |
| Provisions | (465,865) | (471,691) |
| Grand total | 125,453 | 131,065 |

27a. INVESTMENTS IN CAPITAL OF OTHER LEGAL ENTITIES AND SECURITIES

| Structure of investments in capital | in 000 RSD | |
|---|------------|------------|
| | 31.12.2019 | 31.12.2018 |
| <i>Privredna banka a.d. Beograd</i> | 392 | 392 |
| <i>Minus: Provisions</i> | (392) | (392) |
| Total | - | - |
| Investments in capital of the banks under liquidation: | | |
| <i>Union banka a.d. Beograd - under liquidation</i> | 667 | 667 |
| <i>Beogradska banka a.d. Beograd – under liquidation</i> | 18,988 | 18,988 |
| <i>Beobanka a.d. Beograd – under liquidation</i> | 38 | 38 |
| <i>Minus: Provisions</i> | (19,693) | (19,693) |
| Total | - | - |
| Investments in capital of foreign legal entities: | | |
| <i>Mondijal-Bodrum -Turkey</i> | 358,598 | 358,598 |
| <i>Societe International de Telecommunic. Aeronautiques Swisse (SITA)</i> | 1 | 1 |
| <i>Minus: Provisions</i> | (358,598) | (358,598) |
| Total | 1 | 1 |
| Grand total | 1 | 1 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

27b. OTHER LONG-TERM INVESTMENTS

| Other long-term financial investments structure | in 000 RSD | |
|---|----------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Funds for membership in Societe International de Telecommunications Aeronautiques Swisse (SITA) | 4,219 | 4,158 |
| Long-term investments granted to employees | | |
| <i>Long-term loans granted to employees</i> | 206,923 | 217,863 |
| <i>Receivables from sold socially owned flats</i> | 249 | 275 |
| <i>Receivables from purchase of solidarity flats</i> | 1,243 | 1,776 |
| <i>Minus: Provisions</i> | (87,182) | (93,008) |
| Total | 121,233 | 126,906 |
| Grand total | 125,452 | 131,064 |

On 31 December 2019, receivables from employees for long-term loans and purchase of flats amount to 208.415 thousand RSD. The beforementioned refers to loans granted to employees for a period from 20 to 40 years for purchase of flats. The assessment of fair value of housing loans with the balance on 31.12.2019 was performed by the authorized appraiser projecting future cash flows based on collection of receivables for housing loans, using discount rates from 4,5% to 8,3%, depending on if and in which intervals housing loans are revaluated or if they are granted with currency clause, if they have contracted interest rate or if they are granted without interest rate.

28. OTHER LONG-TERM RECEIVABLES

| Structure of long-term receivables | in 000 RSD | |
|--|------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Trade receivables based on the Debt Rescheduling Agreement | | 13,068 |
| Grand total | - | 13,068 |

29. ADVANCES PAID FOR INVENTORIES AND SERVICES

| Structure of advances paid for inventories and services | in 000 RSD | |
|---|--------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Advances for domestic services | 6,496 | 50,178 |
| Advances for foreign services | 240 | 903 |
| Minus: Provisions | (4,678) | (18,133) |
| Grand total | 2,058 | 32,948 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

30. RECEIVABLES FROM SALES

| Structure of receivables from sales | in 000 RSD | |
|--------------------------------------|---------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Trade receivables - domestic: | | |
| <i>Trade receivables - domestic</i> | 312,659 | 582,792 |
| <i>Minus: Provisions</i> | (237,256) | (257,974) |
| Total | 75,403 | 324,818 |
| Trade receivables - foreign: | | |
| <i>Trade receivables - foreign</i> | 52,621 | 747,916 |
| <i>Minus: Provisions</i> | (29,833) | (8,921) |
| Total | 22,788 | 738,995 |
| Grand total | 98,191 | 1,063,813 |

Changes on the account of provisions are shown in the below table.

| Change of provisions for trade receivables | in 000 RSD | |
|---|----------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Balance on January 1st | 266,895 | 239,756 |
| Foreign exchange differences | 12 | |
| Additional provisions | 20,903 | 27,139 |
| Collected adjusted receivables | (19,520) | |
| Direct write-off of previously adjusted receivables | (1,201) | |
| Grand total | 267,089 | 266,895 |

Total provisions for trade receivables – domestic amount to RSD 237,256 thousand and they mostly refer to provisions for receivables of defendant domestic customers – RSD 234,184 thousand and other domestic customers – RSD 3,456 thousand.

Total provisions for trade receivables – foreign amounting to RSD 29,833 thousand refer to provisions for receivables from defendant customers– RSD 27,116 thousand and other foreign customers – RSD 2,717 thousand.

Additional provisions for trade receivables – foreign amounting to RSD 20,903 thousand referring to receivables from the foreign customer Alitalia Societa Aerea Italiana S.p.A. were made in 2019.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

31. OTHER RECEIVABLES

| Other receivables structure | in 000 RSD | |
|---|------------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Receivables for interest and dividends: | | |
| <i>Trade receivables – domestic for default interest</i> | 6,538 | 6,468 |
| <i>Interest receivables from time deposits and via vista interest</i> | 503 | 25,379 |
| <i>Interest receivables from housing loans</i> | 186 | 1,224 |
| <i>Minus: Provisions</i> | | (20) |
| Total | 7,227 | 33,051 |
| Receivables from employees | | |
| <i>Receivables from employees</i> | 607 | 642 |
| <i>Minus: Provisions</i> | (592) | |
| Total | 15 | 642 |
| Receivables for prepaid income tax | 1,572,245 | - |
| Receivables for other taxes and contributions prepaid | | |
| <i>Receivables for other taxes and contributions prepaid</i> | 398 | 308 |
| <i>Minus: Provisions</i> | | (29) |
| Total | 398 | 279 |
| Receivables for refundable fringe benefits | | |
| <i>Receivables for refundable fringe benefits</i> | 16,267 | 25,459 |
| <i>Minus: Provisions</i> | | (25) |
| Total | 16,267 | 25,434 |
| Receivables for damage compensation | | 40 |
| Other receivables | | |
| <i>Other receivables</i> | 33,519 | 78,805 |
| <i>Minus: Provisions</i> | (21.863) | (23.068) |
| Total | 11,656 | 55,737 |
| Grand total | 1,607,808 | 115,183 |

32. SHORT-TERM FINANCIAL INVESTMENTS

| Short-term financial investments structure | in 000 RSD | |
|---|---------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Short-term loans – domestic – Short-term employee loan (winter stores, heating – 6 months) | 2,432 | 289 |
| Other short-term financial investments: | | |
| <i>Short-term time deposits</i> | | 2,710,949 |
| <i>Current maturities of housing loan debts granted to employees</i> | 10,495 | 9,651 |
| <i>Current maturities of investment debts in Societe Internatonal de Telecommunications Aeronautiques Swisse (SITA)</i> | 675 | 665 |
| <i>Minus: Provisions</i> | (266) | (246) |
| Total | 10,904 | 2,721,019 |
| Grand total | 13,336 | 2,721,308 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

33. CASH AND CASH EQUIVALENTS

| Cash and cash equivalents structure | in 000 RSD | |
|-------------------------------------|----------------|-------------------|
| | 31.12.2019 | 31.12.2018 |
| Current account - RSD | 183,275 | 170,067 |
| Current account – foreign currency | 715,116 | 61,223,474 |
| Cash in hand | 11 | 11 |
| Other cash and cash equivalents | 11,716 | 1,021 |
| Grand total | 910,118 | 61,394,573 |

34. VALUE ADDED TAX (VAT)

| VAT structure | in 000 RSD | |
|-----------------------------|---------------|------------|
| | 31.12.2019 | 31.12.2018 |
| Receivables for prepaid VAT | 40,792 | |
| Grand total | 40,792 | 0 |

35. PREPAYMENTS AND ACCRUED INCOME

| Prepayments and accrued income structure | in 000 RSD | |
|--|------------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Prepaid costs relating to the future period | | |
| Accrued income (uninvoiced income) relating to the current period | 175,996 | 26,891 |
| Other prepayments and accrued income: | | |
| <i>Accrued VAT</i> | 3,225 | 9,895 |
| <i>Other prepayments and accrued income - Receivables from sale of fixed assets on the concession start date</i> | 1,683,329 | |
| Total | 1,686,554 | 9,895 |
| Grand total | 1,862,550 | 36,786 |

Receivables from sale of fixed assets on the concession start date

In accordance with item 2.2 of the Notes, other assets which will be used by SPV until the expiration of concession and which are not recognized as assets on the concession start date according to IAS 16, but are treated as assets sold on the first day of concession represent other assets that are not closely related to infrastructure and airport equipment. The initial total receivables for these assets which are shown in prepayments and accrued income amount to RSD 1,760,374 thousand (Intangible assets (RSD 290,086 thousand), Equipment (RSD 1,466,573 thousand), Other equipment (RSD 3,619 thousand) and Livestock (RSD 96 thousand)). These receivables are decreased for the amount of compensation for sale of these assets during concession, which results in income reduction. Receivables/income reduction for 2019 amounts to RSD 77,045 thousand and consists of expenses of these assets amounting to RSD 6,811 thousand, shortage after inventory amounting to RSD 95 thousand and annual compensation for assets shown as receivables from sale of assets amounting to RSD 70,139 thousand.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

36. Equity

| Equity structure | in 000 RSD | |
|---|-------------------|-------------------|
| | 31.12.2019 | 31.12.2018 |
| Nominal capital: | | |
| <i>Share capital</i> | 21,015,677 | 21,015,677 |
| <i>Share issuing premiums</i> | 306,856 | 248,625 |
| Total | 21,322,533 | 21,264,302 |
| Purchase of own shares | (33,192) | (265,416) |
| Statutory reserves | 6,356,456 | 6,356,456 |
| Revaluation reserves | 2,218,988 | 570,177 |
| Actuarial gain | 0 | 17,290 |
| Retained profit/(loss): | | |
| <i>Retained profit from previous years from expenses / Impairment of fixed assets</i> | 261,596 | 6,948 |
| <i>Retained profit / (loss) of the current year</i> | (453,857) | 53,155,450 |
| Total | (192,261) | 53,162,398 |
| Grand total | 29,672,524 | 81,105,207 |

36a. SHARE CAPITAL

According to the Law on amendments of the Law on the right on free shares and monetary compensation that citizens receive in the privatization process, the Company was obliged to change its legal form until June 30, 2010 and show its basic capital in shares having certain nominal value based on the corrected book value of capital. During 2010, based on the Conclusion of the Government of the Republic of Serbia no. 023-448/2010-1, the Company was recommended to choose the most favourable consultant to assess capital market value and offer his/her expertise in preparation and implementation of the process of changing legal form from a public enterprise to a joint-stock company.

On June 17, 2010, the Government of the Republic of Serbia brought the Decision no. 023-4432/2010 on the change of legal form of the Company from a public enterprise to a closed joint-stock company.

The abovementioned change was registered with the Business Registers Agency according to the Decision no. BD 68460/2010 on 22 June 2010 whereby the capital in the total amount of EUR 214,556,965 was subscribed, amounting to 20.573.610 thousand RSD on the day of subscription.

On 7 July 2010, 34,289,350 shares having nominal value of RSD 600 per share which were the ownership on the Republic of Serbia on 31.12.2010 were registered in the Central Securities Depository.

According to the Law on the right on free shares and monetary compensation that citizens receive in the privatization process ("Official Gazette of RS" no. 123/07 and 30/10), based on the Decision of the Government of the Republic of Serbia no. 023-9103/2010-1, the citizens of the Republic of Serbia, Company's employees and former employees acquired the right on transfer of 16.85% of the Company's ownership on December 9, 2010.

On January 21, 2011, the General Assembly made the Decision no. 21-2/1 on transforming the Company from a closed to an open joint-stock company. The aforementioned change was registered with the Business Registers Agency based on the Decision no. BD 765/2011 on 24 January 2011.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

After transfer of ownership and based on the data from the Central Registry, Depository and Securities Clearing, the capital structure was the following on 25 January 2011:

| Share capital 25.01.2011 - (transformation into an open JSC) | Value in thousand RSD | Number of shares | % of share |
|--|-----------------------|-------------------|-------------|
| Republic of Serbia | 17,107,193 | 28,511,988 | 83.15% |
| Company's employees and former employees | 574,004 | 956,673 | 2.79% |
| Citizens of the Republic of Serbia | 2,892,413 | 4,820,689 | 14.06% |
| Grand total | 20,573,610 | 34,289,350 | 100% |

During 2018, share capital increased by 736,779 shares having nominal value of RSD 600.00 per share, on the basis of recapitalization by the majority owner of the Republic of Serbia, namely, on the basis of subscription of the second issue (120,521 shares), third issue (470,904 shares) and fourth issue (145,354 shares), which increased share capital by 442,067 thousand RSD in total.

On 31 December 2019, share capital structure is the following:

| Shareholders structure | 31.12.2019 | | |
|--------------------------------------|-----------------------|-------------------|-------------|
| | Value in thousand RSD | Number of shares | % of share |
| Republic of Serbia | 17,770,021 | 29,616,702 | 84.56% |
| Domestic and foreign natural persons | 1,943,113 | 3,238,521 | 9.25% |
| Domestic and foreign legal entities | 119,140 | 198,567 | 0.57% |
| Custodial entity | 1,183,403 | 1,972,339 | 5.63% |
| Grand total | 21,015,677 | 35,026,129 | 100% |

The review of ten biggest shareholders on 31.12.2019 is given below.

| Shareholder | Number of shares | Share |
|-------------------------------|------------------|--------|
| REPUBLIC OF SERBIA | 29,616,702 | 84.56% |
| OTP BANKA SERBIA - Custody | 781,894 | 2.23% |
| VOJVOĐANSKA BANKA AD NOVI SAD | 645,100 | 1.84% |
| OTP BANKA SERBIA - Custody | 366,177 | 1.05% |
| RAIFFEISEN BANKA AD - CUSTODY | 62,988 | 0.18% |
| JSC AIRPORT NIKOLA TESLA | 55,320 | 0.16% |
| BOZIC SVETISLAV | 45,003 | 0.13% |
| KERAMIKA JOVANOVIĆ DOO | 32,379 | 0.09% |
| JSC DUNAV PE | 28,231 | 0.08% |
| RAIFFEISEN BANKA AD - CUSTODY | 25,765 | 0.07% |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

36b. SHARE ISSUING PREMIUMS

| Share issuing premiums structure | in 000 RSD | |
|---|----------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Share issuing premiums – issue of shares | 718,665 | 718,665 |
| Share issuing premiums – purchase of own shares | (411,809) | (470,040) |
| GRAND TOTAL | 306,856 | 248,625 |

36c. PURCHAS OF OWN SHARES

| Structure of repurchased own shares | in 000 RSD | |
|-------------------------------------|---------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Repurchased own shares | 33,192 | 265,416 |
| Grand total | 33,192 | 265,416 |

During 2019, the Company sold 387.041 own shares at the price of RSD 750.45 per share. On 31.12.2019, the Company has 55,320 own shares.

36d. RESERVES

| Structure of reserves | in 000 RSD | |
|-----------------------|------------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Statutory reserves | 6,356,456 | 6,356,456 |
| Grand total | 6,356,456 | 6,356,456 |

Reserves were formed in accordance with the Company's Articles of Association.

36e. REVALUATION RESERVES

| Structure of revaluation reserves | in 000 RSD | |
|--|------------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Revaluation reserves – intangible assets | - | - |
| Revaluation reserves – land | 1,349,369 | 300,243 |
| Revaluation reserves – buildings | 567,708 | 77,427 |
| Revaluation reserves – equipment | 301,911 | 192,507 |
| Grand total | 2,218,988 | 570,177 |

Effect of restatement of capital includes related deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

36f. UNREALIZED GAINS FROM OTHER COMPONENTS OF COMPREHENSIVE INCOME

| Structure of unrealized gains from securities and other components of comprehensive income – credit side of the account | in 000 RSD | |
|---|------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Actuarial gains | | 17,290 |
| GRAND TOTAL | - | 17,290 |

36g. RETAINED PROFIT/LOSS

| Structure of retained profit including changes | in 000 RSD | |
|---|-------------------|-------------------|
| | 31.12.2019 | 31.12.2018 |
| Balance on January 1st | 53,162,398 | 3,267,110 |
| Distribution of retained profit – dividend | (52,928,382) | (1,964,780) |
| Distribution of retained profit – transfer to statutory reserves | - | (1,102,330) |
| Distribution of retained profit – employees' share in profit distribution | (234,016) | (200,000) |
| Total | - | - |
| Profit from previous years, result of transfer of effect of restatement of capital to profit after impairment of fixed assets in the current year | 261,596 | 6,948 |
| Net profit of the current period | - | 53,155,450 |
| Grand total | 261,596 | 53,162,398 |

| Structure of loss including changes | in 000 RSD | |
|-------------------------------------|------------------|------------|
| | 31.12.2019 | 31.12.2018 |
| Balance on January 1st | - | - |
| (Loss) of the current period | (453,857) | - |
| Grand total | (453,857) | - |

Retained profit from previous year (2018) amounting to RSD 53,162,398 thousand was completely distributed according to the Decision of the General Assembly from 18.03.2019, whereas RSD 52,928,382 thousand for dividend to RS and other shareholders and RSD 234,016 thousand for employees' share in profit.

In the period from I-Xii 2019, the Company had a loss from current operations amounting to RSD 453,857 thousand.

The Company made a profit from transfer of effect of restatement of capital to profit for fixed assets being impaired in the observed period amounting to RSD 261,596 thousand.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

37. LONG-TERM PROVISIONS

| Long-term provisions structure | in 000 RSD | |
|--|---------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Provisions for fringe benefits and other employees' benefits | 5,087 | 1,285 |
| Provisions for litigation costs | 81,006 | 144,339 |
| Grand total | 86,093 | 145,624 |

Changes in long-term provisions for severance pays, jubilee awards and litigation costs in the period from I-XII 2019, as well as in 2018, are shown in the below table.

| Change description | Severance pays | Jubilee awards | Total | Litigation |
|------------------------------|----------------|----------------|------------------|----------------|
| Balance on 01.01.2018 | 48,021 | 83,358 | 131,379 | 96,576 |
| Additional provisions | | | 0 | 53,334 |
| Actuarial gains | 192 | | 192 | |
| Used during the year | (4,286) | (5,383) | (9,669) | (1,440) |
| Erasing of unused amounts | (43,676) | (76,941) | (120,617) | (4,131) |
| Balance on 31.12.2018 | 251 | 1,034 | 1,285 | 144,339 |
| Additional provisions | 987 | 2,815 | 3,802 | 29,500 |
| Actuarial gains | | | - | |
| Used during the year | | | - | (73,142) |
| Erasing of unused amounts | | | - | (19,691) |
| Balance on 31.12.2019 | 1,238 | 3,849 | 5,087 | 81,006 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

37a. Provisions for fringe benefits and other employees' benefits

Provisions for fringe benefits and other employees' benefits (provisions for unpaid severance pays upon retirement and jubilee awards) are shown based on actuarial calculation which was performed on 31.12.2019.

Assumptions used during preparation of calculation of provisions for severance pays upon retirement and jubilee awards are given below.

| Calculation assumptions | 2019 | 2018 |
|--|---|--|
| Limits for retirement | Articles 19 and 69 of the Law on pension and disability insurance | |
| Mortality tables | Serbia, year 2012 | |
| Discount rate | 3.50% | 3.00% |
| Earnings growth rate | 5.00% | 10.00% |
| Percentage of fluctuation | 0.00% | 0.00% |
| The amount of severance pay upon retirement at the time of provision | Double average salary of employees in Serbia for September 2019 (RSD 74,160) or double average salary paid by the Employer without taxes and contributions, depending on which is most favourable | Double average salary of employees in Serbia for November 2018 (RSD 69,949) or four times the average salary paid by the Employer, depending on which is most favourable |
| Basis for jubilee awards | Average salary paid by the Employer without taxes and contributions | |
| Total number of employees – balance on 31.12. | 36 | 3 |

Calculation of provisions for severance pays upon retirement and jubilee awards based on assumptions is the following:

| Calculation of provisions | In 000 RSD | |
|--|-------------------------------|----------------|
| | Severance pay upon retirement | Jubilee awards |
| Provisions on 31.12.2018 | 251 | 1,034 |
| Interest expenses | 7 | 31 |
| Cost of current labour service | 77 | 1,102 |
| Cost of past labour service | 443 | |
| Actuarial (gains) / loss | 460 | 1,682 |
| Cancellation of provisions during the year in the Company's business books | - | - |
| Total net change of provisions in 2019 | 987 | 2,815 |
| Provisions on 31.12. 2019 | 1,238 | 3,849 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

37b. Provisions for litigations

The Company has lawsuits against the Company. The amount of total loss from litigation can be increased based on default interest until the date of termination of disputes, i.e. until the date of final payments for disputes. On 31 December 2019, the balance of the Company's provisions for possible loss for litigation amounts to RSD 81,006 thousand (RSD 144,339 thousand on 31.12.2018) (Note 51). According to the assessment of the Company's management, no additional material loss is expected in this respect in the following period.

38. LONG-TERM LOANS

| Structure of long-term loans | in 000 RSD | |
|------------------------------|------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Foreign | | 573,386 |
| Minus: Current maturity | | (98,520) |
| Grand total | - | 474,866 |

According to the Financing Agreement of the design of urgent traffic rehabilitation which was concluded between EIB and the Republic of Serbia on 13.12.2001, the Company was granted a loan amounting to 13,000,000 EUR for investing in and rehabilitation of the Airport's infrastructure. The loan was granted with the repayment period until 2025, with interest rate of 5,16% for the first tranche amounting to EUR 3,000,000.00, 4.85% for the second tranche amounting to EUR 3,000,000.00 and 4.07% for the third tranche amounting to EUR 7,000,000.00.

Early loan repayment was done during 2019 in accordance with the Agreement provisions, which resulted in the profit from reduction of liabilities amounting to RSD 522,873 thousand. In accordance with the above mentioned, the Company has no liabilities in this respect.

39. OTHER SHORT-TERM FINANCIAL LIABILITIES

| Other short-term financial liabilities structure | in 000 RSD | |
|--|------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Current maturity of EIB long-term loans | - | 98,520 |
| Grand total | - | 98,520 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

40. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY

| Structure of received advances, deposits and caution money | in 000 RSD | |
|--|---------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Advances received from domestic customers | 873 | 1,538 |
| Advances received from foreign customers | 2 | 1,267 |
| Deposits received from domestic customers | 3,990 | 62,513 |
| Deposits received from foreign customers | 5,342 | 13,067 |
| Caution money received from domestic customers | 8,781 | 7,946 |
| Caution money received from foreign customers | 23,035 | 15,215 |
| Grand total | 42,023 | 101,546 |

41. LIABILITIES FROM BUSINESS OPERATIONS

| Structure of liabilities from business operations | in 000 RSD | |
|--|---------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Trade payables - domestic | 44,724 | 180,837 |
| Trade payables - foreign | 5,577 | 415,144 |
| Other liabilities from business operations: | | |
| <i>For collected revenues in the name of the Company</i> | 7,877 | 21,103 |
| <i>Other liabilities from business operations</i> | 1,370 | 1,270 |
| Total | 9,247 | 22,373 |
| Grand total | 59,548 | 618,354 |

42. OTHER SHORT-TERM LIABILITIES

| Structure of other short-term liabilities | in 000 RSD | |
|--|---------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Liabilities for salaries and fringe benefits | 269 | 207 |
| Other liabilities: | | |
| <i>Liabilities for interests - EIB</i> | | |
| <i>Liabilities for dividends</i> | 16,598 | 869 |
| <i>Liabilities for share in the profit</i> | 323 | 480 |
| <i>Liabilities to employees</i> | | 228 |
| <i>Liabilities to members of the SB</i> | | |
| <i>Liabilities to natural persons for contractual fees</i> | | |
| <i>Other liabilities</i> | 115 | 10,306 |
| Total | 17,036 | 11,883 |
| Grand total | 17,305 | 12,090 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

43. LIABILITIES FOR VALUE-ADDED TAX (VAT)

| Structure of liabilities for VAT | in 000 RSD | |
|----------------------------------|------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Liabilities for VAT | | 30,505 |
| Grand total | - | 30,505 |

44. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES

| Structure of liabilities for other taxes, contributions and other duties | in 000 RSD | |
|--|--------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Liabilities for income tax | | 8,927,710 |
| Liabilities for taxes, customs and other duties | 1,943 | 494 |
| Other liabilities for taxes, customs and other duties | 539 | 1,422 |
| Grand total | 2,482 | 8,929,626 |

45. ACCRUED EXPENSES AND DEFERRED INCOME

| Structure of accruals and deferred income | in 000 RSD | |
|---|------------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Accrued expenses: | | |
| <i>Liabilities for calculated expenses for the observed period</i> | 1,683 | 27,320 |
| <i>Calculated costs of procurement of investments in progress</i> | 8,567 | 8,567 |
| Total | 10,250 | 35,887 |
| Accrued/calculated income | | 13,341 |
| Other accruals and deferred income - Accrued liabilities for VAT and other | | 165 |
| Other accruals and deferred income – calculated agreed discounts to customers | 43,073 | 43,073 |
| Other accruals and deferred income – Deferred income of non-monetary compensation (property) for land | 2,867,383 | |
| Grand total | 2,920,706 | 92,466 |

As explained in Note 26a, property rights for two cadastral parcels, 5251 and 5252, having total area of 107,650 m² were transferred to the Company during 2019. Land amounting to RSD 2,986,857 thousand was entered in the Company's business book according to the assessment of the authorized appraiser. Having that transfer of land represents non-monetary leasing fee, it is accrued and shown as income during duration of concession amounting to RSD 119,474 thousand.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

46. DEFERRED TAX LIABILITIES

| Deferred tax assets and liabilities | in 000 RSD | |
|--|------------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Deferred tax assets | 13,283 | 24,175 |
| Deferred tax (liabilities) | (737,147) | (502,698) |
| Net effect of deferred tax assets/(liabilities) | (723,864) | (478,523) |

Deferred tax assets are the amounts of income tax which will be retrievable in the future period for: deductible temporary differences and unused tax losses transferred to the future period. Deductible temporary difference occurs in cases when certain expenses have been already shown in the Company's statements even though they will be recognized from the tax aspect in the future periods. Deferred tax assets are checked on 31 December and shown only if the Company estimates that taxable profit for which these deferred tax assets can be used is likely to appear in the future period.

Deferred tax assets for deductible temporary differences are recognized according to the actual Income tax law and taking into consideration the assumption of unlimited duration, as a rule. On the other hand, for recognition of deferred tax assets for unused tax loss and losses, it is necessary to make a projection of the tax balance for the period in which income tax can be reduced on this basis, according to legal decisions.

The amount of deferred tax assets was calculated by multiplying the amount of deductible temporary difference and income tax rate (15%) at the end of the year.

Deferred tax liabilities refer to taxable temporary differences between book value of assets being subject to depreciation and their tax basis. Namely, due to various provisions according to which the Company determines accounting depreciation and provisions according to which tax depreciation is determined (Corporate income tax law), the Company will pay bigger income tax in the future periods than it would be the case if actual accounting depreciation was recognized from the aspect of tax legislation. For the above stated reason, the Company recognizes deferred tax liability which represents income tax that will be payable when the Company "recovers" book value of the asset.

The amount of deferred tax liabilities was calculated by multiplying the amount of taxable temporary difference and income tax rate (15%) at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Changes of the balance of deferred tax (liabilities)/assets for the period are shown in the below Table.

| | | | | | 000 RSD |
|---|---|--|---------------------------|--|------------------|
| Changes of the balance of deferred tax liabilities | Intangible assets, property, plant, equipment and investment property | Provisions for fringe benefits and other employees' benefits | Provisions for litigation | Short-term liabilities (Liabilities for taxes, contributions and other duties and accrued unpaid income (Article 9)) | Total |
| Balance on 01.01.2018 | (492,305) | 19,707 | 14,487 | 1,858 | (456,253) |
| At the (expense of)/in favour of the Income Statement | (10,393) | (19,514) | 7,164 | 473 | (22,270) |
| At the expense of capital | | | | | |
| Balance on 31.12.2018 | (502,698) | 193 | 21,651 | 2,331 | (478,523) |
| At the (expense of)/in favour of the Income Statement | 56,907 | 570 | (9,500) | (1,963) | 46,014 |
| At the (expense of) capital | (291,356) | | | | (291,356) |
| Balance on 31.12.2019 | (737,147) | 763 | 12,151 | 368 | (723,865) |

47. OFF-BALANCE RECORDS

According to legal provisions (Rule on the contents and form of financial statement forms for companies, cooperatives, other legal entities and entrepreneurs), the Company has shown off-balance sheet assets and off-balance sheet liabilities in its financial statements. Items shown in off-balance sheet assets and off-balance sheet liabilities, which can be seen in the below table, do not represent the Company's assets and liabilities, but are used primarily for information purposes to the users of financial statements.

| Off-balance records | in 000 RSD | |
|--|------------------|----------------|
| | 31.12.2019. | 31.12.2018. |
| <i>Blank bills of exchange received - pieces</i> | 17 | 1,084 |
| <i>Blank bills of exchange given (domestic) – pieces</i> | 14 | 21 |
| RSD guarantees received | 244,469 | 526,175 |
| Foreign currency guarantees received | 5,657,918 | 117,774 |
| RSD guarantees given | 4,214 | 4,500 |
| Foreign currency guarantees given | | 0 |
| Solidarity funds from the employees' salaries | 621 | 622 |
| Grand total | 5,907,222 | 649,071 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

48. FAIR VALUE

| ASSETS | Book value in 000 RSD 31.12.2019 | Fair value in 000 RSD 31.12.2019 | Book value in 000 RSD 31.12.2018 | Fair value in 000 RSD 31.12.2018 | Fair value hierarchy – levels | Valuation techniques and inputs |
|--|--|--|--|--|-------------------------------------|--|
| Fixed assets and intangible assets | 28,845,688 | 28,845,688 | 26,573,345 | 26,573,345 | Level 3 | The assessment was performed by an authorized appraiser with the balance on 1.1.2019 (KPMG-Belgrade). The following methods were used for assessment of intangible assets and property, plant and equipment : method of depreciated replacement costs – cost method for the assessment of equipment and buildings, method of direct comparison of selling prices – market method for assessment of land and flats and method of discounted cash flows – yield method for determination of the existence of the write-off. |
| Investments in capital | 1 | 1 | 1 | 1 | Level 2 | Management's assessment that they are not retrievable – banks under liquidation |
| Long-term and short- term financial investments – <u>housing loans</u> | 131,462 | 131,462 | 136,311 | 136,311 | Level 3 | Assessment of the authorized appraiser on 31.12.2019 - By discounting of cash flows, namely: 8.3% for housing loan which are not revaluated; 6.3% for housing loans which are revaluated once a year and which have interest rate of 0.5%, 4.5% for housing loans with currency clause and interest rate of 0.5%; 6.6% for housing loans which are revaluated twice a year and 6.8% for housing loans which are revaluated once a year |
| Other long- term receivables | | | 13,068 | 13,068 | Level 3 | Management's assessment of collectability according to IAS 39 |
| Trade receivables | 98,191 | 98,191 | 1,063,813 | 1,063,813 | Level 3 | Management's assessment of collectability according to IAS 39 |
| Other receivables | 1,607,808 | 1,607,808 | 115,183 | 115,183 | Level 3 | Management's assessment of collectability according to IAS 39 |

The above table includes only financial assets, as the Company does not have financial liabilities shown after the initial recognition at fair value.

49. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT GOALS

| | 31.12.2019 | | |
|--|------------------|------------------|------------------|
| | Gross amount | Provisions | Net amount |
| Financial assets | 3,510,581 | (755,675) | 2,754,906 |
| Long-term financial investments | 591,318 | (465,865) | 125,453 |
| - Long-term time deposits | 4,219 | - | 4,219 |
| - Investments in capital of banks | 20,085 | (20,085) | - |
| - Investments in capital of foreign legal entities | 358,599 | (358,598) | 1 |
| - Long-term housing loans to employees | 208,415 | (87,182) | 121,233 |
| - Other long-term receivables | - | - | 0 |
| Receivables shown at nominal value | 2,009,145 | (289,810) | 1,719,335 |
| - Trade receivables | 365,280 | (267,089) | 98,191 |
| - Short-term financial investments | 13,602 | (266) | 13,336 |
| - Receivables for interest | 7,227 | - | 7,227 |
| - Other receivables | 1,623,036 | (22,455) | 1,600,581 |
| Cash and cash equivalents | 910,118 | - | 910,118 |

| | | | |
|---|---------------|----------|---------------|
| Financial liabilities | 59,548 | - | 59,548 |
| - Long-term loans | 0 | - | 0 |
| - Current maturity of long-term loans | - | - | - |
| - Current maturity of long-term financial leasing | - | - | - |
| - Short-term liabilities (Liabilities from business operations) | 59,548 | - | 59,548 |

| 31.12.2018 | | |
|-------------------|------------------|-------------------|
| Gross amount | Provisions | Net amount |
| 66,200,984 | (761,974) | 65,439,010 |
| 615,824 | (471,691) | 144,133 |
| 4,158 | - | 4,158 |
| 20,085 | (20,085) | 0 |
| 358,599 | (358,598) | 1 |
| 219,914 | (93,008) | 126,906 |
| 13,068 | - | 13,068 |
| 4,190,587 | (290,283) | 3,900,304 |
| 1,330,708 | (266,895) | 1,063,813 |
| 2,721,554 | (246) | 2,721,308 |
| 31,847 | (20) | 31,827 |
| 106,478 | (23,122) | 83,356 |
| 61,394,573 | - | 61,394,573 |

| | | |
|------------------|----------|------------------|
| 1,191,740 | - | 1,191,740 |
| 474,866 | - | 474,866 |
| 98,520 | - | 98,520 |
| - | - | - |
| 618,354 | - | 618,354 |

The Company's basic financial instruments are cash and cash equivalents, financial investments directly from the Company's business operations, as well as long-term loans, trade payables and other liabilities whose basic purpose is financing of the Company's current business operations.

NOTES TO FINANCIAL STATEMENTS 31 December 2019

49. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT GOALS (continued)

Financial risk management goals

Financial risks include market risk (foreign exchange risk, interest risk and risk of price changes), credit risk and liquidity risk. Financial risks are considered on a time basis and they are primarily avoided by reduction of the Company's exposure to these risks. The company does not use any financial instrument in order to avoid the effect of financial risks on business operations because such instruments are not widely used and there is no organized market of such instruments in the Republic of Serbia.

I - MARKET

In its business operations, the Company is exposed to financial risks from changes of foreign currency exchange rates and changes of interest rates. The exposure to market risk is considered through sensitivity analysis. There were no significant changes of the Company's exposure to market risk or in the manner in which the Company manages or measures that risk.

a) Foreign currency risk (foreign exchange risk)

The Company is exposed to foreign exchange risk primarily through cash and cash equivalents, short-term financial investments, trade receivables, long-term loans and trade payables – foreign. The Company does not use special financial instruments as a protection from risk, having that these instruments are not common in the Republic of Serbia.

The stability of the economic environment in which the Company operates mostly depends on economic measures determined by the Government, including establishment of appropriate legal and legislative framework.

The Company's book values of financial assets and liabilities in 000 RSD, expressed in foreign currency on the reporting date are the following:

| Currency | <u>Total assets</u> | | | | in 000 RSD | |
|---|---------------------|------------------|-------------------|-------------------|---------------|------------------|
| | 31.12.2019 | | 31.12.2018 | | 31.12.2019 | 31.12.2018 |
| | Gross | Net | Gross | Net | | |
| EUR | 670,891 | 568,523 | 64,399,425 | 64,274,108 | 253 | 988,375 |
| USD | 290,274 | 290,274 | 509,626 | 509,626 | | 155 |
| CHF | | | 331 | 331 | 0 | 0 |
| GBP | 95 | 95 | 91 | 91 | 0 | |
| Total RSD equivalent of assets and liabilities expressed in the foreign currency | 961,260 | 858,892 | 64,909,473 | 64,784,156 | 253 | 988,530 |
| Value of assets and liabilities expressed in RSD | 2,549,321 | 1,896,014 | 1,291,511 | 654,854 | 59,295 | 203,210 |
| Total | 3,510,581 | 2,754,906 | 66,200,984 | 65,439,010 | 59,548 | 1,191,740 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Analyzing foreign currency balance of financial assets and liabilities on 31.12.2019 and comparing it to the balance on 31.12.2018, it can be ascertained that financial assets expressed in foreign currency are higher than contracted financial liabilities expressed in foreign currency.

The Company is sensitive mainly to changes of foreign exchange rate of EUR and US dollar (USD).

The below table shows sensitivity analysis of the Company to the increase and reduction of RSD exchange rate of 10% in relation to the observed foreign currency. The sensitivity analysis includes only unpaid receivables and liabilities expressed in foreign currency and shows their change of 10% at the end of the reporting period in foreign currency exchange rates. Positive number in the table indicates the increase of the result of the current period in cases when the dinar strengthens against the currency in question. In case of weakening of the dinar of 10% in relation to the foreign currency in question, the effect on the result of the current period would be negative.

| in 000 RSD | | | | | | | | |
|--------------|------------|---------|------------|---------|------------|---------|------------|---------|
| 31.12.2019 | 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 | 56,827 | -56,827 | 29,027 | -29,027 | 0 | 0 | 10 | -10 |

| in 000 RSD | | | | | | | | |
|--------------|------------|------------|------------|---------|------------|---------|------------|---------|
| 31.12.2018 | 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 | 6,328,573 | -6,328,573 | 50,947 | -50,947 | 33 | -33 | 9 | -9 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

b) Interest rate risk

The Company is exposed to interest rate risk speaking of assets and liabilities which have variable interest rate.

The Company classified cash and cash equivalents in the group of interest-bearing financial assets with variable interest rate as it agreed "a vista" interest of variable character with the banks, depending on the balance of assets on current accounts and the level of the reference interest rate.

Interest rate risk does not pose a significant risk to the Company as the categories of financial instruments having the contracted interest rate are mainly defined by the fixed interest rate.

Financial instruments classified into categories of interest-bearing and non-interest bearing assets are shown in the table below:

| Financial assets | 31.12.2019 | | | 31.12.2018 | | |
|--|------------------|------------------|------------------|-------------------|------------------|-------------------|
| | Gross | Provisions | Net | Gross | Provisions | Net |
| in 000 RSD | | | | | | |
| Non-interest bearing: | | | | | | |
| Investments in capital of other legal entities | 378,684 | (378,683) | 1 | 378,684 | (378,683) | 1 |
| Other long-term receivables | | - | - | 13,068 | - | 13,068 |
| Trade receivables | 365,280 | (267,089) | 98,191 | 1,330,708 | (266,895) | 1,063,813 |
| Receivables for interest and other receivables | 1,630,263 | (22,455) | 1,607,808 | 138,325 | (23,142) | 115,183 |
| Short-term financial investments | 2,432 | - | 2,432 | 289 | - | 289 |
| Total | 2,376,659 | (668,227) | 1,708,432 | 1,861,074 | (668,720) | 1,192,354 |
| Fixed interest rate: | | | | | | |
| Long-term financial investments | 212,634 | (87,182) | 125,452 | 224,072 | (93,008) | 131,064 |
| Short-term financial investments | 11,170 | (266) | 10,904 | 2,721,265 | (246) | 2,721,019 |
| Total | 223,804 | (87,448) | 136,356 | 2,945,337 | (93,254) | 2,852,083 |
| Variable interest rate: | | | | | | |
| Cash and cash equivalents | 910,118 | - | 910,118 | 61,394,573 | - | 61,394,573 |
| Total | 910,118 | - | 910,118 | 61,394,573 | - | 61,394,573 |
| Grand total | 3,510,581 | (755,675) | 2,754,906 | 66,200,984 | (761,974) | 65,439,010 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

| Financial liabilities | 31.12.2019 | | | 31.12.2018 | | |
|---|---------------|------------|---------------|------------------|------------|------------------|
| | Gross | Provisions | Net | Gross | Provisions | Net |
| Non-interest bearing | | | | | | |
| Liabilities from business operations | 59,548 | | 59,548 | 618,354 | | 618,354 |
| Total | 59,548 | 0 | 59,548 | 618,354 | 0 | 618,354 |
| Fixed interest rate | | | | | | |
| Long-term loans | | | 0 | 474,866 | | 474,866 |
| Current maturity of long-term liabilities | | | 0 | 98,520 | | 98,520 |
| Total | 0 | 0 | 0 | 573,386 | 0 | 573,386 |
| Variable interest rate | | | | | | |
| Current maturity of long-term liabilities | | | 0 | 0 | | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand total | 59,548 | 0 | 59,548 | 1,191,740 | 0 | 1,191,740 |

b) Risk of price changes

The Company estimates that there is no risk of price changes, as the categories of financial instruments which the Company has at its disposal are not subject to changes in market prices.

The Company does not operate with securities that are subject to changes in market prices. Furthermore, the Company does not have turnover which is subject to price changes.

II – CREDIT RISK

The Company estimates that, of all risks to which financial instruments may be exposed, credit risk is the biggest. This risk represents the risk of debtors not being able to pay their liabilities completely and timely, which would result in financial loss for the Company. The Company's exposure to this risk is limited to the amount of trade receivables on the Balance Sheet date.

Reconciliation of receivables

The Company reconciles its receivables and liabilities once a year, with the balance on 30.11.2019 or optionally few times a year.

Unclaimed trade receivables – domestic amount to RSD 78,859 thousand, of which 60% is reconciled, 32% is not reconciled and 8% have no feedback.

Unclaimed trade receivables – foreign amount to RSD 25,505 thousand and 100% of them have no feedback. Namely, correspondence is kept and receivables for collection documented with foreign customers.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Structure of trade receivables is given below.

| Structure of trade receivables | 31.12.2019 | | | 31.12.2018 | |
|---|------------------|----------------|------------------|------------------|----------------|
| | in 000 RSD | Share | Provisions | in 000 RSD | Share |
| Air Serbia | 29,315 | 8.03% | (2,193) | 158,442 | 11.91% |
| Jat Tehnika | 139,533 | 38.20% | (96,231) | 156,834 | 11.79% |
| Belgrade Airport d.o.o. | 454 | 0.12% | | - | 0.00% |
| International CG | 30,115 | 8.24% | (30,115) | 41,492 | 3.12% |
| Air Serbia-Ketering d.o.o. | 42,347 | 11.59% | (41,695) | 43,655 | 3.28% |
| Aviogenex d.o.o. | 50,820 | 13.91% | (50,820) | 50,820 | 3.82% |
| AERODROM KETERING D.O.O. | 1,475 | 0.40% | | 6,200 | 0.47% |
| Other trade receivables - domestic | 18,599 | 5.09% | (16,202) | 125,349 | 9.42% |
| Total trade receivables - domestic | 312,658 | 85.59% | (237,256) | 582,792 | 43.80% |
| Montenegro Airlines | | 0.00% | | 138,981 | 10.44% |
| Wizz Air | 2,473 | 0.68% | | 110,316 | 8.29% |
| Deutsche Lufthansa | 42 | 0.01% | | 65,337 | 4.91% |
| ARKIA | 1,600 | 0.44% | | 13,914 | 1.05% |
| Air Cairo Company | 5,355 | 1.47% | | 5,383 | 0.40% |
| Atlasglobal Airlines | 1,446 | 0.40% | | 1,453 | 0.11% |
| Allitalia | 20,903 | 5.72% | (20,903) | 37,848 | 2.84% |
| FLYDUBAI | 2,653 | 0.73% | | 10,176 | 0.76% |
| Pegasus | 5,700 | 1.56% | (1,311) | 12,051 | 0.91% |
| Other trade receivables - foreign | 12,450 | 3.41% | (7,619) | 352,457 | 26.49% |
| Total trade receivables - foreign | 52,622 | 14.41% | (29,833) | 747,916 | 56.20% |
| Total gross trade receivables – domestic and foreign | 365,280 | 100.00% | | 1,330,708 | 100.00% |
| Total provisions | (267,089) | | (267,089) | (266,895) | |
| Total net trade receivables | 98,191 | | | 1,063,813 | |

Unlike the previous year, net trade receivables are significantly reduced as a result of collection of receivables, as well as of change of the Company's activity.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Ageing structure of trade receivables on 31.12.2019 whose value was not reduced is given below.

| | in 000 RSD | Share |
|---|---------------|----------------|
| Ageing structure of trade receivables without provisions | | |
| Trade receivables - domestic | | |
| Due | 47,636 | 48.51% |
| 0-30 days | 932 | 0.95% |
| 31-60 days | 493 | 0.50% |
| 61-90 days | 279 | 0.28% |
| Over 90 days | 26,063 | 26.54% |
| Total | 75,403 | 76.79% |
| Trade receivables – foreign | | |
| Due | | |
| 0-30 days | | |
| 31-60 days | | |
| 61-90 days | | |
| Over 90 days | 22,788 | 23.21% |
| Total | 22,788 | 23.21% |
| Total trade receivables (net) | 98,191 | 100.00% |

Due uncorrected trade receivables – domestic and foreign over 60 days amount to RSD 49,130 thousand (RSD 159,254 thousand in 2018). The aforementioned receivables are not corrected due to assessment of certainty of their collection.

III – LIQUIDITY RISK AND CASH FLOW RISK

Liquidity is the ability of a Company to settle its liabilities within the maturity period. Therefore, liquidity risk is a risk that the Company will have difficulties in settling its liabilities, maintaining necessary volume and structure of working capital and preserving good credit rating.

The Company is mostly responsible for liquidity risk management and it has to establish a corresponding management system for short-term, medium-term and long-term investments, as well as a system for liquidity management. The Company maintains corresponding cash reserves by continuous monitoring of the planned and actual cash flow, as well as an adequate relation between the maturity of financial assets and liabilities.

The most significant indicators of the Company's liquidity are shown below:

- **General liquidity ratio** (quotient of working capital and short-term liabilities) showing how much dinars of working capital cover each dinar of short-term liabilities;
- **Rigorous liquidity ratio** (quotient of liquid assets implying working capital reduced for inventories, and short-term liabilities) showing how much dinars of liquid assets cover each dinar of short-term liabilities;
- **Cash liquidity ratio** (quotient of cash and short-term liabilities) showing how much dinars of cash cover each dinar of short-term liabilities;
- **Net working capital** as a difference between working capital and short-term liabilities.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

| Liquidity indicators | Satisfactory and general standards | 2019 | 2018 |
|-------------------------------|------------------------------------|-----------|------------|
| General liquidity ratio | 2 : 1 | 1.49 : 1 | 6.61 : 1 |
| Rigorous liquidity ratio | 1 : 1 | 1.49 : 1 | 6.61 : 1 |
| Cash liquidity ratio | | 0.30 : 1 | 6.21 : 1 |
| Net working capital (RSD 000) | | 1,492,789 | 55,481,504 |

Capital risk management

The aim of capital risk management is that the Company keeps the ability to continue to operate for an unlimited period in order to provide satisfactory profit to the Company's owners and preserve an adequate structure of fund sources, i.e. good credit rating.

Although there are several criteria based on which conclusions on sustainability of the assumption on long-term existence of the Company can be drawn, profitable business operations, as well as satisfactory financial structure are surely basic criteria.

The best profitability representative is a rate of return on average equity showing the amount of return the Company makes for one dinar of average engaged own funds. When calculating this profitability indicator, the average equity is determined as the arithmetic mean of the capital value at the beginning and end of the year.

| Profitability indicators | <i>in 000 RSD</i> | |
|--------------------------------------|-------------------|-------------------|
| | 2019 | 2018 |
| Net profit/loss | 453,857 | 53,155,450 |
| Average capital | | |
| Capital at the beginning of the year | 81,105,207 | 29,708,442 |
| Capital at the end of the year | 29,672,524 | 81,105,207 |
| Total – average capital | 55,388,866 | 55,406,825 |
| Rate of return on equity | 0.82% | 95.94% |

The adequacy of the financial structure is reflected in the amount and character of indebtedness.

The following tables show the most significant indicators of the Company:

- Share of borrowed funds in total funds showing how much one dinar of the Company's funds is financed from borrowed funds,
- Share of long-term funds in total funds showing how much one dinar of the Company's funds is financed from long-term funds.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

| Financial structure indicators | in 000 RSD | |
|--|-------------------|-------------------|
| | 2019 | 2018 |
| Liabilities | 3,852,021 | 10,982,120 |
| Total assets | 33,524,545 | 92,087,327 |
| Share of borrowed funds in total funds | 0.11 : 1 | 0.12 : 1 |
| Long-term funds | | |
| Equity | 29,672,524 | 81,105,207 |
| Long-term investments and liabilities | 809,957 | 1,099,013 |
| Total – long-term funds | 30,482,481 | 82,204,220 |
| Total funds | 33,524,545 | 92,087,327 |
| Share of long-term funds in total funds | 0.91 : 1 | 0.89 : 1 |

Net indebtedness ratio shows how much each dinar of net indebtedness is covered with the Company's capital. Net indebtedness implies the difference between:

- Total (long-term and short-term) financial liabilities of the Company (Total liabilities reduced for capital, long-term provisions and deferred tax liabilities) and
- Cash and cash equivalents.

| Parameters for calculation of net indebtedness ratio to total capital | in 000 RSD | |
|---|------------------|---------------------|
| | 2019 | 2018 |
| Net indebtedness | | |
| Financial liabilities | 3,042,064 | 10,357,973 |
| Cash and cash equivalents | 910,118 | 61,394,573 |
| Total – Net indebtedness | 2,131,946 | (51,036,600) |
| Capital | 29,672,524 | 81,105,207 |
| Net indebtedness ratio to total capital | 13.92 | (1.59) |

50. TAX RISKS

Tax laws of the Republic of Serbia are often interpreted differently and they are subject to often changes. Interpretation of tax laws by tax authorities related to the Company's transactions and activities can differ from the management's interpretation. On the management's opinion, tax liabilities are calculated and recorded adequately.

51. LITIGATION

The Company has lawsuits against the Company. The amount of total loss from litigation can be increased based on default interest until the date of termination of disputes, i.e. until the date of final payments for disputes. On 31 December 2019, the balance of the Company's provisions for possible loss for litigation amounts to RSD 81,006 thousand (RSD 144,339 thousand on 31.12.2018) (Note 37). According to the assessment of the Company's management, no additional material loss is expected in this respect in the following period.

52. EVENTS AFTER THE REPORTING PERIOD

In March 2020, the World Health Organization declared a pandemic and issued instructions to combat proliferation. In addition to personal hygiene and protection, these instructions also implied restriction of movement and closing of state borders. In this respect, after considering the risk to the population of the Republic of Serbia, the Government of the Republic of Serbia made a Decision on declaration of a state of emergency on 15 March 2020 which was published in the Official Gazette of RS no. 29. The state of emergency was lifted by the Decision published in the Official Gazette no. 65 from 6 May 2020.

Among other things, the abovementioned also implied closing of Nikola Tesla Airport for international passenger traffic which will affect the Company's business operations in the future period.

As the situation with the pandemic calms down, both globally and locally, international organizations *ICAO, IATA, ACI, as well as advisors to the Concession Grantor* prepare possible scenarios of dynamics and normalization of the execution of planned public works by SPV and therefore realization of the Concession Agreement, which is the basis for the Company's business plans for the following period. Taking into consideration the aforementioned, the management does not expect significant risks related to the continuation of operations and realization of the Concession Agreement.

According to the management's assessment, financial situation in the Company is such that there is neither uncertainty regarding the ability of the Company to continue its operations according to the principle of permanence nor there exists material impact on business operations during the following period. Furthermore, the management considers that there are no significant risks related to meeting of legal norms, Company's liquidity and market position in the future period that could violate the principle of business continuity.

In accordance with IAS 10 "Events after the reporting period", we haven't determined the existence of events other than those listed in the Notes, that may affect or affect the truthfulness and objectivity of the financial statements for the period ended on 31 December 2019, nor would they require corrections to financial statements.

In Belgrade, 8 May 2020

Legal representative

Saša Vlajsavljević

INDEPENDENT AUDITOR'S REPORT

TO THE AUDIT COMMITTEE, SUPERVISORY BOARD AND ASSEMBLY OF JOINT STOCK COMPANY AERODROM NIKOLA TESLA, BELGRADE

Report on the audit of the financial statements

Opinion

We have audited the accompanying annual financial statements of JSC "Aerodrom Nikola Tesla", Belgrade (hereinafter: The Company), which consist of the Balance Sheet as of December 31st, 2019, Statement of Profit and Loss, Statement of Other Results, Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, as well as a Notes to the financial statements that provide an overview of basic accounting policies and other disclosures.

In our opinion, the accompanying financial statements present fairly and objectively, on all material respects, the financial position of the Company as at 31st December 2019, as well as the results of its operations and its cash flows for the year then ended in accordance with accounting regulations of the Republic of Serbia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, applicable in the Republic of Serbia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements relevant to the audit of financial statements in the Republic of Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

As disclosed in more detail in Note 52 to the financial statements, the Company's management assessed the possible impact of declaring a pandemic caused by the virus "COVID 19" on the Company's financial position in the coming period, as well as the possible impact of the new situation on the Company's business. The proclamation of the state of emergency in the Republic of Serbia on March 15th, 2020 led to the closure of the airport "Nikola Tesla", Belgrade for international public passenger traffic, which may have a certain impact on the business of the Company in the future. Given the general importance of the Company, the Management believes that there is no material uncertainty regarding the Company's ability to continue as a going concern. Also, the Management believes that there are no significant risks related to the fulfilment of legal norms, the Company's liquidity and market position in the future that may violate the principle of business continuity. Our opinion has not been modified in relation to this issue.

Emphasis of Matter

As disclosed in more detail in Note 1.1. to the financial statements, as at March 22nd, 2018, a Concession Agreement was signed for financing, development through construction and reconstruction, maintenance and infrastructure management of the JSC "Aerodrom Nikola Tesla", Belgrade as well as performing the activities of Airport Nikola Tesla operator, between the Government of the Republic of Serbia as a representative of the Republic of Serbia, Vinci Airports Serbia d.o.o., Belgrade (July 23th, 2019, changed its name to "Belgrade Airport" d.o.o., Belgrade) founded as Special purpose company (hereinafter: SPC) and "Vinci Airports SAS France" (hereinafter: the Concession Agreement).



INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE AUDIT COMMITTEE, SUPERVISORY BOARD AND ASSEMBLY OF JOINT STOCK COMPANY AERODROM NIKOLA TESLA, BELGRADE

After fulfilling certain preconditions within the stipulated deadline for both contracting parties, which are defined by the provisions of the Concession Agreement, on December 21st, 2018, the conditions for the start of the Concession Commencement Day starting from December 22nd, 2018 have been met.

On December 21st, 2018, by the decision of the Directorate of Civil Aviation of the Republic of Serbia, the Airport certificate was transferred from JSC "Aerodrom Nikola Tesla", Belgrade to "Vinci Airports Serbia" d.o.o., Belgrade. On the day of concluding the concession agreement, the Company changed its predominant activity from air transport service activities (activity code 5223) to renting and managing its own or leased real estate (activity code 6820), with the primary task of providing the entire airport property on the basis of concession for the use and management of "Vinci Airports Serbia" d.o.o., Belgrade, monitors the implementation of the Concession Agreement.

Our opinion has not been modified in relation to this issue.

Key audit matters

The key audit matters are those that were, in our professional judgment, of the greatest importance in the audit of the financial statements in that period. These matters are determined in terms of our audit of the financial statements as a whole and in the formation of our opinion and we do not express a separate opinion on them. In addition to the issues listed in the paragraphs Material Significant Uncertainty Related to Business Continuity and Diversion, we have determined that the issues described below are Key Audit Issues to be reported in our Report.

Revaluation of intangible assets and property, plant and equipment

As disclosed in Notes 3.4. and 3.5. to the financial statements, in accordance with the adopted accounting policies, the Company uses the revaluation model for the subsequent valuation of intangible assets and property, plant and equipment, which expresses the fair value of these assets on the day of revaluation. The assessment of the value of intangible assets and real estate, plant and equipment was performed as of January 1st, 2019 by an independent appraiser. The effects of the assessment are recorded in the financial statements and disclosed in Note 25 and 26 to the financial statements. The effects are as follows:

- ✓ Intangible assets: the change in the value of intangible assets according to the assessment was reflected in the value of capital within the balance sheet, increasing revaluation reserves in the amount of RSD 31,648 thousand, and within the income statement as the impairment of intangible assets in the amount of RSD 16,168 thousand;
- ✓ Land: the increase in the value of land is estimated to have affected the value of equity in the balance sheet where there has been an increase in the value of revaluation reserves in the amount of RSD 1,234,574 thousand.
- ✓ Buildings: change in the value of buildings according to the assessment was reflected in the capital balance sheet, increasing the value of revaluation reserves in the net amount of RSD 579,345 thousand, while the income statement shows an impairment loss in the amount of RSD 389,264 thousand, as well as income from property value adjustment in the amount of RSD 55,578 thousand.





INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE AUDIT COMMITTEE, SUPERVISORY BOARD AND ASSEMBLY OF JOINT STOCK COMPANY AERODROM NIKOLA TESLA, BELGRADE

- ✓ Equipment: the change in the value of equipment based on the performed assessment affected the change in the value of capital in the balance sheet by increasing the value of revaluation reserves in the net amount of RSD 359,385 thousand, while the income statement shows an impairment loss in the amount of RSD 138,898 thousand, as well as income from equipment value adjustment in the amount of RSD 6,910 thousand.

In the process of auditing financial statements, we conducted all necessary audit procedures to ensure the adequacy of applied accounting policies in the area of valuation of fixed assets using the revalued value model, checking the accuracy of recording the effects of intangible assets, property, plant and equipment and adequacy of disclosures in the notes to financial statements. Based on the conducted audit procedures, we are reasonably satisfied that the Company has valued the fixed assets in accordance with the adopted accounting policy, as well as that the effects of the assessment have been properly recorded and adequately disclosed in the financial statements.

Accounting treatment of the Concession Agreement and the first application of International Financial Reporting Standard 16: Lease

As disclosed in Note 2.2. to the financial statements for the purposes of accounting for the Concession Agreement, the Company opted for the application of *IFRS 16: Lease* and in accordance with the said standard reclassified all movable and immovable property into the following categories:

- ✓ Airport infrastructure;
- ✓ Closely related funds that SPC will use until the end of the concession period;
- ✓ Closely related funds that SPC will not use until the end of the concession period;
- ✓ Other funds that SPC will use until the end of the concession period;
- ✓ Other funds that SPC will not use until the end of the concession period.

Other assets that SPC will use until the end of the concession are derecognised as assets in accordance with *IAS 16: Property, Plant and Equipment*, but are treated as sold on the first day of the concession and are reclassified to receivables accordingly within the position of Accruals with the balance at January 1st, 2019. Given that the reclassification was performed after the revaluation and reduction of these assets to fair value, there is no reported gain or loss on the sale of these assets that would be recognized in the income statement. Total receivables from these assets amount to RSD 1,760,374 thousand (Intangible assets - RSD 290,086 thousand, Equipment - RSD 1,466,573 thousand, Other equipment - RSD 3,619 thousand and Basic herd - RSD 96 thousand).

In accordance with paragraph 81 of *IFRS 16: Leases*, the Company recognizes a lease payment as revenue on a straight-line or other systematic basis over the term of the lease. He applies another systematic basis when that basis is more appropriate for presenting forms in which the benefit from the use of the means is reduced. Pursuant to the above, the Company recognized the following revenues in the financial statements for 2019:

- ✓ Revenue based on the Minimum Annual Concession Fee in accordance with the Concession Agreement in the period in which it is incurred in the amount of RSD 510,884 thousand;
- ✓ Variable fees that depend on the amount of income of DPN in the period in which they arise in the amount of RSD 48,004 thousand;





INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE AUDIT COMMITTEE, SUPERVISORY BOARD AND ASSEMBLY OF JOINT STOCK COMPANY AERODROM NIKOLA TESLA, BELGRADE

- ✓ Revenue from non-monetary compensation (mandatory works and land) is treated as variable compensation and is recognized in the income statement in the same amount (in a straight line) during the remaining period of the concession starting from the moment when DPN is obliged to buy / build a new asset, and on the basis of receipt of funds / performed works. On this basis, the Company reported income in the income statement in the amount of RSD 119,474 thousand.

Also, the Company has reduced current income based on the annual fee of assets treated as sold reported under accruals.

In the process of auditing the financial statements, we conducted the necessary audit procedures to confirm the adequacy of the valuation of leased assets based on the concluded Concession Agreement, revenue recognition in accordance with *IFRS 16: Lease* and the necessary disclosures in the notes to the financial statements. Based on the conducted procedures, we are satisfied to a reasonable extent that the Company has adequately applied *IFRS 16 - Lease* for the first time and made adequate disclosures in the financial statements.

Other matter

The regular annual financial statements of the Company for the year ended 31st of December 2018 were audited by another auditor who expressed unmodified opinion on the financial statements on 21st of February 2019.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation of these financial statements that provide a true and fair view in accordance with the accounting regulations in force in the Republic of Serbia, based on the Accounting Law, as well as for those internal controls that management determines are necessary in preparing financial statements, significant misstatements resulting from a criminal act or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, matters relating to business continuity and applying the going concern principle as the accounting basis, unless management intends to liquidate the Company or to suspend business, or has no other realistic option but to do so.

The persons authorized to manage are responsible for supervising the financial reporting process of the Company.

Auditor's responsibility for auditing financial statements

Our objective is to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, resulting from a criminal act or error, and to issue an auditor's report containing our opinion. Assurance to a reasonable extent indicates a high level of assurance, but does not guarantee that an audit conducted in accordance with International Standards on Auditing will always reveal material misstatements, if any.

False statements may arise from a criminal act or error and are considered material if it is reasonable to expect that they will, individually or collectively, influence the economic decisions of users, made on the basis of these financial statements.





INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE AUDIT COMMITTEE, SUPERVISORY BOARD AND ASSEMBLY OF JOINT STOCK COMPANY AERODROM NIKOLA TESLA, BELGRADE

As part of an audit in accordance with International Standards on Auditing, we apply professional judgment and maintain professional scepticism throughout the audit. We also:

- ✓ We identify and assess the risk of material misstatements in the financial statements, resulting from a criminal act or error; design and implement audit procedures that are appropriate to those risks; we obtain sufficient adequate audit evidence to provide a basis for the auditor's opinion. The risk that material misstatements due to a criminal act will not be identified is higher than for erroneous statements resulting from an error, because a criminal act may involve association, falsification, wilful misconduct, misrepresentation or circumvention of internal control.
- ✓ We gain an understanding of internal controls that are relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not in order to express an opinion on the effectiveness of the internal control system.
- ✓ We evaluate the applied accounting policies and the extent to which the accounting estimates and related disclosures made by management are reasonable.
- ✓ We conclude on the appropriateness of the application of the principle of continuity as an accounting basis by management and, based on the audit evidence collected, whether there is material uncertainty regarding events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. the principle of permanence. If we conclude that there is material uncertainty, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are not adequate, to modify our opinion. Our conclusions are based on audit evidence gathered up to the date of the auditor's report. However, future events or conditions may result in the Company ceasing to operate in accordance with the going concern principle.
- ✓ We assess the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events in such a way as to achieve a fair presentation.
- ✓ We communicate to those charged with governance, inter alia, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during the audit.
- ✓ We also provide a statement to those charged with governance that we comply with the relevant ethical requirements regarding independence and that we will inform them of any relationships and other matters that may reasonably be expected to affect our independence, and where possible, of related protection measures.
- ✓ From the issues communicated to those charged with governance, we determine which issues were of the utmost importance in the audit of the financial statements for the current period and are therefore key audit issues. We describe these matters in the auditor's report, unless the law or regulation precludes public disclosure of the matter or when, in extremely rare circumstances, we determine that the matter should not be included in the auditor's report, because it is reasonable to expect the negative consequences to be greater than benefits from such communication.





INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE AUDIT COMMITTEE, SUPERVISORY BOARD AND ASSEMBLY OF JOINT STOCK COMPANY AERODROM NIKOLA TESLA, BELGRADE

Report on other legal and regulatory requirements

The Company is responsible for compiling the Annual Business Report in accordance with the requirements of the Law on Accounting of the Republic of Serbia (Official Gazette of the Republic of Serbia No. 62/2013, 30/2018 and 73/2019 - other law). In accordance with the Law on Audit of the Republic of Serbia (Official Gazette of the Republic of Serbia No. 73/2019), it is our responsibility to express an opinion on the compliance of the attached annual business report with the financial statements for the business year 2019. In our opinion, the financial information disclosed in the Annual Business Report for 2019 is consistent with the Financial Statements that were subject to audit.

This is English translation of the original issued in Serbian language

Belgrade 22nd of May 2020



Maja Marić
Certified Auditor



NIKOLA TESLA AIRPORT JSC, BELGRADE

FINANCIAL STATEMENTS
31 December 2019

1. **INCOME STATEMENT** for the period I-XII 2019;
2. **BALANCE SHEET** on 31 December 2019;
3. **STATEMENT OF OTHER COMPREHENSIVE INCOME** for the period I-XII 2019;
4. **STATEMENT OF CHANGES IN EQUITY** for the period I-XII 2019;
5. **CASH FLOW STATEMENT** for the period I-XII 2019;
6. **NOTES TO THE FINANCIAL STATEMENTS** 31 December 2019

May 2020

INCOME STATEMENT
for the period from 1 January to 31 December 2019

| INCOME STATEMENT | | | | | |
|--|---|---------------------------------|-------------|----------------|-------------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| -in thousands of RSD- | | | | | |
| Group of accounts - account | I T E M | ADP (position in the statement) | Note number | Current year | Previous year |
| 1 | 2 | 3 | 4 | 6 | 8 |
| REGULAR OPERATING REVENUE | | | | | |
| 60 to 65, except 62 and 63 | A. OPERATING REVENUE (1002 + 1009 + 1016 + 1017) | 1001 | | 615,344 | 69,504,846 |
| 60 | I REVENUE FROM THE SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007 + 1008) | 1002 | 4 | 0 | 5,469 |
| 600 | 1. Revenue from sales of goods to parent companies and subsidiaries – domestic market | 1003 | | | |
| 601 | 2. Revenue from sales of goods to parent companies and subsidiaries – foreign market | 1004 | | | |
| 602 | 3. Revenue from sales of goods to other related parties – domestic market | 1005 | | | |
| 603 | 4. Revenue from sales of goods to other related parties – foreign market | 1006 | | | |
| 604 | 5. Revenue from sales of goods – domestic market | 1007 | 4 | | 5,469 |
| 605 | 6. Revenues from sales of goods – foreign market | 1008 | | | |
| 61 | II REVENUE FROM SALES OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015) | 1009 | 5 | | 9,202,839 |
| 610 | 1. Revenue from sales of products and services to parent companies and subsidiaries – domestic market | 1010 | | | |
| 611 | 2. Revenue from sales of products and services to parent companies and subsidiaries – foreign market | 1011 | | | |
| 612 | 3. Revenue from sales of products and services to other related parties – domestic market | 1012 | | | |
| 613 | 4. Revenue from sales of products and services to to other related parties – foreign market | 1013 | | | |
| 614 | 5. Revenue from sales of products and services – domestic market | 1014 | 5 | | 3,893,053 |
| 615 | 6. Revenue from sales of finished products and services – foreign market | 1015 | 5 | | 5,309,786 |
| 64 | III REVENUE FROM PREMIUMS, SUBVENTIONS GRANTS, DONATIONS, ETC. | 1016 | | | |
| 65 | IV OTHER OPERATING REVENUES | 1017 | 6 | 615,344 | 60,296,538 |

INCOME STATEMENT (continued)
for the period from 1 January to 31 December 2019

| INCOME STATEMENT | | | | | |
|--|---------|-----|-------------|--------------|---------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| -in thousands of RSD- | | | | | |
| Group of accounts - account | I T E M | ADP | Note number | | |
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 6 | 8 |

| REGULAR OPERATING EXPENSES | | | | | |
|-----------------------------|---|-------------|-----------|------------------|-------------------|
| 50 to 55, 62 and 63 | B. OPERATING EXPENSES | | | | |
| | (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0 | 1018 | | 1,072,738 | 6,636,479 |
| 50 | I. COST OF GOODS SOLD | 1019 | 7 | | 4,911 |
| 62 | II. REVENUE FROM OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE | 1020 | | | |
| 630 | III. INCREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS | 1021 | | | |
| 631 | IV. DECREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS | 1022 | | | |
| 51 except 513 | V. COST OF MATERIAL | 1023 | 8 | 1,500 | 269,728 |
| 513 | VI. COST OF FUEL AND ENERGY | 1024 | 9 | 912 | 299,723 |
| 52 | VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES | 1025 | 10 | 137,575 | 3,509,843 |
| 53 | VIII. COST OF PRODUCTION SERVICES | 1026 | 11 | 68,447 | 475,154 |
| 540 | IX. DEPRECIATION COST | 1027 | 12 | 681,269 | 1,229,112 |
| 541 to 549 | X. LONG-TERM PROVISIONS | 1028 | 13 | 33,302 | 53,334 |
| 55 | XI. NON-PRODUCTION COST | 1029 | 14 | 149,733 | 794,674 |
| | C. OPERATING PROFIT (1001 – 1018) ≥ 0 | 1030 | | | 62,868,367 |
| | D. OPERATING LOSS (1018 – 1001) ≥ 0 | 1031 | | 457,394 | |
| 66 | E. FINANCIAL INCOME (1033 + 1038 + 1039) | 1032 | 15 | 71,340 | 125,123 |
| 66, except 662, 663 and 664 | I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034 + 1035 + 1036 + 1037) | 1033 | | | |
| 660 | 1. Financial income from parent companies and subsidiaries | 1034 | | | |
| 661 | 2. Financial income from other related parties | 1035 | | | |
| 665 | 3. Share of profit of associates and joint ventures | 1036 | | | |
| 669 | 4. Other financial income | 1037 | | | |
| 662 | II. INTEREST INCOME (FROM THIRD PARTIES) | 1038 | 15 | 20,649 | 67,048 |
| 663 and 664 | III. FOREIGN EXCHANGE INCOME AND CURRENCY CLAUSE INCOME (THIRD PARTIES) | 1039 | 15 | 50,691 | 58,075 |

INCOME STATEMENT (continued)
for the period from 1 January to 31 December 2019

| INCOME STATEMENT | | | | | |
|--|---------|-----|-------------|--------------|---------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| -in thousands of RSD- | | | | | |
| Group of accounts - account | I T E M | ADP | Note number | | |
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 6 | 8 |

| | | | | | |
|------------------------------|--|-------------|----|----------------|-------------------|
| 56 | F. FINANCIAL EXPENSES (1041 + 1046 + 1047) | 1040 | 16 | 135,916 | 116,224 |
| 56 , except 562, 563 and 564 | I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042 + 1043 + 1044 + 1045) | 1041 | | | |
| 560 | 1. Financial expenses - parent companies and subsidiaries | 1042 | | | |
| 561 | 2. Financial expenses - other related parties | 1043 | | | |
| 565 | 3. Share of loss of associates and joint ventures | 1044 | | | |
| 566 and 569 | 4. Other financial expenses | 1045 | | | |
| 562 | II. INTEREST EXPENSES (FROM THIRD PARTIES) | 1046 | 16 | 9,720 | 34,320 |
| 563 and 564 | III. FOREIGN EXCHANGE LOSSES AND CURRENCY CLAUSE LOSSES (THIRD PARTIES) | 1047 | 16 | 126,196 | 81,904 |
| | G. PROFIT FROM FINANCING OPERATIONS (1032 – 1040) | 1048 | | | 8,899 |
| | H. LOSS FROM FINANCING OPERATIONS (1040 – 1032) | 1049 | | 64,576 | |
| 683 and 685 | I. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS RECOGNIZED AT FAIR VALUE THROUGH INCOME STATEMENT | 1050 | 17 | 5,978 | 20,960 |
| 583 and 585 | J. EXPENSES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS RECOGNIZED AT FAIR VALUE THROUGH INCOME STATEMENT | 1051 | 18 | 21,075 | 52,908 |
| 67 and 68, except | K. OTHER INCOME | 1052 | 19 | 631,080 | 191,976 |
| 57 and 58, except | L. OTHER EXPENSES | 1053 | 20 | 574,830 | 397,851 |
| | M. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053) | 1054 | | | 62,639,443 |
| | N. OPERATING LOSS BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052) | 1055 | | 480,817 | |

INCOME STATEMENT (continued)
for the period from 1 January to 31 December 2019

| INCOME STATEMENT | | | | | |
|--|--|-------------|-------------|------------------|-------------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| -in thousands of RSD- | | | | | |
| Group of accounts - account | I T E M | ADP | Note number | | |
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 6 | 8 |
| 69 and 59 | O. NET INCOME FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS | 1056 | | | |
| 59-69 | P. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS | 1057 | 21 | 19,055 | 28,254 |
| | Q. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057) | 1058 | 22 | | 62,611,189 |
| | R. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056) | 1059 | | 499,872 | |
| | S. INCOME TAX | | | | |
| 721 | I. TAX EXPENSE OF THE PERIOD | 1060 | 23 | | 9,433,469 |
| part of 722 | II. DEFERRED TAX EXPENSE OF THE PERIOD | 1061 | 23 | | 22,270 |
| part of 722 | III. DEFERRED TAX INCOME OF THE PERIOD | 1062 | 23 | 46,015 | |
| 723 | T. PERSONAL INCOME PAID TO EMPLOYER | 1063 | | | |
| | U. NET PROFIT | 1064 | 23 | | 53,155,450 |
| | (1058 – 1059 – 1060 – 1061 + 1062) | | | | |
| | V. NET LOSS | 1065 | 23 | 453,857 | |
| | (1059 – 1058 + 1060 + 1061 – 1062) | | | | |
| | I NET PROFIT ATTRIBUTABLE TO MINORITY STAKEHOLDERS | 1066 | | | |
| | II NET PROFIT ATTRIBUTABLE TO MAJORITY OWNER | 1067 | | | |
| | III EARNINGS PER SHARE | | | | |
| | 1. Basic earnings per share | 1068 | 24 | (12.96) | 1,517.59 |
| | 2. Diluted earnings per share | 1069 | | | |
| 6 | TOTAL REVENUE | | | 1,362,730 | 69,851,726 |
| 5 | TOTAL EXPENSES | | | 1,862,602 | 7,240,537 |

BALANCE SHEET
On 31 December 2019

| BALANCE SHEET | | | | | | |
|--|---|-----|----------|----------------------------|-------------------------------|-------------------------------|
| on 31 December 2019 | | | | | | |
| -in thousands of RSD- | | | | | | |
| Group of accounts - account | I T E M | ADP | Note No. | Amount | | |
| | | | | Current year 31.12.2019 | Previous year | |
| | | | | | Closing balance 31.12.2018 | Opening balance 01.01.2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | ASSETS | | | | | |
| 0 | A. SUBSCRIBED CAPITAL UNPAID | 1 | | | | |
| | B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034) | 2 | | 28,989,692 | 26,722,716 | - |
| 1 | I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009) | 3 | 25 | 18,551 | 276,201 | - |
| 010 and part of 019 | 1. Investment in development | 4 | | | | |
| 011,012 and part of 019 | 2. Concessions, patents, licenses, trade and service marks, software and other rights | 5 | | | 274,606 | |
| 013 and part of 019 | 3. Goodwill | 6 | | | | |
| 014 and part of 019 | 4. Other intangible assets | 7 | | | | |
| 015 and part of 019 | 5. Intangible assets in progress | 8 | | | 18,551 | |
| 016 and part of 019 | 6. Advances for intangible assets | 9 | | | | 1,595 |
| 2 | II. PROPERTY, PLANT AND EQUIPMENT (0011 + 0012+0013+0014+0015+0016+0017+0018) | 10 | 26 | 28,845,688 | 26,302,258 | - |
| 020, 021 and part of 029 | 1. Land | 11 | | 14,180,349 | 9,968,707 | |
| 022 and part of 029 | 2. Buildings | 12 | | 10,811,830 | 10,984,909 | |
| 023 and part of 029 | 3. Plant and equipment | 13 | | 3,853,509 | 5,341,504 | |
| 024 and part of 029 | 4. Investment property | 14 | | | | |
| 025 and part of 029 | 5. Other property, plant and equipment | 15 | | | 3,619 | |
| 026 and part of 029 | 6. Property, plant and equipment under construction | 16 | | | 3,519 | |
| 027 and part of 029 | 7. Investments in others' property, plant and equipment | 17 | | | | |
| 028 and part of 029 | 8. Advances for property, plant and equipment | 18 | | | | |
| 3 | III. BIOLOGICAL ASSETS (0020 + 0021 + 0022 + 0023) | 19 | | 0 | 124 | - |
| 030, 031 and part of 039 | 1. Forests and perennial plantations | 20 | | | | |
| 032 and part of 039 | 2. Livestock | 21 | 26 | | 124 | |
| 037 and part of 039 | 3. Biological assets in progress | 22 | | | | |
| 038 and part of 039 | 4. Advances for biological assets | 23 | | | | |
| 04, except 047 | IV. LONG-TERM FINANCIAL INVESTMENTS (0025+ 0026+0027+0028+0029+0030+0031+0032+0033) | 24 | 27 | 125,453 | 131,065 | - |
| 040 and part of 049 | 1. Investments in subsidiaries | 25 | | | | |
| 041 and part of 049 | 2. Investments in associates and joint ventures | 26 | | | | |
| 042 and part of 049 | 3. Investments in other legal entities and other securities available for sale | 27 | 27a | 1 | 1 | |
| part of 043, part of 044 and part of 049 | 4. Long-term investments in parent companies and subsidiaries | 28 | | | | |
| part of 043, part of 044 and part of 049 | 5. Long-term investments in other related parties | 29 | | | | |
| part of 045 and part of 049 | 6. Long-term investments – domestic | 30 | | | | |
| part of 045 and part of 049 | 7. Long-term investments – foreign | 31 | | | | |
| 046 and part of 049 | 8. Securities held to maturity | 32 | | | | |
| 048 and part of 049 | 9. Other long-term financial investments | 33 | 27b | 125,452 | 131,064 | |


BALANCE SHEET (continued)
On 31 December 2019

| BALANCE SHEET | | | | | | |
|-------------------------------|--|-----------|----------|----------------------------|-------------------------------|-------------------------------|
| on 31 December 2019 | | | | | | |
| -in thousands of RSD- | | | | | | |
| Group of accounts - account | I T E M | ADP | Note No. | Amount | | |
| | | | | Current year 31.12.2019 | Previous year | |
| | | | | | Closing balance 31.12.2018 | Opening balance 01.01.2018 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5 | V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041) | 34 | | 0 | 13,068 | - |
| 050 and part of 059 | 1. Receivables from parent company and subsidiaries | 35 | | | | |
| 051 and part of 059 | 2. Receivables from other related parties | 36 | | | | |
| 052 and part of 059 | 3. Receivables from sale of goods on credit | 37 | | | | |
| 053 and part of 059 | 4. Receivables arising out of finance lease contracts | 38 | | | | |
| 054 and part of 059 | 5. Receivables arising from guarantees | 39 | | | | |
| 055 and part of 059 | 6. Bad and doubtful receivables | 40 | | | | |
| 056 and part of 059 | 7. Other long-term receivables | 41 | 28 | | 13,068 | |
| 288 | C. DEFERRED TAX ASSETS | 42 | | | | |
| | D. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070) | 43 | | 4,534,853 | 65,364,611 | - |
| Class 1 | I INVENTORY (0045 + 0046 + 0047 + 0048 + 0049 + 0050) | 44 | | 2,058 | 32,948 | - |
| 10 | 1. Materials, spare parts, tools and small inventory | 45 | | | | |
| 11 | 2. Work in progress and services in progress | 46 | | | | |
| 12 | 3. Finished goods | 47 | | | | |
| 13 | 4. Merchandise | 48 | | | | |
| 14 | 5. Fixed assets held for sale | 49 | | | | |
| 15 | 6. Advances for inventory and services | 50 | 29 | 2,058 | 32,948 | |
| 20 | II RECEIVABLES FROM SALES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058) | 51 | 30 | 98,191 | 1,063,813 | - |
| 200 and part of 209 | 1. Domestic trade receivables – parent companies and subsidiaries | 52 | | | | |
| 201 and part of 209 | 2. Foreign trade receivables – parent companies and subsidiaries | 53 | | | | |
| 202 and part of 209 | 3. Domestic trade receivables – other related parties | 54 | | | | |
| 203 and part of 209 | 4. Foreign trade receivables – other related parties | 55 | | | | |
| 204 and part of 209 | 5. Trade receivables – domestic | 56 | 30 | 75,403 | 324,818 | |
| 205 and part of 209 | 6. Trade receivables – foreign | 57 | 30 | 22,788 | 738,995 | |
| 206 and part of 209 | 7. Other trade receivables | 58 | | | | |
| 21 | III RECEIVABLES FROM SPECIFIC OPERATIONS | 59 | | | | |
| 22 | IV OTHER RECEIVABLES | 60 | 31 | 1,607,808 | 115,183 | |
| 236 | V FINANCIAL ASSETS RECOGNIZED AT FAIR VALUE THROUGH INCOME STATEMENT | 61 | | | | |
| 23 except 236 and 237 | VI SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067) | 62 | 32 | 13,336 | 2,721,308 | - |
| 230 and part of 239 | 1. Short-term loans and investments – parent companies and subsidiaries | 63 | | | | |
| 231 and part of 239 | 2. Short-term loans and investments – other related parties | 64 | | | | |
| 232 and part of 239 | 3. Short-term loans – domestic | 65 | 32 | 2,432 | 289 | |
| 233 and part of 239 | 4. Short-term loans – foreign | 66 | | | | |
| 234, 235, 238 and part of 239 | 5. Other short-term loans and investments | 67 | 32 | 10,904 | 2,721,019 | |
| 24 | VII CASH AND CASH EQUIVALENTS | 68 | 33 | 910,118 | 61,394,573 | |
| 27 | VIII VALUE ADDED TAX | 69 | 34 | 40,792 | | |
| 28 except 288 | IX PREPAYMENTS AND ACCRUED INCOME | 70 | 35 | 1,862,550 | 36,786 | |
| | E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0042 + 0043) | 71 | | 33,524,545 | 92,087,327 | - |
| 88 | F. OFF-BALANCE SHEET ASSETS | 72 | 47 | 5,907,222 | 649,072 | |

BALANCE SHEET (continued)
on 31 December 2019

| BALANCE SHEET | | | | | | |
|-------------------------------|--|-----|----------|----------------------------|-------------------|---|
| on 31 December 2019 | | | | | | |
| -in thousands of RSD- | | | | | | |
| Group of accounts - account | I T E M | ADP | Note No. | Amount | | |
| | | | | Current year 31.12.2019 | Previous year | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| EQUITY AND LIABILITIES | | | | | | |
| | A. EQUITY (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 - 0424 - 0441 - 0442) | 401 | 36 | 29,672,524 | 81,105,207 | - |
| 30 | I NOMINAL CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410) | 402 | | 21,322,533 | 21,264,302 | |
| 300 | 1. Share capital | 403 | 36a | 21,015,677 | 21,015,677 | |
| 301 | 2. Stakes in limited liability companies | 404 | | | | |
| 302 | 3. Stakes | 405 | | | | |
| 303 | 4. State-owned capital | 406 | | | | |
| 304 | 5. Socially-owned capital | 407 | | | | |
| 305 | 6. Stakes in co-operatives | 408 | | | | |
| 306 | 7. Share issuing premiums | 409 | 36b | 306,856 | 248,625 | |
| 309 | 8. Other capital | 410 | | | | |
| 31 | II SUBSCRIBED CAPITAL UNPAID | 411 | | | | |
| 047 and 237 | III PURCHASE OF OWN SHARES | 412 | 36c | 33,192 | 265,416 | |
| 32 | IV RESERVES | 413 | 36d | 6,356,456 | 6,356,456 | |
| 330 | V REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT | 414 | 36e | 2,218,988 | 570,177 | |
| 33 except 330 | VI UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME (credit balance of the group of accounts 33, except 330) | 415 | 36f | | 17,290 | |
| 33 except 330 | VII UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME (debit balance of the group of accounts 33, except 330) | 416 | | | | |
| 34 | VIII RETAINED EARNINGS (0418+0419) | 417 | 36g | 261,596 | 53,162,398 | - |
| 340 | 1. Retained earnings from previous years | 418 | 36g | 261,596 | 6,948 | |
| 341 | 2. Retained earnings in current year | 419 | 36g | | 53,155,450. | |
| | IX. NON-CONTROLLING INTEREST | 420 | | | | |
| 35 | X. LOSS (0422 + 0423) | 421 | | 453,857 | 0 | - |
| 350 | 1. Loss from previous years | 422 | | | | |
| 351 | 2. Loss in current year | 423 | 36g | 453,857 | | |
| | B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432) | 424 | | 86,093 | 620,490 | - |
| 40 | I LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431) | 425 | 37 | 86,093 | 145,624 | - |
| 400 | 1. Provisions for costs during the warranty period | 426 | | | | |
| 401 | 2. Provisions for environmental rehabilitation | 427 | | | | |
| 403 | 3. Provisions for restructuring costs | 428 | | | | |
| 404 | 4. Provisions for salaries and other employee benefits | 429 | 37a | 5,087 | 1,285 | |
| 405 | 5. Provisions for litigations | 430 | 37 | 81,006 | 144,339 | |
| 402 and 409 | 6. Other long-term provisions | 431 | | | | |
| 41 | II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440) | 432 | | 0 | 474,866 | |
| 410 | 1. Liabilities convertible to capital | 433 | | | | |
| 411 | 2. Liabilities to parent companies and subsidiaries | 434 | | | | |
| 412 | 3. Liabilities to other related parties | 435 | | | | |
| 413 | 4. Liabilities for issued long-term securities | 436 | | | | |
| 414 | 5. Long-term loans – domestic | 437 | | | | |
| 415 | 6. Long-term loans – foreign | 438 | 38 | | 474,866 | |

BALANCE SHEET (continued)
on 31 December 2019

| BALANCE SHEET | | | | | | |  | |
|-----------------------------|---|------------|-----------|-------------------------|---|----------------------------|---|--|
| on 31 December 2019 | | | | | | | -in thousands of RSD- | |
| Group of accounts - account | I T E M | ADP | Note No. | Amount | | | | |
| | | | | Current year 31.12.2019 | Previous year Closing balance 31.12.2018 | Opening balance 01.01.2018 | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| 416 | 7. Finance lease liabilities | 439 | | | | | | |
| 419 | 8. Other long-term liabilities | 440 | | | | | | |
| 498 | C. DEFERRED TAX LIABILITIES | 441 | 46 | 723,864 | 478,523 | | | |
| 42 to 49 (except | D. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462) | 442 | | 3,042,064 | 9,883,107 | - | | |
| 42 | I SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + | 443 | 39 | 0 | 98,520 | - | | |
| 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 loans – domestic | 446 | | | | | | |
| 423 | 4. Short-term loans – foreign | 447 | | | | | | |
| 427 | 5. Liabilities for fixed assets and assets of discontinued operations held for sale | 448 | | | | | | |
| 424, 425, 426 and 429 | 6. Other short-term financial liabilities | 449 | 39 | | 98,520 | | | |
| 430 | II RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY | 450 | 40 | 42,023 | 101,546 | | | |
| 43 except 430 | III OPERATING LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + | 451 | 41 | 59,548 | 618,354 | - | | |
| 431 | 1. Trade payables – parent companies and subsidiaries – | 452 | | | | | | |
| 432 | 2. Trade payables – parent companies and subsidiaries – | 453 | | | | | | |
| 433 | 3. Trade payables – other related parties – domestic | 454 | | | | | | |
| 434 | 4. Trade payables – other related parties – foreign | 455 | | | | | | |
| 435 | 5. Trade payables – domestic | 456 | 41 | 44,724 | 180,837 | | | |
| 436 | 6. Trade payables – foreign | 457 | 41 | 5,577 | 415,144 | | | |
| 439 | 7. Other operating liabilities | 458 | 41 | 9,247 | 22,373 | | | |
| 44, 45 and 46 | IV OTHER SHORT-TERM LIABILITIES | 459 | 42 | 17,305 | 12,090 | | | |
| 47 | V LIABILITIES FOR VALUE ADDED TAX | 460 | 43 | | 30,505 | | | |
| 48 | VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER | 461 | 44 | 2,482 | 8,929,626 | | | |
| 49 except 498 | VII ACCRUED EXPENSES AND DEFERRED INCOME | 462 | 45 | 2,920,706 | 92,466 | | | |
| | E. LOSS OVER EQUITY (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) | 463 | | 0 | 0 | | | |
| | F. TOTAL EQUITY AND LIABILITIES (0424 + 0442 + 0441 + 0401 | 464 | | 33,524,545 | 92,087,327 | - | | |
| 89 | G. OFF-BALANCE SHEET LIABILITIES | 465 | 47 | 5,907,222 | 649,072 | | | |

| STATEMENT OF OTHER COMPREHENSIVE INCOME | | | | | |
|--|---|------|----------|------------------------------|---------------|
| for the period from 1 January 2019 to 31 December 2019 | | | | | |
| Group of accounts -account | I T E M | ADP | Note No. | -in thousands of RSD- Amount | |
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 7 |
| | A. NET OPERATING RESULT | | | | |
| | I. NET PROFIT (ADP 1064) | 2001 | 23 | | 53,155,450 |
| | II. NET LOSS (ADP 1065) | 2002 | | 453,857 | |
| | B. OTHER COMPREHENSIVE PROFIT OR LOSS | | | | |
| | a) Items that will not be reclassified to profit or loss | | | | |
| | 1. Changes in the revaluation of intangible assets, property, plant and equipment | | | | |
| 330 | a) Increase in revaluation reserves | 2003 | | 2,308,471 | |
| | b) Decrease in revaluation reserves | 2004 | | 313,389 | |
| | 2. Actuarial gains and losses of post-employment benefit obligations | | | | |
| 331 | a) Gains | 2005 | | | |
| | b) Losses | 2006 | | 17,290 | 192 |
| | 3. Gains and losses arising from equity investments | | | | |
| 332 | a) Gains | 2007 | | | |
| | b) Losses | 2008 | | | |
| | 4. Gains and losses arising from share in the associate's other comprehensive profit or loss | | | | |
| 333 | a) Gains | 2009 | | | |
| | b) Losses | 2010 | | | |
| | b) Items that may be subsequently reclassified to profit or loss | | | | |
| | 1. Gains and losses from currency translation differences | | | | |
| 334 | a) Gains | 2011 | | | |
| | b) Losses | 2012 | | | |
| | 2. Gains and losses on net investment hedging instruments in foreign business | | | | |
| 335 | a) Gains | 2013 | | | |
| | b) Losses | 2014 | | | |
| | 3. Gains and losses on cash flow hedges | | | | |
| 336 | a) Gains | 2015 | | | |
| | b) Losses | 2016 | | | |
| | 4. Gains and losses from change in value of available-for-sale securities | | | | |
| 337 | a) Gains | 2017 | | | |
| | b) Losses | 2018 | | | |
| | I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0 | 2019 | | 1,977,792 | |
| | II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0 | 2020 | | | 192 |
| | III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS OF THE PERIOD | 2021 | | 346,271 | |
| | IV. NET OTHER COMPREHENSIVE PROFIT (2019 – 2020 – 2021) ≥ 0 | 2022 | | 1,631,521 | |
| | V. NET OTHER COMPREHENSIVE LOSS (2020 – 2019 + 2021) ≥ 0 | 2023 | | | 192 |
| | B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD | | | | |
| | I. TOTAL NET COMPREHENSIVE PROFIT (2001 – 2002 + 2022 – 2023) ≥ 0 | 2024 | | 1,177,664 | 53,155,258 |
| | II. TOTAL NET COMPREHENSIVE LOSS (2002 – 2001 + 2023 – 2022) ≥ 0 | 2025 | | | |
| | D. TOTAL NET COMPREHENSIVE PROFIT / LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0 | 2026 | | 1,177,664 | 53,155,258 |
| | 1. Attributable to shareholders | 2027 | | | |
| | 2. Attributable to minority stakeholders | 2028 | | | |

STATEMENT OF CHANGES IN EQUITY
for the period from 1 January to 31 December 2019

| STATEMENT OF CHANGES IN EQUITY for the period from 1 January to 31 December 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-------------------|-----------------|------|---------------------------|------|-----------|------|---------|-------------|------------------------|------|-------------------|------|----------------------|------|---|------|--|------|---|-------------|---|------|--------------------------------------|------|--|--------------|---|------------------|---|---|
| No. | DESCRIPTION | Equity components | | | | | | | | | | | | | | | | | | | -in thousands of RSD- | | | | | | | | | | | |
| | | 30 | | 31 | | 32 | | 35 | | 047 and 237 | | 34 | | 330 | | 331 | | 332 | | 333 | | 334 and 335 | | 336 | | 337 | | Total equity | | Loss over equity | | |
| | | ADP | Nominal capital | ADP | Subscribed capital unpaid | ADP | Reserves | ADP | Loss | ADP | Purchase of own shares | ADP | Retained earnings | ADP | Revaluation reserves | ADP | Actuarial gains and losses of post-employment benefit obligations | ADP | Gains and losses arising from equity investments | ADP | Gains and losses arising from share in the associate's other comprehensive profit or loss | ADP | Gains and losses arising from foreign operations and currency translation differences | ADP | Gains and losses on cash flow hedges | ADP | Gains and losses from change in value of available-for-sale securities | ADP | Σ[(line 1b col. 3 to col. 15) - Σ[(line 1a col. 3 to col. 15)]] ≥ 0 | ADP | Σ[(line 1b col. 3 to col. 15) - Σ[(line 1a col. 3 to col. 15)]] ≥ 0 | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | | | |
| 1 | Opening balance as at 01.01.2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4001 | | 4019 | | 4037 | | 4055 | | 4073 | | 4091 | | 4109 | | 4127 | | 4145 | | 4163 | | 4181 | | 4199 | | 4217 | | 4235 | | 0 | 4244 | 0 |
| | b) credit | 4002 | 20,573,610 | 4020 | 0 | 4038 | 5,254,126 | 4056 | 0 | 4074 | 0 | 4092 | 3,267,110 | 4110 | 596,114 | 4128 | 17,482 | 4146 | 0 | 4164 | 0 | 4182 | 0 | 4200 | 0 | 4218 | 0 | 4236 | 29,708,442 | | | 0 |
| 2 | Adjustments of material errors and changes in accounting policies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4003 | | 4021 | | 4039 | | 4057 | | 4075 | | 4093 | | 4111 | | 4129 | | 4147 | | 4165 | | 4183 | | 4201 | | 4219 | | 4236 | | 0 | 4245 | 0 |
| | b) credit | 4004 | | 4022 | | 4040 | | 4058 | | 4076 | | 4094 | | 4112 | | 4130 | | 4148 | | 4166 | | 4184 | | 4202 | | 4220 | | 4238 | | 0 | | 0 |
| 3 | Restated opening balance as at 1 January 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit (1a+2a-2b) ≥ 0 | 4005 | 0 | 4023 | 0 | 4041 | 0 | 4059 | 0 | 4077 | 0 | 4095 | | 4113 | 0 | 4131 | 0 | 4149 | 0 | 4167 | 0 | 4185 | 0 | 4203 | 0 | 4221 | 0 | 4237 | 0 | 4246 | 0 | 0 |
| | b) credit (1b-2a+2b) ≥ 0 | 4006 | 20,573,610 | 4024 | 0 | 4042 | 5,254,126 | 4060 | 0 | 4078 | 0 | 4096 | 3,267,110 | 4114 | 596,114 | 4132 | 17,482 | 4150 | 0 | 4168 | 0 | 4186 | 0 | 4204 | 0 | 4222 | 0 | 4239 | 29,708,442 | | | 0 |
| 4 | Changes in 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4007 | 470,040 | 4025 | | 4043 | | 4061 | | 4079 | 265,416 | 4097 | 3,267,110 | 4115 | 25,937 | 4133 | 192 | 4151 | | 4169 | | 4187 | | 4205 | | 4223 | | 4238 | 4,028,695 | 4247 | 0 | 0 |
| | b) credit | 4008 | 1,160,732 | 4026 | | 4044 | 1,102,330 | 4062 | | 4080 | 0 | 4098 | 53,162,398 | 4116 | | 4134 | | 4152 | | 4170 | | 4188 | | 4206 | | 4224 | | 4240 | 55,425,460 | | | 0 |
| 5 | Balance as at 31 December 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit (3a+4a-4b) ≥ 0 | 4009 | | 4027 | 0 | 4045 | 0 | 4063 | 0 | 4081 | 265,416 | 4099 | 0 | 4117 | 0 | 4135 | 0 | 4153 | 0 | 4171 | 0 | 4189 | 4207 | 0 | 4225 | 0 | 4239 | | 4248 | | 0 | 0 |
| | b) credit (3b-4a+4b) ≥ 0 | 4010 | 21,264,302 | 4028 | 0 | 4046 | 6,356,456 | 4064 | 0 | 4082 | | 4100 | 53,162,398 | 4118 | 570,177 | 4136 | 17,290 | 4154 | 0 | 4172 | 0 | 4190 | 4208 | 0 | 4226 | 0 | 4241 | 81,105,207 | | | 0 | 0 |
| 6 | Adjustments of material errors and changes in accounting policies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4011 | | 4029 | | 4047 | | 4065 | | 4083 | | 4101 | | 4119 | | 4137 | | 4155 | | 4173 | | 4191 | | 4209 | | 4227 | | 4240 | | 0 | 4249 | 0 |
| | b) credit | 4012 | | 4030 | | 4048 | | 4066 | | 4084 | | 4102 | | 4120 | | 4138 | | 4156 | | 4174 | | 4192 | | 4210 | | 4228 | | 4242 | | 0 | | 0 |
| 7 | Restated opening balance as at 1 January 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit (5a+6a-6b) ≥ 0 | 4013 | 0 | 4031 | 0 | 4049 | 0 | 4067 | 0 | 4085 | 265,416 | 4103 | 0 | 4121 | 0 | 4139 | 0 | 4157 | 0 | 4175 | 0 | 4193 | 0 | 4211 | 0 | 4229 | 0 | 4241 | | 4250 | | 0 |
| | b) credit (5b-6a+6b) ≥ 0 | 4014 | 21,264,302 | 4032 | 0 | 4050 | 6,356,456 | 4068 | 0 | 4086 | | 4104 | 53,162,398 | 4122 | 570,177 | 4140 | 17,290 | 4158 | 0 | 4176 | 0 | 4194 | 0 | 4212 | 0 | 4230 | 0 | 4243 | 81,105,207 | | | 0 |
| 8 | Changes in 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit | 4015 | | 4033 | | 4051 | | 4069 | 453,857 | 4087 | | 4105 | 53,162,398 | 4123 | 659,660 | 4141 | 17,290 | 4159 | | 4177 | | 4195 | | 4213 | | 4231 | | 4242 | 54,293,205 | 4251 | | 0 |
| | b) credit | 4016 | 58,231 | 4034 | | 4052 | | 4070 | | 4088 | 232,224 | 4106 | 261,596 | 4124 | 2,308,471 | 4142 | | 4160 | | 4178 | | 4196 | | 4211 | | 4232 | | 4242 | 2,860,522 | | | 0 |
| 9 | Balance as at 31 December 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | a) debit (7a+8a-8b) ≥ 0 | 4017 | 0 | 4035 | 0 | 4053 | 0 | 4071 | 453,857 | 4089 | 33,192 | 4107 | | 4125 | | 4143 | | 4161 | 0 | 4179 | 0 | 4197 | 0 | 4215 | 0 | 4233 | 0 | 4243 | | 4252 | | 0 |
| | b) credit (7b-8a+8b) ≥ 0 | 4018 | 21,322,533 | 4036 | 0 | 4054 | 6,356,456 | 4072 | | 4090 | | 4108 | 261,596 | 4126 | 2,218,988 | 4144 | | 4162 | 0 | 4180 | 0 | 4198 | 0 | 4216 | 0 | 4234 | 0 | 4244 | 29,672,524 | | | 0 |

CASH FLOW STATEMENT
for the period from 1 January to 31 December 2019

| CASH FLOW STATEMENT | | | |
|--|-------------|-------------------|-------------------|
| for the period from 1 January 2019 to 31 December 2019 | | | |
| -in thousands of RSD- | | | |
| I T E M | ADP | Amount | |
| | | Current year | Previous year |
| 1 | 2 | 4 | 5 |
| A. OPERATING CASH FLOW | | | |
| I. Operating cash inflow (1 to 3) | 3001 | 1,430,900 | 70,975,615 |
| 1. Sales and advances received | 3002 | 1,406,134 | 10,397,585 |
| 2. Interest from operating activities | 3003 | 182 | 4,020 |
| 3. Other inflow from operating activities | 3004 | 24,584 | 60,574,010 |
| II. Operating cash outflow (1 to 5) | 3005 | 12,646,410 | 7,056,914 |
| 1. Payments and prepayments to suppliers | 3006 | 822,923 | 1,903,985 |
| 2. Salaries, benefits and other personal expenses | 3007 | 137,553 | 3,697,871 |
| 3. Interest paid | 3008 | 12,606 | 28,595 |
| 4. Income tax | 3009 | 10,499,955 | 508,486 |
| 5. Payments for other public revenues | 3010 | 1,173,373 | 917,977 |
| III. Net cash inflow from operating activities (I-II) | 3011 | | 63,918,701 |
| IV. Net cash outflow from operating activities (II-I) | 3012 | 11,215,510 | |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| I. Cash inflow from investing activities (1 to 5) | 3013 | 3,037,062 | 171,522 |
| 1. Sale of shares and stakes (net inflow) | 3014 | 290,455 | |
| 2. Sale of intangible assets, property, plant, equipment and biological assets | 3015 | | 34,151 |
| 3. Other financial investments (net inflow) | 3016 | 2,716,029 | 64,200 |
| 4. Interest from investing activities | 3017 | 30,578 | 73,171 |
| 5. Dividends received | 3018 | | |
| II. Cash outflow from investing activities (1 to 3) | 3019 | 95,222 | 2,778,849 |
| 1. Purchase of shares and stakes (net outflow) | 3020 | | 735,456 |
| 2. Purchase of intangible assets, property, plant, equipment and biological assets | 3021 | 95,222 | 2,043,393 |
| 3. Other financial investments (net outflow) | 3022 | | |
| III. Net cash inflow from investing activities (I-II) | 3023 | 2,941,840 | |
| IV. Net cash outflow from investing activities (II-I) | 3024 | | 2,607,327 |

CASH FLOW STATEMENT (continued)
for the period from 1 January to 31 December 2019

| CASH FLOW STATEMENT | | | |
|---|-------------|-------------------|-------------------|
| for the period from 1 January 2019 to 31 December 2019 | | | |
| -in thousands of RSD- | | | |
| I T E M | ADP | Amount | |
| | | Current year | Previous year |
| 1 | 2 | 4 | 5 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| I. Cash inflow from financing activities (1 to 5) | 3025 | - | - |
| 1. Increase in nominal capital | 3026 | | |
| 2. Proceeds from long-term loans (net inflow) | 3027 | | |
| 3. Proceeds from short-term loans (net inflow) | 3028 | | |
| 4. Other long-term liabilities | 3029 | | |
| 5. Other short-term liabilities | 3030 | | |
| II. Cash outflow from financing activities (1 to 6) | 3031 | 52,128,413 | 2,261,999 |
| 1. Purchase of own shares | 3032 | | |
| 2. Repayment of long-term loans (outflow) | 3033 | 49,163 | 98,569 |
| 3. Repayment of short-term loans (outflow) | 3034 | | |
| 4. Repayment of other liabilities (outflow) | 3035 | 148,207 | |
| 5. Financial lease | 3036 | | |
| 6. Dividend distribution | 3037 | 51,931,043 | 2,163,430 |
| III. Net cash inflow from financing activities (I-II) | 3038 | - | - |
| IV. Net cash outflow from financing activities (II-I) | 3039 | 52,128,413 | 2,261,999 |
| D. TOTAL CASH INFLOW (3001 + 3013 + 3025) | 3040 | 4,467,962 | 71,147,137 |
| E. TOTAL CASH OUTFLOW (3005 + 3019 + 3031) | 3041 | 64,870,045 | 12,097,762 |
| F. NET CASH INFLOW (3040 – 3041) | 3042 | - | 59,049,375 |
| G. NET CASH OUTFLOW (3041 – 3040) | 3043 | 60,402,083 | |
| H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 3044 | 61,394,573 | 2,386,010 |
| I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS | 3045 | 37,208 | 14,749 |
| J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS | 3046 | 119,580 | 55,561 |
| K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 3047 | 910,118 | 61,394,573 |
| (3042 – 3043 + 3044 + 3045 – 3046) | | | |

BELGRADE NIKOLA TESLA AIRPORT JSC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

1. COMPANY ESTABLISHMENT AND OPERATION**1.1. Basic information about the company**

The joint stock company Belgrade Nikola Tesla Airport (hereinafter: "the Company") was established for the provision of airport services (landing, taking off, taxiing and parking of aircraft, acceptance and dispatch of aircraft, passengers and goods). In addition to the core activity of providing airport services, within its non-core activities, the Company also performs other services within the airport complex that meet the needs of service users, domestic and foreign airlines.

The operation of the Airport dates to 25 March 1928, at the location of Bezanijska kosa, while its operation at current location (Surcin) started in 1962.

According to the decision of the Government of the Republic of Serbia from 1992, the Airport was re-registered as the Public Enterprise Belgrade Airport, and in 2006, also according to the decision of the Government, it was renamed Public Enterprise Belgrade Nikola Tesla Airport.

On 17 June 2010, The Government of the Republic of Serbia passed the Decision no. 023-4432/2010 on the change of legal form of PE Belgrade Nikola Tesla Airport from a public enterprise to a closed joint stock company. Subject change of legal form was registered with the Business Registers Agency on 22 June 2010 under the Decision number BD 68460/2010.

Following the change of legal form, the company continued to operate under the full name Joint Stock Company Belgrade Nikola Tesla Airport. By the decision of the Business Registers Agency number BD 7651/2011 dated 24 January 2011, the registration of the open Joint Stock Company Belgrade Nikola Tesla Airport was made in the register of business entities

On 5 January 2018, the Decision on the selection of the most favourable bid in the procedure of granting a concession for financing, development through construction and reconstruction, maintenance and management of the infrastructure of JSC Belgrade Nikola Tesla Airport and performing the activities of the airport operator was registered in the Ministry of Construction, Transport and Infrastructure under the number: 023-00-1/2018-12 dated 5 January 2018, and at the ANT under number: GD 111/2018 dated 5 January 2018, The selected most favourable bidder is "Vinci Airports SAS France".

On 22 March 2018, the concession agreement was concluded for financing, development through the construction and reconstruction, maintenance and management of the infrastructure of the Joint Stock Company Nikola Tesla Airport Belgrade and the performance of activities of the airport operator at the Nikola Tesla Airport in Belgrade between the Republic of Serbia, represented by the Government of the Republic of Serbia and Joint Stock Company Belgrade Nikola Tesla Airport, VINCI Airports Serbia d.o.o. Belgrade (hereinafter: SPV), and VINCI Airports S.A.S. France, as the most favourable selected bidder.

The provisions of the Concession Agreement pertaining to the Transitional Period stipulate a number of preconditions for both contracting parties, the fulfilment of which, within the stipulated deadline, provide the conditions for the Concession Commencement Date to occur.

By fulfilling all preconditions, including the payment of one-off concession fee in the amount of EUR 501.000.000 to the account of JSC Belgrade Nikola Tesla Airport, made by Vinci Airports Serbia doo Belgrade on 21 December 2018, the conditions were met for the Concession Commencement Date to occur as of 22 December 2018.

On 21 December 2018, according to the decision of the Civil Aviation Directorate of the Republic of Serbia, the Airport certificate was transferred from JSC Belgrade Nikola Tesla Airport to Vinci Airports Serbia doo Belgrade..

NOTES TO FINANCIAL STATEMENTS 31 December 2019

From the Concession Commencement Date, i.e. 22 December 2018, Vinci Airports Serbia doo Belgrade assumed the management of the Airport and the provision of service activities in air transport, and from that date, JSC Belgrade Nikola Tesla Airport changed its core activity from service activities incidental to air transportation (52.23) to renting and operating of own or leased real estate (68.20), with the primary task to monitor the implementation of the concession agreement as the owner of all movable and immovable property given based on the Concession Agreement for the use and management to VINCI Airports Serbia doo Belgrade, all in accordance with the Law on Public-Private Partnership and Concessions with accompanying bylaws.

In addition to core activity, the Company may perform all other activities that are not prohibited by law, including foreign trade activity, regardless of whether such activities are determined by the articles of incorporation, i.e. the statute. The company performs activities of general interest.

| | |
|--|--|
| <i>Registered seat</i> | <i>11180 Beograd 59, Surcin</i> |
| <i>Company registration number</i> | <i>07036540</i> |
| <i>Tax identification number</i> | <i>100000539</i> |
| <i>Activity code and name up to 21.12.2018</i> | <i>52.23 - service activities incidental to air transportation</i> |
| <i>Activity code and name as of 21/12/2018</i> | <i>68.20 - renting and operating of own or leased real estate</i> |

In July 2019, VINCI Airports Serbia doo Belgrade changed its business name to Belgrade Airport doo Belgrade (hereinafter: SPV) based on the prior consent issued by the Concession Grantor.

According to the classification criteria from the Law on Accounting, JSC Belgrade Nikola Tesla Airport is classified as a medium-sized legal entity.

1.2 Management structure

The Company has established two-tier corporate system. The Bodies of the Company include the General Assembly, the Supervisory Board and the Executive Board. The Assembly comprises of the Company Shareholders entitled to participate in the Assembly's work. The Shareholder in possession of 35026 of ordinary shares has the right to participate in the Assembly's work.

The Supervisory Board has five (5) members, of which at least one is an independent from the Company. Supervisory Board members are assigned by the Assembly of the Company. The Supervisory Board is obliged to form audit committee, and if necessary, it may also form other committees that assist in its work. Supervisory Board committees have at least three members, whereof one has to be an independent member of the Supervisory Board.

The Executive Board consists of two (2) executive directors including the CEO. Executive directors are appointed by the Supervisory Board of the Company.

1.3 Ownership structure

Following the change of legal form into a closed joint stock company, a total of 34,289,350 shares, 100% owned by the Republic of Serbia were registered in the Central Securities Depository and Clearing House on 7 July 2010.

On 9 December 2010, the Government of the Republic Serbia issued the Decision No. 023-9103/2010-1, by which the citizens of the Republic of Serbia, the employees and former employees of the Company have acquired the right to 16.85% of ownership of the Company. Following the transfer of the right to free of charge shares to citizens, employees and former employees, the Republic of Serbia owns 28,511,988 ordinary shares, which represents 83.15% of the total share capital of the Company.

By the Decision on admission of shares to Prime Listing 04/4 No. 478/11 dated 28 January 2011, the shares of the Company were admitted and included in the 'A' Listing of the Belgrade Stock Exchange. Stock trading on the Belgrade Stock Exchange commenced on 7 February 2011.

NOTES TO FINANCIAL STATEMENTS 31 December 2019

As at 31 December 2019, a total of 35,026,129 ordinary shares with voting right at individual nominal value of RSD 600.00 were registered in the Central Securities Depository and Clearing House. The Republic of Serbia owns 29,616,702 ordinary shares, which represents 84.56% of the total share capital of the Company, while other shareholders own 5,409,427 ordinary shares, which represents 15.44% of the total share capital of the Company.

1.4 Number of employees and engaged persons

As at the Balance Sheet date on 31 December 2019, there were 37 engaged workers in the Company, 36 of whom account for full-time employees of the Company, while 1 employee was engaged through temporary employment contract (on 31 December 2018 there were 3 employees in the Company, 3 of whom were engaged through permanent employment contracts).

During 2019, the average number of employees in the Company based on the situation at the end of each month was 36, out of whom the average number of employees in the Company is 35 employees (34 with full-time and 1 with temporary employment) and on average 1 employee engaged through temporary employment (in 2018, the average number of employees engaged in the Company based on the situation at the end of each month was 2,227, of which the average number of employees in the Company was 1,556 (1,092 full-time employees, and 464 under temporary employment), with on average 276 employees under temporary employment and on average 395 persons engaged through youth cooperatives).

2 BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD

2.1 Basis for the preparation and presentation of financial statements

The financial statements for 2019 have been prepared in a manner and in accordance with the legislation and determined at the session of the Supervisory Board of the Company held on 24 June 2020.

Legal entities and entrepreneurs in the Republic of Serbia are obliged to keep business books, recognize and assess assets and liabilities, income and expenses, as well as to compile, present, submit and disclose financial statements in accordance with the Law on Accounting (hereinafter "the Law") published in the "Official Gazette of RS", No. 62/2013), as well as in accordance with other applicable bylaws. Being a large legal entity, the company is obliged to apply International Financial Reporting Standards ("IFRS"), which within the meaning of this 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 IFRS Interpretations Committee ("IFRIC"), subsequent amendments to those standards and related interpretations, approved by the International Accounting Standards Board ("Board"), whose translation was determined and published by the Ministry in charge of finance.

The Decision of the Ministry dated 13 March 2014, published in the Official Gazette of the Republic of Serbia No. 35 dated 27 March 2014 (hereinafter referred to as the "Decision on determining the translation"), determined and published translations of the basic texts of the IAS and IFRS, the Conceptual the Financial Reporting Framework ("Conceptual Framework"), adopted by the Board, as well as related IFRIC interpretations. These translations published in the Decision on determining the translation do not include bases for concluding, illustrative examples, guidelines, comments, contradictions, elaborated examples, as well as other accompanying explanatory material that may be adopted in relation to standards or interpretations, unless explicitly does not state that this material is an integral part of the standard or interpretation. Pursuant to the Decision on the Definition of Translation, the conceptual framework, IAS, IFRS, IFRIC and related interpretations that have been translated are applied from the financial statements that are compiled on 31 December 2014. The revised or issued IFRS and interpretation of the standards, after this date, have not been translated and published, and therefore have not been applied for the preparation of the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS 31 December 2019

However, until the date of drawing up the accompanying financial statements, all amendments to the IAS/IFRS and IFRIC Interpretations that were in force for the annual periods beginning on or after 1 January 2015 have not been translated. In addition, certain laws and regulations regulate accounting procedures, valuations and disclosures that in some cases deviate from the requirements of IAS/IFRS and IFRIC Interpretations.

In addition, the accompanying financial statements deviate from IAS and IFRS at the following points:

- - Deviations from IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment" in the treatment and recording of the effects of the valuation of capital, the main part of which is the valuation of the value of property, equipment and investment property. Namely, in accordance with Article 27 of the Independent Articles of the Law on Amendments to the Law on the Right to Free Shares and the Financial Benefit of Citizens in the Privatization Procedure ("Official Gazette of RS" No. 30/2010), the founder of the Company was obliged to ensure that by 30 June 2010, the Company changes the legal form and discloses its nominal capital in shares of a nominal value based on the adjusted book value of capital. Pursuant to the above, after the valuation procedure of the capital, posting of estimated values of assets and liabilities in favour of revaluation reserves were made. Pursuant to the Decision of the Company Board of Directors No. 04-100/1 dated 31 May 2010 on capital increase, and the Decision of the Government of the Republic of Serbia No. 023-4175/2010 of 4 June 2010 on granting consent to the mentioned Decision on Increasing nominal capital from own funds by conversion of reserves and retained earnings to the nominal capital of the Public Enterprise Belgrade Nikola Tesla Airport, the Company recorded in the books the increase in state-owned capital on 1 January 2010, by adjusting the initial balance by way of reducing the remaining capital, reserves, revaluation reserves and retained earnings. The said accounting treatment deviates from the requirement of IAS 16 "Property, plant and equipment" according to which: 1) the result of the revaluation is attributed directly to the capital, within the scope of the revaluation reserve, or recognized as income in the income statement up to the amount to which the revaluation reduction of the same assets previously recognized as an expense, as well as in the part by which 2) revaluation reserves that are an integral part of the capital related to real estate, plant and equipment can be transferred directly to the retained earnings when the asset ceases to be recognized. Due to the aforementioned recognition of the valuation in the accompanying financial statements in accordance with these acts, it is inconsistent with the requirements of IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment".
 - According to the Ministry's opinion, the employees' share in profit is recorded as a decrease in retained earnings, not at the expense of the results of the current period, as required by IAS 19 "Employee Benefits".

In accordance with the above, and having in mind the potential material effects that deviations of the accounting regulations of the Republic of Serbia from IFRS and IASs may have on the reality and objectivity of the Company's financial statements, the accompanying financial statements cannot be considered financial statements prepared in accordance with IFRS and IAS.

The published standards and interpretations that entered into force in the current period under the Decision on determining the translation are disclosed in the Note 2.2. Published standards and interpretations in force in the current period that have not yet been officially translated and adopted are disclosed in the Note 2.3.

The financial statements have been prepared in accordance with the historical cost principle, unless otherwise stated in the accounting policies set out below.

In compiling these financial statements, the Company applied the accounting policies set out in the Note 3.

In accordance with the Law on Accounting, the financial statements of the Company are expressed in thousands of dinars (RSD). Dinar represents the official reporting currency in the Republic of Serbia.

NOTES TO FINANCIAL STATEMENTS 31 December 2019

Published standards and interpretations that came into force on the basis of the Decision on determining the translation

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments to Improve Disclosure of Fair Value and Liquidity Risk (Revised March 2009, effective for annual periods beginning on or after 1 January 2009);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Additional exemptions for first-time adopters of IFRSs. The changes relate to assets in the oil and gas industry and determining whether the contracts contain leasing (revised July 2009, effective for annual periods beginning on or after 1 January 2010);
- Amendments to various standards and interpretations are the result of the IFRS Annual Qualitative Improvements Project issued on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16), primarily with the intention of eliminating non-compliance and clarifications of the wording in the text (amendments to the standards enter into force for annual periods beginning on or after 1 January 2010, and the amendment to the IFRIC on or after 1 July 2009);
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after 1 July 2009);
- Amendments to IFRS 2 "Share Payments": Changes as a result of the IFRS Annual Qualitative Improvements Project (revised April 2009, effective for annual periods beginning on or after 1 July 2009) and changes relating to payment transactions of the cash-based group shares (revised June 2009, effective for annual periods beginning on or after 1 January 2010);
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" are 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 day or after 30 June 2009);
- IFRIC 18 "Transfer of assets from customers" (effective for annual periods beginning on or after 1 July 2009);
- "Comprehensive Framework for Financial Reporting in 2010", which represents modification of the "Framework for preparing and presenting financial statements" (valid for the transfer of funds from customers received on or after September 2010);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Limited Exemption from Comparative Disclosures Required by IFRS 7 with First-time Adopters (effective for annual periods beginning on or after 1 July 2010);
- Amendments to IAS 24 "Related Party Disclosures" - Simplified disclosure requirements for persons under (significant) control or government influence and clarification of the definition of a related party (effective for annual periods beginning on or after 1 January 2011);
- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting Inclusion of a Preferential Right for New Shares (effective for annual periods beginning on or after 1 February 2010);
- Amendments to the various standards and interpretations "Improvements to IFRSs (2010)" are the result of the IFRS Annual Qualitative Improvements Project issued on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13), primarily with the intention of eliminating non-compliance and clarifications of the wording in the text (most of the amendments will be effective for annual periods beginning on or after 1 January 2011);

NOTES TO FINANCIAL STATEMENTS 31 December 2019

- Amendments to IFRIC 14 "IAS 19 - Limit of Defined Benefit Asset, Minimum funding requirements and their Interaction" Advance Payment of the Minimum Funding Requirements (effective for annual periods beginning on or after 1 January 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 International Financial Reporting Standards" - 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" - Transfer of Financial Assets (effective for annual periods beginning on or after 1 January 2011);
- Amendments to IAS 12 "Income Tax" - Deferred tax: recovery of funds used for taxation (effective for annual periods beginning on or after 1 January 2012);
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Legal Entities: Transitional Application Instructions" (effective for annual periods beginning on or after 1 January 2013);
- IAS 27 (revised in 2011) "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013);
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Government loans at an interest rate lower than the market (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Disclosures — Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 1 "Presentation of Financial Statements" - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012);
- Amendments to IAS 19 "Employee Benefits" - Improvements in the Accounting for Post-Employment Benefits (effective for annual periods beginning on or after 1 January 2013);
- Annual improvements for the period 2009 to 2011 issued in May 2012 relating to various IFRS improvement projects (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), primarily with the intention of eliminating non-compliance and clarifications of the wording in the text (effective for annual periods beginning on or after 1 January 2013);

NOTES TO FINANCIAL STATEMENTS 31 December 2019

- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013);

Published standards and interpretations in force in the current period that have not yet been officially translated and adopted

On the date of the publication of these financial statements, the standards and amendments to the standards listed below were issued by the International Accounting Standards Board and the following interpretations were published by the International Financial Reporting Interpretation Committee, 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 1 January 2014).
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" - Exemption of subsidiaries from consolidation under IFRS 10 (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 36 - "Impairment of Assets" Disclosures of recoverable amounts for non-financial assets (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 39 "Financial Instruments" - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).
- IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period 2010 to 2012 as a result of the IFRS Annual Qualitative Improvements Project (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), with the intention of eliminating non-compliance and clarifications of the wording in the text (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period 2011-2013, as a result of the IFRS Annual Qualitative Improvements Project (IFRS 1, IFRS 3, IFRS 13 and IAS 40), with the intention of eliminating non-compliance and clarifications of the wording in the text (effective for annual periods beginning on or after 1 July 2014).
- Amendments to IFRS 11 "Joint Operations" - Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

NOTES TO FINANCIAL STATEMENTS 31 December 2019

- Amendments to IAS 27 "Individual Financial Statements" - Equity method in separate financial statements (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10, IFRS 12 and IAS 28 "Investment Companies: Applying the Consolidation Exception". Amendments clarify that a parent company may be exempt from the obligation to prepare consolidated financial statements if it is simultaneously a subsidiary of an investment entity, even if the investment entity measures investments of all its subsidiaries at fair value in accordance with IFRS 10. As a result of these amendments, IAS 28 has been amended to clarify the exemption from applying equity method (i.e. retaining fair value measurement) that applies to the investor in an associate or joint venture if it is a subsidiary of an investment firm that measures all its investments in subsidiaries at fair value. (Amendments are applied retroactively for annual periods beginning on or after 1 January 2016 with earlier application permitted.)
- Amendments to Different Standards "Improvements to IFRSs" (for the period from 2012 to 2014) as a result of the IFRS Annual Qualitative Improvements Project (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with the intention of eliminating non-compliance and clarifications of the wording in the text (in force for annual periods beginning on or after 1 January 2016).
- IFRS 9 "Financial Instruments" and later amendments, replacing the requirements of IAS 39 "Financial Instruments: Recognition and Measurement", relating to the classification and measurement of financial assets. The standard eliminates existing categories from IAS 39 - held-to-maturity assets, available-for-sale assets, loans and receivables. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted;
- In accordance with IFRS 9, financial assets will be classified in one of the two categories at initial recognition: financial assets valued at amortized cost or financial assets valued at fair value. A financial asset will be recognized at amortized cost if the following two criteria are met: if the assets are related to a business model whose purpose is to charge contracted cash flows and if the contractual terms provide a basis for collection at specified dates of cash flows that are exclusively the principal and interest payments on the remaining principal. All other assets will be valued at fair value. Fair value through profit or loss will be recognized in the income statement, except for investments in non-traded instruments, where IFRS 9 permits, at initial recognition, subsequently unchanged choice to change all fair values recognized in the other gains and losses in the overall result report. The amount so recognized in the report on the total result will not be able to subsequently be recognized in the income statement;
- IFRS 15 "Revenue from contracts with customers", which defines the framework for revenue recognition. IFRS 15 replaces IAS 18 "Revenues", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programs", IFRIC15 "Real Estate Agreements" and IFRIC18 "Transfer of assets from customers". IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted;
- Amendments to IFRS 2 "Share-based Payment - Classification and Measurement of Share-based Payment Transactions", effective for annual reporting periods beginning on or after 1 January 2018, with earlier application permitted;
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or transfer of funds between an investor and its associated entities or joint ventures. The standard should have been in force for annual periods beginning on or after 1 January 2016, but in December 2015, the IASB postponed the application to the future date, with earlier application permitted;
- Amendments to IAS 7 - "Disclosure Initiative" require entities to disclose such disclosures that enable users of financial statements to assess changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes. Amendments to IAS 7 are effective for annual periods beginning on or after 1 January 2017, with earlier application permitted;

NOTES TO FINANCIAL STATEMENTS 31 December 2019

- Amendments to IAS 12 "Income Tax" amended by Recognition of Deferred Tax Assets for Unrealised Losses are applied retrospectively for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- Amendments to IFRS 12 due to "IFRS Improvements (Cycle 2014-2016)" arising from the project of the annual improvement of IFRSs (IFRS 1, IFRS 12 and MRS 28) eliminating inconsistencies and clarification of the formulation the IFRS amendment 12 apply to annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 4 "Insurance Contracts" - Amended by Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for annual periods beginning on or after 1 January 2018 or when it is first applied to IFRS 9 "Financial instruments")
- Amendments to IAS 40 "Investment Property" - Transfers of investment property (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 1 and IAS 28 as a result of "Improvements to IFRSs (2014-2016)" as a result of the IFRS Annual Qualitative Improvements Project (IFRS 1, IFRS 12 and MRS 28), primarily with the aim of eliminating inconsistencies and clarification of the formulation (amendments to IFRS 1 and IAS 28 applies for annual periods beginning on or after 1 January 2018);
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018);
- IFRS 16 "Leasing" provides a comprehensive model for identifying leasing arrangements and their treatment in financial statements of both lessors and lessees. On the date of entry into force on 1 January 2019, this Standard will supersede the following leasing standards and interpretations: IAS 17 "Leasing", IFRIC 4 "Determining whether an arrangement contains leasing", SIC 15 "Operating leases - incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease";

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

2.2. Accounting treatment of the Concession Agreement

Bearing in mind the non-existence of guidelines, i.e. specific IAS/IFRS for accounting coverage of the Concession Agreement from the aspect of the Company as one of the two Concessionaires, the Company uses its own assessment to determine and apply adequate accounting policy (IAS 8.10). In making its judgment, the Company considers the applicability of requirements from IFRS dealing with similar and related issues, the definition from the Framework, as well as the communication of bodies dealing with the adoption of the Standard. As part of the analysis of the accounting treatment of the Concession Agreement, the following options were considered:

- Application of IAS JS 32 - Service Concession Arrangements
- Application of IFRS 15 - Revenue from Contracts with Customers
- Application of IAS 40 - Investment Property
- Application of IFRS 16 - Leases

By analysing the applicability of IFRS 16 - Leasing Agreements, the Company considers IFRS 16 as the most appropriate standard for accounting coverage of the Concession Agreement.

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. In the analysis of whether the definition of leasing is met or not, it is necessary to meet certain criteria. Mandatory elements of the leasing contract include:

- **Identified asset** – Airport infrastructure is a defined identified asset specified in the Contract;
- **The lessee acquires almost all economic benefits** – the lessee (Special Purpose Vehicle (SPV) established by the selected most favourable bidder solely for the implementation of the Concession Agreement) generates the entire income from the use of airport infrastructure during the period of use;
- **The lessee determines the use of the identified asset** – Since the decisions "How and for what purpose" on the use of the asset are predetermined by the Concession Agreement in terms of infrastructure use and other, SPV has the right to determine the use of assets in operational terms. Namely, SPV makes operational decisions on the use of funds related to the airport operation (flight schedules, personnel issues, selection of suppliers, etc.) during the concession period without the Company's ability to influence them.

In accordance with the IFRS 16 requirements, the Company assets are divided into the following categories:

- Airport infrastructure;
- Closely related assets that SPV will use until the end of the concession period;
- Closely related assets that SPV will not use until the end of the concession period;
- Other assets that SPV will use until the end of the concession period;
- Other assets that SPV will not use until the end of the concession period.

Closely related assets are assets closely related to airport infrastructure and significant airport equipment.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

The following presents an overview of the accounting coverage of asset categories).

| Asset category (assets) | Accounting treatment |
|--|---|
| Airport infrastructure | Operating lease Recognition of assets in accordance with IAS 16 |
| Closely related funds that the SPV will not use until the end of the concession period | Operating lease Recognition of assets in accordance with IAS 16 |
| Closely related funds that the SPV will use until the end of the concession period | Operating lease Recognition of assets in accordance with IAS 16 |
| Other funds that the SPV will not use until the end of the concession period | Operating lease Recognition of assets in accordance with IAS 16 |
| Other funds that the SPV will use until the end of the concession period | De-recognition of assets Treatment as sale on the 1st day of the beginning of the Concession Agreement (claim) |

Accounting treatment in accordance with IFRS 16 - Leasing Contracts of the above categories of assets (assets) was performed on 1 January 2019, which is the date of Concession Agreement commencement.

Accounting coverage of various leasing payments

In accordance with IFRS 16.81, a lessor recognizes lease payments as income on a straight-line or other systematic basis over the term of the lease. He applies another systematic basis when such basis is more appropriate for presenting a form in which the benefit from the use of funds is reduced. In accordance with the above, the Company recognizes as income the following:

- Income based on the Minimum Annual Concession Fee in accordance with the Concession Agreement in the period in which it is incurred,
- Variable fees that depend on the amount of income of SPV in the period in which they occur,
- Income from non-cash compensation (mandatory works and land) is treated as variable compensation and is recognized in the income statement in the same amount (straight-line) during the remaining period of the concession starting from the moment when SPV is obliged to buy/build a new asset, and based on receipt of funds/performed works.

In addition to the above payments, there is also a portion of the fee for the sale of other assets to be used by SPV until the end of their useful life in terms of revenue reduction during the Concession Period.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Revenues and expenses**

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 in proportion during the performance of services if it lasts for more than one accounting period.

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

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

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

With the date on which revenues are recognized, the corresponding expenses are also recognized (the principle of causality of income and expenses).

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

Expenditures are accounted for on an accrual basis of revenues and expenditures.

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

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 generated based on the temporary investment of borrowed funds is deducted from incurred borrowing costs intended to finance qualifying assets.

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

3.3. Conversion of assets and liabilities in foreign currencies

Transactions arising in foreign payment instruments are converted into dinars at the middle exchange rate established on the interbank foreign exchange market, valid on the transaction day.

Assets and liabilities denominated in foreign currencies at the balance sheet date are converted into dinars at the middle exchange rate established on the interbank foreign exchange market valid on that date.

Positive and negative exchange rate differences arising from business transactions in foreign currencies and in the conversion of monetary items to the balance sheet presented in foreign currencies are credited to or at the expense of the income statement as gains or losses on the basis of foreign exchange differences.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Non-monetary items in the balance sheet are not converted on the balance sheet date but are valued at historical value converted at the exchange rate on the transaction date, except for non-monetary items that are valued at fair value in which case they are converted at the exchange rate on the date of determining fair value. Income and expenses based on exchange rate differences and currency clause effects, are recorded in the income statement of the observed period.

The middle exchange rates for foreign exchange, determined on the interbank foreign exchange market, applied for the conversion of foreign currency balance sheet items into dinars, for certain major currencies were the following:

| Middle exchange rate | In dinars | |
|----------------------|------------|------------|
| | 31/12/2019 | 31/12/2018 |
| EUR | 117.5928 | 118.1946 |
| USD | 104.9186 | 103.3893 |
| CHF | 108.4004 | 104.9779 |
| GBP | 137.5998 | 131.1816 |

Since the Company has no liabilities for the EIB long-term loan on 31 December 2019, long-term loan liabilities from the EIB are restated in dinar equivalent at the agreed selling rate of the bank.

The bank's selling rate on the date of compilation of the financial statements is shown in the table below:

| Agreed exchange rate for loan from EIB | In dinars | |
|--|------------|------------|
| | 31/12/2019 | 31/12/2018 |
| EUR | - | 118.5492 |

3.4. Intangible investments

Intangible assets relate to purchased software and licenses and are stated at cost less depreciation and written off using a proportional method over a period of two to ten years.

3.5. Property, plant, equipment and biological assets

Property, plant and equipment that meet the requirements for the recognition of assets are measured at their purchase price or cost price. Purchase cost is the invoice value of the purchased assets increased by all the costs incurred until their putting into use.

After initial recognition, property, plant and equipment (other than tools and inventory for which the cost model applies) are stated at the revalued amount that expresses their fair value at the date of revaluation, minus the total amount of the allowance for depreciation and the total amount of the allowance based on impairment loss.

The fair value of the real estate makes up their market value, which is determined by valuation. Revaluation is performed only when the fair value of a revalued asset materially differs from its carrying value. Revaluation gains are recognized in other gains and losses in favour of revaluation reserves in equity. Up to the amount of previously recognized revaluation losses or impairment losses recognized in the income statement, revaluation gains are recognized in the income statement and the rest of gains are recognized in other gains and losses. Revaluation losses are recognized after valuation or impairment testing, and they are recognized in other gains and losses up to the amount of previously recognized revaluation reserves in equity, and the rest of the losses are recognized in the income statement. Upon removal from inventory or disposal of an asset, the related revaluation reserve is transferred directly to retained earnings.

The latest valuation of property, plant and equipment was performed on 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Tools and small inventory, whose useful life is longer than one year, are recognized as fixed assets as of 1 January 2016, regardless of the amount of the individual purchase price. These assets are depreciated according to the estimated useful life.

Gains or losses arising on disposal or removal from inventory are recognized as income or expense in the income statement.

3.6. Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis over their estimated useful lives. Depreciation rates, which were used in the business year 2019, as well as depreciation rates calculated based on the useful life of assets that were applied in 2018, are shown in the table below:

| | % | |
|---|--------------|----------------|
| | 2019 | 2018 |
| Buildings: | | |
| <i>Electricity and water management facilities</i> | 2.33 - 20 | 2.27 - 7.14 |
| <i>Roads, airports and parking lots</i> | 2.27 - 50 | 2.22 - 33.33 |
| <i>Other buildings</i> | 2.86 - 100 | 5.00 - 25.00 |
| <i>Apartments</i> | 1.54 | 1.49 |
| Equipment: | | |
| <i>New specific equipment</i> | 2.50 - 50 | 6.67 - 50.00 |
| <i>Road traffic equipment</i> | 3.33 - 50 | 5 - 50.00 |
| <i>PTT and TV traffic equipment</i> | 33.33 - 50 | 7.14 - 50.00 |
| <i>Air traffic equipment</i> | 2.86 - 16.67 | 4 - 50.00 |
| <i>Measurement and control equipment and specific devices</i> | 5 - 12.50 | 4.00 - 33.33 |
| <i>Laboratory, school and medical equipment and devices</i> | - | 20.00 - 25 |
| <i>Electronic, computing machines and computers</i> | 5.26 - 33.33 | 10 - 50.00 |
| <i>Furniture and devices for general use</i> | 2.84 - 7.69 | 4 - 50.00 |
| <i>Road traffic equipment taken on financial leasing</i> | 6.67 - 11.11 | 8.33 - 33.33 |
| <i>Plants and equipment</i> | 2.94 - 100 | 10.00 - 25.00 |
| <i>Tools and inventory</i> | - 3.57 | 20.00 - 100.00 |
| Intangible assets: | | |
| <i>Software and licenses</i> | - | 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 increase or for both of them, and not for use in the provision of services or for administrative purpose or sale in within regular business. The initial measurement of investment property at the moment of 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 based on changes in the fair value of investment property are recognized in the income statement.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

3.8. Impairment

On each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In case of such indications, the recoverable amount of the asset is estimated to determine any impairment loss. If it is not possible to estimate the recoverable amount of an asset, the Company assesses the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, then the carrying amount of that asset (or cash-generating unit) is reduced to recoverable amount. Impairment losses are recognized immediately as an expense, unless the asset is not a land or a building that is not used as an investment property that is stated at the revalued amount, in which case the impairment loss is recognized as a decrease in value resulting from the revaluation of the asset.

In the event of a subsequent reversal of the impairment loss, the carrying amount of the asset (cash-generating unit) is increased to the revised estimated recoverable amount of that asset, where the higher carrying amount does not exceed the carrying amount that would have been established that in previous years there were no recognized losses on that asset (cash-generating unit) due to impairment. Reversal of impairment loss is recognized immediately as income, unless the asset is stated at the estimated value, in which case the reversal of impairment loss is recognized as an increase due to revaluation.

As at 31 December 2019, based on the assessment of the Company's management, there are no indications that the value of assets has been impaired.

3.9. Inventories

Inventories are stated at purchase price, i.e. the cost price or at the net sales value, whichever is lower.

Net realizable value is the price at which inventories can be sold in the ordinary course of business after deducting selling expenses. The purchase value includes the value according to the supplier's invoices, transport and dependent purchase costs.

The calculation of inventory output is determined by the method of weighted average purchase price.

Inventories of goods are recorded at selling prices. At the end of the accounting period, the value of inventories is reduced to the purchase value by allocating the difference in price, calculated on an average basis, between the purchase value of sold goods and inventories at the end of the year.

Offsetting other expenses is used to adjust the value of inventories in cases when it is estimated that it is necessary to reduce their value to the net expected sales value (including inventories with slow turnover, redundant and obsolete inventories). Damaged inventories and inventories that do not meet quality standards are written off.

In accordance with the Concession Agreement dated 22 December 2018, the Company performed transfer of inventories to the Vinci company Airports Serbia doo Belgrade, that assumed the management of the Airport and the performance of service activities in air traffic.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

3.10. Taxes and contributions**Income tax**

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

Current income tax receivables and liabilities, or deferred tax assets and liabilities are offset only if the Company has the legal right to offset recognized amounts and if it intends to make the settlement on a net basis or to realize the asset and settle the obligation at the same time.

Current income tax

Assets or liabilities based on current income tax represent liabilities or receivables from fiscal authorities in relation to current or prior periods that have not been carried out on the date of these financial statements.

Current income tax is the amount calculated by applying the prescribed tax rate of 15% to the tax base determined by the tax balance, which represents the amount of the pre-tax profit after deduction of the effects of adjusting income and expenses, in accordance with the tax regulations of the Republic of Serbia, with the deduction for the prescribed tax credit.

The Law on Corporate Income Tax of the Republic of Serbia does not provide that tax losses from the current period can be used as a basis for the refund of taxes paid in previous periods. However, the losses reported in the tax balance sheets up to 2009 may be used to reduce the tax base for future accounting periods in the next ten years from the day of exercising the rights, and the losses incurred and reported in the tax balance sheet for 2010, and beyond may be used to reduce the tax base for future accounting periods, but not longer than five years.

The Law on Corporate Income Tax of the Republic of Serbia in the part related to tax credit provides that taxpayers who have exercised the right to tax incentives referred to in Article 48 of the previous law, and disclosed data in the Tax Balance and tax return for 2013, may exercise that right until the expiry of the time limit and in the manner prescribed by the previous law. According to Article 48, paragraph 5 of the previous law, "the unused portion of the tax credit may be offset against income tax in future periods up to the prescribed limit of 33% (for large and medium-sized legal entities), but not longer than ten (10) years which is applicable starting from the tax balance for 2003". When determining income tax for 2017 the earliest previous tax period from which an unused tax credit can be used is the tax balance, or the tax credit form (PK Form) from 2007. The transferred tax credit is used in the order of investment.

Deferred income tax

Deferred tax effects arise as a result of the difference between the bases for the calculation of depreciation according to accounting and tax regulations. In addition, this difference also arises from the existence of equipment whose purchase value at the time of procurement was below the average gross salary in the Republic of Serbia, based on unused tax credit, and in other cases where there is a time difference between the creation of a tax liability and the obligation to pay it. Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profits will be available for the use of deductible temporary differences. The carrying amount of deferred tax assets is reviewed at the date of the financial statements and adjusted as necessary to comply with the current assessment of taxable profits of future periods.

Deferred tax assets and liabilities are accounted for at a tax rate of 15% the application of which is expected in the period when the asset will be realized or the liability will be settled.

Deferred tax is charged or credited to the income statement, except when it relates to positions that are credited directly to or in equity, and in this case, deferred tax is also allocated to equity.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Taxes and contributions that do not depend on results

Taxes and contributions that do not depend on results include property tax and other taxes and contributions in accordance with national, tax and general regulations. These taxes and contributions are presented under other operating expenses.

Tax risks

The tax laws of the Republic of Serbia are often interpreted differently and subject to frequent changes. The interpretation of tax laws by the tax authorities in relation to the Company's transactions and activities may differ from the interpretations of the management. As a result, transactions may be challenged by the tax authorities and an additional amount of taxes, penalties and interest may be imposed on the Company. The statute of limitations for the tax liability is five years. This practically means that the tax authorities have the right to determine the payment of outstanding obligations within five years from the time when the obligation was incurred.

3.11. Employee benefits***Taxes and contributions to social security funds for employees***

In accordance with the regulations applicable in the Republic of Serbia, the Company is obliged to pay contributions to state funds providing for the social security of employees. These obligations include contributions for employees payable by the employer in amounts calculated at rates prescribed by relevant legal regulations. The company is also obliged to suspend contributions from employees' gross salaries and to pay them to those funds on behalf of employees. Contributions made at the expense of the employer and contributions made at the expense of employees are recorded as expenditures of the period to which they relate.

Taxes and contributions to social security funds for employees

The Company has engaged a Certified Actuary to perform assessment for the provisions for retirement severance pays and jubilee awards as of 31 December 2019 based of the Collective Agreement, adopted on 11 January 2019, which stipulates that the Company is obliged to pay its employees:

- Retirement severance pay in the amount of four average monthly salaries excluding taxes and contributions paid by the employer in the month prior to the payment of severance pay
- Jubilee award for the total amount of employment service spent with the Employer in the amount of the average monthly salary without taxes and contributions paid by the Employer for the month preceding the month in which the employee acquired the right to the jubilee award, namely for:
 - 10 years of service – in the amount of one monthly salary;
 - 20 years of service – in the amount of two monthly salaries;
 - 30 years of service – in the amount of three monthly salaries;
 - 35 years of service for women and men – in the amount of four monthly salaries;

At the end of each business year, the Company performs assessment of provisions for severance pays and jubilee awards in accordance with the requirements of IAS 19 - Employee Benefits.

The assumptions used for actuarial calculation and changes in provisions in the current period are disclosed in Note 37a.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

3.12. Leasing

Leasing is classified as a finance lease in all cases where the lease transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee. Every other lease is classified as an operating lease.

The Company as lessor

Income based on operating lease is recognized using the straight-line method over the lease period.

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 arising from financial leasing.

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

Operating lease instalments are recognized as an expense on a straight-line basis over the term of the lease, unless there is another systematic basis that better reflects the timing of the expenditure of economic benefits from the leased asset.

In the case when leasing benefits are granted, they are part of the operating lease and are recognized as a liability. The total benefit of the incentives is recognized as a reduction in rental costs on a straight-line basis, unless there is another systematic basis that better reflects the time structure of spending the economic benefits of the leased asset.

3.13. Information on business segments

The company performed its business activity as a single business segment, providing airport services until 21 December 2018. Accordingly, information relating to sales revenues by products and services, and geographic information on sales revenues represent disclosures at the level of the Company for the period 2018.

3.14. Financial instruments

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

Upon initial recognition, financial assets and financial liabilities are measured at cost, which represents the fair value of the consideration given (in the case of an asset) or received (in the case of a liability).

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

Long-term financial investments

Long-term financial investments after initial recognition are measured according to:

- fair value, if held for trading,
- amortized value, if they have a fixed maturity,
- at cost, if they do not have a fixed maturity.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

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

Long-term loans granted to employees are recognized at fair value through discounting applying market interest rates.

Short-term receivables and investments

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

Receivables from sales of services and goods are measured according to values from the original invoice. Invoiced interest related to the sale of goods and services is recognized as other receivables and is recorded in income in the period in which it arises.

Other receivables and placements originating from 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.

Impairment of financial assets

On the day of each balance, an assessment of objective evidence of the value of assets is performed by analysing the expected net cash inflows.

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

Cash and cash equivalents

Cash and cash equivalents include cash in current accounts with banks and in cash, as well as highly liquid investments with maturity up to three months after acquisition, which can be quickly converted into known amounts of cash and which are not affected by a 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 financial liabilities), short-term operating liabilities and other liabilities.

Financial liabilities are initially recognized in the amount of funds received. After initial recognition, a financial liability is measured at the amount at which the liability was initially recognized, reduced by principal repayments, increased by the amounts of capitalized interest and less any write-off granted by the creditor. Liabilities based on interest on financial liabilities are recorded at the expense of financial expenses in the period to which they relate and presented within other short-term liabilities and accrued costs and deferred revenue.

3.15. Capital, reserves and payment of profits (dividends)

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

Other capital components include:

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

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

All retained earnings and accumulated losses of this and prior periods are recognized within the retained earnings and losses.

Distributed profit (dividend) is recognized within the liabilities when the Company's General Meeting adopts a decision on profit distribution.

3.16. Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, harmful contracts or other claims against the Company are recognized when the Company incurs a legal or constructive obligation as a result of a past event, when there is a known outflow of economic benefits from the Company and when the amounts of such outflows can be estimated reliably. The timing or exact amount of that outflow may still be uncertain.

Restructuring costs are recognized only if there is a detailed formal restructuring plan and the management has communicated the main features of the plan to all those affected by the plan or the execution of the plan has already begun. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated cost 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 liabilities, the likelihood of outflow for settling is determined at the liability class level. Provisions are discounted to present value in the event that the amount of the discount is material.

Any compensation in respect of liabilities that the Company is certain to realize from a third party is recognized as a separate asset. However, this asset cannot exceed the amount of the related provision.

No liability or provision is recognized unless the outflow of economic benefits arising from the present obligation is recognized. Such situations are disclosed as contingent liabilities, except when the probability of an outflow is low.

3.17. Overview of significant accounting estimates

The presentation of the financial statements requires the Company's management to use the best possible estimates and reasonable assumptions that affect the presented values of assets and liabilities, as well as disclosure of contingent receivables and liabilities at the date of preparation of the financial statements, as well as income and expenses during the reporting period. These estimates and assumptions are based on the information available on the day of preparation of the financial statements. Actual amounts may differ from those estimated.

Below are the key assumptions about the future and other sources of uncertainty assessment at the balance sheet date that represent a significant risk for material adjustments to the balance sheet items in the next financial year.

3.17.1. Depreciation and depreciation rate

Depreciation calculation and depreciation rates are based on the projected economic life of property, plant and equipment. Once a year, the Company estimates the economic life based on current forecasts.

In addition, due to the importance of fixed assets in the total assets of the Company, any change in these assumptions may lead to material effects on the financial position of the Company, as well as on the financial result. In accordance with the accounting policy of the Company for subsequent valuation of property, plant and equipment, they are stated according to the revaluation model which expresses their fair value on the revaluation date, reduced by the total

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

amount of impairment and depreciation and impairment losses. The fair value of property reflects its market value which is determined by valuation. The valuation of intangible assets, property, plant and equipment was performed on 1 January 2019 by the authorized appraiser KPMG d.o.o. Belgrade. Depreciation costs for the assets that were the subject of the valuation were calculated based on the estimated remaining life in the annual report for 2019.

3.17.2. Provisions for bad debts

We have accounted the allowance for receivables older than 60 days, based on estimated losses due to the inability of the customer to meet the required obligations. Our valuation is based on the age analysis of trade receivables, historical write-offs, creditworthiness of our customers and changes in sales conditions, when determining the adequacy of the value adjustment of doubtful and disputed collections. This includes assumptions about future customer behaviour and the resulting future receivables. The management believes that no additional value adjustment of receivables is required, other than the value adjustment already shown in the financial statements.

3.17.3. Court disputes

In general, provisions are significantly subject to estimates. The Company assesses the probability that adverse events may occur as a result of past events and assesses the amount required to settle the obligation. The assessment of contingent liabilities based on litigation is performed by internal expert services or outsourced advisors.

Although the Company performs assessment according to prudent person principle, given that there is a large degree of uncertainty, in certain cases, actual results may deviate from these estimates.

3.17.4. Fair value

For disclosure purposes, and in accordance with the requirements of IFRS 13, fair value is defined as the price that would be acquired for the sale of assets, or paid in consideration of transfer liabilities in a regular transaction between market participants on the measurement date.

The Company's business policy is to disclose information about the fair value of assets and liabilities for which there is official market information and when the fair value differs significantly from the carrying amount. There is not sufficient market experience in the Republic of Serbia, as well as stability and liquidity in the purchase and sale of receivables and other financial assets and liabilities, as official market information is not available at all times. Therefore, fair value cannot be reliably determined in the absence of an active market. The management of the Company performs risk assessment and in cases when it is assessed that the value at which the assets are stated in the business books may not be realized, it performs value adjustment. In the opinion of the Company management, the amounts in these financial statements reflect the value that is, in the circumstances, the most reliable and useful for reporting purposes.

The Company measures the fair value of assets and liabilities using assumptions that market participants would use in determining the price of assets or liabilities, assuming that market participants act in their best economic interest. The fair value is the price that would be charged or paid for the transfer of responsibilities in a regular transaction at the primary or most favourable market on the measurement date, under 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.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

To increase consistency and comparability in measuring fair value and related disclosures, the fair value hierarchy is established that classifies into three levels of inputs for valuation techniques, which are used in measuring fair value according to the structure below:

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

Inputs Level 2 – are 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 observable 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. Therefore, 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.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

4. REVENUE FROM THE SALE OF GOODS

| Structure of revenues from the sale of goods | In 000 RSD | |
|--|------------|--------------|
| | I-XII 2019 | I-XII 2018 |
| <i>Sale of goods on the domestic market:</i> | | |
| Revenue from the sale of beverages in hospitality facilities | | 1,629 |
| Revenue from the sale of fuel - domestic market | | - |
| Revenue from the sale of crude oil | | 3,840 |
| Total | - | 5,469 |
| <i>Sale of goods on foreign markets:</i> | | |
| Revenue from the sale of goods - kerosene (re-export) | | |
| Revenue from the sale of goods - foreign market | | |
| Total | - | - |
| Grand total | - | 5,469 |

5. REVENUE FROM THE SALE OF PRODUCTS AND SERVICES

| Structure of revenue from the sale of products and services | In 000 RSD | |
|--|------------|------------------|
| | I-XII 2019 | I-XII 2018 |
| Revenue from the sale of products and services – domestic market | | 3,893,053 |
| Revenue from the sale of products and services – foreign market | | 5,309,786 |
| Grand total | - | 9,202,839 |

From 22 December 2018, which is the date of the commencement of the concession, the Company is no longer the Airport operator, i.e. the core activity of the Company has changed. Consequently, the Company does not generate income from the provision of airport services as it did in the same period last year.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

6. OTHER OPERATING REVENUES

| Structure of other operating revenues | In 000 RSD | |
|--|----------------|-------------------|
| | I-XII 2019 | I-XII 2018 |
| Revenue from rental fees – domestic legal entities | | 1,017,344 |
| Revenue from rental fees – foreign legal entities | | 11,520 |
| Trademark revenue | 8,500 | |
| Revenue from one-time concession fee | | 59,253,721 |
| Revenue from periodic concession fee | 558,888 | 13,953 |
| Decrease in income from fixed assets transferred to accruals | (77,045) | |
| Revenue from monetary compensation – land | 119,474 | |
| Revenue from pass-through costs | 5,527 | |
| Grand total | 615,344 | 60,296,538 |

As explained in item 2.2. Note, the Company has recognized the following as revenue:

- Income from Minimum annual concession fee in accordance with the Concession Agreement in the period in which it was generated. This income amounts to RSD 510,884 thousand.
- Variable fee depending on the amount of SPV income in the period it was generated. The variable fee for 2019 amounts to RSD 48,004 thousand.
- A part of the fee from the sale of other assets which SPV will use until the end of their useful lifetime in terms of decrease of revenue during the concession period. The amount of the fee, RSD 77,045 thousand, consists of the expenses of these assets amounting to RSD 6,811 thousand, shortage after inventory amounting to RSD 95 thousand and annual fee for the asset that is shown as receivables from sales of accruals amounting to RSD 70,139 thousand.
- Revenue from non-monetary fee relating to accrued income from land based on the transfer of ownership amounting to RSD 119,474 thousand per year.

7. COST OF GOODS SOLD

| Structure of goods sold | In 000 RSD | |
|-----------------------------|------------|--------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of goods sold – retail | | 4,911 |
| Grand total | - | 4,911 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

8. COST OF MATERIAL

| Structure of material cost | In 000 RSD | |
|---|--------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of raw material (basic material, tools and inventory, working and official clothes and footwear) | | 189,445 |
| Cost of other material (overhead) - stationery and other material) | 1,500 | 21,330 |
| Cost of spare parts | | 58,953 |
| Grand total | 1,500 | 269,728 |

9. COST OF FUEL AND ENERGY

| Structure of fuel and energy cost | In 000 RSD | |
|-----------------------------------|------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of gasoline and diesel fuel | 912 | 73,876 |
| Cost of crude oil for heating | | 42,592 |
| Cost of electricity | | 183,255 |
| Grand total | 912 | 299,723 |

10. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES

| Structure of costs of salaries, fringe benefits and other personal expenses | In 000 RSD | |
|--|----------------|------------------|
| | I-XII 2019 | I-XII 2018 |
| Gross salaries and fringe benefits | 100,549 | 2,022,302 |
| Costs of taxes and contributions on salaries and fringe benefits charged to | 16,885 | 362,006 |
| Costs of remunerations according to temporary service contracts and author's contracts | 1,018 | 293 |
| Costs of remunerations according to temporary and provisional contracts | 6,153 | 647,935 |
| Costs of remuneration to members of Supervisory Board, Shareholders meetings, Audit Committee | 7,478 | 9,184 |
| Other personal expenses: | | |
| <i>Transportation costs</i> | 1,042 | 123,060 |
| <i>Business trip expenses</i> | 1,463 | 17,308 |
| <i>Severance pay and jubilee awards</i> | | 2,783 |
| <i>Differences in wages based on the Law on Reduction of Wages in the Public Sector, which is transferred to the RS Budget</i> | | 186,111 |
| <i>Voluntary pension insurance premiums</i> | 2,249 | 116,637 |
| <i>Solidarity assistance costs (newborns, medical treatments, natural disasters)</i> | 490 | 21,581 |
| <i>Other personal expenses</i> | 248 | 643 |
| Total | 5,492 | 468,123 |
| Grand total | 137,575 | 3,509,843 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

11. COST OF PRODUCTION SERVICES

| Structure of production services cost | In 000 RSD | |
|---|---------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Transport services costs: | | |
| <i>IT services on checking passengers and luggage</i> | | 38,812 |
| <i>Costs of telephone and other PTT services</i> | 2,371 | 26,587 |
| Total | 2,371 | 65,399 |
| Maintenance costs | 12,755 | 203,870 |
| Rental costs | 22,553 | 38,095 |
| Advertising costs (sponsorship) | 27,445 | 113,432 |
| Costs of other production services: | | |
| <i>Utility costs</i> | 2,840 | 31,131 |
| <i>Costs of catering services of tenants – pre-invoiced to airlines</i> | | 4,133 |
| <i>Costs of other services</i> | 483 | 19,094 |
| Total | 3,323 | 54,358 |
| Grand total | 68,447 | 475,154 |

12. DEPRECIATION COSTS

| Structure of depreciation costs | In 000 RSD | |
|--|----------------|------------------|
| | I-XII 2019 | I-XII 2018 |
| Costs of depreciation of intangible assets | | 63,940 |
| Real estate depreciation costs | 409,800 | 386,328 |
| Equipment depreciation costs | 271,469 | 778,844 |
| Grand total | 681,269 | 1,229,112 |

In accordance with the Company's accounting policy for subsequent valuation of property, plant and equipment, they are expressed according to the revaluation model which shows their fair value at the revaluation date, decreased for the total provisions for depreciation and total provisions for losses from impairment. Fair value of property consists of their assessed market value. In accordance with the IAS 16.31 and regulations, property assessment is done in the period from three to five years. The assessment of intangible assets, property, plant and equipment was done on 1 January 2019 by the authorized appraiser KPMG d.o.o. Beograd. Costs of depreciation are comprised and calculated based on the estimated remaining lifetime for assets being the subject of assessment in the financial report for 2019.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

13. COST OF PROVISIONS

| Provision cost structure | In 000 RSD | |
|--|---------------|---------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of provisions for severance pay at retirement | 987 | |
| Cost of provisions for jubilee awards | 2,815 | |
| Cost of provisions for litigations | 29,500 | 53,334 |
| Grand total | 33,302 | 53,334 |

14. NON-PRODUCTION COST

| Structure of non-production costs | In 000 RSD | |
|--|----------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Cost of non-production services: | | |
| <i>Health care costs</i> | | 16,264 |
| <i>Cleaning costs</i> | | 37,854 |
| <i>Costs of consulting services</i> | 5,925 | 479,740 |
| <i>Costs of professional development services</i> | 5,285 | 28,772 |
| <i>Costs for services to existing PIS software</i> | 5,550 | 14,289 |
| <i>Costs of other non-production services</i> | 46,289 | 40,074 |
| Total | 63,049 | 616,993 |
| Representation cost | 3,394 | 9,909 |
| Cost of insurance premiums | 552 | 44,713 |
| Cost of payment operations | 2,355 | 6,986 |
| Membership fees | 1,115 | 4,382 |
| Tax costs | 75,026 | 88,584 |
| Other non-production costs | 4,242 | 23,107 |
| Grand total | 149,733 | 794,674 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

15. FINANCIAL INCOME

| Financial income structure | In 000 RSD | |
|--|---------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Financial income from parent companies and subsidiaries | | |
| Financial income from other related parties | | |
| Share of profit of associates and joint ventures | | |
| Interest income | 20,649 | 67,048 |
| Foreign exchange income and currency clause income: | | |
| <i>Foreign exchange income</i> | 49,980 | 57,881 |
| <i>Currency clause income</i> | 711 | 194 |
| Total | 50,691 | 58,075 |
| Other financial income | | |
| Grand total | 71,340 | 125,123 |

16. FINANCIAL EXPENSES

| Financial expenses structure | In 000 RSD | |
|--|----------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Financial expenses - parent companies and subsidiaries | | |
| Financial expenses - other related parties | | |
| Share of loss of associates and joint ventures | | |
| Interest expenses | 9,720 | 34,320 |
| Foreign exchange losses and currency clause losses | | |
| <i>Foreign exchange losses</i> | 124,443 | 81,067 |
| <i>Currency clause losses</i> | 1,753 | 837 |
| Total | 126,196 | 81,904 |
| Other financial expenses | | |
| Grand total | 135,916 | 116,224 |

17. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS

| Structure of income from valuation adjustments of other assets recognized at fair value through income statement | In 000 RSD | |
|---|--------------|---------------|
| | I-XII 2019 | I-XII 2018 |
| Income from valuation adjustments of receivables from natural persons for housing loans based on collection and fair value assessment | 5,978 | 20,879 |
| Income from valuation adjustments of trade receivables for services | | 7,781 |
| Grand total | 5,978 | 28,660 |

18. EXPENSES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS

| Structure of expenses from valuation adjustments of other assets recognized at fair value through income statement | In 000 RSD | |
|--|---------------|---------------|
| | I-XII 2019 | I-XII 2018 |
| Impairment of receivables from housing loans | 152 | 25,407 |
| Expenses from provisions for trade receivables | 20,923 | 27,121 |
| Expenses from provisions for receivables for interest | | 20 |
| Expenses from provisions for receivables from employees | | 360 |
| Grand total | 21,075 | 52,908 |

Additional provisions for receivables amounting to RSD 20,903 thousand relating to trade receivables – foreign, Alitalia Societa Aerea Italiana S.p.A, were performed in 2019.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

19. OTHER INCOME

| Structure of other income | In 000 RSD | |
|--|----------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Gains on disposals of equipment and materials | 2,057 | 6,836 |
| Collected written-off receivables | 19,801 | 302 |
| Income from abolishing of long-term provisions for litigations | 19,692 | 124,748 |
| Income from contracted revaluation | 641 | 655 |
| Income from reduction of liabilities | 523,785 | 3,106 |
| Other income: | | |
| <i>Income from reimbursement of court costs</i> | 1,897 | 2,146 |
| <i>Income from compensation of damages from legal entities and natural persons</i> | - | 6,853 |
| <i>Other</i> | 719 | 2,982 |
| Total | 2,616 | 11,981 |
| Income from valuation adjustments of intangible assets | - | - |
| Income from valuation adjustments of property, plant and equipment – assessment | 62,488 | 44,348 |
| Grand total | 631,080 | 191,976 |

20. OTHER EXPENSES

| Structure of other expenses | In 000 RSD | |
|--|----------------|----------------|
| | I-XII 2019 | I-XII 2018 |
| Losses from land transfer without compensation | 9,528 | 169,409 |
| Losses from the sale/writing-off of equipment and materials | | 169,855 |
| Shortages | | 3,134 |
| Writing-off of receivables | 1,674 | 542 |
| Other expenses: | | |
| <i>Costs of court proceedings</i> | 1,101 | 10,486 |
| <i>Expenses for humanitarian, health and scientific purposes</i> | | 32,343 |
| <i>Union expenditures</i> | | 5,003 |
| <i>Other</i> | 14,037 | 1,954 |
| Total | 15,138 | 49,786 |
| Impairment of property, plant and equipment – assessment | 528,190 | 3,929 |
| Impairment of intangible assets – assessment | 16,168 | |
| Impairment of other assets | 4,132 | 1,196 |
| Grand total | 574,830 | 397,851 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

21. NET PROFIT/LOSS FROM CORRECTION OF PRIOR PERIOD ERRORS

| Structure of net profit/loss from correction of prior period errors | In 000 RSD | |
|---|-----------------|-----------------|
| | I-XII 2019 | I-XII 2018 |
| Subsequently recognized revenues from previous years | 38,988 | 8,821 |
| Subsequently recognized (expenses) from previous years | (58,043) | (37,075) |
| Net profit/(loss) from correction of prior period errors | (19,055) | (28,254) |

22. PROFIT/LOSS BEFORE TAX

| Structure of gross result | In 000 RSD | |
|--|------------------|-------------------|
| | I-XII 2019 | I-XII 2018 |
| Operating income | 615,344 | 69,504,846 |
| Operating expenses | 1,072,738 | 6,636,479 |
| Operating result | (457,394) | 62,868,367 |
| Financial income | 71,340 | 125,123 |
| Financial expenses | 135,916 | 116,224 |
| Financial result | (64,576) | 8,899 |
| Income from valuation adjustments of other assets recognized at fair value through income statement | 5,978 | 20,960 |
| Other income | 631,080 | 191,976 |
| Expenses from valuation adjustments of other assets recognized at fair value through income statement | 21,075 | 52,908 |
| Other expenses | 574,830 | 397,851 |
| Other income and expenses result | 41,153 | -237,823 |
| Net income from discontinued operations, effects of changes in accounting policies and correction of prior period errors | | |
| Net loss from discontinued operations, effects of changes in accounting policies and correction of prior period errors | 19,055 | 28,254 |
| TOTAL INCOME | 1,362,730 | 69,851,726 |
| TOTAL EXPENSES | 1,862,602 | 7,240,537 |
| PROFIT/(LOSS) BEFORE TAX | (499,872) | 62,611,189 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

23. INCOME TAX AND NET PROFIT

| Structure of Income tax and net profit/(loss) tax calculation | In 000 RSD | |
|--|------------------|-------------------|
| | I-XII 2019 | I-XII 2018 |
| Profit/(Loss) before tax | (499,872) | 62,611,189 |
| Capital gain/(loss) shown in the Income Statement | | |
| Profit/(loss) adjustments and corrections in the Tax Balance Sheet | 1,506 | 278,606 |
| Taxable profit/(loss) | (498,366) | 62,889,795 |
| Loss from previous years up to the amount of taxable profit shown in the Tax Balance Sheet | | |
| Remainder of taxable profit | - | 62,889,795 |
| Capital gain/(loss) calculated in accordance with the Law | (340,915) | |
| Transferred capital loss from previous years up to the amount of capital gain in accordance with the Law | | |
| Remainder of capital gain | - | 0 |
| Tax base | - | 62,889,795 |
| Calculated tax (15% of the tax base) | - | 9,433,469 |
| Total deductions of calculated tax | | |
| Calculated tax after deduction | - | 9,433,469 |
| Profit/(Loss) before tax | (499,872) | 62,611,189 |
| Tax expense of the period | - | (9,433,469) |
| Deferred tax profit/(loss) of the period | 46,015 | (22,270) |
| Net profit/(loss) | (453,857) | 53,155,450 |
| Effective tax rate | 9.21% | 15.10% |

24. EARNINGS PER SHARE

| Indicator | In 000 RSD | |
|------------------------------------|----------------|-----------------|
| | I-XII 2019 | I-XII 2018 |
| Net profit belonging to owners | (453,857) | 53,155,450 |
| Average weighted number of shares | 35,026,129 | 35,026,129 |
| Earnings per share (in RSD) | (12.96) | 1,517.59 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

25. INTANGIBLE ASSETS

In 000 RSD

| Intangible assets structure | Concessions, patents, licenses, software and other rights | Intangible assets under development | Advances for intangible assets | Grand total |
|--|---|-------------------------------------|--------------------------------|------------------|
| <u>Purchase value</u> | | | | |
| Opening balance, 01.01.2018 | 260,952 | | | 260,952 |
| Opening balance correction | | | | 0 |
| Balance on 01.01.2018 after correction | 260,952 | 0 | 0 | 260,952 |
| Procurements during the year | | 172,641 | 1,595 | 174,236 |
| Transfer from intangible assets in progress | 172,641 | (172,641) | | 0 |
| Withdrawals, disposals and sales | | | | 0 |
| Balance on 31.12.2018 | 433,593 | 0 | 1,595 | 435,188 |
| Opening balance correction | | | | 0 |
| Balance on 01.01.2019 after correction | 433,593 | 0 | 1,595 | 435,188 |
| Procurements during the year | | 18,551 | | 18,551 |
| Transfer from intangible assets in progress | | | | - |
| Withdrawals, disposals and sales | | | | - |
| Transfer to prepayments and accrued income – intangible assets sold on the first day of concession | (290,086) | | | (290,086) |
| Other | | | (1,595) | (1,595) |
| <u>Assessment of the fair value of assets</u> | | | | |
| Revaluation reserves | 31,648 | | | 31,648 |
| Deductions at the expense of earlier revaluation reserves | | | | - |
| Revaluation income | | | | - |
| Revaluation expenses | (16,168) | | | (16,168) |
| Deduction of the current value for accumulated | (158,987) | | | (158,987) |
| Balance on 31.12.2019 | 0 | 18,551 | 0 | 18,551 |
| <u>Provisions</u> | | | | |
| Opening balance, 01.01.2018 | 95,047 | | | 95,047 |
| Opening balance correction | | | | 0 |
| Balance on 01.01.2018 after correction | 95,047 | 0 | 0 | 95,047 |
| Depreciation in the current year | 63,940 | | | 63,940 |
| Withdrawals, disposals and sales | | | | 0 |
| Balance on 31.12.2018 | 158,987 | 0 | 0 | 158,987 |
| Opening balance correction | | | | 0 |
| Balance on 01.01.2019 after correction | 158,987 | 0 | 0 | 158,987 |
| Depreciation in the current year | | | | 0 |
| Withdrawals, disposals and sales | | | | 0 |
| Cancellation of provisions after fair value of the assets | (158,987) | | | (158,987) |
| Provisions for advances | | | | 0 |
| Balance on 31.12.2019 | 0 | 0 | 0 | 0 |
| <u>Net current value</u> | | | | |
| 31.12.2018 | 274,606 | 0 | 1,595 | 276,201 |
| 31.12.2019 | 0 | 18,551 | 0 | 18,551 |

The assesment of intangible assets was performed on 1 January 2019 by the authorized appraiser KPMG d.o.o. Beograd. The assessment effects are shown in the above table. More details about the assessment can be found in Note 26. Additionally, intangible asset were transferred to prepayments and accrued income as assets sold on the first day of concession amounting to 290.086 RSD.

During 2019, investments were made in intangible assets - licenses and software in the amount of RSD 18,551 thousand.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

26. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS – 2018

| Structure of property, plant, equipment and biological assets structure for 2018 | Land | Buildings | Equipment | Investment property | Other property, plant and equipment | Investments in progress | Advances | Total property, plant and equipment | Biological assets- Livestock |
|--|------------------|-------------------|------------------|---------------------|-------------------------------------|-------------------------|---------------|-------------------------------------|------------------------------|
| Purchase value | | | | | | | | | |
| Opening balance, 01.01.2018 | 9,437,117 | 10,511,358 | 5,579,334 | 29,516 | 3,619 | 349,493 | 27,811 | 25,938,248 | 123 |
| Opening balance correction | - | - | - | - | - | - | - | - | - |
| Balance on 01.01.2018 after correction | 9,437,117 | 10,511,358 | 5,579,334 | 29,516 | 3,619 | 349,493 | 27,811 | 25,938,248 | 123 |
| Procurements during the year | - | - | - | - | - | 2,630,039 | - | 2,630,039 | - |
| Transfer from investments in progress | 710,329 | 1,180,464 | 1,054,999 | - | - | (2,945,792) | - | - | - |
| Withdrawals, disposals and sales | (178,739) | (20,787) | (71,199) | - | - | (30,221) | - | (300,946) | - |
| Other | - | 30,846 | (148) | (30,698) | - | - | (11,999) | (11,999) | - |
| Assessment of the property fair value | - | - | - | 1,182 | - | - | - | 1,182 | - |
| Revaluation income | - | - | - | - | - | - | - | - | 1 |
| Revaluation expenses | - | - | - | - | - | - | - | - | - |
| Closing balance, 31.12.2018 | 9,968,707 | 11,701,881 | 6,562,986 | - | 3,619 | 3,519 | 15,812 | 28,256,524 | 124 |
| Provisions | | | | | | | | | |
| Opening balance, 01.01.2018 | - | 333,904 | 459,555 | - | - | - | 15,812 | 809,271 | - |
| Opening balance correction based on the assessment | - | - | - | - | - | - | - | - | - |
| Balance on 01.01.2018 after correction | - | 333,904 | 459,555 | - | - | - | 15,812 | 809,271 | - |
| Depreciation in the current year | - | 386,328 | 778,844 | - | - | - | - | 1,165,172 | - |
| Withdrawals, disposals and sales | - | (3,260) | (16,917) | - | - | - | - | (20,177) | - |
| Closing balance, 31.12.2018 | - | 716,972 | 1,221,482 | - | - | - | 15,812 | 1,954,266 | - |
| Net current value | | | | | | | | | |
| 01.01.2018 | 9,437,117 | 10,177,454 | 5,119,779 | 29,516 | 3,619 | 349,493 | 11,999 | 25,128,977 | 123 |
| 31.12.2018 | 9,968,707 | 10,984,909 | 5,341,504 | - | 3,619 | 3,519 | - | 26,302,258 | 124 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

26 a. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS – 2019

| Structure of property, plant, equipment and biological assets | Land | Buildings | Equipment | Investment property | Other property, plant and equipment | Investments in progress | Advances | Total property, plant and equipment | Biological assets- Livestock |
|---|-------------------|-------------------|------------------|---------------------|-------------------------------------|-------------------------|----------|-------------------------------------|------------------------------|
| Purchase value | | | | | | | | | |
| Opening balance, 01.01.2019 | 9,968,707 | 11,701,881 | 6,562,986 | - | 3,619 | 3,519 | 15,812 | 28,256,524 | 124 |
| Procurements during the year | | | | | | 3,044,561 | | 3,044,561 | |
| Transfer from investments in progress | 2,986,857 | 13,339 | 47,884 | | | (3,048,080) | | - | |
| Withdrawals, disposals and sales | (9,789) | (22,469) | (46,829) | | | | | (79,087) | |
| Other advances | | | | | | | (15,812) | | |
| Transfer to prepayments and accrued income – fixed assets sold on the first | | | (1,466,573) | | (3,619) | | | (1,470,192) | (96) |
| Assessment of the property fair value | | | | | | | | - | |
| Effect on restatement on capital | 1,234,574 | 607,378 | 434,871 | | | | | 2,276,823 | |
| Deduction at the expense of earlier effect on restatement on capital | | (28,033) | (75,486) | | | | | (103,519) | |
| Revaluation income | | 55,578 | 6,910 | | | | | 62,488 | |
| Revaluation expenses | | (389,264) | (138,898) | | | | | (528,162) | (28) |
| Deduction of the current value for accumulated depreciation | | (716,972) | (1,199,887) | | | | | (1,916,859) | |
| Balance on 31.12.2019 | 14,180,349 | 11,221,438 | 4,124,978 | - | - | - | - | 29,542,577 | - |
| Provisions | | | | | | | | | |
| Opening balance, 01.01.2019 | - | 716,972 | 1,221,482 | - | - | - | 15,812 | 1,954,266 | - |
| Depreciation in the current year | - | 409,800 | 271,469 | - | - | - | - | 681,269 | - |
| Other advances | | | | | | | (15,812) | | |
| Withdrawals, disposals and sales | - | (192) | (21,595) | - | - | - | - | (21,787) | - |
| Cancellation of provisions after fair value of the assets | - | (716,972) | (1,199,887) | - | - | - | - | (1,916,859) | - |
| Balance on 31.12.2019 | - | 409,608 | 271,469 | - | - | - | - | 696,889 | - |
| Net current value | | | | | | | | | |
| 31.12.2018 | 9,968,707 | 10,984,909 | 5,341,504 | - | 3,619 | 3,519 | - | 26,302,258 | 124 |
| 31.12.2019 | 14,180,349 | 10,811,830 | 3,853,509 | - | - | - | - | 28,845,688 | - |

NOTES TO FINANCIAL STATEMENTS 31 December 2019

In accordance with the Company's accounting policy for subsequent valuation of property, plant and equipment, these assets are expressed according to revaluation model which shows their fair value on the revaluation day, decreased for the total amount of provisions for depreciation and total amount of provisions for losses from impairment. Fair value of property consists of their assessed market value. In accordance with IAS 16.31 and regulations, property assessment is made in the period from three to five years.

The assessment of assets and property, plant and equipment was performed on 1 January 2019 by the authorized appraiser KPMG d.o.o. Beograd. During assessment, the appraiser was guided by the International Financial Reporting Standard IFRS 13 – Determination of fair value requiring that the assessment of fixed assets value is based on the observable information, i.e. information verified on the market. Having in mind the Company's assets specificity and that transactions of these types of assets are rare on the market, as well as that these assets, being the subject of assessment, have the character of concession assets at the same time, the appraiser mostly decided to apply the method of depreciated replacement costs – cost method. Speaking of the selection of the method, the appraiser used the method of depreciated replacement costs – cost method for assessment of equipment and buildings, method of direct comparison of selling prices – market method for assessment of land and apartments. The method of discounted cash flows – yield method couldn't be applied for assessment of each individual asset as it was not possible to identify cash flows generated from individual assets, but it was used for the purpose of determination of writing-off of the asset.

The assessment effects in terms of comprising fair value of assets, effect on restatement on capital, income and expenses in the Income Statement are shown in the above table – Property, plant, equipment and natural assets for 2019.

Total investments in property, plant and equipment in the period from I-XII 2019 amount to RSD 3,044,561 thousand, investments in land amount to 2,986,857 thousand RSD, investments in buildings amount to RSD 13,339 thousand (RSD 3,519 thousand for buildings comprised in the assessment on January 1, 2019) and investments in equipment amount to RSD 47,884 thousand. All funds are activated.

On 31 December 2019, total property, plant and equipment amount to RSD 28,845,688 thousand and refer to leased concession assets amounting to RSD 28,797,716 thousand, whereas assets used by the Company amount RSD 47,972 thousand.

During 2019, property rights of two cadastral parcels, 5251 and 5252, having total area of 107,650 m² were transferred to the Company. Land was entered in the Company's business books based on the appraiser's assessment in the amount of RSD 2,986,857 thousand.

In accordance with item 2.2 of the Notes, other assets which will be used by SPV until the expiration of the concession period and which on the concession start date cease to be recognized as assets in accordance with IAS 16, but are treated as sold on the first day of concession represent other assets that are not closely connected with infrastructure and significant airport equipment. Having that the current value of these assets represents fair value of the assets, there is no profit/loss during sales of these assets which could be shown in the Income Statement.

Total receivables from these assets shown in prepayments and accrued income amount to RSD 1,760,374 thousand (Intangible assets (RSD 290,086 thousand), Equipment (RSD 1,466,573 thousand), Other equipment (RSD 3,619 thousand) and Livestock (RSD 96 thousand)).

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

27. LONG-TERM FINANCIAL INVESTMENTS

| Structure of long-term financial investments | in 000 RSD | |
|---|------------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Investments in subsidiaries | | |
| Investments in associates and joint ventures | | |
| Investments in other legal entities and other securities available for sale | 378,684 | 378,684 |
| Long-term investments in parent companies and subsidiaries | | |
| Long-term loans to other related parties | | |
| Long-term investments – domestic | | |
| Long-term investments – foreign | | |
| Securities held to maturity | | |
| Other long-term financial investments | 212,634 | 224,072 |
| Total | 591,318 | 602,756 |
| Provisions | (465,865) | (471,691) |
| Grand total | 125,453 | 131,065 |

27a. INVESTMENTS IN CAPITAL OF OTHER LEGAL ENTITIES AND SECURITIES

| Structure of investments in capital | in 000 RSD | |
|---|------------|------------|
| | 31.12.2019 | 31.12.2018 |
| <i>Privredna banka a.d. Beograd</i> | 392 | 392 |
| <i>Minus: Provisions</i> | (392) | (392) |
| Total | - | - |
| Investments in capital of the banks under liquidation: | | |
| <i>Union banka a.d. Beograd - under liquidation</i> | 667 | 667 |
| <i>Beogradska banka a.d. Beograd – under liquidation</i> | 18,988 | 18,988 |
| <i>Beobanka a.d. Beograd – under liquidation</i> | 38 | 38 |
| <i>Minus: Provisions</i> | (19,693) | (19,693) |
| Total | - | - |
| Investments in capital of foreign legal entities: | | |
| <i>Mondijal-Bodrum -Turkey</i> | 358,598 | 358,598 |
| <i>Societe International de Telecommunic. Aeronautiques Swisse (SITA)</i> | 1 | 1 |
| <i>Minus: Provisions</i> | (358,598) | (358,598) |
| Total | 1 | 1 |
| Grand total | 1 | 1 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

27b. OTHER LONG-TERM INVESTMENTS

| Other long-term financial investments structure | in 000 RSD | |
|---|----------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Funds for membership in Societe International de Telecommunications Aeronautiques Swisse (SITA) | 4,219 | 4,158 |
| Long-term investments granted to employees | | |
| <i>Long-term loans granted to employees</i> | 206,923 | 217,863 |
| <i>Receivables from sold socially owned flats</i> | 249 | 275 |
| <i>Receivables from purchase of solidarity flats</i> | 1,243 | 1,776 |
| <i>Minus: Provisions</i> | (87,182) | (93,008) |
| Total | 121,233 | 126,906 |
| Grand total | 125,452 | 131,064 |

On 31 December 2019, receivables from employees for long-term loans and purchase of flats amount to 208.415 thousand RSD. The beforementioned refers to loans granted to employees for a period from 20 to 40 years for purchase of flats. The assessment of fair value of housing loans with the balance on 31.12.2019 was performed by the authorized appraiser projecting future cash flows based on collection of receivables for housing loans, using discount rates from 4,5% to 8,3%, depending on if and in which intervals housing loans are revaluated or if they are granted with currency clause, if they have contracted interest rate or if they are granted without interest rate.

28. OTHER LONG-TERM RECEIVABLES

| Structure of long-term receivables | in 000 RSD | |
|--|------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Trade receivables based on the Debt Rescheduling Agreement | | 13,068 |
| Grand total | - | 13,068 |

29. ADVANCES PAID FOR INVENTORIES AND SERVICES

| Structure of advances paid for inventories and services | in 000 RSD | |
|---|--------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Advances for domestic services | 6,496 | 50,178 |
| Advances for foreign services | 240 | 903 |
| Minus: Provisions | (4,678) | (18,133) |
| Grand total | 2,058 | 32,948 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

30. RECEIVABLES FROM SALES

| Structure of receivables from sales | in 000 RSD | |
|--------------------------------------|---------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Trade receivables - domestic: | | |
| <i>Trade receivables - domestic</i> | 312,659 | 582,792 |
| <i>Minus: Provisions</i> | (237,256) | (257,974) |
| Total | 75,403 | 324,818 |
| Trade receivables - foreign: | | |
| <i>Trade receivables - foreign</i> | 52,621 | 747,916 |
| <i>Minus: Provisions</i> | (29,833) | (8,921) |
| Total | 22,788 | 738,995 |
| Grand total | 98,191 | 1,063,813 |

Changes on the account of provisions are shown in the below table.

| Change of provisions for trade receivables | in 000 RSD | |
|---|----------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Balance on January 1st | 266,895 | 239,756 |
| Foreign exchange differences | 12 | |
| Additional provisions | 20,903 | 27,139 |
| Collected adjusted receivables | (19,520) | |
| Direct write-off of previously adjusted receivables | (1,201) | |
| Grand total | 267,089 | 266,895 |

Total provisions for trade receivables – domestic amount to RSD 237,256 thousand and they mostly refer to provisions for receivables of defendant domestic customers – RSD 234,184 thousand and other domestic customers – RSD 3,456 thousand.

Total provisions for trade receivables – foreign amounting to RSD 29,833 thousand refer to provisions for receivables from defendant customers– RSD 27,116 thousand and other foreign customers – RSD 2,717 thousand.

Additional provisions for trade receivables – foreign amounting to RSD 20,903 thousand referring to receivables from the foreign customer Alitalia Societa Aerea Italiana S.p.A. were made in 2019.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

31. OTHER RECEIVABLES

| Other receivables structure | in 000 RSD | |
|---|------------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Receivables for interest and dividends: | | |
| <i>Trade receivables – domestic for default interest</i> | 6,538 | 6,468 |
| <i>Interest receivables from time deposits and via vista interest</i> | 503 | 25,379 |
| <i>Interest receivables from housing loans</i> | 186 | 1,224 |
| <i>Minus: Provisions</i> | | (20) |
| Total | 7,227 | 33,051 |
| Receivables from employees | | |
| <i>Receivables from employees</i> | 607 | 642 |
| <i>Minus: Provisions</i> | (592) | |
| Total | 15 | 642 |
| Receivables for prepaid income tax | 1,572,245 | - |
| Receivables for other taxes and contributions prepaid | | |
| <i>Receivables for other taxes and contributions prepaid</i> | 398 | 308 |
| <i>Minus: Provisions</i> | | (29) |
| Total | 398 | 279 |
| Receivables for refundable fringe benefits | | |
| <i>Receivables for refundable fringe benefits</i> | 16,267 | 25,459 |
| <i>Minus: Provisions</i> | | (25) |
| Total | 16,267 | 25,434 |
| Receivables for damage compensation | | 40 |
| Other receivables | | |
| <i>Other receivables</i> | 33,519 | 78,805 |
| <i>Minus: Provisions</i> | (21.863) | (23.068) |
| Total | 11,656 | 55,737 |
| Grand total | 1,607,808 | 115,183 |

32. SHORT-TERM FINANCIAL INVESTMENTS

| Short-term financial investments structure | in 000 RSD | |
|---|---------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Short-term loans – domestic – Short-term employee loan (winter stores, heating – 6 months) | 2,432 | 289 |
| Other short-term financial investments: | | |
| <i>Short-term time deposits</i> | | 2,710,949 |
| <i>Current maturities of housing loan debts granted to employees</i> | 10,495 | 9,651 |
| <i>Current maturities of investment debts in Societe Internatonal de Telecommunications Aeronautiques Swisse (SITA)</i> | 675 | 665 |
| <i>Minus: Provisions</i> | (266) | (246) |
| Total | 10,904 | 2,721,019 |
| Grand total | 13,336 | 2,721,308 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

33. CASH AND CASH EQUIVALENTS

| Cash and cash equivalents structure | in 000 RSD | |
|-------------------------------------|----------------|-------------------|
| | 31.12.2019 | 31.12.2018 |
| Current account - RSD | 183,275 | 170,067 |
| Current account – foreign currency | 715,116 | 61,223,474 |
| Cash in hand | 11 | 11 |
| Other cash and cash equivalents | 11,716 | 1,021 |
| Grand total | 910,118 | 61,394,573 |

34. VALUE ADDED TAX (VAT)

| VAT structure | in 000 RSD | |
|-----------------------------|---------------|------------|
| | 31.12.2019 | 31.12.2018 |
| Receivables for prepaid VAT | 40,792 | |
| Grand total | 40,792 | 0 |

35. PREPAYMENTS AND ACCRUED INCOME

| Prepayments and accrued income structure | in 000 RSD | |
|--|------------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Prepaid costs relating to the future period | | |
| Accrued income (uninvoiced income) relating to the current period | 175,996 | 26,891 |
| Other prepayments and accrued income: | | |
| <i>Accrued VAT</i> | 3,225 | 9,895 |
| <i>Other prepayments and accrued income - Receivables from sale of fixed assets on the concession start date</i> | 1,683,329 | |
| Total | 1,686,554 | 9,895 |
| Grand total | 1,862,550 | 36,786 |

Receivables from sale of fixed assets on the concession start date

In accordance with item 2.2 of the Notes, other assets which will be used by SPV until the expiration of concession and which are not recognized as assets on the concession start date according to IAS 16, but are treated as assets sold on the first day of concession represent other assets that are not closely related to infrastructure and airport equipment. The initial total receivables for these assets which are shown in prepayments and accrued income amount to RSD 1,760,374 thousand (Intangible assets (RSD 290,086 thousand), Equipment (RSD 1,466,573 thousand), Other equipment (RSD 3,619 thousand) and Livestock (RSD 96 thousand)). These receivables are decreased for the amount of compensation for sale of these assets during concession, which results in income reduction. Receivables/income reduction for 2019 amounts to RSD 77,045 thousand and consists of expenses of these assets amounting to RSD 6,811 thousand, shortage after inventory amounting to RSD 95 thousand and annual compensation for assets shown as receivables from sale of assets amounting to RSD 70,139 thousand.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

36. Equity

| Equity structure | in 000 RSD | |
|---|-------------------|-------------------|
| | 31.12.2019 | 31.12.2018 |
| Nominal capital: | | |
| <i>Share capital</i> | 21,015,677 | 21,015,677 |
| <i>Share issuing premiums</i> | 306,856 | 248,625 |
| Total | 21,322,533 | 21,264,302 |
| Purchase of own shares | (33,192) | (265,416) |
| Statutory reserves | 6,356,456 | 6,356,456 |
| Revaluation reserves | 2,218,988 | 570,177 |
| Actuarial gain | 0 | 17,290 |
| Retained profit/(loss): | | |
| <i>Retained profit from previous years from expenses / Impairment of fixed assets</i> | 261,596 | 6,948 |
| <i>Retained profit / (loss) of the current year</i> | (453,857) | 53,155,450 |
| Total | (192,261) | 53,162,398 |
| Grand total | 29,672,524 | 81,105,207 |

36a. SHARE CAPITAL

According to the Law on amendments of the Law on the right on free shares and monetary compensation that citizens receive in the privatization process, the Company was obliged to change its legal form until June 30, 2010 and show its basic capital in shares having certain nominal value based on the corrected book value of capital. During 2010, based on the Conclusion of the Government of the Republic of Serbia no. 023-448/2010-1, the Company was recommended to choose the most favourable consultant to assess capital market value and offer his/her expertise in preparation and implementation of the process of changing legal form from a public enterprise to a joint-stock company.

On June 17, 2010, the Government of the Republic of Serbia brought the Decision no. 023-4432/2010 on the change of legal form of the Company from a public enterprise to a closed joint-stock company.

The abovementioned change was registered with the Business Registers Agency according to the Decision no. BD 68460/2010 on 22 June 2010 whereby the capital in the total amount of EUR 214,556,965 was subscribed, amounting to 20.573.610 thousand RSD on the day of subscription.

On 7 July 2010, 34,289,350 shares having nominal value of RSD 600 per share which were the ownership on the Republic of Serbia on 31.12.2010 were registered in the Central Securities Depository.

According to the Law on the right on free shares and monetary compensation that citizens receive in the privatization process ("Official Gazette of RS" no. 123/07 and 30/10), based on the Decision of the Government of the Republic of Serbia no. 023-9103/2010-1, the citizens of the Republic of Serbia, Company's employees and former employees acquired the right on transfer of 16.85% of the Company's ownership on December 9, 2010.

On January 21, 2011, the General Assembly made the Decision no. 21-2/1 on transforming the Company from a closed to an open joint-stock company. The aforementioned change was registered with the Business Registers Agency based on the Decision no. BD 765/2011 on 24 January 2011.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

After transfer of ownership and based on the data from the Central Registry, Depository and Securities Clearing, the capital structure was the following on 25 January 2011:

| Share capital 25.01.2011 - (transformation into an open JSC) | Value in thousand RSD | Number of shares | % of share |
|--|-----------------------|-------------------|-------------|
| Republic of Serbia | 17,107,193 | 28,511,988 | 83.15% |
| Company's employees and former employees | 574,004 | 956,673 | 2.79% |
| Citizens of the Republic of Serbia | 2,892,413 | 4,820,689 | 14.06% |
| Grand total | 20,573,610 | 34,289,350 | 100% |

During 2018, share capital increased by 736,779 shares having nominal value of RSD 600.00 per share, on the basis of recapitalization by the majority owner of the Republic of Serbia, namely, on the basis of subscription of the second issue (120,521 shares), third issue (470,904 shares) and fourth issue (145,354 shares), which increased share capital by 442,067 thousand RSD in total.

On 31 December 2019, share capital structure is the following:

| Shareholders structure | 31.12.2019 | | |
|--------------------------------------|-----------------------|-------------------|-------------|
| | Value in thousand RSD | Number of shares | % of share |
| Republic of Serbia | 17,770,021 | 29,616,702 | 84.56% |
| Domestic and foreign natural persons | 1,943,113 | 3,238,521 | 9.25% |
| Domestic and foreign legal entities | 119,140 | 198,567 | 0.57% |
| Custodial entity | 1,183,403 | 1,972,339 | 5.63% |
| Grand total | 21,015,677 | 35,026,129 | 100% |

The review of ten biggest shareholders on 31.12.2019 is given below.

| Shareholder | Number of shares | Share |
|-------------------------------|------------------|--------|
| REPUBLIC OF SERBIA | 29,616,702 | 84.56% |
| OTP BANKA SERBIA - Custody | 781,894 | 2.23% |
| VOJVOĐANSKA BANKA AD NOVI SAD | 645,100 | 1.84% |
| OTP BANKA SERBIA - Custody | 366,177 | 1.05% |
| RAIFFEISEN BANKA AD - CUSTODY | 62,988 | 0.18% |
| JSC AIRPORT NIKOLA TESLA | 55,320 | 0.16% |
| BOZIC SVETISLAV | 45,003 | 0.13% |
| KERAMIKA JOVANOVIĆ DOO | 32,379 | 0.09% |
| JSC DUNAV PE | 28,231 | 0.08% |
| RAIFFEISEN BANKA AD - CUSTODY | 25,765 | 0.07% |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

36b. SHARE ISSUING PREMIUMS

| Share issuing premiums structure | in 000 RSD | |
|---|----------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Share issuing premiums – issue of shares | 718,665 | 718,665 |
| Share issuing premiums – purchase of own shares | (411,809) | (470,040) |
| GRAND TOTAL | 306,856 | 248,625 |

36c. PURCHAS OF OWN SHARES

| Structure of repurchased own shares | in 000 RSD | |
|-------------------------------------|---------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Repurchased own shares | 33,192 | 265,416 |
| Grand total | 33,192 | 265,416 |

During 2019, the Company sold 387.041 own shares at the price of RSD 750.45 per share. On 31.12.2019, the Company has 55,320 own shares.

36d. RESERVES

| Structure of reserves | in 000 RSD | |
|-----------------------|------------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Statutory reserves | 6,356,456 | 6,356,456 |
| Grand total | 6,356,456 | 6,356,456 |

Reserves were formed in accordance with the Company's Articles of Association.

36e. REVALUATION RESERVES

| Structure of revaluation reserves | in 000 RSD | |
|--|------------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Revaluation reserves – intangible assets | - | - |
| Revaluation reserves – land | 1,349,369 | 300,243 |
| Revaluation reserves – buildings | 567,708 | 77,427 |
| Revaluation reserves – equipment | 301,911 | 192,507 |
| Grand total | 2,218,988 | 570,177 |

Effect of restatement of capital includes related deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

36f. UNREALIZED GAINS FROM OTHER COMPONENTS OF COMPREHENSIVE INCOME

| Structure of unrealized gains from securities and other components of comprehensive income – credit side of the account | in 000 RSD | |
|---|------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Actuarial gains | | 17,290 |
| GRAND TOTAL | - | 17,290 |

36g. RETAINED PROFIT/LOSS

| Structure of retained profit including changes | in 000 RSD | |
|---|-------------------|-------------------|
| | 31.12.2019 | 31.12.2018 |
| Balance on January 1st | 53,162,398 | 3,267,110 |
| Distribution of retained profit – dividend | (52,928,382) | (1,964,780) |
| Distribution of retained profit – transfer to statutory reserves | - | (1,102,330) |
| Distribution of retained profit – employees' share in profit distribution | (234,016) | (200,000) |
| Total | - | - |
| Profit from previous years, result of transfer of effect of restatement of capital to profit after impairment of fixed assets in the current year | 261,596 | 6,948 |
| Net profit of the current period | - | 53,155,450 |
| Grand total | 261,596 | 53,162,398 |

| Structure of loss including changes | in 000 RSD | |
|-------------------------------------|------------------|------------|
| | 31.12.2019 | 31.12.2018 |
| Balance on January 1st | - | - |
| (Loss) of the current period | (453,857) | - |
| Grand total | (453,857) | - |

Retained profit from previous year (2018) amounting to RSD 53,162,398 thousand was completely distributed according to the Decision of the General Assembly from 18.03.2019, whereas RSD 52,928,382 thousand for dividend to RS and other shareholders and RSD 234,016 thousand for employees' share in profit.

In the period from I-Xii 2019, the Company had a loss from current operations amounting to RSD 453,857 thousand.

The Company made a profit from transfer of effect of restatement of capital to profit for fixed assets being impaired in the observed period amounting to RSD 261,596 thousand.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

37. LONG-TERM PROVISIONS

| Long-term provisions structure | in 000 RSD | |
|--|---------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Provisions for fringe benefits and other employees' benefits | 5,087 | 1,285 |
| Provisions for litigation costs | 81,006 | 144,339 |
| Grand total | 86,093 | 145,624 |

Changes in long-term provisions for severance pays, jubilee awards and litigation costs in the period from I-XII 2019, as well as in 2018, are shown in the below table.

| Change description | Severance pays | Jubilee awards | Total | Litigation |
|------------------------------|----------------|----------------|------------------|----------------|
| Balance on 01.01.2018 | 48,021 | 83,358 | 131,379 | 96,576 |
| Additional provisions | | | 0 | 53,334 |
| Actuarial gains | 192 | | 192 | |
| Used during the year | (4,286) | (5,383) | (9,669) | (1,440) |
| Erasing of unused amounts | (43,676) | (76,941) | (120,617) | (4,131) |
| Balance on 31.12.2018 | 251 | 1,034 | 1,285 | 144,339 |
| Additional provisions | 987 | 2,815 | 3,802 | 29,500 |
| Actuarial gains | | | - | |
| Used during the year | | | - | (73,142) |
| Erasing of unused amounts | | | - | (19,691) |
| Balance on 31.12.2019 | 1,238 | 3,849 | 5,087 | 81,006 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

37a. Provisions for fringe benefits and other employees' benefits

Provisions for fringe benefits and other employees' benefits (provisions for unpaid severance pays upon retirement and jubilee awards) are shown based on actuarial calculation which was performed on 31.12.2019.

Assumptions used during preparation of calculation of provisions for severance pays upon retirement and jubilee awards are given below.

| Calculation assumptions | 2019 | 2018 |
|--|---|--|
| Limits for retirement | Articles 19 and 69 of the Law on pension and disability insurance | |
| Mortality tables | Serbia, year 2012 | |
| Discount rate | 3.50% | 3.00% |
| Earnings growth rate | 5.00% | 10.00% |
| Percentage of fluctuation | 0.00% | 0.00% |
| The amount of severance pay upon retirement at the time of provision | Double average salary of employees in Serbia for September 2019 (RSD 74,160) or double average salary paid by the Employer without taxes and contributions, depending on which is most favourable | Double average salary of employees in Serbia for November 2018 (RSD 69,949) or four times the average salary paid by the Employer, depending on which is most favourable |
| Basis for jubilee awards | Average salary paid by the Employer without taxes and contributions | |
| Total number of employees – balance on 31.12. | 36 | 3 |

Calculation of provisions for severance pays upon retirement and jubilee awards based on assumptions is the following:

| Calculation of provisions | In 000 RSD | |
|--|-------------------------------|----------------|
| | Severance pay upon retirement | Jubilee awards |
| Provisions on 31.12.2018 | 251 | 1,034 |
| Interest expenses | 7 | 31 |
| Cost of current labour service | 77 | 1,102 |
| Cost of past labour service | 443 | |
| Actuarial (gains) / loss | 460 | 1,682 |
| Cancellation of provisions during the year in the Company's business books | - | - |
| Total net change of provisions in 2019 | 987 | 2,815 |
| Provisions on 31.12. 2019 | 1,238 | 3,849 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

37b. Provisions for litigations

The Company has lawsuits against the Company. The amount of total loss from litigation can be increased based on default interest until the date of termination of disputes, i.e. until the date of final payments for disputes. On 31 December 2019, the balance of the Company's provisions for possible loss for litigation amounts to RSD 81,006 thousand (RSD 144,339 thousand on 31.12.2018) (Note 51). According to the assessment of the Company's management, no additional material loss is expected in this respect in the following period.

38. LONG-TERM LOANS

| Structure of long-term loans | in 000 RSD | |
|------------------------------|------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Foreign | | 573,386 |
| Minus: Current maturity | | (98,520) |
| Grand total | - | 474,866 |

According to the Financing Agreement of the design of urgent traffic rehabilitation which was concluded between EIB and the Republic of Serbia on 13.12.2001, the Company was granted a loan amounting to 13,000,000 EUR for investing in and rehabilitation of the Airport's infrastructure. The loan was granted with the repayment period until 2025, with interest rate of 5,16% for the first tranche amounting to EUR 3,000,000.00, 4.85% for the second tranche amounting to EUR 3,000,000.00 and 4.07% for the third tranche amounting to EUR 7,000,000.00.

Early loan repayment was done during 2019 in accordance with the Agreement provisions, which resulted in the profit from reduction of liabilities amounting to RSD 522,873 thousand. In accordance with the above mentioned, the Company has no liabilities in this respect.

39. OTHER SHORT-TERM FINANCIAL LIABILITIES

| Other short-term financial liabilities structure | in 000 RSD | |
|--|------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Current maturity of EIB long-term loans | - | 98,520 |
| Grand total | - | 98,520 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

40. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY

| Structure of received advances, deposits and caution money | in 000 RSD | |
|--|---------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Advances received from domestic customers | 873 | 1,538 |
| Advances received from foreign customers | 2 | 1,267 |
| Deposits received from domestic customers | 3,990 | 62,513 |
| Deposits received from foreign customers | 5,342 | 13,067 |
| Caution money received from domestic customers | 8,781 | 7,946 |
| Caution money received from foreign customers | 23,035 | 15,215 |
| Grand total | 42,023 | 101,546 |

41. LIABILITIES FROM BUSINESS OPERATIONS

| Structure of liabilities from business operations | in 000 RSD | |
|--|---------------|----------------|
| | 31.12.2019 | 31.12.2018 |
| Trade payables - domestic | 44,724 | 180,837 |
| Trade payables - foreign | 5,577 | 415,144 |
| Other liabilities from business operations: | | |
| <i>For collected revenues in the name of the Company</i> | 7,877 | 21,103 |
| <i>Other liabilities from business operations</i> | 1,370 | 1,270 |
| Total | 9,247 | 22,373 |
| Grand total | 59,548 | 618,354 |

42. OTHER SHORT-TERM LIABILITIES

| Structure of other short-term liabilities | in 000 RSD | |
|--|---------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Liabilities for salaries and fringe benefits | 269 | 207 |
| Other liabilities: | | |
| <i>Liabilities for interests - EIB</i> | | |
| <i>Liabilities for dividends</i> | 16,598 | 869 |
| <i>Liabilities for share in the profit</i> | 323 | 480 |
| <i>Liabilities to employees</i> | | 228 |
| <i>Liabilities to members of the SB</i> | | |
| <i>Liabilities to natural persons for contractual fees</i> | | |
| <i>Other liabilities</i> | 115 | 10,306 |
| Total | 17,036 | 11,883 |
| Grand total | 17,305 | 12,090 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

43. LIABILITIES FOR VALUE-ADDED TAX (VAT)

| Structure of liabilities for VAT | in 000 RSD | |
|----------------------------------|------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Liabilities for VAT | | 30,505 |
| Grand total | - | 30,505 |

44. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES

| Structure of liabilities for other taxes, contributions and other duties | in 000 RSD | |
|--|--------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Liabilities for income tax | | 8,927,710 |
| Liabilities for taxes, customs and other duties | 1,943 | 494 |
| Other liabilities for taxes, customs and other duties | 539 | 1,422 |
| Grand total | 2,482 | 8,929,626 |

45. ACCRUED EXPENSES AND DEFERRED INCOME

| Structure of accruals and deferred income | in 000 RSD | |
|---|------------------|---------------|
| | 31.12.2019 | 31.12.2018 |
| Accrued expenses: | | |
| <i>Liabilities for calculated expenses for the observed period</i> | 1,683 | 27,320 |
| <i>Calculated costs of procurement of investments in progress</i> | 8,567 | 8,567 |
| Total | 10,250 | 35,887 |
| Accrued/calculated income | | 13,341 |
| Other accruals and deferred income - Accrued liabilities for VAT and other | | 165 |
| Other accruals and deferred income – calculated agreed discounts to customers | 43,073 | 43,073 |
| Other accruals and deferred income – Deferred income of non-monetary compensation (property) for land | 2,867,383 | |
| Grand total | 2,920,706 | 92,466 |

As explained in Note 26a, property rights for two cadastral parcels, 5251 and 5252, having total area of 107,650 m² were transferred to the Company during 2019. Land amounting to RSD 2,986,857 thousand was entered in the Company's business book according to the assessment of the authorized appraiser. Having that transfer of land represents non-monetary leasing fee, it is accrued and shown as income during duration of concession amounting to RSD 119,474 thousand.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

46. DEFERRED TAX LIABILITIES

| Deferred tax assets and liabilities | in 000 RSD | |
|--|------------------|------------------|
| | 31.12.2019 | 31.12.2018 |
| Deferred tax assets | 13,283 | 24,175 |
| Deferred tax (liabilities) | (737,147) | (502,698) |
| Net effect of deferred tax assets/(liabilities) | (723,864) | (478,523) |

Deferred tax assets are the amounts of income tax which will be retrievable in the future period for: deductible temporary differences and unused tax losses transferred to the future period. Deductible temporary difference occurs in cases when certain expenses have been already shown in the Company's statements even though they will be recognized from the tax aspect in the future periods. Deferred tax assets are checked on 31 December and shown only if the Company estimates that taxable profit for which these deferred tax assets can be used is likely to appear in the future period.

Deferred tax assets for deductible temporary differences are recognized according to the actual Income tax law and taking into consideration the assumption of unlimited duration, as a rule. On the other hand, for recognition of deferred tax assets for unused tax loss and losses, it is necessary to make a projection of the tax balance for the period in which income tax can be reduced on this basis, according to legal decisions.

The amount of deferred tax assets was calculated by multiplying the amount of deductible temporary difference and income tax rate (15%) at the end of the year.

Deferred tax liabilities refer to taxable temporary differences between book value of assets being subject to depreciation and their tax basis. Namely, due to various provisions according to which the Company determines accounting depreciation and provisions according to which tax depreciation is determined (Corporate income tax law), the Company will pay bigger income tax in the future periods than it would be the case if actual accounting depreciation was recognized from the aspect of tax legislation. For the above stated reason, the Company recognizes deferred tax liability which represents income tax that will be payable when the Company "recovers" book value of the asset.

The amount of deferred tax liabilities was calculated by multiplying the amount of taxable temporary difference and income tax rate (15%) at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Changes of the balance of deferred tax (liabilities)/assets for the period are shown in the below Table.

| | | | | | 000 RSD |
|---|---|--|---------------------------|--|------------------|
| Changes of the balance of deferred tax liabilities | Intangible assets, property, plant, equipment and investment property | Provisions for fringe benefits and other employees' benefits | Provisions for litigation | Short-term liabilities (Liabilities for taxes, contributions and other duties and accrued unpaid income (Article 9)) | Total |
| Balance on 01.01.2018 | (492,305) | 19,707 | 14,487 | 1,858 | (456,253) |
| At the (expense of)/in favour of the Income Statement | (10,393) | (19,514) | 7,164 | 473 | (22,270) |
| At the expense of capital | | | | | |
| Balance on 31.12.2018 | (502,698) | 193 | 21,651 | 2,331 | (478,523) |
| At the (expense of)/in favour of the Income Statement | 56,907 | 570 | (9,500) | (1,963) | 46,014 |
| At the (expense of) capital | (291,356) | | | | (291,356) |
| Balance on 31.12.2019 | (737,147) | 763 | 12,151 | 368 | (723,865) |

47. OFF-BALANCE RECORDS

According to legal provisions (Rule on the contents and form of financial statement forms for companies, cooperatives, other legal entities and entrepreneurs), the Company has shown off-balance sheet assets and off-balance sheet liabilities in its financial statements. Items shown in off-balance sheet assets and off-balance sheet liabilities, which can be seen in the below table, do not represent the Company's assets and liabilities, but are used primarily for information purposes to the users of financial statements.

| Off-balance records | in 000 RSD | |
|--|------------------|----------------|
| | 31.12.2019. | 31.12.2018. |
| <i>Blank bills of exchange received - pieces</i> | 17 | 1,084 |
| <i>Blank bills of exchange given (domestic) – pieces</i> | 14 | 21 |
| RSD guarantees received | 244,469 | 526,175 |
| Foreign currency guarantees received | 5,657,918 | 117,774 |
| RSD guarantees given | 4,214 | 4,500 |
| Foreign currency guarantees given | | 0 |
| Solidarity funds from the employees' salaries | 621 | 622 |
| Grand total | 5,907,222 | 649,071 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

48. FAIR VALUE

| ASSETS | Book value in 000 RSD 31.12.2019 | Fair value in 000 RSD 31.12.2019 | Book value in 000 RSD 31.12.2018 | Fair value in 000 RSD 31.12.2018 | Fair value hierarchy – levels | Valuation techniques and inputs |
|--|--|--|--|--|-------------------------------------|--|
| Fixed assets and intangible assets | 28,845,688 | 28,845,688 | 26,573,345 | 26,573,345 | Level 3 | The assessment was performed by an authorized appraiser with the balance on 1.1.2019 (KPMG-Belgrade). The following methods were used for assessment of intangible assets and property, plant and equipment : method of depreciated replacement costs – cost method for the assessment of equipment and buildings, method of direct comparison of selling prices – market method for assessment of land and flats and method of discounted cash flows – yield method for determination of the existence of the write-off. |
| Investments in capital | 1 | 1 | 1 | 1 | Level 2 | Management's assessment that they are not retrievable – banks under liquidation |
| Long-term and short- term financial investments – <u>housing loans</u> | 131,462 | 131,462 | 136,311 | 136,311 | Level 3 | Assessment of the authorized appraiser on 31.12.2019 - By discounting of cash flows, namely: 8.3% for housing loan which are not revaluated; 6.3% for housing loans which are revaluated once a year and which have interest rate of 0.5%, 4.5% for housing loans with currency clause and interest rate of 0.5%; 6.6% for housing loans which are revaluated twice a year and 6.8% for housing loans which are revaluated once a year |
| Other long- term receivables | | | 13,068 | 13,068 | Level 3 | Management's assessment of collectability according to IAS 39 |
| Trade receivables | 98,191 | 98,191 | 1,063,813 | 1,063,813 | Level 3 | Management's assessment of collectability according to IAS 39 |
| Other receivables | 1,607,808 | 1,607,808 | 115,183 | 115,183 | Level 3 | Management's assessment of collectability according to IAS 39 |

The above table includes only financial assets, as the Company does not have financial liabilities shown after the initial recognition at fair value.

49. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT GOALS

| | 31.12.2019 | | |
|--|------------------|------------------|------------------|
| | Gross amount | Provisions | Net amount |
| Financial assets | 3,510,581 | (755,675) | 2,754,906 |
| Long-term financial investments | 591,318 | (465,865) | 125,453 |
| - Long-term time deposits | 4,219 | - | 4,219 |
| - Investments in capital of banks | 20,085 | (20,085) | - |
| - Investments in capital of foreign legal entities | 358,599 | (358,598) | 1 |
| - Long-term housing loans to employees | 208,415 | (87,182) | 121,233 |
| - Other long-term receivables | - | - | 0 |
| Receivables shown at nominal value | 2,009,145 | (289,810) | 1,719,335 |
| - Trade receivables | 365,280 | (267,089) | 98,191 |
| - Short-term financial investments | 13,602 | (266) | 13,336 |
| - Receivables for interest | 7,227 | - | 7,227 |
| - Other receivables | 1,623,036 | (22,455) | 1,600,581 |
| Cash and cash equivalents | 910,118 | - | 910,118 |

| | | | |
|---|---------------|----------|---------------|
| Financial liabilities | 59,548 | - | 59,548 |
| - Long-term loans | 0 | - | 0 |
| - Current maturity of long-term loans | - | - | - |
| - Current maturity of long-term financial leasing | - | - | - |
| - Short-term liabilities (Liabilities from business operations) | 59,548 | - | 59,548 |

| 31.12.2018 | | |
|-------------------|------------------|-------------------|
| Gross amount | Provisions | Net amount |
| 66,200,984 | (761,974) | 65,439,010 |
| 615,824 | (471,691) | 144,133 |
| 4,158 | - | 4,158 |
| 20,085 | (20,085) | 0 |
| 358,599 | (358,598) | 1 |
| 219,914 | (93,008) | 126,906 |
| 13,068 | - | 13,068 |
| 4,190,587 | (290,283) | 3,900,304 |
| 1,330,708 | (266,895) | 1,063,813 |
| 2,721,554 | (246) | 2,721,308 |
| 31,847 | (20) | 31,827 |
| 106,478 | (23,122) | 83,356 |
| 61,394,573 | - | 61,394,573 |

| | | |
|------------------|----------|------------------|
| 1,191,740 | - | 1,191,740 |
| 474,866 | - | 474,866 |
| 98,520 | - | 98,520 |
| - | - | - |
| 618,354 | - | 618,354 |

The Company's basic financial instruments are cash and cash equivalents, financial investments directly from the Company's business operations, as well as long-term loans, trade payables and other liabilities whose basic purpose is financing of the Company's current business operations.

NOTES TO FINANCIAL STATEMENTS 31 December 2019

49. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT GOALS (continued)

Financial risk management goals

Financial risks include market risk (foreign exchange risk, interest risk and risk of price changes), credit risk and liquidity risk. Financial risks are considered on a time basis and they are primarily avoided by reduction of the Company's exposure to these risks. The company does not use any financial instrument in order to avoid the effect of financial risks on business operations because such instruments are not widely used and there is no organized market of such instruments in the Republic of Serbia.

I - MARKET

In its business operations, the Company is exposed to financial risks from changes of foreign currency exchange rates and changes of interest rates. The exposure to market risk is considered through sensitivity analysis. There were no significant changes of the Company's exposure to market risk or in the manner in which the Company manages or measures that risk.

a) Foreign currency risk (foreign exchange risk)

The Company is exposed to foreign exchange risk primarily through cash and cash equivalents, short-term financial investments, trade receivables, long-term loans and trade payables – foreign. The Company does not use special financial instruments as a protection from risk, having that these instruments are not common in the Republic of Serbia.

The stability of the economic environment in which the Company operates mostly depends on economic measures determined by the Government, including establishment of appropriate legal and legislative framework.

The Company's book values of financial assets and liabilities in 000 RSD, expressed in foreign currency on the reporting date are the following:

| Currency | <u>Total assets</u> | | | | in 000 RSD | |
|---|---------------------|------------------|-------------------|-------------------|---------------|------------------|
| | 31.12.2019 | | 31.12.2018 | | 31.12.2019 | 31.12.2018 |
| | Gross | Net | Gross | Net | | |
| EUR | 670,891 | 568,523 | 64,399,425 | 64,274,108 | 253 | 988,375 |
| USD | 290,274 | 290,274 | 509,626 | 509,626 | | 155 |
| CHF | | | 331 | 331 | 0 | 0 |
| GBP | 95 | 95 | 91 | 91 | 0 | |
| Total RSD equivalent of assets and liabilities expressed in the foreign currency | 961,260 | 858,892 | 64,909,473 | 64,784,156 | 253 | 988,530 |
| Value of assets and liabilities expressed in RSD | 2,549,321 | 1,896,014 | 1,291,511 | 654,854 | 59,295 | 203,210 |
| Total | 3,510,581 | 2,754,906 | 66,200,984 | 65,439,010 | 59,548 | 1,191,740 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Analyzing foreign currency balance of financial assets and liabilities on 31.12.2019 and comparing it to the balance on 31.12.2018, it can be ascertained that financial assets expressed in foreign currency are higher than contracted financial liabilities expressed in foreign currency.

The Company is sensitive mainly to changes of foreign exchange rate of EUR and US dollar (USD).

The below table shows sensitivity analysis of the Company to the increase and reduction of RSD exchange rate of 10% in relation to the observed foreign currency. The sensitivity analysis includes only unpaid receivables and liabilities expressed in foreign currency and shows their change of 10% at the end of the reporting period in foreign currency exchange rates. Positive number in the table indicates the increase of the result of the current period in cases when the dinar strengthens against the currency in question. In case of weakening of the dinar of 10% in relation to the foreign currency in question, the effect on the result of the current period would be negative.

| in 000 RSD | | | | | | | | |
|--------------|------------|---------|------------|---------|------------|---------|------------|---------|
| 31.12.2019 | 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 | 56,827 | -56,827 | 29,027 | -29,027 | 0 | 0 | 10 | -10 |

| in 000 RSD | | | | | | | | |
|--------------|------------|------------|------------|---------|------------|---------|------------|---------|
| 31.12.2018 | 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 | 6,328,573 | -6,328,573 | 50,947 | -50,947 | 33 | -33 | 9 | -9 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

b) Interest rate risk

The Company is exposed to interest rate risk speaking of assets and liabilities which have variable interest rate.

The Company classified cash and cash equivalents in the group of interest-bearing financial assets with variable interest rate as it agreed "a vista" interest of variable character with the banks, depending on the balance of assets on current accounts and the level of the reference interest rate.

Interest rate risk does not pose a significant risk to the Company as the categories of financial instruments having the contracted interest rate are mainly defined by the fixed interest rate.

Financial instruments classified into categories of interest-bearing and non-interest bearing assets are shown in the table below:

| Financial assets | 31.12.2019 | | | 31.12.2018 | | |
|--|------------------|------------------|------------------|-------------------|------------------|-------------------|
| | Gross | Provisions | Net | Gross | Provisions | Net |
| in 000 RSD | | | | | | |
| Non-interest bearing: | | | | | | |
| Investments in capital of other legal entities | 378,684 | (378,683) | 1 | 378,684 | (378,683) | 1 |
| Other long-term receivables | | - | - | 13,068 | - | 13,068 |
| Trade receivables | 365,280 | (267,089) | 98,191 | 1,330,708 | (266,895) | 1,063,813 |
| Receivables for interest and other receivables | 1,630,263 | (22,455) | 1,607,808 | 138,325 | (23,142) | 115,183 |
| Short-term financial investments | 2,432 | - | 2,432 | 289 | - | 289 |
| Total | 2,376,659 | (668,227) | 1,708,432 | 1,861,074 | (668,720) | 1,192,354 |
| Fixed interest rate: | | | | | | |
| Long-term financial investments | 212,634 | (87,182) | 125,452 | 224,072 | (93,008) | 131,064 |
| Short-term financial investments | 11,170 | (266) | 10,904 | 2,721,265 | (246) | 2,721,019 |
| Total | 223,804 | (87,448) | 136,356 | 2,945,337 | (93,254) | 2,852,083 |
| Variable interest rate: | | | | | | |
| Cash and cash equivalents | 910,118 | - | 910,118 | 61,394,573 | - | 61,394,573 |
| Total | 910,118 | - | 910,118 | 61,394,573 | - | 61,394,573 |
| Grand total | 3,510,581 | (755,675) | 2,754,906 | 66,200,984 | (761,974) | 65,439,010 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

| Financial liabilities | 31.12.2019 | | | 31.12.2018 | | |
|---|---------------|------------|---------------|------------------|------------|------------------|
| | Gross | Provisions | Net | Gross | Provisions | Net |
| Non-interest bearing | | | | | | |
| Liabilities from business operations | 59,548 | | 59,548 | 618,354 | | 618,354 |
| Total | 59,548 | 0 | 59,548 | 618,354 | 0 | 618,354 |
| Fixed interest rate | | | | | | |
| Long-term loans | | | 0 | 474,866 | | 474,866 |
| Current maturity of long-term liabilities | | | 0 | 98,520 | | 98,520 |
| Total | 0 | 0 | 0 | 573,386 | 0 | 573,386 |
| Variable interest rate | | | | | | |
| Current maturity of long-term liabilities | | | 0 | 0 | | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand total | 59,548 | 0 | 59,548 | 1,191,740 | 0 | 1,191,740 |

b) Risk of price changes

The Company estimates that there is no risk of price changes, as the categories of financial instruments which the Company has at its disposal are not subject to changes in market prices.

The Company does not operate with securities that are subject to changes in market prices. Furthermore, the Company does not have turnover which is subject to price changes.

II – CREDIT RISK

The Company estimates that, of all risks to which financial instruments may be exposed, credit risk is the biggest. This risk represents the risk of debtors not being able to pay their liabilities completely and timely, which would result in financial loss for the Company. The Company's exposure to this risk is limited to the amount of trade receivables on the Balance Sheet date.

Reconciliation of receivables

The Company reconciles its receivables and liabilities once a year, with the balance on 30.11.2019 or optionally few times a year.

Unclaimed trade receivables – domestic amount to RSD 78,859 thousand, of which 60% is reconciled, 32% is not reconciled and 8% have no feedback.

Unclaimed trade receivables – foreign amount to RSD 25,505 thousand and 100% of them have no feedback. Namely, correspondence is kept and receivables for collection documented with foreign customers.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Structure of trade receivables is given below.

| Structure of trade receivables | 31.12.2019 | | | 31.12.2018 | |
|---|------------------|----------------|------------------|------------------|----------------|
| | in 000 RSD | Share | Provisions | in 000 RSD | Share |
| Air Serbia | 29,315 | 8.03% | (2,193) | 158,442 | 11.91% |
| Jat Tehnika | 139,533 | 38.20% | (96,231) | 156,834 | 11.79% |
| Belgrade Airport d.o.o. | 454 | 0.12% | | - | 0.00% |
| International CG | 30,115 | 8.24% | (30,115) | 41,492 | 3.12% |
| Air Serbia-Ketering d.o.o. | 42,347 | 11.59% | (41,695) | 43,655 | 3.28% |
| Aviogenex d.o.o. | 50,820 | 13.91% | (50,820) | 50,820 | 3.82% |
| AERODROM KETERING D.O.O. | 1,475 | 0.40% | | 6,200 | 0.47% |
| Other trade receivables - domestic | 18,599 | 5.09% | (16,202) | 125,349 | 9.42% |
| Total trade receivables - domestic | 312,658 | 85.59% | (237,256) | 582,792 | 43.80% |
| Montenegro Airlines | | 0.00% | | 138,981 | 10.44% |
| Wizz Air | 2,473 | 0.68% | | 110,316 | 8.29% |
| Deutsche Lufthansa | 42 | 0.01% | | 65,337 | 4.91% |
| ARKIA | 1,600 | 0.44% | | 13,914 | 1.05% |
| Air Cairo Company | 5,355 | 1.47% | | 5,383 | 0.40% |
| Atlasglobal Airlines | 1,446 | 0.40% | | 1,453 | 0.11% |
| Allitalia | 20,903 | 5.72% | (20,903) | 37,848 | 2.84% |
| FLYDUBAI | 2,653 | 0.73% | | 10,176 | 0.76% |
| Pegasus | 5,700 | 1.56% | (1,311) | 12,051 | 0.91% |
| Other trade receivables - foreign | 12,450 | 3.41% | (7,619) | 352,457 | 26.49% |
| Total trade receivables - foreign | 52,622 | 14.41% | (29,833) | 747,916 | 56.20% |
| Total gross trade receivables – domestic and foreign | 365,280 | 100.00% | | 1,330,708 | 100.00% |
| Total provisions | (267,089) | | (267,089) | (266,895) | |
| Total net trade receivables | 98,191 | | | 1,063,813 | |

Unlike the previous year, net trade receivables are significantly reduced as a result of collection of receivables, as well as of change of the Company's activity.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

Ageing structure of trade receivables on 31.12.2019 whose value was not reduced is given below.

| | in 000 RSD | Share |
|---|---------------|----------------|
| Ageing structure of trade receivables without provisions | | |
| Trade receivables - domestic | | |
| Due | 47,636 | 48.51% |
| 0-30 days | 932 | 0.95% |
| 31-60 days | 493 | 0.50% |
| 61-90 days | 279 | 0.28% |
| Over 90 days | 26,063 | 26.54% |
| Total | 75,403 | 76.79% |
| Trade receivables – foreign | | |
| Due | | |
| 0-30 days | | |
| 31-60 days | | |
| 61-90 days | | |
| Over 90 days | 22,788 | 23.21% |
| Total | 22,788 | 23.21% |
| Total trade receivables (net) | 98,191 | 100.00% |

Due uncorrected trade receivables – domestic and foreign over 60 days amount to RSD 49,130 thousand (RSD 159,254 thousand in 2018). The aforementioned receivables are not corrected due to assessment of certainty of their collection.

III – LIQUIDITY RISK AND CASH FLOW RISK

Liquidity is the ability of a Company to settle its liabilities within the maturity period. Therefore, liquidity risk is a risk that the Company will have difficulties in settling its liabilities, maintaining necessary volume and structure of working capital and preserving good credit rating.

The Company is mostly responsible for liquidity risk management and it has to establish a corresponding management system for short-term, medium-term and long-term investments, as well as a system for liquidity management. The Company maintains corresponding cash reserves by continuous monitoring of the planned and actual cash flow, as well as an adequate relation between the maturity of financial assets and liabilities.

The most significant indicators of the Company's liquidity are shown below:

- **General liquidity ratio** (quotient of working capital and short-term liabilities) showing how much dinars of working capital cover each dinar of short-term liabilities;
- **Rigorous liquidity ratio** (quotient of liquid assets implying working capital reduced for inventories, and short-term liabilities) showing how much dinars of liquid assets cover each dinar of short-term liabilities;
- **Cash liquidity ratio** (quotient of cash and short-term liabilities) showing how much dinars of cash cover each dinar of short-term liabilities;
- **Net working capital** as a difference between working capital and short-term liabilities.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

| Liquidity indicators | Satisfactory and general standards | 2019 | 2018 |
|-------------------------------|------------------------------------|-----------|------------|
| General liquidity ratio | 2 : 1 | 1.49 : 1 | 6.61 : 1 |
| Rigorous liquidity ratio | 1 : 1 | 1.49 : 1 | 6.61 : 1 |
| Cash liquidity ratio | | 0.30 : 1 | 6.21 : 1 |
| Net working capital (RSD 000) | | 1,492,789 | 55,481,504 |

Capital risk management

The aim of capital risk management is that the Company keeps the ability to continue to operate for an unlimited period in order to provide satisfactory profit to the Company's owners and preserve an adequate structure of fund sources, i.e. good credit rating.

Although there are several criteria based on which conclusions on sustainability of the assumption on long-term existence of the Company can be drawn, profitable business operations, as well as satisfactory financial structure are surely basic criteria.

The best profitability representative is a rate of return on average equity showing the amount of return the Company makes for one dinar of average engaged own funds. When calculating this profitability indicator, the average equity is determined as the arithmetic mean of the capital value at the beginning and end of the year.

| Profitability indicators | <i>in 000 RSD</i> | |
|--------------------------------------|-------------------|-------------------|
| | 2019 | 2018 |
| Net profit/loss | 453,857 | 53,155,450 |
| Average capital | | |
| Capital at the beginning of the year | 81,105,207 | 29,708,442 |
| Capital at the end of the year | 29,672,524 | 81,105,207 |
| Total – average capital | 55,388,866 | 55,406,825 |
| Rate of return on equity | 0.82% | 95.94% |

The adequacy of the financial structure is reflected in the amount and character of indebtedness.

The following tables show the most significant indicators of the Company:

- Share of borrowed funds in total funds showing how much one dinar of the Company's funds is financed from borrowed funds,
- Share of long-term funds in total funds showing how much one dinar of the Company's funds is financed from long-term funds.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

| Financial structure indicators | in 000 RSD | |
|--|-------------------|-------------------|
| | 2019 | 2018 |
| Liabilities | 3,852,021 | 10,982,120 |
| Total assets | 33,524,545 | 92,087,327 |
| Share of borrowed funds in total funds | 0.11 : 1 | 0.12 : 1 |
| Long-term funds | | |
| Equity | 29,672,524 | 81,105,207 |
| Long-term investments and liabilities | 809,957 | 1,099,013 |
| Total – long-term funds | 30,482,481 | 82,204,220 |
| Total funds | 33,524,545 | 92,087,327 |
| Share of long-term funds in total funds | 0.91 : 1 | 0.89 : 1 |

Net indebtedness ratio shows how much each dinar of net indebtedness is covered with the Company's capital. Net indebtedness implies the difference between:

- Total (long-term and short-term) financial liabilities of the Company (Total liabilities reduced for capital, long-term provisions and deferred tax liabilities) and
- Cash and cash equivalents.

| Parameters for calculation of net indebtedness ratio to total capital | in 000 RSD | |
|---|------------------|---------------------|
| | 2019 | 2018 |
| Net indebtedness | | |
| Financial liabilities | 3,042,064 | 10,357,973 |
| Cash and cash equivalents | 910,118 | 61,394,573 |
| Total – Net indebtedness | 2,131,946 | (51,036,600) |
| Capital | 29,672,524 | 81,105,207 |
| Net indebtedness ratio to total capital | 13.92 | (1.59) |

50. TAX RISKS

Tax laws of the Republic of Serbia are often interpreted differently and they are subject to often changes. Interpretation of tax laws by tax authorities related to the Company's transactions and activities can differ from the management's interpretation. On the management's opinion, tax liabilities are calculated and recorded adequately.

51. LITIGATION

The Company has lawsuits against the Company. The amount of total loss from litigation can be increased based on default interest until the date of termination of disputes, i.e. until the date of final payments for disputes. On 31 December 2019, the balance of the Company's provisions for possible loss for litigation amounts to RSD 81,006 thousand (RSD 144,339 thousand on 31.12.2018) (Note 37). According to the assessment of the Company's management, no additional material loss is expected in this respect in the following period.

52. EVENTS AFTER THE REPORTING PERIOD

In March 2020, the World Health Organization declared a pandemic and issued instructions to combat proliferation. In addition to personal hygiene and protection, these instructions also implied restriction of movement and closing of state borders. In this respect, after considering the risk to the population of the Republic of Serbia, the Government of the Republic of Serbia made a Decision on declaration of a state of emergency on 15 March 2020 which was published in the Official Gazette of RS no. 29. The state of emergency was lifted by the Decision published in the Official Gazette no. 65 from 6 May 2020.

Among other things, the abovementioned also implied closing of Nikola Tesla Airport for international passenger traffic which will affect the Company's business operations in the future period.

As the situation with the pandemic calms down, both globally and locally, international organizations *ICAO, IATA, ACI, as well as advisors to the Concession Grantor* prepare possible scenarios of dynamics and normalization of the execution of planned public works by SPV and therefore realization of the Concession Agreement, which is the basis for the Company's business plans for the following period. Taking into consideration the aforementioned, the management does not expect significant risks related to the continuation of operations and realization of the Concession Agreement.

According to the management's assessment, financial situation in the Company is such that there is neither uncertainty regarding the ability of the Company to continue its operations according to the principle of permanence nor there exists material impact on business operations during the following period. Furthermore, the management considers that there are no significant risks related to meeting of legal norms, Company's liquidity and market position in the future period that could violate the principle of business continuity.

In accordance with IAS 10 "Events after the reporting period", we haven't determined the existence of events other than those listed in the Notes, that may affect or affect the truthfulness and objectivity of the financial statements for the period ended on 31 December 2019, nor would they require corrections to financial statements.

In Belgrade, 8 May 2020

Legal representative

Saša Vlajsavljević

**JOINT STOCK COMPANY
BELGRADE NIKOLA TESLA AIRPORT**

**ANNUAL REPORT
FOR THE PERIOD I – XII 2019**

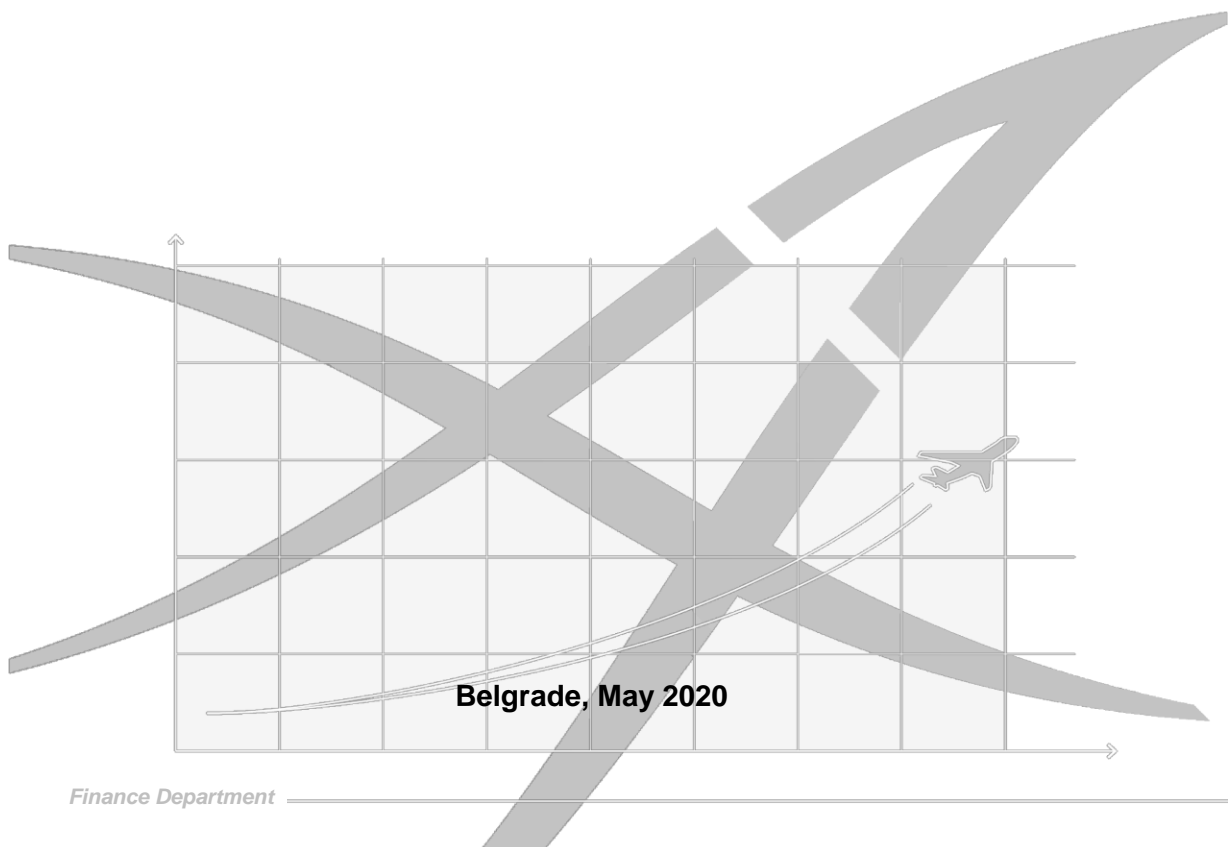


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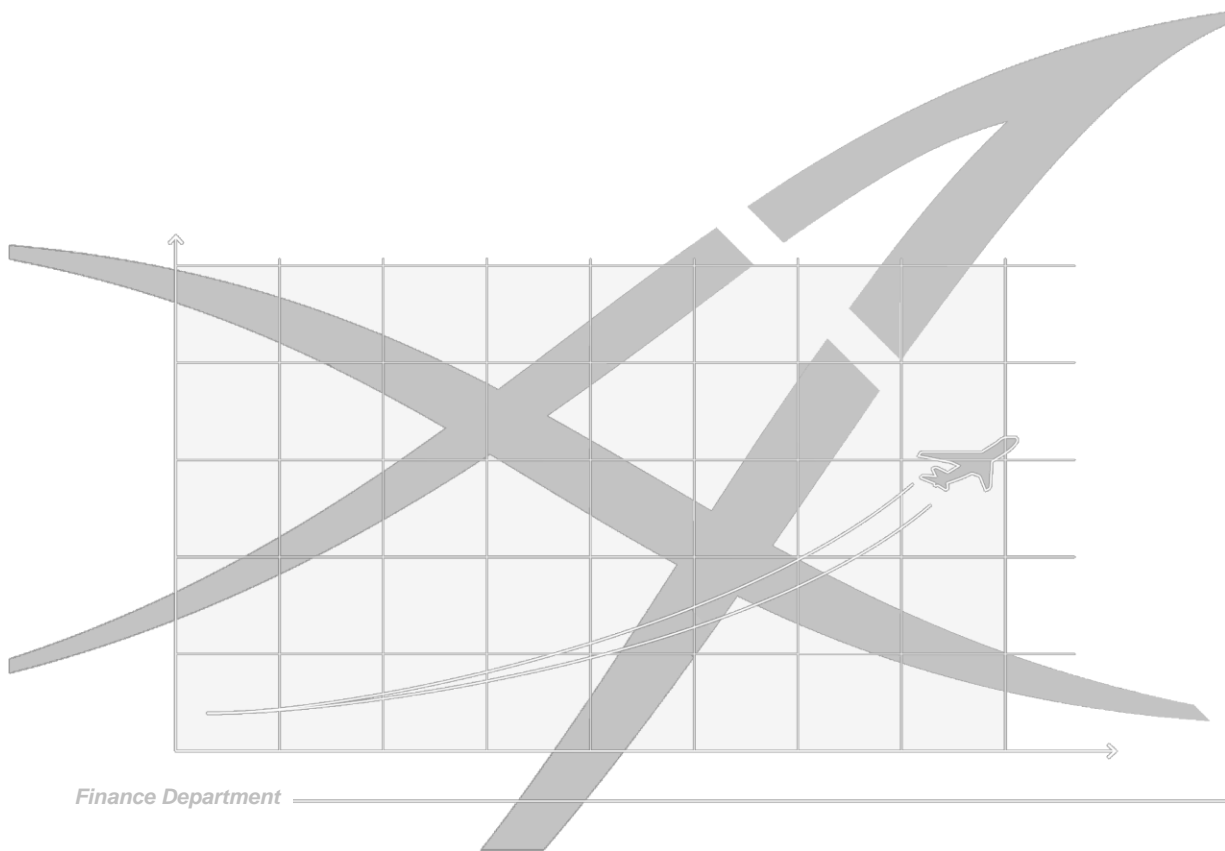
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1. GENERAL INFORMATION ABOUT THE COMPANY

On 22 March 2018, the concession agreement was concluded for financing, development through the construction and reconstruction, maintenance and infrastructure management of the Joint Stock Company Nikola Tesla Airport Belgrade and the performance of activities of airport operator at Nikola Tesla Airport in Belgrade between the Republic of Serbia, represented by the Government of the Republic of Serbia and Joint Stock Company Belgrade Nikola Tesla Airport (hereinafter: the Company) on the one hand, as the Grantor, and VINCI Airports Serbia d.o.o. Belgrade, a legal entity established in accordance with the laws of the Republic of Serbia, with registered seat in Belgrade, 11180 Belgrade 59, company registration number: 21364568, TIN (Tax Identification Number): 110572920 and), and VINCI Airports S.A.S., Simplified Joint Stock Company (SAS) with registered address at Louis Blériot 12/14, Rueil-Malmaison (92500), France, registered in the Register of Trade and Companies in Nanterre under the number 410 002 075, as the most favourable individual bidder and the founder of the Company for Special Purposes (SPV), on the other hand, with the Supplementary Agreement dated 14 December 2018, and the Protocol on updating the appendices to the Concession Agreement dated 21 December 2018 (hereinafter: the Concession Agreement).

Bearing in mind that the contracting parties fulfilled all the preconditions stipulated in the agreement during the transitional period, including the payment of one-off concession fee in the amount of EUR 501,000,000 by the SPV on 21 December 2018 based on the consent of the Civil Aviation Directorate of the Republic of Serbia, the Airport Certificate was transferred from the JSC Company Nikola Tesla Airport Belgrade to Vinci Airports Serbia d.o.o. Belgrade, all in accordance with the Law on Air Traffic and the Rulebook on the conditions and procedure for issuing airport certificates, thereby conditions were met for the commencement of concession on 22 December 2018 (Concession Commencement Date).

On 23 July 2019, the change of business name was made, so that the business name "Vinci airports Serbia d.o.o. Belgrade" is deleted from the register of business entities and the name "Belgrade Airport d.o.o. Beograd" was entered.

In accordance with the adopted consolidated text of the Company's Articles of Association, which entered into force on the Concession Commencement Date, the Company ceased to be an airport operator as of the Concession Commencement date, that is, instead of core activity of provision of other services in air traffic, as one of the concession grantors, it proceeded with operation as a legal entity with changed core activity, i.e. renting and operating of own or leased real estate (68.20).

With the change of the core activity, the composition of the management bodies was changed, as well as the internal organization of the Company in order to adjust to the core activity of the concession Grantor, which is monitoring related to the implementation of the Concession Agreement as a public contract in accordance with the Law on Public and Private partnership and Concessions ("Official Gazette of the RS No. 88/2011, 15/2016 and 104/2016), as well as in accordance with the Decree on monitoring of the execution of public contracts on public-private partnership ("Official Gazette of RS", No. 47/2013), and thereby the number of employees, their rights and obligations.

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| Business Name | | JOINT STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT |
|----------------------|--|--|
| 1 | Registered seat and address | Belgrade, 11180 Belgrade 59 |
| | Company registration number | 07036540 |
| | TIN | 100000539 |
| 2 | Website and e-mail | www.antb.rs; kabinet@antb.rs |
| 3 | Number and date of decision on entry in the Business Register | Registration number: BD 4874/2005 Registration date: 15 June 2005 Registration number: BD 91540/2012 Registration date: 9 July 2012 Registration number: BD 100187/2012 Registration date: 20 July 2012 |
| 4 | Activity (code and description) | 68.20 - Renting and operating of own or leased real estate |
| 5 | Number of employees | on 31 December 2019 36 employees |
| 6 | Value of equity | RSD 21,015,677,400 (on 31 December 2019) |
| 7 | Name, registered seat of the auditing company that audited the last financial report for 2018 | „PKF“ d.o.o. 5/III Palmira Toljatija Street, Belgrade |
| 8 | Number of issued shares, ISIN number and CFI COD | Number of ordinary shares 35,026,129 (on 31 December 2019) CFI code ESVUFR ISIN number RSANTBE 11090 |
| 9 | Name of the organized market on which the shares are listed | Beogradska berza ad Beograd, 1 Omladinskih Brigada Street, 11070 Novi Beograd |

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Ten largest shareholders by number of shares on 31 December 2019

| No. | Name of the Shareholder | Number of shares | % of share |
|-----|---|------------------|------------|
| 1 | REPUBLIC OF SERBIA | 29,616,702 | 84.56 |
| 2 | OTP BANKA SRBIJA - CUSTODY ACCOUNT – FO | 781,894 | 2.23 |
| 3 | VOJVODANSKA BANKA AD NOVI SAD COLLECTIVE ACCOUNT | 645,100 | 1.84 |
| 4 | OTP BANKA SRBIJA - CUSTODY ACCOUNT – FO | 366,177 | 1.05 |
| 5 | RAIFFEISEN BANKA AD – CUSTODY ACCOUNT - KS | 62,988 | 0.18 |
| 6 | AD AERODROM NIKOLA TESLA BGD /JSC BELGRADE NIKOLA TESLA AIRPORT/ | 55,320 | 0.16 |
| 7 | BOŽIĆ SVETISLAV | 45,003 | 0.13 |
| 8 | KERAMIKA JOVANOVIĆ DOO | 32,379 | 0.09 |
| 9 | DUNAV RE AD | 28,231 | 0.08 |
| 10 | RAIFFEISEN BANKA AD – CUSTODY ACCOUNT - KS | 25,765 | 0.07 |

Finance Department

2. MANAGEMENT

Board members for the period I-XII 2019:

| Assembly of the company: | | |
|--------------------------|---------------------------------|---|
| No. | Name, surname, residence | Education, present employment, (company's business name and position) |
| 1 | Vladimir Dimitrijevic, Belgrade | Doctor of Law, Executive Director of Public Company „Pošta Srbije“ |

| Supervisory Board: | | |
|--------------------|-------------------------------|---|
| No. | Name, surname, residence | Education, present employment, (company's business name and position) |
| 1 | Vesna Stankovic, Belgrade | Bachelor of Economics, Managing Director Assistant of the Procurement Directorate of the National Bank of Serbia |
| 2 | Srdjan Minic, Belgrade | Bachelor of Economics, Technical Support and Documentation Engineer, Telekom Srbija |
| 3 | Goran Mirkovic, Belgrade | Master of Economics, Independent Expert Associate for control and analysis of capacity utilization – Institute for Manufacturing Banknotes and Coins of the National Bank of Serbia |
| 4 | Petar Jaric, Belgrade | Bachelor of Economics, Deputy Director – National Employment Service |
| 5 | Dragoslav Stankovic, Doljevac | Professional Manager, Customer Care Officer in Elektrodistribucija Niš – Branch Office Doljevac |

| Executive Board: | | |
|------------------|------------------------------|---|
| No. | Name, surname, residence | Education, present employment, (company's business name and position) |
| 1 | Saša Vlaisavljević, Belgrade | Bachelor of Traffic Engineering, President of the Executive Board, Managing Director of JSC Belgrade Nikola Tesla Airport |
| 2 | Ana Kaluđerovic, Belgrade | Bachelor of Mechanical Engineering, Executive Director for Monitoring and Managing the Concession Project JSC Belgrade Nikola Tesla Airport |
| 3 | Nada Zečević*, Belgrade | Bachelor of International Management, Executive Director for Corporate Affairs, JSC Belgrade Nikola Tesla Airport |

*Nada Zečević was the Executive Director until 7 February 2019.

The Company Secretary and the Internal Auditor are organization-wise separated and directly accountable to the Supervisory Board.

Finance Department

2.1. OVERVIEW OF THE CORPORATE GOVERNANCE RULES

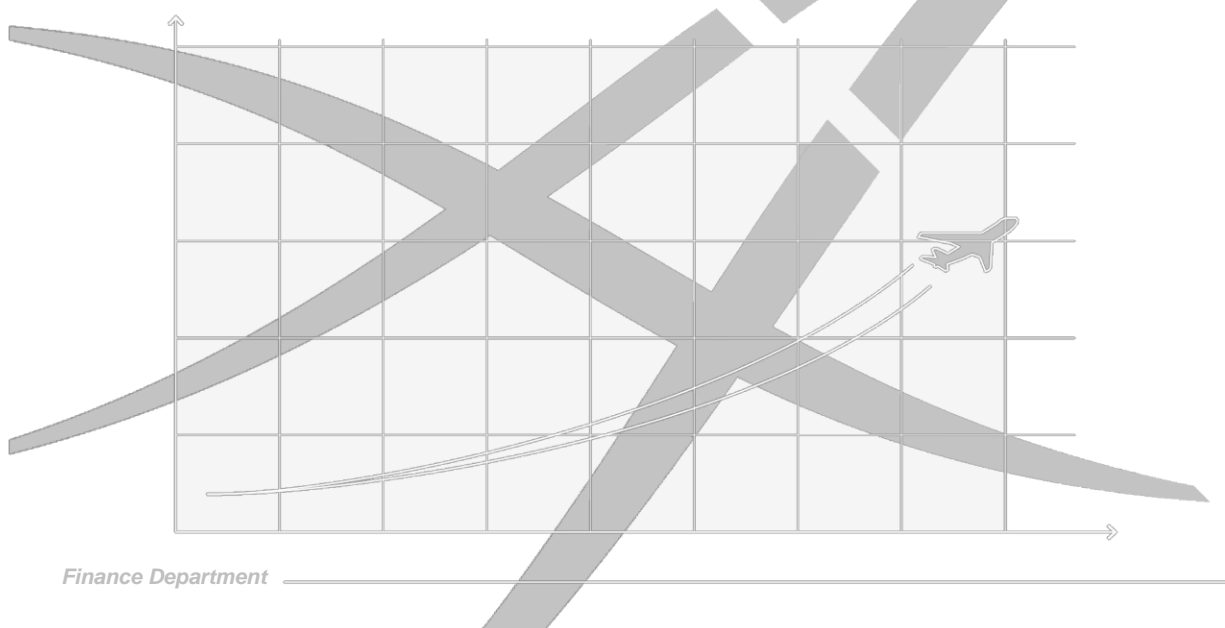
As a member of the Serbian Chamber of Commerce, the Company, has accepted the Corporate Governance Code published in the Official Gazette of the Republic of Serbia No. 99/2012, as well as on the Company's website www.antb.rs.

The rules set out in this Code are complementary to the applicable legislation, so that no provision of the Code repeals a legal rule that regulates the same issue differently. Moreover, the Code does not in any way change the meaning or correct interpretation of legal provisions. The Code is within the boundaries of the law as it covers matters that are not regulated by law (the so-called legal voids) or regulated by dispositive legal norms.

The Code includes two types of rules:

- 1) recommendations - the rules that a for-profit company should accept and act upon, which can be recognized in the Code by the term "should" used in them;
- 2) suggestions - rules that are considered to be preferred practice in the field of corporate governance, recognizable in the Code by the term "may," "ought to," and the like.

The recommendations contained in this Code represent the minimum standards that public joint stock companies (members of the Serbian Chamber of Commerce) should accept and act upon, and if they do not do so, or if they do not do so in the manner envisaged by this Code, they are required to provide a justification for such deviation in a form of a statement on the implementation of corporate governance codes in accordance with the Law on Companies.



3. REVENUES AND EXPENSES

In view of the fact that on 22 December 2018, the concession commenced which resulted in changed its core activity of the Company from an airport operator as stated above, revenue and expenditure are presented in accordance with the legal obligation of annual reporting based on the Law on Capital Market (Official Gazette of RS, No. 31/2011, 112/2015 and 108/2016), according to which we are obliged to report the results of the current year in relation to the same period of the previous year. As a result of the change in the core activity of the Company, it is not comparable to perform a comparison shown in percentage of the generated revenues and expenses of the current and previous year. In addition, considering that this is a material change, regardless of the legal continuity of the Company's existence that has not been terminated (same TIN, same company ID number), in reality, the Company has the status of a newly established entity (start up), which further explains the incomparability of business operation, however, the legal obligation in terms of the content of reporting is being fulfilled by presenting the year 2018.

In the absence of an accounting standard that specifically applies to the accounting treatment of the concession from the Grantor's perspective, the standard IAS 8 prescribes that management uses its own judgment in developing and applying an accounting policy that results in information that is:

relevant to the economic decision-making needs of users of financial statements and reliable, in terms that the financial statements:

represent faithfully the financial position, financial performance and cash flows of the entity;
reflect the economic substance of transactions, other events and conditions, and not merely the legal form
are neutral, i.e. free from bias;
are prudent; and
are complete in all material respects.

In accordance with the above regulations of IAS 8, IFRS 16 - Leases was applied for an accounting treatment of the Concession Agreement, starting from the fact that according to its legal nature, the Concession Agreement is most similar to lease, considering that the right to use was assigned onto the SPV together with the right to manage during the Concession Period, but with no right to dispose the Concession assets (movable, immovable and intangible assets of the Company) with the obligation of the SPV to return the Concession assets to the Company after the termination of the Concession Agreement.

In accordance with the requirements of IFRS 16, the entire assets of the Company are analysed in terms of the type of assets and the period of their use. Concession assets are treated as follows:

- Infrastructure assets and their closely associated assets (equipment) are subject to depreciation in accordance with IAS 16 (property, plant and equipment).
- Other assets that are not closely associated to infrastructure assets are considered as sold on "Day-1", which marks the commencement of the concession and are accordingly recorded under Prepayments and accrued income. These funds are not subject to depreciation, but the total value of these funds is deferred over the entire concession period and proportionally reduces the income of the current year.

In accordance with the requirements of IFRS 16, revenue treatment is determined as follows:

- Minimum annual Concession Fee - the total amount of the agreed Minimum Concession Fee is earned per year, in accordance with the determined amounts of the minimum annual concession fee, in accordance with the Concession Agreement.
- Variable benefits that depend on the amount of revenues - are recognized as revenues in the period to which it relate.
- Revenues from planned capital expenditure generated by SPV in the name and for the account of the Company (CAPEX) - are accrued by years for the entire concession period from the moment of putting into operation and acceptance of the newly built immovable assets of the concession, as well as upgrades and reconstructions of the existing Concession assets to the Company, in proportion by years for the remaining concession period.

It should be also noted that within the generated revenues, expenditures and in the financial operating results, there is a discrepancy in relation to the stated categories planned in the budget amendment for the period I-XII 2019. The reason for this discrepancy of the above categories within the report is due to the effects of performed assessment of fair value, by engaging KPMG d.o.o. Belgrade to conduct assessment of the fair value of assets as at 1 January 2019, as well as due to early repayment of the liabilities under the EIB loan.

According to the decision of the Supervisory Board number DNO-2/2019 dated 30 September 2019, the Report on the assessment of the fair value of the assets of JSC Company Nikola Tesla Airport Belgrade was adopted as at 1 January 2019. The effects of the assessment were implemented in the generated revenues, expenses and financial results for the period I-XII 2019.

3.1. REVENUES

In the period I-XII 2019, the Company generated total revenue in the amount of RSD 1,362,729,704 and it is significantly lower than the projection of total revenue in the budget amendment for the period I-XII 2019.

It should be noted that in the period I-XII 2019, early repayment of liabilities under the EIB loan was made in accordance with the provisions of the Agreement, and that the assessment of the fair value of assets was performed as at 01 January 2019 by KPMG d.o.o. Belgrade.

Operating income generated in the period I-XII 2019 amounted to **RSD 615,344,286** which represents an 11% increase in relation to the operating income envisaged in the budget amendment for the period I-XII 2019. Within the generated operating income for the period I-XII 2019, the largest income accounts for the income from the Concession Fee in the amount of **RSD 564,414,751**, as well as the income from the free of charge acquisition of the cadastral parcels 5251 and 5252 CM Surčin, which were transferred to the Company by the SPV in accordance with the Concession Agreement. Since the cadastral parcels 5251 and 5252 CM Surčin were acquired free of charge, an independent assessment was performed by an appraiser hired by the Company to record the subject fixed asset in the business books, whereby the total estimated value of EUR 25.4 million was determined. The total area of the subject plots is 107,650 m².

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Applying IFRS 16, the estimated value is proportionally accrued over the duration of the concession (25 years), so that in 2019, the corresponding income of 119.474.285 dinars was implemented (i.e. 1.02 million euros - at the middle exchange rate of the NBS applicable on 31 December 2019, which amounted to 117.5928 dinars).

The valuation of the land was performed by an independent appraiser Adventis Real Estate Management.

Financial income of the period I-XII 2019 were generated in the amount of **RSD 71,339,758**, which is a decrease by 40% compared to the projection of financial income in the budget amendment for the period I-XII 2019. Within financial income, the income from exchange rate differences represents the largest generated income and account for 71% of the total generated financial income.

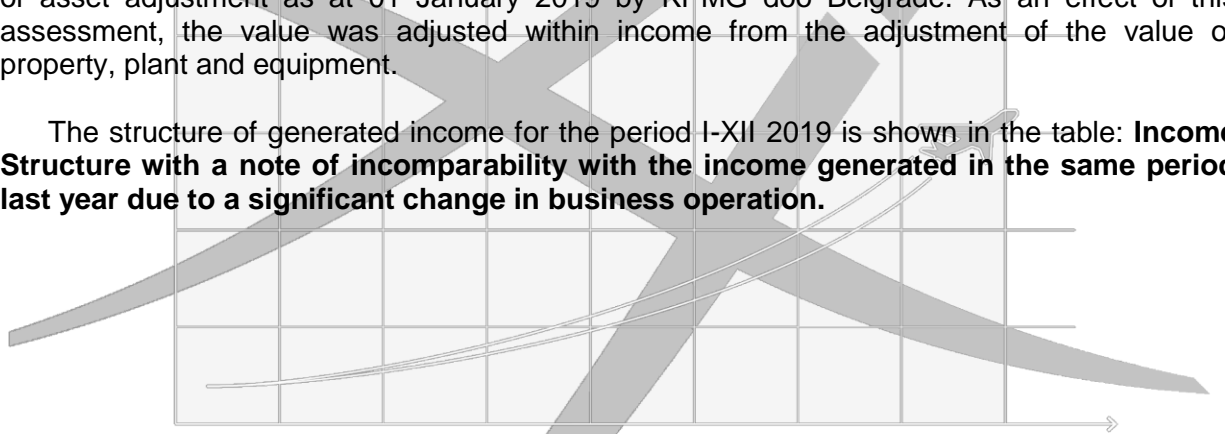
The generation of this income from exchange rate differences mostly refers to the conversion of foreign currency (dollars) into dinars, when paying dividends, , i.e. profit sharing to employees for 2018, as well as advance payments of income taxes for 2019.

As a result of such significant exchange rate differences - the growth of the middle exchange rate of the dinar in relation to the dollar was incurred, amounting to 103.3893 dinars as at 1 January 2019. On 18 March 2019, when the conversion of foreign currency into dinars for income tax liabilities was made and the participation of employees in the distribution of profits for 2018, the middle exchange rate for the dollar was 104.3163 dinars, while the middle exchange rate for the dollar on 16 April 2019, when the conversion for the payment of dividends for 2018 was performed, the middle exchange rate of the dollar was 104.1330 dinars.

Other income in the period I-XII 2019 were generated in the amount of **RSD 676,045,659** and it is significantly lower compared to the income projected for the mentioned period in the budget amendment. This decrease in generated other income in relation to the income projected for the mentioned period in the budget amendment arises both due to changes in the time schedule of the works execution by the SPV, and from the treatment of capital expenditure (CAPEX) by applying the IFRS 16. With the mentioned accounting treatment, we accrued income from capital expenditure by years for the entire concession period from the moment of putting to use and the transfer of the new concession assets, as well as upgrading and reconstruction of the existing concession assets on the NTA.

Within the other generated income, it is important to mention the income generated based on early repayment of liabilities under the EIB loan and the effects of the fair value assessment of asset adjustment as at 01 January 2019 by KPMG doo Belgrade. As an effect of this assessment, the value was adjusted within income from the adjustment of the value of property, plant and equipment.

The structure of generated income for the period I-XII 2019 is shown in the table: **Income Structure with a note of incomparability with the income generated in the same period last year due to a significant change in business operation.**



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| REVENUE STRUCTURE FOR THE PERIOD I-XII 2019 | | | | | | |
|---|---|--|-----------------------|----------------------|------------------------|------------|
| No. | Service type | Service description | Realization | Plan I-XII 2019 | Realization I-XII 2019 | Index |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 (6/5) |
| | Air services – domestic companies | | | | | |
| | 614000+614004+614300+614302+614303+614304 | Landing | 187,356,047 | 0 | 0 | 0 |
| | 614010+614014+614310+614312+614313+614314 | Lighting | 52,819,901 | 0 | 0 | 0 |
| | 614030+614034+614330+614332+614333+614334 | P/O | 572,532,482 | 0 | 0 | 0 |
| | 614040+614042+614043+614044 | Infrastructure | 318,577,163 | 0 | 0 | 0 |
| | 614050+614052 | Air bridges | 82,882,302 | 0 | 0 | 0 |
| | 614020+614024+614320+614322+614323+614324 | Revenue from aircraft stay | 6,392,280 | 0 | 0 | 0 |
| I | | | 1,220,560,175 | 0 | 0 | 0 |
| | Air services – foreign companies | | | | | |
| | 615010+615011+615012+615013+615014 | Landing | 715,541,291 | 0 | 0 | 0 |
| | 615020+615021+615022+615023+615024 | P/O | 747,439,484 | 0 | 0 | 0 |
| | 615030+615031+615032+615033+615034 | Lighting | 80,901,526 | 0 | 0 | 0 |
| | 615040+615042+615043+615044 | Infrastructure | 511,808,310 | 0 | 0 | 0 |
| | 615060+615062 | Air bridges | 205,041,951 | 0 | 0 | 0 |
| | 615000+615001+615002+615003+615004 | Revenue from aircraft stay | 15,410,524 | 0 | 0 | 0 |
| II | Total air services (foreign companies) | | 2,276,143,085 | 0 | 0 | 0 |
| I+II | Total air services | | 3,496,703,260 | 0 | 0 | 0 |
| | Passenger service | | | | | |
| | 614400+614404 – domestic companies – domestic traffic | Passenger service d.c./d.t. | 0 | 0 | 0 | 0 |
| | 614181+614182+614183+614190+614192 (BRS and PRM) +614410+614412+614413+614414 | Passenger service d.c./i.t. | 960,280,198 | 0 | 0 | 0 |
| | 615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM | Passenger service – foreign companies | 2,314,061,115 | 0 | 0 | 0 |
| | 614420+614430+614432+614433+614434+615230+615232+615233+615234 | Security fees | 1,198,486,712 | 0 | 0 | 0 |
| III | Total passenger service | | 4,472,828,025 | 0 | 0 | 0 |
| I+II+III | Total air services and passenger service | | 7,969,531,285 | 0 | 0 | 0 |
| | Customs warehouse services | | | | | |
| | 614500+614510 | Customs warehouse services – domestic market | 163,901,161 | 0 | 0 | 0 |
| | 615300+615310 (foreign) | Customs warehouse services – foreign market | 14,917,739 | 0 | 0 | 0 |
| IV | Total customs warehouse services | | 178,818,900 | 0 | 0 | 0 |
| V | Total services related to air traffic (I to IV) | | 8,148,350,185 | 0 | 0 | 0 |
| | Other services | | | | | |
| 1 | 614360+614362+615100+615102 | DCS Services | 24,459,298 | 0 | 0 | 0 |
| 2 | 614110+614112+614114+614115+614116+614170+614172+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895 | Work order | 126,369,088 | 0 | 0 | 0 |
| 3 | 614130+614131+615071+615072 | VIP Salon | 6,837,725 | 0 | 0 | 0 |
| 4 | 614140+614142+615090+615092 | CUTE (domestic + foreign) | 184,720,444 | 0 | 0 | 0 |
| 5 | 614380+615080 | Lost and found | 19,753,302 | 0 | 0 | 0 |
| 6 | 6146+615120+615400+615401 | Communal services | 186,488,270 | 0 | 0 | 0 |
| 7 | 614820+615170 | Hospitality services business class | 1,400 | 0 | 0 | 0 |
| 8 | 614870+615810 | Advertising space | 48,129,436 | 0 | 0 | 0 |
| 9 | 614883 | Commercial use of the apron | 58,398,038 | 0 | 0 | 0 |
| 10 | 614160+614163+614164+615110+615112+615113+615114 | Aircraft de-icing services | 171,902,014 | 0 | 0 | 0 |
| 11 | 614860+614861+614865+614866+614867+614868+615880+615885+615887+615888 | Revenues from parking space | 205,443,039 | 0 | 0 | 0 |
| 12 | Other unspecified services - domestic + foreign | | 21,987,243 | 20,000,000 | 0 | 0 |
| VI | Other services (1 to 12) | | 1,054,489,296 | 20,000,000 | 0 | 0 |
| VII | Total 61 - Revenue from the sale of services (V+VI) | | 9,202,839,481 | 20,000,000 | 0 | 0 |
| | Revenue from the sale of goods | | | | | |
| VIII | 60 - Revenue from the sale of kerosene + goods | | 5,468,796 | 0 | 0 | 0 |
| IX | Total (60+61) REVENUE GENERATED FROM SALES (VII+VIII) | | 9,208,308,277 | 20,000,000 | 0 | 0 |
| X | 64 and 65 - Other operating revenue | | 60,296,538,013 | 533,430,040 | 615,344,286 | 115 |
| XI | OPERATING REVENUE (IX+X) | | 69,504,846,289 | 553,430,040 | 615,344,286 | 111 |
| XII | 66 – FINANCIAL REVENUES | | 125,122,767 | 118,330,224 | 71,339,758 | 60 |
| 1 | Interest | | 67,048,247 | 64,499,338 | 20,649,209 | 32 |
| 2 | foreign exchange differences - realized | | 50,507,858 | 32,768,668 | 50,459,029 | 154 |
| 3 | foreign exchange differences - unrealized | | 7,566,663 | 21,062,217 | 231,520 | 1 |
| XIII | 67, 68 and 69 OTHER REVENUES | | 221,757,448 | 3,694,814,050 | 676,045,659 | 18 |
| XIV | Total income (XI+XII+XIII) | | 69,851,726,505 | 4,366,574,314 | 1,362,729,704 | 31 |

3.2. EXPENSES

In the period I-XII 2019, **total expenses** of the Company amounted to **RSD 1,862,601,748** which represents increase by 7% compared to the total expenses projected in the budget amendment for the period I-XII 2019. Total generated expenses are higher than the expenses projected in the budget amendment due to the effects of fair value assessment of asset adjustments performed by KPMG doo Belgrade.

Operating expenses in the period I-XII 2019 of the Company amounted to **RSD 1,072,737,807** and are lower by 31% compared to the operated expenses projected in the budget amendment for the period I-XII 2019. The most significant decrease is recorded in the group of material and energy costs (account group 51) by 58%, followed by the group of depreciation and provisions costs (account group 54) by 37%, intangible costs (account group 55) by 26% and in the group costs of salaries, allowances and other personal expenses (group 52 account) by 17%.

The structure of generated **operating expenses** for the period I-XII 2019 is as follows:

- Costs of depreciation and provisions (account group 54) in the amount of **RSD 714,571,180**;
- Intangible costs (account group 55) in the amount of **RSD 149,732,344** – the largest generated cost within this group of costs refers to the costs of the Airport property tax in the amount of 75.025.902 dinars which are higher by 6% compared to the projected tax costs in the budget amendment for the period I-XII 2019, due to the transfer of cadastral parcels 5251 and 5252 CM Surčin at the estimated value, which the SPV transferred to the ownership of NTA free of charge, in accordance with the provisions of the Concession Agreement;
- costs of salaries, allowances and other personal expenses (account group 52) in the amount of **RSD 137,575,941**;
- costs of production services (account group 53) in the amount of **RSD 68,446,668**;
- cost of materials and energy (account group 51) in the amount of **RSD 2,411,675**.

Financial expenses in the period I-XII 2019 amounted to **RSD 135,916,183** and are lower by 2% compared to the projected financial expenses in the budget amendment for the period I-XII 2019, mostly due to negative exchange rate differences that make up 92% of the total generated financial expenses.

Negative exchange rate differences mostly refer to the conversion of foreign currency funds into dinars, for the payment of dividends, profit share distribution to the employees 2018, as well as for the advance payment of income tax for 2019. The consequence of such significant negative exchange rate differences is the decreased middle exchange rate of the dinar in relation to the euro, which amounted to 118.1946 dinars on 01 January 2019. On 18 March 2019, when the conversion of foreign currency into dinars was made for income tax liabilities and profit share distribution to the employees for 2018, the middle exchange rate of the euro was 118.060 dinars, while on 16 April 2019, when the conversion for the payment of dividends for 2018 was performed, the average exchange rate of the euro was 117.9609 dinars.

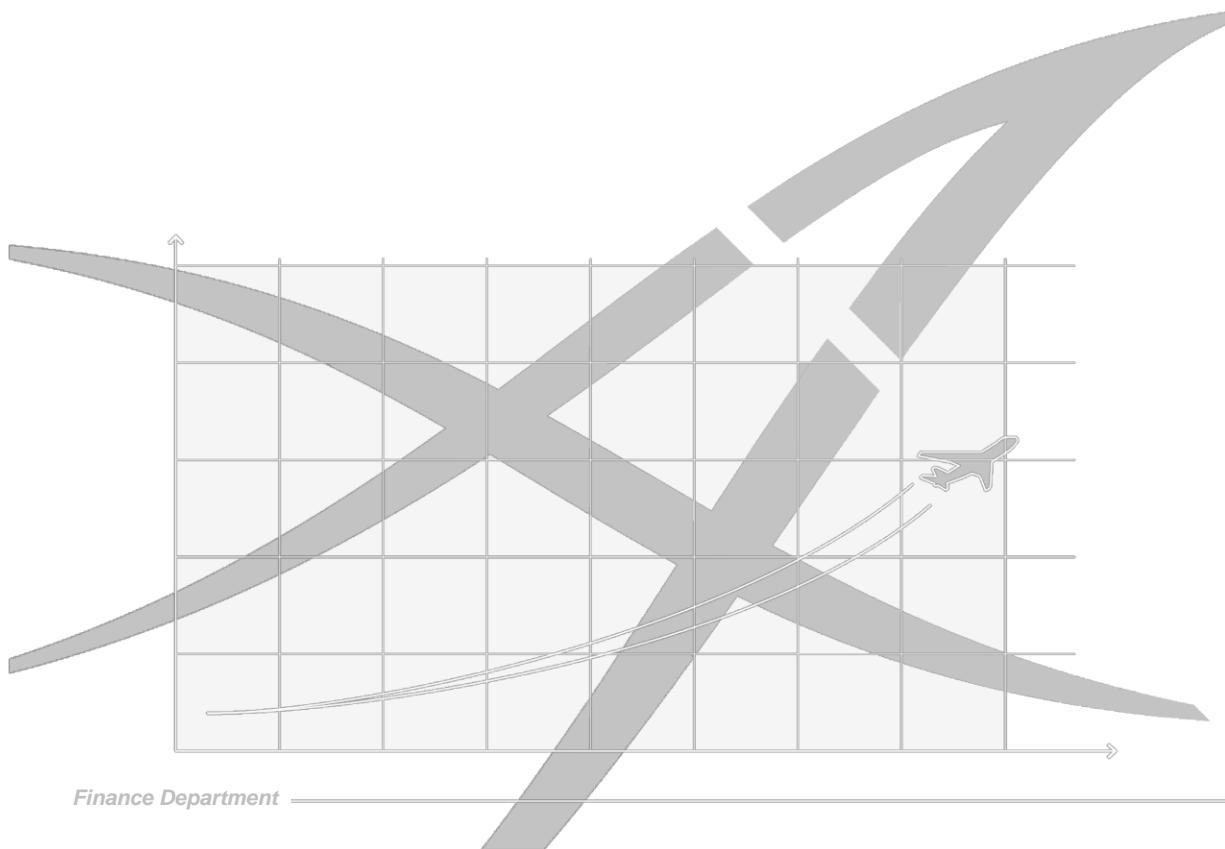
Other expenses in the period I-XII 2019 amounted to **RSD 653,947,758** and are significantly higher than the expenditures projected in the budget amendment for the mentioned period.

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Such a significant increase in generated other expenses is a consequence of the effects of fair value assessment of asset adjustments performed by KPMG doo Belgrade. As an effect of this assessment, the value was adjusted within expenses based on impairment of property, plant and equipment.

Within the generated other expenses in the period I-XII 2019, a higher expense is also recorded within the subsequently determined expenses from previous years in the amount of **RSD 58,042,633**.

The structure of generated expenses for the period I-XII 2019 is shown in the table: **Expense Structure with a note on incomparability with the expenses in same period of the previous year due to a significant change in business operation.**



| EXPENSE STRUCTURE FOR THE PERIOD I-XII 2019 | | | | | |
|---|---|------------------------|----------------------|------------------------|-------------|
| Account | Account name | Realization I-XII 2018 | Plan I-XII 2019 | Realization I-XII 2019 | Index |
| 1 | 2 | 3 | 4 | 5 | 6 (5/4) |
| 50 | COST OF GOODS SOLD | 4,910,715 | 0 | 0 | 0 |
| 501 | COST OF GOODS SOLD | 4,910,715 | 0 | 0 | 0 |
| 51 | COST OF MATERIAL AND ENERGY | 569,450,770 | 5,678,101 | 2,411,675 | 42 |
| 511 | COST OF MATERIAL | 189,061,298 | 1,245,000 | 0 | 0 |
| 512 | COST OF OVERHEAD MATERIAL | 21,329,549 | 4,433,101 | 1,258,055 | 28 |
| 513 | COST OF FUEL AND ENERGY | 299,723,211 | 0 | 911,747 | 0 |
| 514 | COST OF SPARE PARTS | 58,952,694 | 0 | 0 | 0 |
| 515 | ONE-OFF WRITE-OFF OF TOOLS AND INVENTORY | 384,018 | 0 | 241,872 | 0 |
| 52 | COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES | 3,509,843,226 | 165,582,196 | 137,575,941 | 83 |
| 520 | COST OF SALARIES AND FRINGE BENEFITS (GROSS) | 2,022,301,638 | 125,006,230 | 100,548,750 | 80 |
| 521 | COST OF TAX AND CONTRIBUTIONS ON SALARIES AND FRINGE BENEFITS - EMPLOYER | 362,005,909 | 19,382,424 | 16,885,253 | 87 |
| 522 | COST OF COMPENSATION BASED ON SERVICE CONTRACT – GROSS | 292,936 | 2,880,000 | 1,018,280 | 35 |
| 524 | COST OF SALARIES AND FRINGE BENEFITS BASED ON TEMPORARY AND SEASONAL JOBS - GROSS | 647,935,279 | 6,133,578 | 6,153,043 | 100 |
| 526 | COMPENSATION TO DIRECTOR, I.E. MEMEBERS OF MANAGEMENT AND SUPERVISORY BODIES – GROSS | 9,184,224 | 5,619,319 | 7,478,170 | 133 |
| 529 | OTHER PERSONAL EXPENSES AND COMPENSATIONS | 468,123,239 | 6,560,645 | 5,492,445 | 84 |
| 53 | COST OF PRODUCTION SERVICES | 475,154,587 | 39,158,137 | 68,446,668 | 175 |
| 531 | COST OF TRANSPORTATION SERVICES | 65,400,843 | 2,390,000 | 2,371,443 | 99 |
| 532 | COST OF MAINTENANCE SERVICES | 203,869,721 | 5,842,930 | 12,754,501 | 218 |
| 533 | RENTAL COSTS | 38,095,434 | 29,700,000 | 22,552,705 | 76 |
| 535 | ADVERTISING AND PROMOTION COST | 113,432,087 | 500,000 | 27,444,563 | 5489 |
| 539 | COST OF OTHER SERVICES | 54,356,502 | 725,208 | 3,323,455 | 458 |
| 54 | COST OF DEPRECIATION AND PROVISIONING | 1,282,445,667 | 1,141,686,999 | 714,571,180 | 63 |
| 540 | DEPRECIATION COST | 1,229,112,167 | 1,122,286,999 | 681,269,201 | 61 |
| 545 | PROVISIONING FOR EMPLOYEE BENEFITS | 0 | 600,000 | 3,801,979 | 634 |
| 549 | OTHER LONG-TERM PROVISIONS | 53,333,500 | 18,800,000 | 29,500,000 | 157 |
| 55 | NON-PRODUCTION COST | 794,674,343 | 203,091,649 | 149,732,344 | 74 |
| 550 | COST OF NON-PRODUCTION SERVICES | 616,992,921 | 123,685,660 | 63,048,893 | 51 |
| 551 | REPRESENTATION COST | 9,909,602 | 550,000 | 3,393,932 | 617 |
| 552 | COST OF INSURANCE PREMIUMS | 44,713,471 | 302,000 | 552,071 | 183 |
| 553 | COST OF PAYMENT OPERATIONS | 6,985,684 | 3,150,000 | 2,354,907 | 75 |
| 554 | MEMBERSHIP FEES | 4,382,047 | 1,000,000 | 1,114,688 | 111 |
| 555 | TAX COST | 88,583,919 | 71,000,000 | 75,025,902 | 106 |
| 559 | OTHER NON-PRODUCTION COSTS | 23,106,699 | 3,403,989 | 4,241,951 | 125 |
| I | OPERATING EXPENSES | 6,636,479,307 | 1,555,197,083 | 1,072,737,807 | 69 |
| 56 | FINANCIAL EXPENSES | 116,224,033 | 139,030,698 | 135,916,183 | 98 |
| 562 | INTEREST EXPENSES | 34,320,451 | 9,897,279 | 9,720,318 | 98 |
| 563 | FOREIGN EXCHANGE LOSSES | 81,066,263 | 128,000,000 | 124,442,620 | 97 |
| 564 | CURRENCY CLAUSE LOSSES | 837,319 | 1,133,419 | 1,753,246 | 155 |
| II | FINANCIAL EXPENSES | 116,224,033 | 139,030,698 | 135,916,183 | 98 |
| 57 | OTHER EXPENSES | 392,726,243 | 1,450,000 | 26,340,156 | 98 |
| 570 | LOSSES FROM DISPOSAL AND SALES OF INTANGIBLE INVESTMENT IN PROPERTY AND EQUIPMENT | 187,390,571 | 0 | 9,527,677 | 0 |
| 574 | SHORTAGES | 3,133,665 | 0 | 0 | 0 |
| 575 | CONTRACTUALLY AGREED RISK PROTECTION WHICH CANNOT BE INCLUDED IN THE REVALUATION RESERVES | 444 | 0 | 0 | 0 |
| 576 | EXPENSES FROM DIRECT WRITE-OFFS OF RECEIVABLES | 542,015 | 0 | 1,673,775 | 0 |
| 577 | DISPOSAL OF ASSETS | 151,873,822 | 0 | 0 | 0 |
| 579 | OTHER UNSPECIFIED EXPENSES | 49,785,725 | 1,450,000 | 15,138,705 | 1044 |
| 58 | IMPAIRMENT EXPENSES | 58,032,902 | 22,000,000 | 569,564,968 | 2589 |
| 582 | IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT | 3,928,929 | 0 | 544,358,216 | 0 |
| 583 | IMPAIRMENT OF LONG-TERM FINANCIAL INVESTMENTS AND AVAILABLE-FOR-SALE SECURITIES | 5,248,605 | 0 | 151,833 | 0 |
| 585 | IMPAIRMENT OF SHORT-TERM FINANCIAL INVESTMENTS | 47,659,729 | 22,000,000 | 20,923,069 | 95 |
| 589 | IMPAIRMENT OF OTHER PROPERTY | 1,195,639 | 0 | 4,131,850 | 0 |
| 59 | EXPENSES I N THE PREVIOUS YEARS | 37,074,799 | 25,273,128 | 58,042,633 | 230 |
| 592 | EXPENSES FROM CORRECTION OF PRIOR PERIOD ERRORS THAT ARE NOT MATERIAL | 37,074,799 | 25,273,128 | 58,042,633 | 230 |
| III | OTHER EXPENSES | 487,833,944 | 48,723,128 | 653,947,758 | 1342 |
| | TOTAL INCOME (XI+XII+XIII) | 7,240,537,283 | 1,742,950,908 | 1,862,601,748 | 107 |

3.3. FINANCIAL RESULT FOR THE PERIOD I-XII 2019

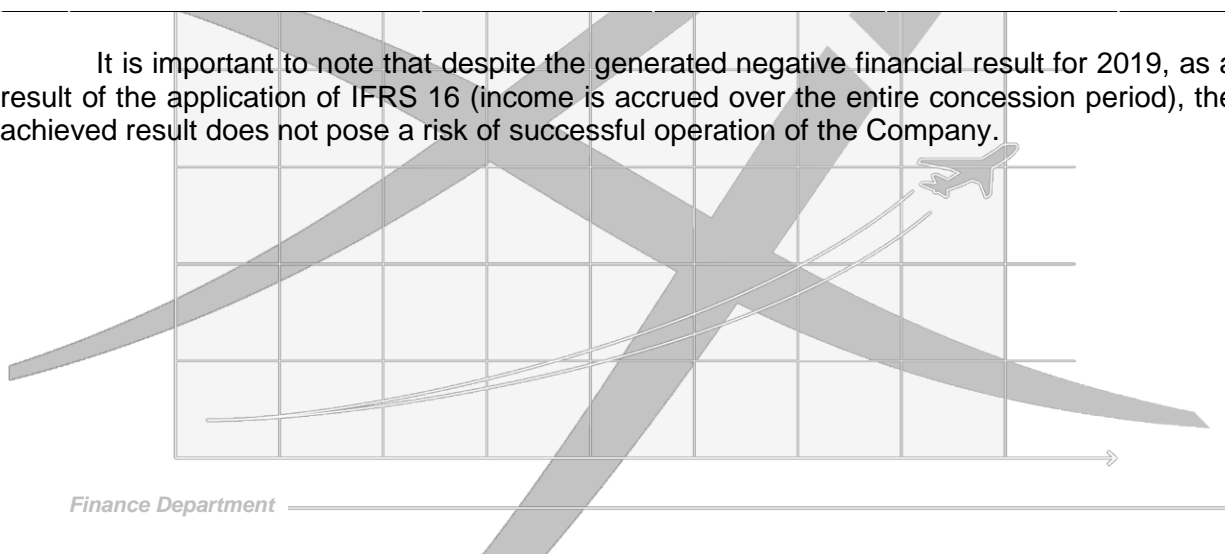
In the period I-XII 2019, the Company realized **negative financial result in the gross amount of (499,872,045) dinars** and the **net amount of (453,856,605) dinars**.

The so realized **negative financial result** for 2019 is mostly due to the application of IFRS 16, which is the basis for accrual of income based on the Concession Agreement (CAPEX, minimum annual Concession Fee) by years for the entire Concession Period.

On the other hand, the effects of the assessment of the fair value of assets as at 1 January 2019 had a significant impact on the business result for 2019.

| FINANCIAL RESULT FOR THE PERIOD I-XII 2019 | | | | | |
|--|------------------------------------|---------------------------|----------------------|---------------------------|------------|
| No. | Item | Realization I-XII 2018 | Plan I-XII 2019 | Realization I-XII 2019 | Index |
| 1 | 2 | 3 | 4 | 5 | 6 (5/4) |
| 1 | Operating revenue | 69,504,846,289 | 553,430,040 | 615,344,286 | 111 |
| 2 | Operating expenses | 6,636,479,307 | 1,555,197,083 | 1,072,737,807 | 69 |
| 3 | Operating gain (1-2) | 62,868,366,982 | | | |
| 3a | Operating Loss (2-1) | | 1,001,767,043 | 457,393,521 | 46 |
| 4 | Financial revenue | 125,122,767 | 118,330,224 | 71,339,758 | 60 |
| 5 | Financial expenses | 116,224,033 | 139,030,698 | 135,916,183 | 98 |
| 6 | Financial gain (4-5) | 8,898,734 | | | |
| 6a | Financial loss (5-4) | | 20,700,474 | 64,576,425 | 312 |
| 7 | Other revenue | 221,757,448 | 3,694,814,050 | 676,045,659 | 18 |
| 8 | Other expenses | 487,833,944 | 48,723,128 | 653,947,758 | 1,342 |
| 9 | Other gain (7-8) | | 3,646,090,922 | 22,097,902 | 1 |
| 9a | Other loss (8-7) | 266,076,495 | | | |
| 10 | Total revenue (1+4+7) | 69,851,726,505 | 4,366,574,314 | 1,362,729,704 | 31 |
| 11 | Total expenses (2+5+8) | 7,240,537,283 | 1,742,950,908 | 1,862,601,748 | 107 |
| 12 | Total gross profit (10-11) | 62,611,189,221 | 2,623,623,405 | | |
| 12a | Total gross loss (11-10) | | | 499,872,045 | |
| 14 | Tax expense of the period | 9,433,469,276 | 0 | | |
| 15 | Deferred tax expense of the period | 22,270,001 | 77,000,000 | | |
| 16 | Deferred tax revenue of the period | | | 46,015,440 | |
| 17 | Personal income paid to employer | | | | |
| 18 | Net profit | 53,155,449,945 | 2,546,623,405 | | |
| 18a | Net loss | | | 453,856,605 | |

It is important to note that despite the generated negative financial result for 2019, as a result of the application of IFRS 16 (income is accrued over the entire concession period), the achieved result does not pose a risk of successful operation of the Company.



3.4. NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES ACCORDING TO PERSONNEL RECORDS IN 2019 (the last day in month)

| Month | Indefinite term | Fixed term | Total | Temporary employment | GRAND TOTAL |
|-----------|-----------------|------------|-----------|----------------------|-------------|
| 1 | 2 | 3 | 4 (2+3) | 5 | 6 (4+5) |
| January | 24 | 6 | 30 | 2 | 32 |
| February | 32 | 0 | 32 | 2 | 34 |
| March | 32 | 0 | 32 | 2 | 34 |
| April | 34 | 0 | 34 | 2 | 36 |
| May | 34 | 0 | 34 | 2 | 36 |
| June | 34 | 0 | 34 | 1 | 35 |
| July | 34 | 0 | 34 | 1 | 35 |
| August | 34 | 0 | 34 | 1 | 35 |
| September | 36 | 0 | 36 | 1 | 37 |
| October | 36 | 0 | 36 | 1 | 37 |
| November | 36 | 0 | 36 | 1 | 37 |
| December | 36 | 0 | 36 | 1 | 37 |



4. INFORMATION ON INVESTMENTS FOR ENVIRONMENTAL PROTECTION

In accordance with its newly-registered activity, the Company actively participates in providing solutions to environmental pollution and raising environmental awareness of all employees and other persons with whom it has direct and indirect contact; In addition, in line with the provisions and obligations set out in the Concession Agreement, the Company cooperates with SPV in this area, ensuring that the SPV complies with applicable legislation in the course of its operation, and the highest environmental standards.

5. DESCRIPTION OF ALL IMPORTANT BUSINESS EVENTS THAT TOOK PLACE IN THE PERIOD I-XII 2019

The following important business events that took place in the period I-XII 2019 should be mentioned:

- based on generated business results for 2018, on 16 April 2019, calculation, preparation and payment of dividends to shareholders was performed;
- Payment of gained profit to employees was made on 21 March 2019 based on achieved business results for 2018;
- on 5 April 2019, the last instalment of receivables amounting to EUR 380,598.93 was collected in accordance with the concluded Protocol on the settlement of mutual rights and obligations with Montenegro airlines;
- An Agreement on debt repayment was concluded with JAT Tehnika in the amount of RSD 48,724,435.56, which refers to:
 - Fee for used fuel oil,
 - fee for delivered heating energy and
 - interest fee.
- The Annex to the Agreement on debt repayment with JAT Tehnika in the amount of 10,520,721.74 dinars was concluded, which refers to:
 - fee for access and use of service and auxiliary roads;
 - fees for RCM services;
 - fees for the use of telephones and telecommunications;
 - fee for services rendered at special request and on other basis.
- Debt repayment agreement was concluded with the company Belgrade Airport Catering in the amount of RSD 4,610,167.99, starting from April 2019.
- Receivables in the amount of RSD 11,377,284 were collected from the bankruptcy debtor International CG DP in bankruptcy Belgrade.
- Recruitment process was completed for the selection of new engineers of required areas of expertise that were not represented in the Technical Sector. The job vacancy announcement was posted on the Infostud and the Company websites and it was open until 9 June 2019. Two applicants were employed for an indefinite term, with a probationary period of six months, at the position of information technologies specialist and engineering specialist for high voltage electrical installations.

Valuation of the Company's assets - In accordance with the Company's accounting policy for subsequent valuation of property, plant and equipment, such assets are carried according to the revaluation model which expresses their fair value at the date of revaluation,

decreased by the total amount of provision based on depreciation and the total amount of provision for impairment losses. The fair value of real property is their market value determined by valuation. The last valuation of real property, plant and equipment was performed on 31 December 2016. In accordance with IAS 16.31 and applicable legislation, revaluation of property is performed every three to five years.

According to the decision of the Supervisory Board number DNO-2/2019 dated 30 September 2019, the Report on the assessment of the fair value of the assets of JSC Company Nikola Tesla Airport Belgrade as at 1 January 2019 was adopted.

According to the Decision of the Supervisory Board No. 1392 of 22 July 2019, it was decided to perform disposal of 442,361 own shares (1.26295% of the total issue) ISIN No: RSANTBE11090, CFI code: ESVUFR, which was conducted at the weighted average share price in the period from 20 January 2019 to 19 July 2019, amounting to 750.45 dinars, and determined in accordance with Article 259 of the Law on Companies.

The disposal of own shares was carried out through the Central Securities Depository and Clearing House, so that on 22 July 2019, the offer for the sale (disposal) of own shares pro-rata was sent to the shareholders of the Company.

The date of opening the offer for the sale (disposal) of own pro-rata shares was 25 July 2019, and the closing date of the offer for the sale (disposal) of own pro-rata shares was 26 August 2019.

The total number of disposed own shares was 387,041 which represents 87.49% of the total number of own shares, i.e. 1.11% of the total number of issued shares.

During the reporting period, the Company, as one of the two Grantors, continued to monitor the implementation of the Concession Agreement by the SPV, in accordance with its contractual and legal obligations.

The concession grantor issued the approval to the Master Plan prepared by the SPV as a basis for drafting a new planning act, i.e. the Detailed Regulation Plan for the airport complex, that will be subject to public inspection from 10 January to 10 February 2020, after which the adoption procedure will be continued in accordance with the regulations.

Hazardous and liquid waste - In accordance with the provisions of the Concession Agreement, the Company was obliged to remove all waste from the airport site that was accumulated and stored until 22 December 2018, or until the Concession Commencement Date when the SPV took over the management of Nikola Tesla Airport. In February 2019, liquid hazardous waste was removed in accordance with the applicable national regulations. The removal of electronic waste was also completed, while the removal of waste vehicles and fixed assets removed from the inventory is planned to continue in early 2020, as the service provider terminated the contract.

Nearly 76 tons of used up vehicles and scrap iron were taken away. In addition, approximately 4 tons of electronic waste were taken away.

In accordance with the concluded Agreement on debt repayment DUN number 12/2019 dated 06 November 2019, the Ministry of Defence, Human Resources Sector, Department for Tradition, Standard and Veterans, Aviation Museum, effected the payment of RSD

8,793,230.24, thus settling the entire outstanding debt to JSC Company Nikola Tesla Airport Belgrade.

On 13 November 2019, the Company filed a bankruptcy claim against the bankruptcy debtor Alitalia - Società Aerea Italiana S.p.A., in the amount of EUR 177,756.23.

The Supervisory Board of the Company issued the decision no.DNO-1/2019 of 30 September 2019, thereby giving consent to the General Manager to perform disposal of property, namely of two apartments, with a total area of 169.34 m² in the municipality of New Belgrade. The sale of the apartments was carried out in December 2019 and the apartments were paid out in full by the buyer.

In accordance with the undertaken commitments, under the Concession Agreement, on 13 December 2019, the Agreement on transfer of ownership rights over real property and assignment of rights to use was concluded, whereby the Company acquired additional land from the SPV free of charge, which was registered in the real estate folio of the land register of the CM Surcin in favour of the Company, on 16 December 2019.

5.1. DESCRIPTION OF ALL SIGNIFICANT BUSINESS EVENTS THAT OCCURRED AFTER THE PERIOD I-XII 2019

The Annual Report for the period I-XII 2019 should include the events that occurred after the period I-XII 2019, namely:

- Public inspection of the prepared planning document was held from 10 January to 10 February 2020;
- A procurement procedure was conducted and a contract was concluded with a new service provider for solid waste removal.

In March 2020, the World Health Organization declared a pandemic and issued instructions for suppressing the spread. In addition to personal hygiene and protection, these instructions also included movement restrictions, i.e. even the closure of state borders. In that respect and considering the risks to the population of the Republic of Serbia, on 15 March 2020, the Government of the Republic of Serbia passed the Decision on declaring a state of emergency which was issued in the Official Gazette of the Republic of Serbia No. 29, and lifted by the Decision published in the Official Gazette of RS No. 65 of 6 May 2020.

This, among other things, meant the closure of Company Nikola Tesla Airport Belgrade for international public passenger traffic, which will have a certain impact on the future business operation of the NTA.

As the situation with the pandemic has calmed down both globally and locally, international organizations such as ICAO, IATA, ACI and the Grantor's advisors have been preparing possible scenarios for the dynamics for the recovery of air traffic and normalization of the envisaged public works by the SPV, and thereby the implementation of the Concession Agreement which is the basis for the NTA's business plans in the forthcoming period. Bearing this in mind, the management does not expect that there would be any significant risks related to the continuation of operations and the execution of the Concession Agreement.

The Management's assessment implies that the financial position of the NTA is such that there is no uncertainty as to the NTA's ability to continue with its operation on a going concern principle and that there is no material impact on its operations in the period ahead. In

addition, the management believes that there are no significant risks related to the fulfilment of legal norms, the company's liquidity and market position in the future period that may impair its ability to do business on a going concern principle.

6. DESCRIPTION OF THE MOST SIGNIFICANT RISKS AND UNCERTAINTIES IN THE PERIOD I-XII 2019

By analysing the balance of funds as well as the sources of funds of the Company as at 31 December 2019, and in particular cash and cash equivalents, trade receivables, etc., it can be concluded that the Company is not exposed to foreign exchange risk.

The company has receivables from domestic and foreign customers, therefore, there is certain credit risk. In order to reduce this risk, the Company regularly monitors the implementation of collection, analyses the value of collection within the agreed period, late payments and uncollected receivables.

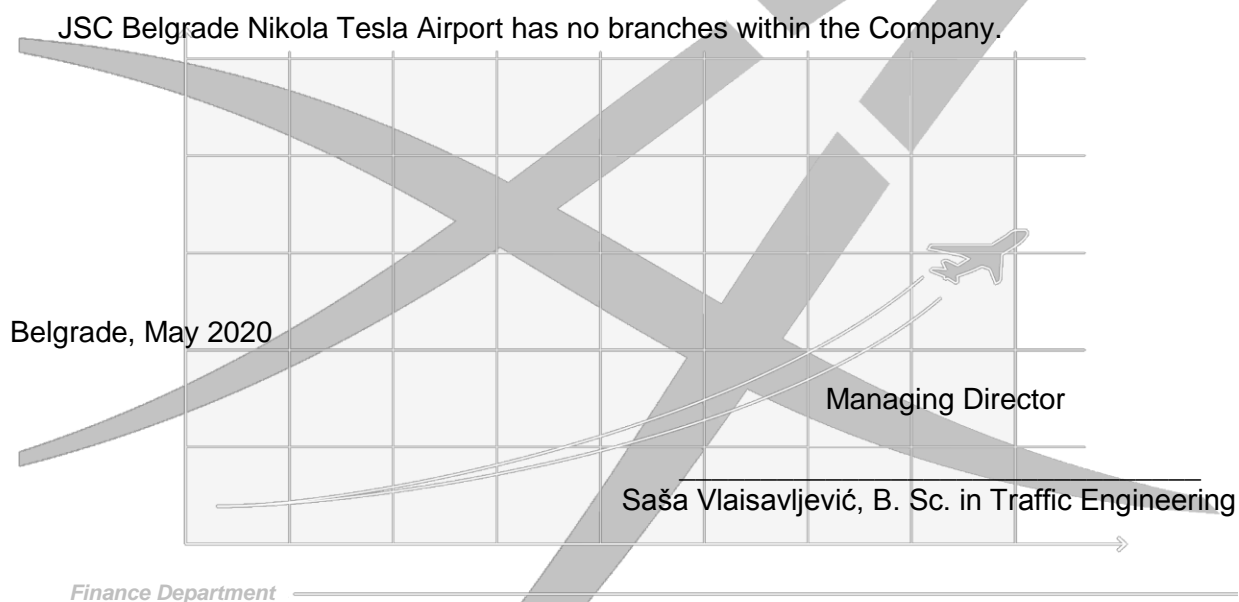
Due to existing market risks that affect financial instruments, the Company's management carefully monitors the trends that lead to risk and takes the necessary measures to manage risks.

The Company settles its current liabilities within the agreed deadlines.

7. COMPANY'S MAJOR OPERATIONS WITH RELATED PARTIES

The company has no related parties under the Law on Companies ("Official Gazette of RS" No. 36/2011, 99/2011, 83/2014, 5/2015, 44/2018, 95/2018 и 91/2019, Article 62) accordingly, there are no business activities with related parties.

7.1. COMPANY BRANCHES



**General Manager -
Executive Board Chairman**



Number: E: kabinet@antb.rs www.antb.rs 11180 Belgrade 59, Republic of Serbia
Date: SITA: BEGOWXX Company Reg. No.: 07036540 TIN: 100000539

Pursuant to Article 50 paragraph 2 item 3 of the Capital Market Law ("Official Gazette of the Republic of Serbia", 31/2011, 112/2015, 108/2016 и 9/2020) we hereby give the following:

STATEMENT

We declare that, to the best of our knowledge, the Annual Report for the year 2019 has been prepared in accordance with the relevant international financial reporting standards providing true and objective information about assets, liabilities, financial position and operations, profits and losses, cash flows and changes in equity of JSC Belgrade Nikola Tesla Airport.

This Statement is given for the purpose of announcement of the Annual Report of JSC Belgrade Nikola Tesla Airport for the year 2019 and cannot be used for other purposes.

Head of Finance, Accounting
and Planning Sector

General Manager

Jelena Arsenijevic, Bsc in Economics

Sasa Vlasisavljevic, Bsc in Traffic Engineering



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SITA: BEGOWXX

11180 Belgrade 59, Republic of Serbia

Company Reg. No.: 07036540

TIN: 100000539

5. NOTE:

The audited financial statements of JSC Belgrade Nikola Tesla Airport for the year 2019 have been determined by the Supervisory Board of the Issuer on 24 June 2020.

The Annual Report for the year 2019 at the time of publication of this statement was not adopted by the Assembly, as the competent authority of JSC Belgrade Nikola Tesla Airport.

The Decision on distribution of profit and loss coverage for the year 2019 at the time of publication of this statement was not adopted by the Assembly, as the competent authority of JSC Belgrade Nikola Tesla Airport.

In accordance with Article 51 of the Capital Market Law and after finalizing the General Meeting of the Assembly, JSC Belgrade Nikola Tesla Airport will publish in full the Decision adopting the Annual Financial Statements for the year 2019, Decision adopting the Auditor's report for the Annual Financial Statements for the year 2019, Decision adopting the Annual Business Report for the year 2019 and the Decision on distribution of profit and loss coverage.

In Belgrade, on 25 June, 2020