



Pursuant to Article 50 of the Capital Market Law (“Official Gazette of the Republic of Serbia” No. 31/2011, 112/2015 and 108/2016) 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 and 24/2017) the JSC Airport Nikola Tesla Belgrade publishes:

# **Annual Report for 2018**



## **Content of the Report**

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- Income Statement for the period I-XII 2018;
- Balance sheet as of 31 December 2018;
- Report on the remaining result for the period I-XII 2018;
- Statement of changes in equity for the period I-XII 2018;
- Cash flow statement for the period I-XII 2018;
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### **2. Auditor's Report with financial statements for 2018;**

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### **4. Statement;**

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**FINANCIAL STATEMENTS - 31 December 2018**

1. PROFIT AND LOSS ACCOUNT for the period I-XII 2018;
2. BALANCE SHEET on 31 December 2018;
3. REPORT ON OTHER RESULT for the period I-XII 2018;
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5. CASH FLOW STATEMENT for the period I-XII 2018,
6. NOTES TO FINANCIAL STATEMENTS 31 December 2018.

21 February 2019

## PROFIT AND LOSS ACCOUNT in the period 1 January - 31 December 2018

PROFIT AND LOSS ACCOUNT					
for the period from 01/01/2018 to 31/12/2018					
- in thousands of dinars -					
Group of Accounts - Account	POSITION	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>REGULAR OPERATING REVENUES</b>				
60 to 65, except 62 and 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		69.504.846	9.390.121
60	REVENUES FROM SELLING GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	5.469	11.313
600	1. Revenues from selling revenues to parent companies and subsidiaries on the domestic market	1003			
601	2. Revenues from selling goods to parent companies and subsidiaries on the foreign market	1004			
602	3. Revenues from selling goods to other affiliated companies on the domestic market	1005			
603	4. Revenues from selling goods to other affiliated companies on the foreign market	1006			
604	5. Revenues from selling goods on the domestic market	1007	5	5.469	11.313
605	6. Revenues from selling goods on the foreign market	1008	5	0	0
61	II REVENUES FROM SELLING GOODS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6;7; 8;	9.202.839	8.383.071
610	1. Revenues from selling goods and services to parent companies and subsidiaries on the domestic market	1010			
611	2. Revenues from selling goods and services to parent companies and subsidiaries on the foreign market	1011			
612	3. Revenues from selling goods and services to other affiliated companies on the domestic market	1012			
613	4. Revenues from selling goods and services to other affiliated companies on the foreign market	1013			
614	5. Revenues from selling goods and services on the domestic market	1014	6	3.893.053	3.519.086
615	6. Revenues from selling goods and services on the foreign market	1015	7	5.309.786	4.863.985
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		0	48
65	IV OTHER OPERATING REVENUES	1017	9	60.296.538	995.689

	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		6.636.479	5.365.220
50	I. COST OF GOODS SOLD	1019	10	4.911	15.026
62	II. REVENUES FROM OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1020		0	0
630	III. INCREASE IN THE VALUE OF STOCK OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021			
631	IV. DECREASE IN THE VALUE OF STOCK OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022			
51 except 513	V. COST OF MATERIALS	1023	11	269.728	218.931
513	VI. COST OF FUEL AND ENERGY	1024	12	299.723	270.944
52	VII. COST OF WAGES, SALARIES AND OTHER PERSONAL EXPENSES	1025	13	3.509.843	3.072.948
53	VIII. COST OF PRODUCTION SERVICES	1026	14	475.154	415.465
540	IX. AMORTIZATION COSTS	1027	15	1.229.112	848.477
541 to 549	X. COST OF LONG-TERM PROVISIONS	1028	16	53.334	39.943
55	XI. NON-MATERIAL COSTS	1029	17	794.674	483.486
	C. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		62.868.367	4.024.901
	D. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	E. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		125.123	149.042
66, except 662, 663 and 664	I. FINANCIAL REVENUES FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial revenues from parent companies and subsidiaries	1034			
661	2. Financial revenues from other affiliated companies	1035			
665	3. Revenues from the stake in the profit of associated companies and joint ventures	1036			
669	4. Other financial revenues	1037			
662	II. INTEREST REVENUES (FROM THIRD PARTIES)	1038	18	67.048	93.435
663 and 664	III. POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF THE CURRENCY CLAUSE (TOWARDS THIRD PARTIES)	1039	19	58.075	55.607
56	F. FINANCIAL EXPENSES (1041 + 1046 + 1047)	1040		116.224	287.926
56, except 562, 563 and 564	G. FINANCIAL EXPENSES FROM THE RELATIONSHIP WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENSES (1042 + 1043 + 1044 + 1045)	1041		0	0
560	1. Financial expenses from the relationship with parent companies and subsidiaries	1042			
561	2. Financial expenses from the relationship with other affiliated companies	1043			
565	3. Expenses from the stake in the loss of associated companies and joint ventures	1044			
566 and 569	4. Other financial expenses	1045			
562	II. INTEREST EXPENSES (TOWARDS THIRD PARTIES)	1046	20	34.320	34.838
563 and 564	III. NEGATIVE FOREIGN EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF THE CURRENCY CLAUSE (TOWARDS THIRD PARTIES)	1047	21	81.904	253.088

	H. PROFIT FROM FINANCING ACTIVITIES (1032 – 1040)	1048		8.899	
	I. LOSS FROM FINANCING ACTIVITIES (1040 – 1032)	1049			138.884
683 and 685	3. REVENUES FROM VALUE ADJUSTMENT OF OTHER ASSETS RECOGNIZED AT FAIR VALUE IN THE PROFIT AND LOSS ACCOUNT	1050	22	20.960	56.859
583 and 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS RECOGNIZED AT FAIR VALUE IN THE PROFIT AND LOSS ACCOUNT	1051	23	52.908	12.010
67 and 68, except 683 and	K. OTHER REVENUES	1052	24	191.976	26.403
57 and 58, except 583 and 585	L. OTHER EXPENSES	1053	25	397.851	83.879
	M. REGULAR OPERATING PROFIT BEFORE TAXATION (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		62.639.443	3.873.390
	N. REGULAR OPERATING LOSS BEFORE TAXATION (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055			
69-59	O. NET OPERATING PROFIT THAT IS WITHELD, THE EFFECT OF THE CHANGE OF ACCOUNTING POLICY AND AND CORRECTION OF MISTAKES FROM PREVIOUS PERIODS	1056	26		7.254
59-69	P. NET OPERATING LOSS THAT IS WITHELD , EXPENSES FROM THE CHANGE OF ACCOUNTING POLICY AND CORRECTION OF MISTAKES FROM PREVIOUS PERIODS НЕТО ГУБИТАК ПОСЛОВАЊА КОЈЕ СЕ ОБУСТАВЉА,	1057	26	28.254	
	R. PROFIT BEFORE TAXATION (1054 – 1055 + 1056 – 1057)	1058 27;		62.611.189	3.880.644
	O. LOSS BEFORE TAXATION (1055 – 1054 + 1057 – 1056)	1059			
	P. PROFIT TAX				
721	I. TAX EXPENSE OF THE PERIOD	1060 27;		9.433.469	529.000
part 722	II. DEFERRED TAX EXPENSE OF THE PERIOD	1061 28;		22.270	85.970
part 722	III. DEFERRED TAX REVENUES OF THE PERIOD	1062		0	0
723	R. PAID SALARIES OF THE EMPLOYER	1063			
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	29	53.155.450	3.265.674
	T. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET PROFIT BELONGING TO THE MINOR STAKEHOLDERS	1066			
	II NET PROFIT BELONGING TO THE MAJOR STAKEHOLDER	1067			
	III EARNINGS PER SHARE				
	1. Basic earnings per share	1068	29	1,52	0,00
	2. Decreased (diluted) earnings per share	1069			
6	TOTAL REVENUES			69.851.726	9.634.118
5	TOTAL EXPENSES			7.240.537	5.753.474

**BALANCE SHEET on 31 December 2018**

## BALANCE SHEET

on December 31, 2018

- in thousands of dinars -

Group of accounts - Account	Position	AOP	Note no.	Amount		
				Current year 2018	Previous year	
					Closing balance 31/12/2017	Opening balance 01/01/2017
1	2	3	4	5	6	7
	<b>ASSETS</b>					
0	A. SUBSCRIBED UNPAID CAPITAL	1				
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		26.722.716	25.480.013	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3	30	276.201	173.389	0
010 and part 019	1. Investments in development	4				
011, 012 and part 019	2. Concessions, patents, licences, product and service brands, software and other rights	5	30	274.606	105.963	
013 and part 019	3. Goodwill	6				
014 and part 019	4. Other intangible assets	7				
015 and part 019	5. Intangible assets in progress	8		0	59.941	
016 and part 019	6. Advance payments for intangible assets	9		1.595	7.485	
2	II. PROPERTY, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	30	26.302.258	25.128.977	0
020, 021 and part 029	1. Land	11	30	9.968.707	9.437.117	
022 and part 029	2. Constructions	12	30	10.984.909	10.177.454	
023 and part 029	3. Plants and equipment	13	30	5.341.504	5.119.779	
024 and part 029	4. Investment property	14	30	0	29.516	
025 and part 029	5. Other property, plants and equipment	15	30	3.619	3.619	
026 and part 029	6. Property, plants and equipment in progress	16	30	3.519	349.493	
027 and part 029	7. Investments in others' property, plants and equipment	17				
028 and part 029	8. Advance payments for property, plants and equipment	18	30	0	11.999	
3	III. BIOLOGICAL ASSETS (0020 + 0021 + 0022 + 0023)	19		124	123	0
030, 031 and part 039	1. Forests and perennial plantations	20				
032 and part 039	2. Livestock unit	21	30	124	123	
037 and part 039	3. Biological assets in progress	22				
038 and part 039	4. Advance payments for biological assets	23				
04. except 047	IV. LONG-TERM FINANCIAL PLACEMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		131.065	136.261	0
040 and part 049	1. Stake in the capital of subsidiaries	25				
041 and part 049	2. Stake in the capital of associated companies and joint ventures	26				
042 and part 049	3. Stake in the capital of other companies and other securities available for sale	27	31	1	1	
part 043, part 044 and part 049	4. Long-term placements to parent companies and subsidiaries	28				
part 043, part 044 and part 049	5. Long-term placements to other affiliated companies	29				
part 045 and part 049	6. Long-term placements in the country	30				
part 045 and part 049	7. Long-term placements abroad	31				
046 and part 049	8. Securites held to maturity	32				
048 and part 049	9. Other long-term financial placements	33	31	131.064	136.260	
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		13.068	41.263	0
050 and part 059	1. Receivables from the parent company and subsidiaries	35				
051 and part 059	2. Receivables from other affiliated companies	36				
052 and part 059	3. Receivables from the sales by means of commodity loans	37				
053 and part 059	4. Receivables from the sales by means of financial leasing agreements	38				
054 and part 059	5. Receivables from warranties	39				
055 and part 059	6. Doubtful receivables	40				
056 and part 059	7. Other long-term receivables	41	31	13.068	41.263	
288	C. DEFERRED TAX ASSETS	42				

## BALANCE SHEET on 31 December 2018

	D. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		65.364.611	6.566.562	0
Class 1	I STOCK (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		32.948	133.226	0
10	1. Materials, spare parts, tools and fixtures and fittings	45	32	0	93.771	
11	2. Unfinished production and unfinished services	46				
12	3. Finished products	47				
13	4. Goods	48	33	0	4.863	
14	5. Fixed assets intended for sale	49				
15	6. Paid advances for stocks and services	50	34	32.948	34.592	
20	II RECEIVABLES FROM SALES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1.063.813	1.118.684	0
200 and part 209	1. Customers in the country – parent companies and	52				
201 and part 209	2. Customers abroad – parent companies and subsidiaries	53				
202 and part 209	3. Customers in the country – other affiliated companies	54				
203 and part 209	4. Customers abroad – other affiliated companies	55				
204 and part 209	5. Customers in the country	56	35	324.818	426.265	
205 and part 209	6. Customers abroad	57	36	738.995	692.419	
206 and part 209	7. Other receivables from sales	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	115.183	81.537	
236	V FINANCIAL ASSETS RECOGNIZED AT FAIR VALUE IN THE INCOME STATEMENT	61				
23 except 236 and 237	VI SHORT-TERM FINANCIAL PLACEMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		2.721.308	2.760.377	0
230 and part 239	1. Short-term loans and placements – parent companies and subsidiaries	63				
231 and part 239	2. Short-term loans and placements – other affiliated companies	64				
232 and part 239	3. Short-term loans in the country	65	38	289	80.386	
233 and part 239	4. Short-term loans abroad	66				
234, 235, 238 and part 239	5. Other short-term financial placements	67	39	2.721.019	2.679.991	
24	VII CASH EQUIVALENTS AND CASH	68	41	61.394.573	2.386.010	
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND DEFERRED EXPENSES	70	42	36.786	86.728	
	E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0042 + 0043)	71		92.087.327	32.046.575	0
88	F. OFF-BALANCE SHEET ASSETS	72	62	649.072	668.417	

## BALANCE SHEET on 31 December 2018

LIABILITIES						
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401	43	81.105.207	29.708.442	0
30	I BASIC CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402		21.264.302	20.573.610	
300	1. Share capital	403	44	21.015.677	20.573.610	
301	2. Equity interest in limited liability companies	404				
302	3. Equity interest	405				
303	4. State-owned capital	406				
304	5. Public capital	407				
305	6. Aggregate equity interests	408				
306	7. Share issuing premiums	409	43	248.625		
309	8. Other basic capital	410				
31	II SUBSCRIBED AND UNPAID CAPITAL	411				
047 and 237	III REPURCHASED OWN SHARES	412	43	265.416		
32	IV RESERVES	413	45	6.356.456	5.254.126	
330	V. REVALORIZATION RESERVES BASED ON THE REVALORIZATION OF INTANGIBLE ASSETS, PROPERTY, PLANTS AND EQUIPMENT	414	45	570.177	596.114	
33 except 330	VI. UNREALIZED GAINS FROM SECURITIES AND OTHER COMPONENTS OF THE REMAINING TOTAL RESULT (credit balance of the accounts from the group 33 except 330)	415	45	17.290	17.482	
33 except 330	VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF THE REMAINING TOTAL RESULT (debit balances of the accounts from the group 33 except 330)	416		0		
34	VIII UNDISTRIBUTED PROFIT (0418 + 0419)	417	46	53.162.398	3.267.110	0
340	1. Undistributed profit from previous years	418	46	6.948	1.436	
341	2. Undistributed profit from the current year	419	46	53.155.450	3.265.674	
	IX. STAKE WITHOUT THE CONTROL RIGHT	420				
35	X. LOSS (0422 + 0423)	421		0	0	0
350	1. Loss from previous years	422				
351	2. Loss from the current year	423				
	B. LONG-TERM PROVISIONS AND LIABILITIES (0425 + 0432)	424		620.490	802.690	0
40	I LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48	145.624	227.955	0
400	1. Provisions for costs in the guarantee period	426				
401	2. Provisions for costs of renewing natural resources	427				
403	3. Provisions for restructuring costs	428				
404	4. Provisions for allowances and other benefits for employees	429	47;48;49	1.285	131.379	
405	5. Provisions for costs of litigation	430	47;48;49	144.339	96.576	
402 and 409	6. Other long-term provisions	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		474.866	574.735	0
410	1. Liabilities that can be converted to capital	433				
411	2. Liabilities towards parent companies and subsidiaries	434				
412	3. Liabilities towards other affiliated companies	435				
413	4. Liabilities from issued securities in a period longer than a year	436				
414	5. Long-term loans in the country	437				
415	6. Дугорочни кредити и зајмови у иностранству	438	50;51	474.866	574.735	
416	7. Financial leasing liabilities	439				
419	8. Other long-term liabilities	440		0	0	0
498	C. DEFERRED TAX LIABILITIES	441	28	478.523	456.253	

## BALANCE SHEET on 31 December 2018

42 to 49 (except 498)	D. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		9.883.107	1.079.190	0
42	I SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		98.520	98.752	0
420	1. Short-term loans from parent companies and subsidiaries	444				
421	2. Short-term loans from other affiliated companies	445				
422	3. Short-term loans in the country	446				
423	4. Short-term loans abroad	447				
427	5. Liabilities arising from fixed assets and withheld operating assets intended for sale	448				
424, 425, 426 and 429	6. Other short-term financial liabilities	449	52	98.520	98.752	
430	II RECEIVED ADVANCE PAYMENTS, DEPOSITS AND	450	53	101.546	124.908	
43 except 430	III OPERATING LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		618.354	522.262	0
431	1. Suppliers – parent companies and subsidiaries in the country	452				
432	2. Suppliers – parent companies and subsidiaries abroad	453				
433	3. Suppliers – other affiliated companies in the country	454				
434	4. Supplier – other affiliated companies abroad	455				
435	5. Suppliers in the country	456	54	180.837	401.299	
436	6. Suppliers abroad	457	55	415.144	6.398	
439	7. Other operating liabilities	458	56	22.373	114.565	
44, 45 and 46	IV OTHER SHORT-TERM LIABILITIES	459	57	12.090	152.802	
47	V LIABILITIES FOR VALUE ADDED TAX	460	58	30.505	1.339	
48	VI LIABILITIES FOR OTHER TAXES, BENEFITS AND OTHER DUTIES	461	59; 60	8.929.626	15.490	
49 except 498	VII ACCRUED COSTS AND DEFERRED REVENUES	462	61	92.466	163.637	
	E. LOSS BEYOND THE AMOUNT OF CAPITAL (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) ≥ 0	463		0	0	
	F. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 – 0463) ≥ 0	464		92.087.327	32.046.575	0
89	G. OFF-BALANCE SHEET LIABILITIES	465	62	649.072	668.417	

## REPORT ON THE REMAINING RESULT in the period 1 January to 31 December 2018

REPORT ON THE REMAINING RESULT					
for the period from 01/01/2018 to 31/12/2018					
Group of accounts - account	POSITION	AOP	Note no.	Износ	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULT				
	I. NET PROFIT (AOP 1064)	2001	28;	53.155.450	3.265.674
	II. NET LOSS (AOP 1065)	2002			
	B. OTHER COMPREHENSIVE PROFIT OR LOSS				
	a) Items that will not be reclassified in the Profit and Loss Account in future periods				
	1. Revalorization changes of intangible assets, property, plants and equipment				
330	a) increase of revalorization reserves	2003	45	0	
	b) decrease of revalorization reserves	2004	45	0	
	2. Actuarial gains and losses from plans of defined income				
331	a) gains	2005	45		892
	b) losses	2006	45	192	
	3. Gains and losses from investment in equity instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses from the stake in the remaining comprehensive gain or loss of associated companies				
333	a) gains	2009			
	b) losses	2010			
	b) Items that will be reclassified later in the Profit and Loss Account in future periods				
	1. Gains or losses from the conversion of financial reports on foreign operations				
334	a) gains	2011			
	b) losses	2012			
	2. Gains or losses from hedging instruments used to protect net investments in foreign operations				
335	a) gains	2013			
	b) losses	2014			
	3. Gains or losses from cash flow risk hedging instruments				
336	a) gains	2015			
	b) losses	2016			
	4. Gains and losses from securities available for sale				
337	a) gains	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE PROFIT (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		0	892
	II. OTHER GROSS COMPREHENSIVE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) > 0	2020	45	192	
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS OF THE PERIOD	2021	45		134
	IV. NET OTHER COMPREHENSIVE PROFIT (2019 – 2020 – 2021) ≥ 0	2022	45		758
	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		53.155.258	3.266.432
	II. TOTAN NET COMPREHENSIVE LOSS (2002 – 2001 + 2023 – 2022) ≥ 0	2025		0	0
	C. TOTAL NET COMPREHENSIVE PROFIT OR LOSS (2027 + 2028) = AOp 2024 ≥ 0 or AOp 2025 > 0	2026		0	0
	1. Accrued to major equity owners	2027			
	2. Accrued to owners that do not have control	2028			



## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## CASH FLOW STATEMENT for the period 01/01/2018 - 31/12/2018

## CASH FLOW STATEMENT

for the period 01/01/2018 - 31/12/2018

- in thousands of dinars -

Position	AOP	Note no.	Amount	
			Current year	Previous year
1	2	3	4	5
<b>A. OPERATING CASH FLOW</b>				
<b>I. Operating cash incoming (1 to 3)</b>	<b>3001</b>		<b>70.975.615</b>	<b>10.780.387</b>
1. Sales and received advance payments	3002		10.397.585	9.523.622
2. Operating interested received	3003		4.020	22.638
3. Other regular operating cash incoming	3004		60.574.010	1.234.127
<b>II. Operating cash outgoing (1 to 5)</b>	<b>3005</b>		<b>7.056.914</b>	<b>5.473.829</b>
1. Payments to suppliers and given advance payments	3006		1.903.985	1.550.419
2. Wages, salaries and other personal expenses	3007		3.697.871	2.937.901
3. Interest paid	3008		28.595	33.803
4. Income tax	3009		508.486	248.007
5. Cash outgoing for other public revenues	3010		917.977	703.699
<b>III. Net operating cash incoming (I-II)</b>	<b>3011</b>		<b>63.918.701</b>	<b>5.306.558</b>
IV. Net operating cash outgoing (II-I)	3012			
<b>B. CASH FLOW FROM INVESTMENTS</b>				
<b>I. Cash incoming from investments (1 to 5)</b>	<b>3013</b>		<b>171.522</b>	<b>1.182.551</b>
1. Sale of stocks and shares (net cash incoming)	3014		0	0
2. Sale of intangible assets, property, plant, machinery and biological assets	3015		34.151	1.502

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

3. Other financial placements (net cash incoming)	3016	64.200	1.086.827
4. Interest received from investments	3017	73.171	94.222
5. Dividends received	3018	0	0
<b>II. Cash outgoing from investments (1 to 3)</b>	<b>3019</b>	<b>2.778.849</b>	<b>2.942.614</b>
1. Purchase of stock and shares (net cash outgoing)	3020	735.456	0
2. Purchase of intangible assets, property, plants, machinery and biological assets	3021	2.043.393	2.942.614
3. Other financial placements (net cash outgoing)	3022	0	0
III. Net cash incoming from investments (I-II)	3023	0	0
<b>IV. Net cash outgoing from investments (II-I)</b>	<b>3024</b>	<b>2.607.327</b>	<b>1.760.063</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>I. Cash incoming from financing activities (1 to 5)</b>	<b>3025</b>	<b>0</b>	<b>0</b>
1. Increase of basic capital	3026	0	0
2. Long-term loans (net cash incoming)	3027	0	0
3. Short-term loans (net cash incoming)	3028	0	0
4. Other long-term liabilities	3029	0	0
5. Other short-term liabilities	3030	0	0
<b>II. Cash outgoing from financing activities (1 to 6)</b>	<b>3031</b>	<b>2.261.999</b>	<b>1.857.959</b>
1. Buy-out of own stocks and shares	3032	0	0
2. Long-term loans (cash outgoing)	3033	98.569	100.784
3. Short-term loans (cash outgoing)	3034	0	0
4. Other liabilities (cash outgoing)	3035	0	0
5. Financial leasing	3036	0	0
6. Paid out dividends	3037	2.163.430	1.757.175
III. Net cash incoming from financing activities (I-II)	3038		
<b>IV. Net cash outgoing from financing activities (II-I)</b>	<b>3039</b>	<b>2.261.999</b>	<b>1.857.959</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>D. TOTAL CASH INCOMING</b> (3001 + 3013 + 3025)	3040		<b>71.147.137</b>	<b>11.962.938</b>
<b>E. TOTAL CASH OUTGOING</b> (3005 + 3019 + 3031)	3041		<b>12.097.762</b>	<b>10.274.402</b>
<b>F. NET CASH INCOMING</b> (3040 – 3041)	<b>3042</b>		<b>59.049.375</b>	<b>1.688.536</b>
<b>G. NET CASH OUTGOING</b> (3041 – 3040)	3043			
<b>H. OPENING CASH BALANCE AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	3044		<b>2.386.010</b>	<b>740.102</b>
<b>I. POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES BASED ON THE CONVERSION OF CASH</b>	3045		14.749	7.584
<b>J. NEGATIVE FOREIGN EXCHANGE DIFFERENCES BASED ON THE CONVERSION OF CASH</b>	3046		55.561	50.212
<b>K. CLOSING CASH BALANCE AT THE END OF THE ACCOUNTING PERIOD</b>	<b>3047</b>		<b>61.394.573</b>	<b>2.386.010</b>
<b>(3042 – 3043 + 3044 + 3045 – 3046)</b>				

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

**JSC AIRPORT NIKOLA TESLA BELGRADE**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2018**

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**1. COMPANY ESTABLISHMENT AND BUSINESS OPERATIONS****1.1. Company's background**

The Joint Stock Company Airport Nikola Tesla Belgrade (hereinafter: "the Company") was established with the aim of providing airport services (landing, taking off, taxiing and parking of aircraft, acceptance and dispatch of aircraft, passengers and goods). In addition to the main activity of providing airport services, the Company performs other services at the airport complex, which also meet the needs of service users, domestic and foreign airlines.

The operations of the Airport date from March 25, 1928 at Bežanijska kosa location, and operations in today's location (Surčin) began in 1962.

By the decision of the Government of the Republic of Serbia in 1992, the airport was re-registered as the Public Enterprise Airport "Belgrade", and in 2006, also by the decision of the Government, it received the name Public Enterprise Airport Nikola Tesla Belgrade.

On June 17, 2010, the Government of the Republic of Serbia passed the Decision No. 023-4432 / 2010 on the change of legal form the Public Enterprise Airport Nikola Tesla Belgrade from a public company to a closed joint-stock company. The aforementioned change in the legal form was registered with the Business Registers Agency on June 22 .2010, Resolution No. BD 68460/2010.

Following the change of legal form, the Company continued to operate under the full name of the Joint Stock Company Airport Nikola Tesla Belgrade.

By the Decision of the Business Registers Agency No. BD 7651/2011 dated 24/01/2011, the entry of the open joint-stock company Airport Nikola Tesla Belgrade was registered in the register of business entities.

On January 05, 2018, the Decision on the selection of the most favorable tender in the procedure for granting concessions for financing, development through the construction and reconstruction, maintenance and management of the infrastructure of the JSC Airport Nikola Tesla Belgrade was made and the activity of an airport operator registered with the Ministry of Construction, Transport and Infrastructure under number: 023 -00-1 / 2018-12 dated January 05, 2018 and with ANT under the number: DG 111/2018 dated January 5, 2018. The most favorable bidder selected is "Vinci Airports SAS France".

On March 22, 2018, a Concession Agreement was signed for financing, development through the construction and reconstruction, maintenance and management of the infrastructure of the JSC Airport Nikola Tesla Belgrade and performance of the operation of the airport operator at the Airport Nikola Tesla Belgrade, between the Government as a representative of the Republic of Serbia, JSC Airport Nikola Tesla Belgrade, and Vinci Airports Serbia d.o.o. Belgrade and "Vinci Airports SAS France".

Provisions of the Concession Agreement provides for a number of preconditions for both parties in the Transition period, which fulfillment in due time means that the conditions are met so that the concession may start on the Concession Commencement Date.

By fulfilling all previous conditions including the payment of the upfront concession fee in the amount of 501.000.000 EUR to the account of the JSC Airport Nikola Tesla Belgrade, executed by Vinci Airports Serbia doo Beograd on December 1, 2018, conditions were met for the concession to begin on the Concession Commencement Date, on December 22, 2018.

On December 22, 2018 - the airport certificate was transferred from the JSC Airport Nikola Tesla Belgrade to Vinci Airports Serbia d.o.o. Belgrade.

From the Concession Commencement Date on Dec. 22, 2018, Vinci Airports Serbia d.o.o. Belgrade took over the management of the Airport and performing air traffic services and from that date the JSC Airport Nikola Tesla changed the main activity from air traffic services (52.23) to renting and managing their own

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

or leased real estate (68.20), with the primary task of being the owner of all the movable and immovable property granted under the Concession Agreement for the use and management of VINCI Airports Serbia d.o.o. Belgrade, monitors the implementation of the Concession Agreement in accordance with the Law on Public-Private Partnership and Concessions with accompanying bylaws.

From December 22, 2018 - the Concession Commencement Date, the JSC Airport Nikola Tesla Belgrade is not the airport operator, and changed the core business of the Company.

From December 22, 2018 - the Concession Commencement Date, the core business of the JSC Airport Nikola Tesla Belgrade is 68. 20 - renting and managing their own or leased real estate. The company performs foreign trade activities and performs services in foreign trade. In addition to the core business and other activities listed above, the Company may also perform all other activities that are not prohibited by law, including foreign trade, regardless of whether these activities are determined by the founding act or statute. The Company performs activities of general interest.

<i>head office</i>	11180 Belgrade 59, Surčin
<i>Identification number</i>	07036540
<i>Tax identification number</i>	100000539
<i>Code and business name until 21/12/2018</i>	52 . 23 - Air traffic service activities
<i>Code and business name from 22/12/2018</i>	68 . 20 - Renting and managing their own or leased real estate

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

**1.3. Management structure**

Management of the Company is bicameral. The bodies of the Company are the Assembly, the Supervisory Board and the Executive Board.

The Assembly is comprised of shareholders of the Company who have the right to participate in the work of the Assembly. The shareholder who owns 35026 ordinary shares has the right to participate in the work of the Assembly.

The Supervisory Board consists of five (5) members, of which at least one member is independent from the Company.

Members of the Supervisory Board are appointed by the Assembly of the Company. The Supervisory Board is obliged to establish an audit committee and may, if necessary, form other commissions that assist it in its work. The Supervisory Board committees have at least three members, and one of these members must always be an independent member of the Supervisory Board.

The Executive Board consists of three (3) Executive Directors including the Managing Director .

The Executive Directors are appointed by the Supervisory Board of the Company.

**1.4. Ownership structure**

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

On July 9, 2010, the Government of the Republic of Serbia passed the Decision No. 023-9103 / 2010-1, according to which the right to transfer 16,85% of the ownership of the Company was acquired by citizens of the Republic of Serbia, employees and former employees of the Company. After the transfer of the right to free shares to citizens, employees and former employees, the Republic of Serbia owns 28,511,988 ordinary shares, representing 83.15% of the total share capital of the Company.

By the decision on admission of shares to Listing A-Prime market 04/4 No. 478/11 dated 28 January 2011, the Company's shares were admitted to Listing A of the Belgrade Stock Exchange. Trade of shares of the Company on the Belgrade Stock Exchange started 07/02/2011.

As of December 31, 2018, 35,026,129 ordinary shares were registered with the Central Registry of Securities with the right to vote with a nominal value of RSD 600.00. The Republic of Serbia owns 29,247,317 ordinary shares, which represents 83,50% of the total share capital of the Company, while the other shareholders have 5,778,129 ordinary shares, which represents 16.50% of the total share capital of the Company.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**1.5. Number of employees and engaged persons**

At the balance sheet date, 31 December 2018, the Company had 3 engaged workers, of whom 3 permanent employees were employed with the Company (31 December 2017). The Company had 2,382 engaged workers, of whom 1,715 employees were employed with the Company, i.e. 1,206 permanent employees, 509 employees employed for a fixed period of time, 293 temporary workers, and 374 workers engaged through youth cooperatives).

During I-XII 2018, on the basis of the situation at the end of each month, the average number of employed workers in the Company was 2,227, of whom the average number of employees in the Company includes 1,556 workers (1,092 full-time employees, 464 fixed-term employees), the average number of 276 engaged workers for temporary and occasional jobs and the average number of 395 engaged workers through youth cooperatives (during 2017, the average number of employees engaged by the Company at the end of each month was 2,067, of whom the average number of employees in the Company was 1,408 (1,042 full-time employees, 366 part-time employees), the average number of 266 workers engaged for temporary and occasional jobs and the average of 393 workers engaged through youth cooperatives).

**1. BASES FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD****2.1. Bases for the preparation and presentation of financial statements**

Financial Statements for I-XII 2018 were compiled in a manner and in accordance with the legal regulations and established at the session of the Supervisory Board of the Company 21/ 02/2019.

Legal entities and entrepreneurs in the Republic of Serbia are obliged to keep business books, recognize and evaluate assets and liabilities, income and expenses, compile, display, submit and disclose financial statements in accordance with the Law on Accounting (hereinafter "the Law" published in "Official Gazette of the Republic of Serbia", No. 62/2013), as well as in accordance with other applicable by-laws. The company, as a large legal entity, is obliged to apply the International Financial Reporting Standards ("IFRS"), which within the meaning of the said law include: Framework for preparation and presentation of financial statements ("Framework"), International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS") and related interpretations issued by the IFRIC, subsequent amendments to those standards and related interpretations approved by the International Accounting Standards Board ("IASB"), whose translation is determined and published by the Ministry in charge of finance.

By the decision of the Ministry dated 13 March 2014, published in the Official Gazette of the Republic of Serbia No. 35 dated March 27, 2014 (hereinafter referred to as the "Decision on determining the translation"), 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 Translation Decision do not include bases for concluding, illustrative examples, guidelines, comments, contradictions, elaborated examples, as well as other supplementary explanatory material that can 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 December 31, 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**2. BASE FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)**

**2.1. Bases for the preparation and presentation of financial statements (continued)**

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 June 30, 2010, the Company changes the legal form and discloses its share 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, bookings of estimated values of assets and liabilities in favor of revaluation reserves were made. Pursuant to the Decision of the Board of Directors of the Company No. 04-100 / 1 of May 31, 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 said Decision on Increasing the Basic capital from own funds by conversion of reserves and retained earnings to the share capital of the Public Enterprise Airport Nikola Tesla Belgrade, the Company recorded in the books the increase in state capital on January 1, 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 participation of employees in profit is recorded as a decrease in retained earnings, not as a result of the results of the current period, as required by IAS 19 "Employee Benefits" .

In accordance with the aforementioned, and having in mind the potential material effects that the derogation 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 as 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 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 note 2.3. Published standards and interpretations that are not yet in use are disclosed in note 2.4.

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 Note 3.

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

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASE FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.2. 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 Qualifications Improvement Project of April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16, primarily with the intention of removing non-compliance and clarification 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" shall enter into force 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 June 30, 2009);
- IFRIC 18 "Transfer of funds from customers" (effective for annual periods beginning on or after 1 July 2009);
- "Comprehensive Framework for Financial Reporting in 2010", which is a change to 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 1 IFRS 1 IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13 project, an annual qualitative improvement of IFRSs, the intent to remove disagreements and clarify the wording in the text (most of the amendments will be effective for annual periods beginning on or after 1 January 2011);

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASES FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.2. Published Standards and Interpretations that came into force on the basis of the Decision on Determining the Translation (continued)

- Amendments to IFRIC 14 "IAS 19 - Limit of Defined Benefits, Minimum Requirements for Financing and Interaction" Advance Payment of the Minimum Funding Requirements (effective for annual periods beginning on or after 1 January 2011);
- IFRIC 19 "Imposing Financial Liabilities to 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" - Great 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 "Taxes on Profit" - 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 Stakes in Other Legal 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 Stakes in Other Legal Entities: Transitional Application Instructions" (effective for annual periods beginning on or after 1 January 2013);
- IAS 27 (revised 2011) "Individual Financial Statements" (effective for annual periods beginning on or after 1 January 2013);
- IAS 28 (revised 2011) "Investments in Associated Legal Entities 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" - Netting of Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013);

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.2. Published standards and interpretations that came into force on the basis of the Decision on determining the translation (continued)

- Amendments to IAS 1 "Presentation of Financial Statements" - Presentation of items of other overall results (effective for annual periods beginning on or after 1 July 2012);
- Amendments to IAS 19 "Employee Benefits" - Improvements in the accounting inclusion of benefits after termination of employment (effective for annual periods beginning on or after 1 January 2013);
- Annual improvements for the period 2009-2011 were issued in May 2012 relating to various IFRS improvement projects (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), mainly on the elimination of inconsistencies and clarification of formulations (effective for annual periods beginning on or after 1 January 2013);
- IFRIC 20 "Costs of Coal Overburden in the Production Phase of Open-pit Mines" (effective for annual periods beginning on or after 1 January 2013);

### 2.3. 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" - Breakdown of 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 Participation in Other Entities" and IAS 27 "Individual 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" - Recovery of derivatives and continuation of hedge accounting (effective for annual periods beginning on or after 1 January 2014).
- IFRIC 21 "Duties" (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Benefits (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 2 IFRS 2 (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) for the elimination of non-compliance and clarification of the formulations (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period 2011-2013, as a result of the Project for the Annual Qualitative Improvements to IFRSs (IFRS 1, IFRS 3, IFRS 13 and IAS 40) elimination of non-compliance and clarification of formulations (effective for annual periods beginning on or after 1 July 2014).

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASES FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.3. Published standards and interpretations in force in the current period that have not yet been officially translated and adopted (continued)

- Amendments to IFRS 11 "Joint Operations" - Accounting for Acquiring Stakes in Joint Operations (effective for annual periods beginning on or after 1 January 2016).
- IFRS 14 "Accounts of Regulative Prepayments and Deferred Expenses" (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of Acceptable Depreciation Methods (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture - Industrial Plants (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 27 "Individual Financial Statements" - Share method in individual financial statements (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10, IFRS 12 and IAS 28 "Investment Companies: Application of Exceptions to Consolidation". 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 firm, even if the investment firm assesses investments in 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 the application of the method of stake (i.e. retention of measurement at fair value) 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 allowed earlier application.)
- Amendments to Different Standards "Improvements to IFRSs" (for the period from 2012 to 2014) resulting from the Project for the Annual Qualitative Improvements to IFRSs (IFRS 5, IFRS 7, IAS 19 and IAS 34) to eliminate non-compliance and clarification of formulations (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 allowed earlier application;
- 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. Gains and losses on the valuation of financial assets at fair value 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;

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASES FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.3. Published standards and interpretations in force in the current period that have not yet been officially translated and adopted (continued)

- IFRS 15 "Revenue from a contract 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 funds from customers". IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with prior earlier application;
- Amendments to IFRS 2 "Payments in Shares - Classification and Measurement of Transactions", effective for annual reporting periods beginning on or after January 1, 2018, supported earlier;
- 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, and the earlier application of the amended standard is 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 changes arising from both cash and non-monetary changes. Amendments to IAS 7 are effective for annual periods beginning on or after 1 January 2017, with the prior permission for application;
- Amendments to IAS 12 "Profit Tax" relating to the identification of deferred tax assets for unrealized losses are applied retrospectively for annual periods beginning on or after January 1, 2017, with supported earlier application.
- 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) primarily with the aim of removing inconsistencies and clarification of the IFRS amendment 12 apply to annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 4 "Insurance Contracts" - Application of IFRS 9 "Financial Instruments" to 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)" arising from the IFRS 1 IFRS 1, IFRS 12 and MRS 28 project, primarily with the aim of removing 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 Review" (effective for annual periods beginning on or after 1 January 2018);

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.4. Published standards and interpretations that have not yet come into force

IFRS 16 "Leasing" provides a comprehensive model for identifying leasing arrangements and their treatment in financial statements of both providers and recipients of leases. On the date of entry into force on 1 January 2019, this Standard will replace the following leasing standards and interpretations: IAS 17 "Leasing", IFRIC 4 "Determining whether an arrangement contains leasing", SIC 15 "Operational leasing - incentive" and SIC 27 "Estimation of the substance of the transaction including the legal form of the lease";

### 2.5. Amendments to the financial statements

The financial statements of the Company for 2018, together with the Auditor's Report issued on February 14, 2019, were adopted by the Company's Supervisory Board on February 14, 2019. After that date, the management of the Company made changes in the part of the company's profit tax calculation for 2018. Considering that the effect of calculating the profit tax is material, the Company's management has decided to issue amended financial statements. Amendments were made to the following positions in the financial statements:

- Income Statement - part of disclosing liabilities for profit tax, net results and basic earnings per share
- Balance Sheet - in the part of capital - retained earnings of the current year and liabilities for profit tax
- Statement of changes in equity - in the part of the retained earnings of the current year
- Report on the remaining result in the part of the net operating result
- Note 27 - Income tax
- Note 29 - Earnings per share
- Note 43 - Equity in the portion of retained earnings from 2018
- Note 46 - Retained earnings
- Note e 59 and 60 - Liabilities for income tax
- Note a 64 - in Capital Risk Management

The revised Financial statements are approved by management of the Company on 21st February 2019.

## 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Revenues and expenses

Sales revenue is recognized when the risk and benefit associated with the right of ownership is transferred to the buyer, which implies the date of delivery of the goods to the buyer.

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

Lease revenue from operating leases is recognized equally throughout the lease term.

Revenue is stated at the fair value of the assets that are received or will be received, in the net amount after impairment for given discounts and value added tax.

Interest revenue and dividends are recognized in accordance with the principle of origin in favor of the accounting period to which they relate, using the effective interest method.

An appropriate expense (the principle of causation of revenue and expense) is also recognized on the date on which the revenue is recognized.

Operating expenses are recognized in the income statement on the utilization of the acquired service or upon its occurrence.

Expenses are calculated on the basis of the causation of revenues and expenses.

Current maintenance and repair costs of fixed assets are recorded at the expense of the income statement in the accounting period when they occur.

### 3.2. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are included in the cost of that asset up to that period when, in essence, all activities required to prepare the asset for the intended use or sale have been completed. Qualifying assets are related to assets

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES****3.2. Borrowing costs (continued)**

which necessarily require a significant amount of time to be ready for their intended use.

Revenue from investments made on the basis of the temporary investment of borrowed funds is deducted from the resulting borrowing costs intended to finance the qualifying assets.

All other borrowing costs are recognized in the income statement in the period in 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 day of the transaction.

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 exchange differences.

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 on the basis of exchange rate differentials and the effects of a currency clause", 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:

Description	31/12/2018	31/12/2017
<b>NBS's middle exchange rate:</b>	RSD value	
EUR	118,1946	118,4727
USD	103,3893	99,1155
CHF	104,9779	101,2847
GBP	131,1816	133,4302

Long-term loan liabilities from the EIB are converted to the dinar counter value 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:

Description	31/12/2018	31/12/2017
<b>Agreed exchange rate:</b>	RSD value	
EUR - for the loan from EIB	118,5492	118,8281

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4. Intangible assets**

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. Real estate, plant and equipment, biological assets**

Property, plant and equipment that meets the requirements for recognition of assets are measured at their cost or cost price. Cost is the invoice value of the purchased assets plus all the costs incurred until they are put into use.

**3.5. Property, plant and equipment, biological assets (continued)**

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

The fair value of the real estate makes up their market value, which is determined by estimation. Revaluation is carried out only when the fair value of a revalued asset materially differs from its stated value. Revaluation gains are recognized in other gains and losses in favor 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 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. When assets are disposed of or alienated, the associated revaluation reserve is transferred directly to retained earnings.

The last estimate of the value of property, plant and equipment was made on December 31.

The tool and small inventory, the useful life of which is longer than one year from 01/01/2016, is recognized as a fixed asset regardless of the amount of the individual purchase price. These assets are depreciated according to the estimated useful life.

Gains or losses arising from disposal or alienation are recognized as revenue or expense in the income statement.

**3.6. Amortization**

Amortization of property, plant and equipment is calculated using the proportional method, during the estimated useful life. The amortization rates used in the business year 2018 as well as the amortization rates calculated on the basis of the useful life of the assets that were applied in 2017 are shown in the table below:

DESCRIPTION	2018	2017
<b>CONSTRUCTIONS</b>	%	%
Electricity and water management constructions	2,27 - 7,69	2,27 - 7,14
Roads, airports and car parks	2,22 - 20,00	2,22 - 33,33
Other constructions	2,50 - 20,00	5,00 - 25,00
Flats given to employees for use	1,43	1,49
<b>Equipment</b>	%	%
New specific equipment	5,00 - 33,33	6,67 - 50,00
Road traffic equipment	6,67 - 50,00	5 - 50,00

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

PTT and TV traffic equipment	14.29 - 50,00	7.14 - 50,00
Air traffic equipment	6.67 - 50,00	4 - 50,00
Measurement and control equipment and specific devices	5.00 - 50,00	4,00 - 33.33
Laboratory, school and medical equipment and devices	10,00 - 50.00	20,00 - 25
Electronic, computing machines and computers	10,00 - 50.00	10- 50,00
Furniture and devices for general use	5.00- 50.00	4- 50.00
Road traffic equipment taken on financial leasing	14,29 - 50.00	8,33 - 33,33
Plants and equipment	8,33 - 20,00	10,00 - 25,00
Tools and inventory	5,00 - 100,00	20,00 - 100,00
<b>Intangible investments</b>	%	%
Software and licenses	10,00 - 50,00	10,00 - 50,00

**3.7. Investment property**

Investment property is a property that the Company holds as the owner in order to earn profits from the issuance of a real estate or to increase the value of the capital either for one and the other, and not for use for the provision of services or for the purposes of administrative operations or sales in the ordinary course of business. Initial appraisal of an investment property when it is acquired is carried at cost or cost price. After initial recognition, the valuation of an investment property is carried out at fair value at the end of each business year. Positive and negative effects on the change in the fair value of investment property are recorded through the income statement.

The company has engaged an authorized appraiser, to evaluate the value of investment property on December 31, 2018. The fair value of investment property is determined using the yield method - discounted cash flows. On December 31, 2018, the Company reclassified "Borik" as investment property.

**3.8. Value impairment**

On each balance sheet date, the Company reviews the carrying amounts of its tangible assets in order to determine whether there are indications that there has been any loss due to the impairment of the value of the said asset. If there are 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.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**3.9. Stock**

Stock is stated at cost, i.e. cost price or net sales value, whichever is lower.

Net sales value is the price at which the stock can be sold under normal operating conditions after deducting the cost of sales. Purchase value includes value per supplier's invoice, transport and dependent purchase costs.

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

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

By calculating other expenses, a change in the value of stocks is carried out in cases where it is estimated that their value should be reduced to the net expected selling value (including stocks with slow-down turnover, redundant and obsolete stocks). Damaged stocks and the stocks that do not conform to standards are written off.

In compliance with the Concession Agreement, on December 22, 2018, the Company handed over its stocks to Vinci Airports Serbia d.o.o. Belgrade that has taken over the management of the Airport and performs services in the air traffic.

**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 realized 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 the adjustment of 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 Profit Tax of the Republic of Serbia does not provide that tax losses from the current period can be used as a basis for tax refunds paid in previous periods. However, the losses reported in the tax balance sheet until 2009 can 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 realized and reported in the tax balance for 2010, and beyond shall be used to reduce the tax base for future accounting periods, but not longer than five years.

The Law on Profit Tax of the Republic of Serbia in the part of tax credit prescribes that taxpayers who have exercised the right to tax incentives referred to in Art. 48 of the earlier law, and disclosed data in the Tax

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Balance and tax return for 2013, may use 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 transferred to the tax on profits of future accounting periods up to the prescribed limit of 33% (for large and medium legal entities) but not longer than 10 (ten) 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. Also, 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% whose application is expected in the period when the asset is realized or the obligation is 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 within equity.

**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 the republic, tax and general regulations. These taxes and contributions are shown under other operating expenses.

**Tax risks**

The tax laws of the Republic of Serbia are often interpreted differently and subject to frequent changes. Interpretation of tax laws by tax authorities in relation to transactions and activities of the Company may differ from the interpretations of the management. As a result, transactions may be challenged by tax authorities and the Company may be assigned an additional amount of taxes, penalties and interest. The period of obsolete 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 when the obligation was incurred.

**3.11. Benefits for employees*****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 that provide for the social security of employees. These obligations include contributions for employees at the expense of 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 on behalf of employees. Contributions made at the expense of the employer and contributions made at the expense of employees shall be credited to the expense of the period to which they relate.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Liabilities for severance pay and jubilee awards*

Based on the Collective Agreement, adopted on 12/02/2015, the Company is obliged to pay the employees:

- Severance pay at retirement 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 awards for the total amount of time 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 gained the right to anniversary award for:
  - 10 years of work - in the amount of one monthly salary;
  - 20 years of work - in the amount of two monthly salaries;
  - 30 years of work - in the amount of three monthly salaries;
  - 35 years of work for women and men - in the amount of four monthly salaries.

Due to the obligations regulated by the Collective Agreement, the Company assesses provisions for severance payments and jubilee awards at the end of each business year in accordance with the requirements of the standards of IAS-19 - Employee Benefits.

The Company has engaged an authorized actuary to assess the provision for retirement benefits and jubilee awards on December 31, 2018. The assumptions used for the actuarial accounting and changes in provisions in the current period are disclosed in note 49.

#### 3.12. Leasing

Leases are classified as finance leases whenever the leasing, the lessee, transferred to the maximum extent all the risks and benefits arising from ownership. Every other lease is classified as an operating lease.

##### The company as a leasing provider

Operating lease revenue (income from rent) is recognized using the linear method during the lease period. Indirect costs incurred in negotiations and contracting an operating lease are added to the carrying amount of the leased asset and are recognized on a pro rata basis during the lease period.

##### The company as a leasing user

Funds that are held under financial lease agreements are initially recognized as assets of the Company at the present value of minimum lease payments determined at the beginning of the lease period. The corresponding obligation to the lessor is included in the balance sheet as a financial lease obligation.

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

An operating lease instalment is recognized as a linear-basis cost over the lease term, unless there is another systematic basis that better reflects the time pattern of spending economic benefits from the leased asset.

In the case when leasing facilities are approved, they are included in the operating lease and are recognized as a liability. The total benefit from the relief is recognized as a reduction in the cost of renting on a linear basis, unless there is another systematic basis that better reflects the time structure of spending the economic benefits of the leased asset.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.13. Information about business segments**

The company performs its business activity as a unique business segment, providing airport services. Accordingly, information relating to sales revenue by products and services, geographic information on sales revenue, is disclosed at the Company's level.

**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 on the settlement date.

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

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

***Long-term investments***

Long-term financial investments after initial recognition are measured by:

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

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

Long-term loans to employees are stated at fair value through discounting using market interest rates.

***Short-term receivables and placements***

Short-term receivables and placements comprise receivables from sales, other receivables, and short-term placements to employees.

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

Other receivables and placements arising from an enterprise are measured at amortized cost.

Any difference between the stated amount and the subsequent measurement is recognized as a gain or loss in the period in which it arises.

***Impairment of financial assets***

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

All receivables for which there is a reasonable doubt that they will not be charged in the nominal amount shall be subject to an adjustment of the receivables. Direct write-off is done only after the completion of a court dispute or by the decision of the managing authority.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Cash and cash equivalents***

Cash and cash equivalents comprise cash in current accounts with banks and in cash, as well as highly liquid investments that reach 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 a change in value.

**3.14. Financial instruments (continued)*****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 the initial recognition of a financial liability, the measurements in the amount by which the liability is initially recognized, minus repayments of the principal, increased by the amounts of capitalized interest and reduced by any write-off approved by the creditor. Liabilities based on interest on financial liabilities are recorded at the expense of financial expenditure in the period in which they relate and are presented within other short-term liabilities and accrued costs and deferred revenues.

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

The share 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

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 Assembly adopts a decision on the distribution of profit.

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

Provisions for legal disputes, damages contracts or other claims against the Company are recognized when a legal or constructive obligation arises for the Company as a result of a past event, when there is an outflow of economic benefits from the Company and when the amounts of these outflows can be reliably estimated. The exact time or exact amount of that outflow can still be uncertain.

Restructuring costs are recognized only if there is a detailed formal restructuring plan and the management has communicated the main characteristics of the plan to all the plans on which the plan is affected or the execution of the plan has already commenced. Provisions are not recognized for future business losses.

Provisions are measured at estimated costs to settle the present obligation, based on the most reliable evidence available at the date of the adoption of the report, including the risks and uncertainties associated with the present obligation. For a number of similar obligations, the probability of the outflow for settlement is determined at the level of the liability class. Provisions are discounted to the present value, in case the amount of discounting is material.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Any compensation in connection with the obligations that the Company is sure to implement from a third party shall be recognized as a separate asset. However, this asset can not be larger than the related provision.

No obligation or provision is recognized unless the outflow of economic benefits from the present liability is not known. Such situations are disclosed as potential liabilities, except in cases where the probability of 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 potential receivables and liabilities at the date of drawing up 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 drawing up 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. Amortization and amortization rate**

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

In addition, due to the importance of fixed assets in the total assets of the Company, any changes in these assumptions may lead to material effects on the financial position of the Company, as well as on the financial result. As an example, if the Company shortens the average useful life for 10%, this would result in additional amortization and amortization expenses for the year ended 31 December 2018 by about 122,911 thousand dinars (year ended 31 December 2017: 84,848 thousand).

**3.17.2. Value adjustment of noncollectable receivables**

We calculated the allowance for claims older than 60 days, based on estimated losses due to the inability of the buyer to fulfill the necessary obligations. Our assessment is based on the age analysis of customer receivables, historical write-offs, creditworthiness of our customers and changes in terms of sales, when determining the adequacy of the adjustment of the value of doubtful claims. This includes assumptions about future customer behavior and the resulting future billing. The management believes that no additional allowance for the value of the receivables is required, except for a adjustment of the value already shown in the financial statements.

**3.17.3. Court disputes**

In general, provisions are significantly subject to estimates. The Company assesses the likelihood of adverse events occurring as a result of past events and estimates the amount needed to settle the obligation. The assessment of potential obligations arising from court proceedings is carried out by internal expert services or external advisers.

Although the Company respects the precautionary principle in assessing, given that there is a large degree of uncertainty, in certain cases actual results may deviate from these estimates.

**3.17.4. Fair value**

Fair value for disclosure requirements in accordance with the requirements of IFRS 13 is defined as the price that would have been acquired for the sale of assets, or paid for the transfer of an obligation in a regular transaction between market participants on the date of measurement.

The Company's business policy is to disclose information on the fair value of assets and liabilities for which there is official market information and when the fair value varies significantly from the book value. In the Republic of Serbia there is not enough market experience, nor stability and liquidity in the purchase and

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 established in the absence of an active market. The Company's Management also assesses risks in cases when it is estimated that the value at which the property is kept in the books of account will not be realized, it makes a value adjustment. In the opinion of the Company's management, the amounts in these financial statements reflect the value that, in the circumstances, is the most likely and most useful for reporting purposes.

The Company measures the fair value of assets and liabilities using assumptions that market participants would use when determining the price of assets or liabilities, assuming that market participants act in their best economic interest.

Fair value is the price that would be charged or paid for the transfer of an obligation in a regular transaction on the primary or most favorable market on the date of measurement, under current market conditions, and regardless of whether this price is directly perceived or estimated using another valuation technique.

The value estimation techniques used to measure the fair value should maximize the use of relevant detectable inputs and minimize the use of non-detectable inputs.

In order to increase consistency and comparability in the measurement of fair value and related disclosures, a fair value hierarchy is identified that classifies in three levels of inputs for value appraisal techniques used in measuring the fair value according to the structure that follows:

Level 1 Inputs - quoted prices (uncorrected) in the active market for identical assets and liabilities the entity has access to on the date of measurement. Level 1 input assumptions relate to the existence of a primary market for assets or liabilities, or, in the absence of a primary market, the most favorable market for assets or liabilities; and whether the entity can realize a transaction for property or a market price obligation on the date of assessment.

Level 2 Inputs are inputs that are not quoted prices included in level 1 that are noticeable for assets or liabilities, either directly or indirectly. These inputs include the following: quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities on non-active markets, non-quoted inputs, if they are noticeable for assets or liabilities and inputs corroborated by the market.

Level 3 Inputs are unobtrusive inputs for assets or liabilities that the entity develops using the best information available in the given circumstances. Therefore, all reasonably available information on the assumptions of market participants is considered. Non-obvious inputs are considered as assumptions of market participants and fulfill the objective of measuring fair values.

**4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF PROVISION OF SERVICES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR**

Article 4 of the Ordinance on providing ground handling services at airports - Official Gazette RS no. 61/2015, requires that the Airport operator and the ground handling service provider allocate accounts (accounts) for the provision of ground handling services from the account for other activities, in accordance with applicable accounting standards. The annual financial statements of the Airport Operator must show the absence of any associated financial flows between the provision of ground handling services and its activities as an airport operator.

From 01/07/2016, separate invoicing of ground handling services from other airport operator services was initiated, followed by determining the belonging of direct costs to the accounting documents of the airport operator and the activities of the ground handling service, as well as the allocation of indirect costs to the airport operator and to the ground handling service on the basis of adopted keys for the allocation of indirect expenses.

Separation of operations, i.e. realized revenues and expenses of the Airport for the period I-XII 2018, in the part of Operations of the airport operator and the part of Ground Handling service provision were carried out on the basis of the Report of the working group for the correction of the methodology of allocation of costs of the OU Ground Handling (Archive number DG - 1247/2018 dated October 29, 2018), and according to the requirements of the Rulebook on provision of ground handling services at airports (Official Gazette

NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR'S ACTIVITY (continued)**

of RS No. 61/2015). Based on the above, and on the basis of the achieved business results, the Income Statement for the period I-XII 2018 was prepared in which the reported results of the business activities of the Airport Operator and the activities of the Ground Handling Service were recognized parallel with the previous year, as follows:

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

#### 4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR'S ACTIVITY (continued)



### INCOME STATEMENT for AIRPORT OPERATOR and GROUND HANDLING

for the period from 01/01/2018 to 31/12/2018

- thousand dinars -

Group of accounts - account	Position	AOP	Note no.	Amount			Previous year			
				Current year			Previous year			
				AIRPORT OPERATOR (01/01/2018-31/12/2018)	GROUND HANDLING (01/01/2018-31/12/2018)	Total AIRPORT (01/01/2018-31/12/2018)	Airport Operator (01/01-31/12/2017)	Ground Handling (01/01-31/12/2017)	Total Airport (01/01-31/12/2017)	
1	2	3	4	5	6	7(5+6)	8	9	10(8+9)	
	<b>REGULAR OPERATING REVENUE</b>									
60 to 65, except 62 and 63	A. OPERATING REVENUE (1002 + 1009 + 1016 + 1017)	1001		67.523.487	1.981.359	69.504.846	7.783.622	1.606.499	9.390.121	
60	I REVENUE FROM SELLING GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	5.469	0	5.469	11.313	0	11.313	
604	5. Revenues from selling goods on the domestic market	1007	5	5.469	0	5.469	11.313	0	11.313	
605	6. Revenues from selling goods on the foreign market	1008	5	0	0	0	0	0	0	
61	II REVENUES FROM SELLING GOODS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	7.221.480	1.981.359	9.202.839	6.776.572	1.606.499	8.383.071	
614	5. Revenues from selling goods and services on the domestic market	1014	6	2.902.130	990.923	3.893.053	2.784.767	734.319	3.519.086	
615	6. Revenue from selling goods and services on the foreign market	1015	7	4.319.350	990.436	5.309.786	3.991.805	872.180	4.863.985	
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		0	0	0	48	0	48	
65	IV OTHER OPERATING REVENUES	1017	9	60.296.538	0	60.296.538	995.689	0	995.689	
	<b>REGULAR OPERATING EXPENSES</b>									
50 to 55, 62 and 63	B. OPERATING EXPENSES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		4.835.542	1.800.937	6.636.479	3.852.700	1.512.520	5.365.220	
50	I. COST OF GOODS SOLD	1019	10	4.911	0	4.911	15.026	0	15.026	
51 except 512	V. COST OF MATERIALS	1023	11	142.852	126.876	269.728	121.476	97.455	218.931	
513	VI. FUEL AND ENERGY COST	1024	12	229.695	70.028	299.723	191.555	79.389	270.944	
52	VII. COST OF WAGES, SALARIES, AND OTHER PERSONAL COSTS	1025	13	2.129.539	1.380.304	3.509.843	1.996.591	1.076.357	3.072.948	
53	VIII. COST OF PRODUCTION SERVICES	1026	14	436.348	38.806	475.154	355.838	59.627	415.465	
540	IX. AMORTIZATION COSTS	1027	15	1.065.909	163.203	1.229.112	713.212	135.265	848.477	
541 to 549	X. COSTS OF TWO-TERM PROVISIONS	1028	15a	53.334	0	53.334	34.883	5.060	39.943	
55	XI. NON-MATERIAL COSTS	1029	16	772.954	21.720	794.674	424.119	59.367	483.486	
	<b>C. OPERATING PROFIT (1001 – 1018) ≥ 0</b>	1030		62.687.945	180.422	62.868.367	3.930.922	93.979	4.024.901	
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		124.396	727	125.123	148.417	625	149.042	
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	17	67.048	0	67.048	93.435	0	93.435	
663 and 664	III. POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF THE CURRENCY CLAUSE (TOWARDS THRID PARTIES)	1039	18	57.348	727	58.075	54.982	625	55.607	

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

56	E. FINANCIAL EXPENSES (1041 + 1046 + 1047)	1040		112.266	3.958	116.224	282.895	5.031	287.926
562	II. INTEREST EXPENSE (TOWARDS THIRD PARTIES)	1046	19	34.320	0	34.320	34.838	0	34.838
563 and 564	III. NEGATIVE FOREIGN EXCHANGE DIFFERENCES AND NEGATIVE EFFECTS OF THE CURRENCY CLAUSE (TOWARDS THRID PARTIES)	1047	20	77.946	3.958	81.904	248.057	5.031	253.088
	F. GAIN FROM FINANCING ACTIVITIES (1032 – 1040)	1048		12.130	-3.231	8.899	0	0	0
	G. LOSS FROM FINANCING ACTIVITIES (1040 – 1041)	1049		0	0	0	134.478	4.406	138.884
683 and 685	H. REVENUES FROM VALUE ADJUSTMENT OF OTHER PROPERTY RECOGNIZED AT FAIR VALUE IN THE INCOME STATEMENT	1050	21	20.960	0	20.960	56.859	0	56.859
583 and 585	I. EXPENSES FROM VALUE ADJUSTMENT OF OTHER PROPERTY RECOGNIZED AT FAIR VALUE IN THE INCOME STATEMENT	1051	22	52.810	98	52.908	11.827	183	12.010
67 and 68, except 683 and 685	J. OTHER REVENUES	1052	23	190.944	1.032	191.976	23.835	2.568	26.403
57 and 58, except 583 and 585	K. OTHER EXPENSES	1053	24	393.930	3.921	397.851	78.661	5.218	83.879
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		62.465.239	174.204	62.639.443	3.786.650	86.740	3.873.390
69-59	M. NET PROFIT FROM CORRECTING MISTAKES FROM PREVIOUS YEARS	1057	25	0	0	0	4.187	3.067	7.254
59-69	N. NET LOSS FROM CORRECTING MISTAKES FROM PREVIOUS YEARS	1057	25	27.807	447	28.254	0	0	0
	O. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	62.437.432	173.757	62.611.189	3.790.837	89.807	3.880.644
	P. PROFIT TAX								
721	I. TAX EXPENSE FOR THE PERIOD	1060	26	9.407.405	26.064	9.433.469	515.529	13.471	529.000
part 722	II. DEFERRED TAX EXPENSES OF THE PERIOD	1061	27	22.270	0	22.270	85.970	0	85.970
part 722	III. DEFERRED TAX REVENUES OF THE PERIOD	1062	27	0	0	0	0	0	0
	C. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28	53.007.757	147.693	53.155.450	3.189.338	76.336	3.265.674
6	TOTAL REVENUES (1001+1032+1050+1052)			67.868.608	1.983.118	69.851.726	8.021.359	1.612.759	9.634.118
5	TOTAL EXPENSES (1018+1040+1051+1053)			5.431.176	1.809.361	7.240.537	4.230.522	1.522.952	5.753.474

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR'S ACTIVITY (continued)**

5. REVENUES FROM SELLING GOODS	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Revenues from selling drinks in hospitality facilities	1.629	1.555
Revenues from selling fuel on the domestic market	0	0
Revenues from selling crude oil	3.840	9.758
<b>Revenues from selling goods on the domestic market</b>	<b>5.469</b>	<b>11.313</b>
Revenues from selling goods - kerosene (re-export)	0	0
Revenues from selling fuel on the foreign market	0	0
<b>Revenues from selling goods on the foreign market</b>	<b>0</b>	<b>0</b>
	<b>5.469</b>	<b>11.313</b>

REVENUES FROM THE SALES OF AIRPORT SERVICES on the domestic and foreign markets in the period I - XII 2018 are divided into revenues from services performed by the activities of the airport operator and to the revenues generated by the activities of providing ground handling services based on actually realized revenues and the plan adopted parameters for separating the provided ground handling services from the operation of the airport operator, which is shown in the following table:

6. REVENUES FROM SELLING SERVICES ON THE DOMESTIC MARKET WITH RECOGNIZED REVENUES FROM GROUND HANDLING SERVICES	I-XII 2018					I-XII 2017				
	Revenues Airport Operator	Revenues Ground Handling	Total revenues Airport Operator (with foreign)	Revenues from foreign customer branches	Revenues without foreign customer branches	Revenues Airport Operator	Revenues Ground Handling	Total revenues Airport Operator (with foreign)	Revenues from foreign customer branches	Revenues without foreign customer branches
1	2	3	4 (2+3)	5	6 (4-5)	7	8	9 (7+8)	10	11 (9-10)
	у 000 дин.					у 000 дин.				
Passenger service*	1.026.156	42.418	1.068.574	108.294	960.280	1.251.462	54.921	1.306.383	104.330	1.202.053
Security fee	581.501	0	581.501	28.835	552.666	617.116	0	617.116	27.490	589.626
Landing	219.001	0	219.001	31.645	187.356	219.830	0	219.830	33.723	186.107
Acceptance and dispatch of aircraft *	-	615.217	615.217	42.684	572.533	-	287.653	287.653	39.492	248.161
Infrastructure	345.529	0	345.529	26.952	318.577	165.447	0	165.447	27.082	138.365
Airbridges *	71.337	7.954	79.291	4.798	74.493	15.024	1.682	16.706	7.023	9.683
Lighting	54.582	0	54.582	1.762	52.820	60.992	0	60.992	1.454	59.538
Aircraft stay fee	6.499	0	6.499	248	6.251	6.208	0	6.208	59	6.149
Aircraft de-icing services *	0	78.971	78.971	8.590	70.381	0	91.276	91.276	4.323	86.953
Commerical use of the apron	58.398	0	58.398	-	58.398	55.419	0	55.419	-	55.419
Services of using CUTE system	75.335	0	75.335	5.375	69.960	78.081	0	78.081	5.235	72.846
On-demand services *	7.415	75.200	82.615	125	82.490	8.147	130.521	138.668	484	138.184
Services of renting advertizing space	47.961	0	47.961	-	47.961	63.397	0	63.397	-	63.397
Utility services	185.197	0	185.197	753	184.444	168.744	0	168.744	973	167.771
Customs services *	0	164.817	164.817	915	163.902	0	164.480	164.480	802	163.678
DCS services *	0	0	-	-	-	0	0	-	-	-
Lost and found service *	0	1.493	1.493	1.391	102	0	1.222	1.222	1.222	0
Revenues from car park use	205.339	0	205.339	1.115	204.224	65.944	0	65.944	658	65.286
Other services *	17.880	4.853	22.733	495	22.238	8.956	2.564	11.520	522	10.998
<b>I Total services on the domestic market</b>	<b>2.902.130</b>	<b>990.923</b>	<b>3.893.053</b>	<b>263.977</b>	<b>3.629.076</b>	<b>2.784.767</b>	<b>734.319</b>	<b>3.519.086</b>	<b>254.872</b>	<b>3.264.214</b>

Revenues from services made by foreign companies registered in the Republic of Serbia as a "branch" are recorded in accordance with legal regulations, that is, as revenues from domestic customers. Considering that the physical volume of the services of the listed branches in the Company is recorded as the physical

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR'S ACTIVITY (continued)**

volume of the services of the foreign company, the mentioned revenues are in Note 6 and 7, shown in the manner that they are recorded in bookkeeping, and separated in a separate column as revenue from the sale of goods and services from registered branches, due to insight into the amount and share of the stated revenues recorded as revenues generated on the domestic market, and the essence is that the origin of these revenues is foreign market.

7. REVENUES FROM SELLING SERVICES ON THE FOREIGN MARKET WITH RECOGNIZED REVENUES FROM GROUND HANDLING SERVICES	I-XII 2018					I-XII 2017				
	Revenues Airport Operator (AO)	Revenues Ground Handling (GH)	Total revenues of the Airport (without customer branches)	Revenues from foreign customer branches	Revenues with foreign customer branches	Revenues Airport Operator	Revenues Ground Handling	Total revenues of the Airport (without foreign customer)	Revenues fro foreign customer branches	Revenues with foreign customer branches
1	2	3	4 (2+3)	5	6 (4+5)	2	3	4 (2+3)	5	6 (4+5)
	у 000 дин.	у 000 дин.	у 000 дин.	у 000 дин.	у 000 дин.	у 000 дин.	у 000 дин.	у 000 дин.	у 000 дин.	у 000 дин.
Passenger service*	2.132.818	72.950	2.205.768	108.294	2.314.062	1.884.271	61.451	1.945.722	104.330	2.050.052
Security fee	616.986	0	616.986	28.835	645.821	554.644	0	554.644	27.490	582.134
Landing	683.896	0	683.896	31.645	715.541	682.947	0	682.947	33.723	716.670
Acceptance and dispatch of aircraft *	0	704.755	704.755	42.684	747.439	0	649.101	649.101	39.492	688.593
Infrastructure	484.856	0	484.856	26.952	511.808	463.550	0	463.550	27.082	490.632
Airbridges *	179.672	20.572	200.244	4.798	205.042	179.783	20.708	200.491	7.023	207.514
Lighting	79.139	0	79.139	1.762	80.901	78.741	0	78.741	1.454	80.195
Aircraft stay fee	15.163	0	15.163	248	15.411	24.786	0	24.786	59	24.845
Aircraft de-icing services *	0	92.931	92.931	8.590	101.521	0	66.198	66.198	4.323	70.521
Services of using CUTE system	109.386	0	109.386	5.375	114.761	105.061	0	105.061	5.235	110.296
On-demand services *	6.090	37.651	43.741	125	43.866	6.698	20.217	26.915	484	27.399
Services of renting advertizing space	169	0	169	-	169	0	0	0	-	-
Utility services	1.117	0	1.117	753	1.870	1.096	0	1.096	973	2.069
Customs services *	0	14.002	14.002	915	14.917	0	12.486	12.486	802	13.288
Revenues from consulting services	0	0	0	-	-	0	0	0	-	-
DCS Services *	0	23.278	23.278	-	23.278	0	18.199	18.199	-	18.199
Lost and found service *	0	18.260	18.260	1.391	19.651	0	17.260	17.260	1.222	18.482
Revenues from car park use	104	0	104	1.115	1.219	13	0	13	658	671
Other services *	9.954	6.037	15.991	495	16.486	10.215	6.560	16.775	522	17.297
<b>II Total services on the foreign market</b>	<b>4.319.350</b>	<b>990.436</b>	<b>5.309.786</b>	<b>263.977</b>	<b>5.573.763</b>	<b>3.991.805</b>	<b>872.180</b>	<b>4.863.985</b>	<b>254.872</b>	<b>5.118.857</b>
<b>III Total revenues from selling goods and services (I+II)</b>	<b>7.221.480</b>	<b>1.981.359</b>	<b>9.202.839</b>	<b>-</b>	<b>9.202.839</b>	<b>6.776.572</b>	<b>1.606.499</b>	<b>8.383.071</b>	<b>-</b>	<b>8.383.071</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

8. Revenues from selling services by geographical regions	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Serbia	3.629.076	3.264.214
Germany (Lufthansa+Eurowings +Europi.+Air Berlin+Eurojet)	676.450	699.344
Montenegro (Montenegro+other customers Montenegro)	510.810	530.780
Austria (Branch of Austrian Airlines +Niki)	261.450	252.734
Switzerland (Swiss Air)	338.771	341.575
Russia (Aeroflot)	386.866	382.876
Turkey (Turkish +Pegasus+Atlas Global)	625.327	726.612
Spain (Swift Air)	35.262	39.687
Italy (Alitalia)	162.960	165.316
Abu Dhabi (Branch of Etihad Air+Etihad Air)	235.516	170.612
Hungary (Wizz Air)	804.397	733.491
Romania (Tarom)	62.082	56.735
Tunisia (Tunis Air)	48.226	42.903
Greece (Aegean+Ellin Air)	121.582	108.564
England (Easyjet)	152.943	75.553
Norway (Norwegian)	116.615	111.661
Poland (Polskie linie LOT)	136.857	109.206
Dubai (Fly Dubai)	160.470	119.194
Qatar (Qatar Airways)	170.446	129.152
Israel (El Al Israel + Israir Airlines+Arkia)	105.722	140.072
Otehr foreign geographical regions	461.011	182.790
	<u>9.202.839</u>	<u>8.383.071</u>

Revenues from selling services by customers	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Air Serbia - Cerbia	2.758.347	2.648.095
Deutsche Lufthansa - Germany	603.687	620.792
Montenegro Airlines - Montenegro	493.570	521.954
Огранак Austrian Airlines - Austria	261.450	252.734
Swiss International Airlines - Switzerland	338.771	341.575
Turkish Airlines -Turkey	417.499	407.094
Aeroflot - Russia	386.866	382.876
Polskie linie LOT - Poland	136.857	109.206
Alitalia Societa Aerea Italiana S.R.L. - Italy	162.960	165.316
Swift Air Aviation - Spain	35.262	39.687
European Air - Germany	55.965	48.737
Norwegian Air - Norway	116.615	111.661
Easyjet - England	152.943	75.553
Wizz Air + branch of Wizz Air (Hungary)	804.397	733.491
Tarom Romanian Air Transport - Romania	62.082	56.735
Pegasus Airlines - Turkey	117.216	104.274
Tunis Air - Tunisia	48.226	42.903
Fly Dubai - Dubai	160.470	119.194
Aegean airlines - Greece	111.194	93.126
Атлас Глобал - Turska	90.612	124.685
Qatar Airways Q.C.S. - Qatar	170.446	129.152
Etihad Airways PJSC + branch of Etihad Airways PJSC - Abu Dhabi	235.516	170.612
NIS AD - Serbia	56.181	55.844
JAT Tehnika - Serbia	31.758	18.136
Parking servis - Serbia	11.137	28.658
Alma Quatro - Serbia	1.051	16.541
Dufry doo Beograd - Serbia	55.280	55.827
Israir Airlines - Israel	62.730	99.472
Other domestic customers - Serbia	715.322	441.113
Other foreign customers	548.429	368.028
	<u>9.202.839</u>	<u>8.383.071</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

9. OTHER OPERATING REVENUES	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Revenues from leases to domestic legal entities	1.017.344	987.031
Revenues from leases to foreign legal entities	11.520	8.658
revenues from upfront concession fee	59.253.721	0
Revenues from annual concession fee	13.953	0
	<u>60.296.538</u>	<u>995.689</u>

10. COST OF GOODS SOLD	I-XII 2018	I-XII 2017
	у 000 дин.	у 000 дин.
Cost of goods sold - retail	1.056	1.244
Cost of goods sold - kerosene - re-export	-	-
Cost of goods sold - crude oil	3.855	13.782
Cost of goods sold - oil	-	-
	<u>4.911</u>	<u>15.026</u>

11. COST OF MATERIALS	I-XII 2018	I-XII 2017
	у 000 дин.	у 000 дин.
Cost of raw materials (basic material, tools and inventory, work and official clothes and shoes)	189.061	153.842
Cost of overhead supplies (office supplies)	21.330	23.030
Cost of spare parts	58.953	41.966
Cost of tools and inventory	384	93
	<u>269.728</u>	<u>218.931</u>

12. COST OF FUEL AND ENERGY	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Cost of petrol and diesel	73.876	70.436
Cost of crude oil for heating	42.592	25.434
Cost of electricity	183.255	175.074
	<u>299.723</u>	<u>270.944</u>

13. COSTS OF WAGES, SALARIES AND OTHER PERSONAL COSTS	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Gross wages and salaries - employees	1.980.216	1.707.587
Gross wages and salaries - management	42.086	38.656
Taxes and benefit charged to the employer	362.006	312.578
Cost of compensations based on service and author agreement	293	264
Cost of compensation to youth cooperatives and other forms of	647.935	625.872
Cost of compensation for memebers of the Supervisory Board,	9.184	8.559
Transportation of employees to work	123.060	77.115
Business trip costs	17.308	19.110
Severance pays and jubilee awards	2.783	3.076
Differences in salaries based on the Law on decreasing salaries in the public sector that is transferred to the Budget of RS	186.111	160.139
Premiums for voluntary pension insurance	116.637	94.432
New Year presents for employees' children - not subject to tax	-	3.996
Compensations based on contracts for professional development	643	4.195
Solidarity allowance (infants, medical treatment, natural disasters etc.)	21.581	17.043
Other personal expenses	-	326
	<u>3.509.843</u>	<u>3.072.948</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

14. COSTS OF PRODUCTION SERVICES	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
IT services at the check-in of passengers and luggage	38.812	40.452
Cost of telephone and other PTT services	26.587	21.872
Cost of maintenance services	203.870	165.557
Leasing costs	38.095	47.620
Cost of advertizing and promotion	113.432	93.354
Cost of hospitality services of lessees - rebilled to airline companies	4.133	1.616
Cost of utility services	31.131	35.573
Cost of other production services	19.094	9.421
	<u>475.154</u>	<u>415.465</u>

15. AMORTIZATION COST	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Cost of amortization for intangible investments	63.940	44.252
Cost of amortization for real estate	386.328	346.048
Cost of amortization for equipment	778.844	458.177
	<u>1.229.112</u>	<u>848.477</u>

16. COST OF LONG-TERM PROVISIONS	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Cost of provisions for severance pay at retirement	-	7.644
Cost of provisions for jubilee awards	-	12.289
Cost of provisions for court proceedings	53.334	20.010
	<u>53.334</u>	<u>39.943</u>

17. NON-MATERIAL COSTS	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Cost of health care services	16.264	18.167
Cost of cleaning services	37.854	60.164
Cost of data room	19.209	13.483
Cost of lawyer services	11.640	4.914
Cost of occupation health and safety	6.493	992
Cost of other consulting services	387.587	95.970
Cost of various rating services	54.811	44.843
Cost of professional development services	28.772	25.403
Cost of services on the existing computer software	14.289	10.357
Cost of other non-productive services	40.074	40.165
Cost of representation	9.909	8.607
Cost of insurance	44.713	36.364
Cost of payment transactions	6.986	5.222
Membership fees	4.382	4.531
Property tax and other fees	88.584	82.068
Other non-material costs	23.107	32.236
	<u>794.674</u>	<u>483.486</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>18. INTEREST REVENUES</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Interest for dinar term deposits	18.951	32.121
Interest for dinar funds on current accounts	1.397	2.285
Interest for foreign currency term deposits	41.007	47.863
Interest for foreign currency funds on current accounts	3.172	2.811
Interest on housing loans	1.664	1.308
Interest from court resolutions	718	2.073
Interest on arrears from untimely payment from customers	41	4.886
Other interest	98	88
	<b>67.048</b>	<b>93.435</b>

<b>19. POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF THE CURRENCY CLAUSE</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Revenues from realized foreign exchange rate differences	50.315	25.910
Revenues from unrealized foreign exchange rate differences	7.566	29.554
Revenues from the effects of the agreed currency clause (realized)	193	143
Revenues from the effects of the agreed currency clause (unrealized)	1	-
	<b>58.075 (392)</b>	<b>55.607</b>

<b>20. INTEREST EXPENSE</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Interest for long-term loan from EIB	28.024	33.070
Interest on arrears in the country	6.106	1.752
Interest for untimely paid public revenues	190	16
	<b>34.320</b>	<b>34.838</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>21. NEGATIVE FOREIGN EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF THE CURRENCY CLAUSE</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Negative foreign exchange rate differences - realized	76.710	222.572
Negative foreign exchange rate differences - unrealized	4.357	22.363
Expenses from the effects of the agreed currency clause - realized	391	291
Expenses from the effects of the agreed currency clause - unrealized	446	7.862
	<b>81.904</b>	<b>253.088</b>

<b>22. REVENUES FROM VALUE ADJUSTMENT OF OTHER ASSETS</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Value adjustment of receivables:	-	-
- from customers for services	77	31.568
- from customers for interest	-	-
- from individuals for housing loans (reversal of value adjustment due to the collection and the change of the repayment period)	20.879	25.291
Other unspecified revenues	4	-
	<b>20.960</b>	<b>56.859</b>

<b>23. EXPENSES DUE TO VALUE ADJUSTMENT OF OTHER ASSETS</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Value impairment of receivables from housing loans	25.407	11.268
Value adjustment of receivables from customers	27.039	742
Value adjustment of receivables from employees	360	-
Costs due to the value adjustment of receivables from interest	20	-
Other expenses due to value impairment	82	-
	<b>52.908</b>	<b>12.010</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

24. OTHER REVENUES	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Revenues from selling equipment and materials and donating equipment	6.836	926
Revenues from collected adjusted revenues from customers	302	1.721
Revenues from reversal of provisions for judicial dispute and employee benefits	124.748	-
Revenues from damage compensations from legal entities and individuals	6.853	7.520
Revenues from reimbursement of court costs	2.146	623
Positive effects of agreed revaluation	655	948
Revenues from decreasing liabilities	3.106	4.555
Revenues from value adjustment of the investment property "Borik"	1.182	2.991
Revenues from appraisal of constructions that were not in the records	43.166	
Other unspecified revenues	2.982	7.119
	<b>191.976</b>	<b>26.403</b>

25. OTHER EXPENSES	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Losses due to the transfer of land without compensation to other legal entities according to the project of subdivision of land; translation of changes in the cadastral plan and the change of surfaces in the design of the Digital Cadastral Plan	169.409	-
Losses due to the sale and disposal of property, equipment	17.981	4.607
Costs dues to recognized deficits	3.134	364
Expenses due to the direct write-off of receivables	542	36.028
Expenses of materials and spare parts submitted to DPN after the inventory	151.874	2.788
Court costs	10.486	3.377
Expenses of charity, health care and scientific purposes	32.343	29.300
Other unspecified expenses	1.954	2.413
Value impairment of property and equipment	3.929	-
Value impairment of the livestock	1	1
Expenses due to the value impairment of advance payment	1.195	-

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Expenses for trade unions	5.003	5.001
	<b>397.851</b>	<b>83.879</b>

<b>26. NET PROFIT - LOSS DUE TO THE CORRECTION OF MISTAKES FROM EARLIER PERIODS</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Revenues - reversal of provision for judicial dispute	706	-
Subsequently identified revenues from earlier periods	2.206	11.693
Revenues - from the reversal of overestimated customer stimulation 31.12., in respect of the approved stimulation	5.909	-
<b>Total identified revenues from earlier years</b>	<b>8.821</b>	<b>11.693</b>
Subsequently identified expenses from earlier years	14.262	4.439
Expenses - cancellation of started investments (extraordinary inventory 31/08/2018)	20.397	-
Expenses - from the underestimated customer stimulation 31.12., in respect of the approved stimulation	2.416	-
<b>Total identified expenses from previous years</b>	<b>37.075</b>	<b>4.439</b>
<b>NET PROFIT - LOSS from corrections of mistakes from earlier years</b>	<b>(28.254)</b>	<b>7.254</b>

<b>27. PROFIT TAX</b>		
<b><u>a) Components of the profit tax</u></b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Tax expense of the period	9.433.469	529.000
Adjustment of the tax expense of the period	-	-
<b>Tax expense of the period after the adjustment</b>	<b>9.433.469</b>	<b>529.000</b>
Deferred tax expense of the period	22.270	85.970
Deferred tax revenue of the period	-	-

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Adjustment of deferred tax revenues of the period	-	-
	9.455.739	614.970
Effective tax rate	15,10%	15,85%

<b><u>b) Reconciliation of the tax profit and the product of the operating result before taxation and prescribed tax rate</u></b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
<b>Profit before taxation</b>	<b>62.611.189</b>	<b>3.880.644</b>
Profit tax calculated at the rate of 15%	9.391.678	582.096
Tax effects of the expenses that are not recognized in the tax balance and the revenues that are excluded from the taxable profit	51.777	17.734
Adjustment of tax effects of amortization expenses taht are not recognized in the tax balance	(9.986)	(48.094)
Tax loan for investment in fixed assets from previous years	-	(22.736)
<b>Tax expense of the period</b>	<b>9.433.469</b>	<b>529.000</b>

**28. PROFIT TAX AND DEFERRED TAX REVENUES AND EXPENSES OF THE PERIOD**

Changes in deferred tax liabilities and deferred tax assets account as of 31/12/2018 and on December 31, 2017 are shown in the table below:

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 28. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

in 000 dinars

<b><u>a ) Deferred tax assets (deferred tax liabilities) 2017</u></b>	1/1/2017	Recognized in other gains and losses I-XII 2017	Recognized in the profit and loss account I-XII 2017	31/12/2017
<b>Long-term assets</b>				
Intangible assets, property, plants, equipment and investment property	(426.918)	-	(65.387)	(492.305)
<b>Long-term liabilities</b>				
Provisions for allowances and other employee benefits	19.547	-	160	19.707
Provisions for judicial disputes	12.075	-	2.412	14.487
<b>Short-term liabilities</b>				
Liabilities for taxes, benefits and other duties	198	-	42	240
Calculated but unpaid remunerations to employees, Article 9, paragraph 2 of the Law	2.079	-	(461)	1.618
Unused tax loans	22.736	-	(22.736)	-
	<b>(370.283)</b>	<b>-</b>	<b>(85.970)</b>	<b>(456.253)</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b><u>b) Deferred tax assets (deferred tax liabilities) 2018</u></b>	1/1/2018	Recognized in other gains and losses I-XII 2018	Recognized in the profit and loss account I-XII 2018	31/12/2018
<b>Long-term assets</b>				
Intangible assets, property, plants, equipment and investment property	(492.305)	-	(10.393)	(502.698)
<b>Long-term liabilities</b>				
Provisions for allowances and other employee benefits	19.707	-	(19.514)	193
Provisions for judicial dispute	14.487	-	7.164	21.651
<b>Short-term liabilities</b>				
Liabilities for taxes, benefits and other duties	240	-	(32)	208
Calculated but unpaid remunerations to employees, Article 9, paragraph 2 of the Law	1.618	-	505	2.123
<b>Остало</b>				
	<b>(456.253)</b>	<b>-</b>	<b>(22.270)</b>	<b>(478.523)</b>

The status of recognized deferred tax assets as of 31/12/2018 in the amount of 24,175 thousand dinars was calculated by applying the applicable profit tax rate of 15% to the provisions for retirement severance pays, provisions for jubilee awards, provisions for legal disputes, the state of unpaid public revenues, as well as the amount of unpaid, and recognized expenditures for the remuneration of employees referred to in Article 9, Paragraph 2 of the Law on Corporate Income Tax, as they relate to temporary differences that will be recognized in the tax period in which they are paid.

The balance of recognized deferred tax liabilities as at December 31, 2018 amounts to 502,698 thousand dinars.

After applying the requirements of IAS 12 for deferred tax assets and deferred tax liabilities on the balance sheet date, the balance of deferred tax liabilities as of December 31 is 478,523 thousand dinars (December 31, 2017, 456,253 thousand dinars).

Effects based on changes in deferred tax assets and liabilities relative to the opening balance, in the amount of 22,270 thousand dinars, are recognized against the deferred tax expense of the period.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>29. EARNINGS PER SHARE</b>	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Shareholders' net profit	53.155.450	3.265.674
Adjustment of net profit	-	-
<b>Net profit after the adjustment</b>	<b>53.155.450</b>	<b>3.265.674</b>
Average weighted number of shares	35.026.129	34.289.350
Basic earnings per share in dinars	<b>1.517,59</b>	<b>95,24</b>

**30 a. INTANGIBLE ASSETS**

in 000 dinars

DESCRIPTION	31/12/2018	31/12/2017
<b>Purchase value</b>		
Opening balance	260.952	187.042
Purchases during the year	172.641	80.702
Advance payments for intangible investments without VAT	1.595	7.485
Alienation, disposal and sale	-	(6.792)
Other	-	-
<b>Closing balance</b>	<b>435.188</b>	<b>268.437</b>
<b>Value adjustment</b>		
Opening balance	95.047	51.312
Current year amortization	63.940	44.252
Alienation, disposal and sale	-	(516)
Value adjustment of advance payments	-	-
<b>Closing balance</b>	<b>158.987</b>	<b>95.048</b>
<b>Net present value</b>	<b>276.201</b>	<b>173.389</b>

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Total investments in intangible assets in 2018 amounted to 172,641 thousand dinars. In 2018, 232,583 thousand dinars of intangible assets were activated, so that the balance of intangible investments as at 31 December 2018, after calculating amortization for 2018, amounts to 276.201 thousand dinars.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

30.b. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS 2017									
									in 000 dinars
DESCRIPTION	Land	Constructions	Equipment	Investment property	Other property, plants and equipment	Investment in progress	Advance payments	Total - property, plants and equipment	Biological assets - Livestock unit
Purchase value									
Opening balance, 01/01/2017	9.416.290	9.678.995	3.105.354	26.525	3.619	1.188.102	136.319	23.555.204	145
Adjustment of the opening balance based on appraisal	-	-	-	-	-	-	-	-	-
Balance on 01/01/2017 after the adjustment	9.416.290	9.678.995	3.105.354	26.525	3.619	1.188.102	136.319	23.555.204	145
Purchases during the year	-	-	-	-	-	2.530.288	-	2.530.288	48
Transfer from the investments in progress	20.827	847.517	2.497.626	-	-	(3.365.970)	-	-	-
Alienation, disposal and sale	-	(15.154)	(23.646)	-	-	(2.927)	-	(41.727)	-
Other	-	-	-	-	-	-	(108.508)	(108.508)	(80)
Assessment of the fair value of assets	-	-	-	-	-	-	-	-	-
Revalorization reserves	-	-	-	-	-	-	-	-	-
Decrease at the expense of revalorization reserves	-	-	-	-	-	-	-	-	-
Revalorization revenues	-	-	-	2.991	-	-	-	2.991	11
Revalorization expenses	-	-	-	-	-	-	-	-	(1)
Decrease of the present value for accumulated amortization	-	-	-	-	-	-	-	-	-
Closing balance, 31/12/2017	9.437.117	10.511.358	5.579.334	29.516	3.619	349.493	27.811	25.938.248	123
Value adjustment									
Opening balance, 01/01/2017	-	-	4.330	-	-	-	15.812	20.142	-
Adjustment of the opening balance based on appraisal	-	-	-	-	-	-	-	-	-
Balance on 01/01/2017 after the adjustment	-	-	4.330	-	-	-	15.812	20.142	-
Current year amortization	-	346.048	458.177	-	-	-	-	804.225	-
Alienation, disposal and sale	-	(12.144)	(2.952)	-	-	-	-	(15.096)	-
Reversal of the value adjustment after the appraisal of the fair value of assets	-	-	-	-	-	-	-	-	-
Value adjustment of advance payment	-	-	-	-	-	-	-	-	-
Closing balance, 31/12/2017	-	333.904	459.555	-	-	-	15.812	809.271	-
Net present value, 31/12/2017	9.437.117	10.177.454	5.119.779	29.516	3.619	349.493	11.999	25.128.977	123
Net present value, 01/01/2017	9.416.290	9.678.995	3.101.024	26.525	3.619	1.188.102	120.507	23.535.062	145

Total investments in property, plant and equipment for the period I-XII 2017 amounted to 2,530,288 thousand dinars. In the observed period, 3,365,970 thousand of property, plant and equipment were activated: equipment in the amount of 2,497,626 thousand dinars, construction facilities in the amount of 847,517 thousand dinars and land in the amount of 20,827 thousand dinars. The cancellation of investments in the course of previous years in the amount of 2,927 thousand dinars was executed. The status of inactive investments as of December 31, 2017 amounts to 349,493 thousand dinars. As of December 31, 2011, an estimate of the fair value of property, plant and equipment was carried out by an authorized appraiser. The effects of the estimates are presented in the table of changes in the property plants and equipment for the year 2016.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

30.c. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS 2018 (continued)									in 000 dinars
DESCRIPTION	Land	Constructions	Equipment	Investment property	Other property, plants and equipment	Investment in progress	Advance payments	Total - property, plants and equipment	Biological assets - Livestock unit
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
Adjustment of the opening balance based on appraisal	-					-	-	-	
Balance on 01/01/2017 after the adjustment	9.437.117	10.511.358	5.579.334	29.516	3.619	349.493	27.811	25.938.248	123
Purchases during the year	-	-		-	-	2.630.039		2.630.039	-
Transfer from the investments in progress	710.329	1.180.464	1.054.999			(2.945.792)	-	-	-
Alienation, disposal and sale	(178.739)	(20.787)	(71.199)			(30.221)		(300.946)	-
Other		30.846	(148)	(30.698)			(11.999)	(11.999)	-
Assessment of the fair value of assets				1.182				1.182	1
Closing balance, 31/12/2018	9.968.707	11.701.881	6.562.986	-	3.619	3.519	15.812	28.256.524	124
Value adjustment									
Opening balance, 01/01/2018	-	333.904	459.555	-	-	-	15.812	809.271	-
Adjustment of the opening balance based on appraisal	-	-	-			-	-	-	
Balance on 01/01/2018 after the adjustment	-	333.904	459.555	-	-	-	15.812	809.271	-
Current year amortization	-	386.328	778.844	-	-	-	-	1.165.172	-
Alienation, disposal and sale	-	(3.260)	(16.917)	-	-	-	-	(20.177)	-
Closing balance, 31/12/2018	-	716.972	1.221.482	-	-	-	15.812	1.954.266	-
Net present value, 31/12/2018	9.968.707	10.984.909	5.341.504	-	3.619	3.519	-	26.302.258	124
Net present value, 01/01/2018	9.437.117	10.177.454	5.119.779	29.516	3.619	349.493	11.999	25.128.977	123

Total investments in property, plant and equipment for the period I-XII 2018 amount to 2,630,039 thousand dinars. In the observed period, 2,945,792 thousand of property, plant and equipment were activated: land in the amount of 710,239 thousand dinars, buildings in the amount of 1,180,464 thousand dinars and equipment in the amount of 1,054,999 thousand dinars. The cancellation of investments in the course of previous years in the amount of 30,221 thousand dinars has been carried out. As of December 31, 2018, the fair value of investment property Borik was made, and after that, reclassification into construction facilities. The status of inactive investments as of December 31, 2018 amounts to 3,519 thousand dinars. The latest estimate of the fair value of property, plant and equipment by an authorized appraiser was made on December 31, 2016. The valuation effects are presented in the table of changes in property, plants and equipment for 2016.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>31. EQUITY STAKE IN OTHER LEGAL ENTITIES AND OTHER SECURITIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Privredna banka a.d. Belgrade	392	392
<i>Minus: value adjustment of the equity stake in banks in bankruptcy</i>	(392)	(392)
	-	-
<b><u>Equity stake in banks in liquidation</u></b>		
Union banka a.d. Belgrade - in liquidation	667	667
Beogradska banka a.d. Belgrade - in liquidation	18.988	18.988
Beobanka a.d. Belgrade - in liquidation	38	38
	19.693	19.693
Minus: value adjustment of equity stake in banks in liquidation	(19.693)	(19.693)
	-	-
<b><u>Equity stake in foreign legal entities</u></b>		
Mondijal-Bodrum - Turkey	358.598	358.598
Societe International de Telecommun. Aeronautiques Swisse (SITA)	1	1
Minus: value adjustment of equity stake in Mondijal-Bodrum -Turkey	(358.598)	(358.598)
	1	1
	<b>1</b>	<b>1</b>
<b>31 a. OTHER LONG-TERM FINANCIAL PLACEMENTS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Assets for membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	4.823	5.261
Long-term loans to employees	227.275	254.174
Receivables from sold publicly owned flats	301	881
Receivables from repurchase of solidarity flats	1.989	2.169
<b>Total gross</b>	<b>234.388</b>	<b>262.485</b>
Current portion of long-term placements in (SITA)	(665)	(638)
Current portion of long-term loans to employees	(9.651)	(12.005)

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Reduction to fair value of long-term loans to employees	(93.008)	(113.582)
	<b>131.064</b>	<b>136.260</b>

Receivables from employees for long-term loans for purchase and repurchase of flats on December 31, amounted to RSD 229,565 thousand (including current maturities in the amount of RSD 9,651 thousand). The effects of the reduction on fair value amount to a total of 93,254 thousand dinars (93,008 thousand dinars for part of long-term receivables from employees and 246 thousand dinars for the part referring to the current maturity of long-term receivables). The aforementioned refers to approved loans to employees for solving housing needs given for a period of 20 - 40 years. Estimation of the fair value of housing loans as of December 31, was carried out an authorized appraiser by projecting future cash flows based on the collection of claims for housing loans, using discount rates: from 4.5% to 16%, depending on whether and at what time intervals housing loans are revalued or agreed with the currency clause, whether they have an agreed interest rate or are contracted without an interest rate.

<b>31 b. OTHER LONG-TERM RECEIVABLES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Receivables from customers arising from the Loan Reprogram Agreement	13.068	41.263
	<b>13.068</b>	<b>41.263</b>

<b>32. MATERIALS, SPARE PARTS, TOOLS AND FIXTURES AND FITTINGS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Basic material	-	67.392
Spare parts	-	22.003
Tools and fixtures and fittings	-	5.382
Value adjustment of the stock of materials and spare parts	-	(1.006)
	-	<b>93.771</b>

<b>33. GOODS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Goods in the warehouse - kerosene	-	4.754
Goods in retail business	-	109
	-	<b>4.863</b>

<b>34. ADVANCE PAYMENTS FOR STOCKS AND SERVICES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Advance payments for services in the country	50.178	33.086

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Advance payments for foreign services	903	1.506
Value adjustment of advance payments	(18.133)	-
	<b>32.948</b>	<b>34.592</b>

<b>35. RECEIVABLES IN THE COUNTRY</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
<b>Total balance of receivables from customers in the country - gross</b>	<b>582.792</b>	<b>658.159</b>
-Value adjustment from the previous period	(231.241)	(231.744)
-Value adjustment from the current period	(26.733)	(150)
<b>Total balance of the value adjustment</b>	<b>(257.974)</b>	<b>(231.894)</b>
	<b>324.818</b>	<b>426.265</b>

Receivables from customers in the country as of 31/12/2018 amounted to RSD 582,792 thousand, of which 226,044 thousand dinars accounted for outstanding receivables, receivables due up to 30 days amounted to 67,412 thousand dinars and due receivables older than 30 days amounted to 289,295 thousand dinars.

The total balance of the value adjustment of receivables from customers in the country amounted to 257,974 thousand dinars, mainly related to the adjustment of the value of receivables from sued domestic customers in the amount of 247,066 and other domestic customers in the amount of 10,908 thousand dinars.

<b>36. RECEIVABLES ABROAD</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
<b>Total balance of receivables from foreign customers</b>	<b>747.916</b>	<b>703.301</b>
-Value adjustment from the previous period	(8.515)	(10.290)
-Value adjustment from the current period	(406)	(592)
<b>Total balance of the value adjustment</b>	<b>(8.921)</b>	<b>(10.882)</b>
	<b>738.995</b>	<b>692.419</b>

Receivables from foreign customers as of 31/12/2018 amounted to RSD 747,916 thousand (outstanding 341,728 thousand dinars, 165,657 thousand dinars due up to 30 days and due over 30 days 240,531 thousand dinars). The total value adjustment of receivables from foreign customers in the amount of RSD 8,921 thousand relates to the correction of the value of receivables from sued customers in the amount of 6,191 and other foreign customers 2,730 thousand dinars.

<b>37. OTHER RECEIVABLES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Receivables from customers in the country for interest on arrears	6.468	4.909
Receivables for interest on term and sight deposits	25.379	31.281
Receivables from employees	642	1.837
Other receivables	105.836	46.733
Receivables for overpaid profit tax	-	-
<b>Total receivables - gross</b>	<b>138.325</b>	<b>84.760</b>
- Value adjustment of receivables from customers for interest on arrears from previous years	-	(276)
- Value adjustment of receivables from customers for interest on arrears from the current year	(20)	(18)
- Value adjustment of receivables from employees from the previous period	(568)	(570)
- Value adjustment of receivables from employees from the current period	(342)	-
- Value adjustment of other receivables	(2.359)	(2.359)
- Value adjustment of other receivables from the current period	(19.853)	-
<b>Total balance of the value adjustment</b>	<b>(23.142)</b>	<b>(3.223)</b>
	<b>115.183</b>	<b>81.537</b>

<b>38. SHORT-TERM LOANS IN THE COUNTRY</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Short-term loans to employees (pickled vegetables, heating fuel - 6 months)	289	80.386
	<b>289</b>	<b>80.386</b>

<b>39. OTHER SHORT-TERM FINANCIAL PLACEMENTS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Short-term deposits	2.710.949	2.667.692
Current portion of long-term housing loans granted to employees	9.651	12.005
Current portion of long-term placements in Societe International de Telecommunications Aeronautiques Swisse (SITA)	665	638
	<b>2.721.265</b>	<b>2.680.335</b>

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Determining the fair value of the current portion of housing loans granted to employees	(246)	(344)
	<b>2.721.019</b>	<b>2.679.991</b>

Short-term term deposits with the balance as of 31/12/2018 in the amount of RSD 2,710,949 thousand, refer to term foreign currency deposits, for a term of up to six months.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

40. CHANGES IN VALUE ADJUSTMENTS until 31/12/2018						in 000 din.
Description of changes to the value adjustments	Long-term financial placements (Note 31)	Stock of material and spare parts (Note 32)	Advance payments for material and services (Note 34)	Receivables from customers for goods, services and interest on arrears (Notes 35,36, and 37)	Short-term financial placements (Note 39)	Total
Opening balance 01/01/2017	138.400	62	-	294.592	464	433.518
Adjustment debited to the costs of the current period	-	944	-	760		1.704
Value impairment of long-term financial placements and securities				-		-
Collected adjusted receivables	(1.512)			(1.721)	(332)	(3.565)
Value reconciliation	(16.362)			(30.747)	256	(46.853)
Write-off	(6.944)			(16.064)	(44)	(23.052)
Exchange rate differences				(821)		(821)
Other		-	-	-		-
<b>Closing balance 31/12/2017</b>	<b>113.582</b>	<b>1.006</b>	<b>-</b>	<b>245.999</b>	<b>344</b>	<b>360.931</b>
Adjustment debited to the costs of the current and previous periods	-	-	17.739	47.254	-	64.993
Value impairment of long-term financial placements and securities	(11.811)	-	615	-	206	(10.990)
Collected adjusted receivables	(807)	-	-	(302)	(251)	(1.360)

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Value reconciliation	-	-	-	-	-	-
Write-off (Reversal of the value adjustment for housing loans due to the transition to the currency clause)	(7.956)	(1.006)	(221)	(3.014)	(53)	(12.250)
Exchange rate differences	-	-	-	100	-	100
Other	-	-	-	-	-	-
<b>Closing balance 31/12/2018</b>	<b>93.008</b>	<b>-</b>	<b>18.133</b>	<b>290.037</b>	<b>246</b>	<b>401.424</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>41. CASH EQUIVALENTS AND CASH</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Current accounts - dinar	170.067	144.108
Current account - foreign currency	61.223.474	2.238.882
Cash	11	113
Other monetary funds	1.021	2.907
<b>Total cash - balance</b>	<b>61.394.573</b>	<b>2.386.010</b>

<b>42. PREPAYMENTS AND DEFERRED EXPENSES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Deferred VAT	9.895	15.731
Prepaid insurance costs related to the future period	0	27.221
Prepaid other costs related to the future period	0	21.217
Accrued and not invoiced revenues related to the future period	26.891	22.464
Other time apportionment	0	95
	<b>36.786</b>	<b>86.728</b>

<b>43. EQUITY</b>	<b>31/12/2018</b>	Changes to equity I-XII 2018	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars	in 000 dinars
Share capital (1st issue of shares)	20.573.610	-	20.573.610
Share capital (2nd issue of shares)	72.313	72.313	-
Share capital (3rd issue of shares)	282.542	282.542	-
Share capital (4th issue of shares)	87.212	87.212	-

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>Share capital ( Total 1st to 4th issue of shares)</b>	<b>21.015.677</b>	<b>442.067</b>	<b>20.573.610</b>
Issue premium (2nd issue of shares)	109.580	109.580	-
Issue premium ( 3rd issue of shares)	454.634	454.634	-
Issue premium (4th issue of shares)	154.450	154.450	-
Issue premium (repurchase of own shares)	(470.039)	(470.039)	-
<b>Total issue premium</b>	<b>248.625</b>	<b>248.625</b>	<b>-</b>
<b>Total basic capital</b>	<b>21.264.302</b>	<b>690.692</b>	<b>20.573.610</b>
<b>Repurchased own shares</b>	<b>(265.416)</b>	<b>(265.416)</b>	<b>-</b>
Reserves	6.356.456	1.102.330	5.254.126
revaluation reserves	570.177	(25.937)	596.114
Actuarial gain	17.290	(192)	17.482
Retained earnings 2017 ( Transfer of revaluation reserves to profit, for the alienated fixed assets)	-	(1.436)	1.436
Undistributed operating profit 2017	-	(3.265.674)	3.265.674
Retained earnings 2018 (Transfer of revaluation reserves,for alienated fixed assets)	6.948	6.948	-
Undistributed operating profit for the current 2018	53.155.450	53.155.450	-
	<b>81.105.207</b>	<b>51.396.765</b>	<b>29.708.442</b>

During 2018, the Company repurchased 442,361 of its own shares from non-voting shareholders.

#### 44. SHARE CAPITAL

Pursuant to the Law on Amendments to the Law on the Right to Free Shares and the Monetary Compensation Citizens Acquire in the Privatization Process, the Company was obliged to make a change in the legal form by June 30, 2010 and show its share capital in shares of a certain nominal value based on the adjusted book value of capital. During 2010, on the basis of the Conclusion of the Government of the Republic of Serbia No. 023-448 / 2010-1, recommendations were given to the Company to make the selection of the most favorable consultant to perform the appraisal of the market value of the capital and provide professional assistance in the preparation and implementation of the procedure for changing the legal form from a public company into a joint stock company. On 17 June 2010, the Government of the Republic of Serbia adopted the Decision no.023-4432 / 2010 on changing the legal form of the Company from a public company into a closed joint stock company.

The aforementioned change was registered with the Business Registers Agency by Resolution number BD 68460/2010 on June 22, 2010, which included capital in the total amount of EUR 214,556,965, which on the day of registration amounted to RSD 20,573,610 thousand.

In the Central Securities Depository, on July 7, 2010, 34,289,350 shares were registered, with a nominal value of 600 dinars per share, which as of December 31, 2010, were owned by the Republic of Serbia.

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

In accordance with the Law on the right to free shares and monetary compensation that citizens receive during the privatization process ("Official Gazette of the Republic of Serbia" No. 123/07 and 30/10) on December 9, 2010, based on the Decision of the Government of the Republic of Serbia No. 023- 9103 / 2010-1, the right to transfer 16,85% of the ownership of the Company was acquired by citizens of the Republic of Serbia, employees and former employees of the Company.

On January 21, 2011, the Company's Assembly adopted Decision No. 21-2 / 1 on transforming the Company from a closed company into an open joint-stock company. The aforementioned change was registered with the Business Registers Agency by Resolution number BD 765/2011 on January 24, 2011.

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

**44. SHARE CAPITAL**

<u>Share capital 25/01/2011 (transition into open joint stock company)</u>	in 000 dinars	Number of shares	% stake
Republic of Serbia	17.107.193	28.511.988	83,15%
Employees and former employees of the Company	574.004	956.673	2,79%
Citizens of the Republic of Serbia	2.892.413	4.820.689	14,06%
	<b>20.573.610</b>	<b>34.289.350</b>	<b>100,00%</b>

In 2018, the share capital was increased by 736,779 shares with a nominal value of 600,00 RSD per share, based on the capital increase by the majority owner of the Republic of Serbia, based on the second issue (120,521 shares), the third issue (470,904 shares) and fourth issue (145,354 shares), which in total increased the share capital by 442,067 thousand dinars (Note 43).

Share capital structure as of 31/12/2018 and 31/12/2017 is as follows:

Shareholder	31/12/2018			31/12/2017		
	Value in 000 dinars	Number of shares	% stake	Value in 000 dinars	Number of shares	% stake
Republic of Serbia	17.548.391	29.247.317	83,50%	17.106.323	28.510.538	83,15%
Domestic and foreign individuals	1.999.176	3.331.961	9,51%	1.978.846	3.298.077	9,62%
Domestic and foreign companies	567.800	946.333	2,70%	792.416	1.320.694	3,85%
Custodians	900.311	1.500.518	4,28%	696.025	1.160.041	3,38%
	<b>21.015.677</b>	<b>35.026.129</b>	<b>100,00%</b>	<b>20.573.610</b>	<b>34.289.350</b>	<b>100,00%</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

45. OTHER EQUITY COMPONENTS	Reserves	revaluation reserves based on the revaluation of property, plan and equipment	Actuarial gains
<b>Balance 01/01/2017</b>	<b>4.120.259</b>	<b>601.827</b>	<b>16.590</b>
Legal reserves	-	-	-
Statutory reserves	1.133.867	-	-
revaluation reserves for land	-	-	-
revaluation reserves for constructions	-	-	-
revaluation reserves for equipment	-	-	-
Decrease of revaluation reserves based on appraisal	-	-	-
Decrease of revaluation reserve based on alienation of fixed assets		(5.713)	
Actuarial gain based on provisions for severance pay at retirement	-	-	892
Recognition of deferred tax liabilities -debited to revaluation reserves		-	-
<b>Balance 31/12/2017</b>	<b>5.254.126</b>	<b>596.114</b>	<b>17.482</b>
Legal reserves	-	-	-
Statutory reserves	1.102.330	-	-
revaluation reserves for land	-	-	-
revaluation reserves for constructions	-	-	-
revaluation reserves for equipment	-	-	-
Decrease of revaluation reserves based on appraisal	-	-	-
Decrease of revaluation reserve based on alienation of fixed assets		(25.937)	-
Actuarial gain based on provisions for severance pay at retirement	-	-	(192)
Recognition of deferred tax liabilities -debited to revaluation reserves	-	-	-
<b>Balance 31/12/2018</b>	<b>6.356.456</b>	<b>570.177</b>	<b>17.290</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Reserves have been created in accordance with the Statute of the Company.

46. RETAINED EARNINGS	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
<b>Opening balance 01/01</b>	<b>3.267.110</b>	<b>1.775.235</b>
Opening balance adjustment	-	-
<b>Adjusted opening balance 01/01</b>	<b>3.267.110</b>	<b>1.775.235</b>
Distributed of retained earnings for the dividend	(1.964.780)	(503.368)
Transfer to statutory reserves	(1.102.330)	(1.133.867)
Participation of employees in the distribution of earnings	(200.000)	(138.000)
<b>Net earnings from the current period</b>	<b>53.155.450</b>	<b>3.265.674</b>
Decision on the distribution of the interim dividend	0	0
<b>Retained earnings from the current period</b>	<b>53.155.450</b>	<b>3.265.674</b>
Earnings from previous years, the result of transferring revaluation reserves to the earnings based on the alienation of fixed assets in the current year	6.948	1.436
Adjustment of retained earnings from the previous period	0	0
<b>Total retained earnings from previous years</b>	<b>6.948</b>	<b>1.436</b>
<b>Retained earnings</b>	<b>53.162.398</b>	<b>3.267.110</b>

Total retained earnings as of 31/12/2018 in the amount of 53,162,398 thousand dinars, is the result of: realized net profit from current operations in the period of I-XII 2018 in the amount of 53,155,450 thousand dinars, and profits arising from the transfer of revaluation reserves into profit for alienation of fixed assets in the observed a period of 6,948 thousand dinars.

The retained earnings from the previous year 2017 in the amount of RSD 3,267,110 thousand was distributed in full by the Decision of the Company's Assembly of 28 June 2018 (1,964,780 thousand dinars for the RS and other shareholders, 1,102,330 thousand dinars statutory reserves and 200,000 thousand dinars for the participation of employees in profit).

47. LONG-TERM PROVISIONS	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Provisions for severance pay to employees	251	48.021
Jubilee awards provisions	1.034	83.358
Provisions for judicial dispute	144.339	96.576
	<b>145.624</b>	<b>227.955</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**48. CHANGES TO LONG-TERM PROVISIONS**

Changes in long-term provisions based on severance payments, jubilee awards and court disputes in the period I-XII 2018, compared to December 31, 2017, are shown in the following table:

in 000  
dinars

CHANGES TO PROVISIONS	Severance payments	Jubilee awards	Total	Court disputes
Balance on 01/01/2017	42.946	82.890	125.836	80.496
Provision during the current year	7.644	12.289	19.933	20.010
Actuarial gains	(892)	-	(892)	-
Reversal during the current year	-	-	-	-
Payout during the year	(1.677)	(11.821)	(13.498)	(3.930)
<b>Balance on 31/12/2017</b>	<b>48.021</b>	<b>83.358</b>	<b>131.379</b>	<b>96.576</b>
Balance on 01/01/2018	48.021	83.358	131.379	96.576
Provision during the current year	0	00		53.334
Actuarial gains/losses	192	-	192	-
Reversal during the current year	(43.676)	(76.941)	(120.617)	(4.131)
Payout during the year	(4.286)	(5.383)	(9.669)	(1.440)
<b>Balance on 31/12/2018</b>	<b>251</b>	<b>1.034</b>	<b>1.285</b>	<b>144.339</b>

**49. ASSUMPTIONS USED FOR CALCULATING PROVISIONS FOR SEVERANCE PAYMENTS AT RETIREMENT AND FOR JUBILEE AWARDS AND THE PRESENTATION OF THE PROVISION CALCULATION**

<u>a) Assumptions used for calculating provisions for severance payment at retirement and for jubilee awards</u>	2018	2017
Discount rate	3,00%	4,50%
Estimated rate of growth of average salary	10,00%	1,00%
Fluctuation percentage	0,00%	1,50%
Amount of average net salary in XII /.....	154.346	73.724
Total number of employees - balance on 31/12	3	1323
Number of retired workers who got a severance payment at retirement	19	5

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

in 000  
dinars

<b><u>b) Calculation of provisions for employee benefits on 31/12/2018</u></b>	<b>Severance payments at retirement</b>	<b>Jubilee awards</b>
	y 000 y 000 дин.	y 000 дин.
<b>1. Provision on 31/12/2017</b>	<b>48.021</b>	<b>83.358</b>
2. Reversal of provision during the year in the business books of the Company	(4.299)	(5.383)
<b>3. Balance on the analytical record card after reversal</b>	<b>43.722</b>	<b>77.975</b>
4. Interest cost	1.441	2.501
5. Cost of current work	148	226
6. Cost of past work	-	-
7. Actuarial gain/loss	191	561
8. Change of cost of past services	(45.251)	(80.229)
<b>9. Total net change of reserved amount in 2018 (4+5+6+7+8)</b>	<b>(43.471)</b>	<b>(76.941)</b>
<b>10. Provision balance on 31/12/ 2018 (3+9)</b>	<b>251</b>	<b>1.034</b>

<b>50. LONG-TERM LOANS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Abroad	573.386	673.487
Currently due	(98.520)	(98.752)
	<b>474.866</b>	<b>574.735</b>

<b>51. LONG-TERM LOANS</b>	<b>Annual interest rate</b>	<b>Maturity date</b>	<b>Outstanding amount 31/12/2018 (EUR)</b>	<b>31/12/2018 in 000 dinars</b>	<b>31/12/2017 in 000 dinars</b>
<u>Long-term loans abroad</u>					
European Investment Bank	4,07-5,16%	2025.g.	4.836.693,60	573.386	673.487

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>Total long-term loans (a+b)</b>	<b>4.836.693,60</b>	<b>573.386</b>	<b>673.487</b>
Current portion of long-term loans:	-831.048,38	-98.520	-98.752
	<b>4.005.645,22</b>	<b>474.866</b>	<b>574.735</b>

Long-term loans abroad as of 31/12/2018 in the amount of 573,386 thousand dinars (4,836,693.60 EUR), out of which 831,048.38 EUR or 98,520 thousand dinars are payable in 2018, relate to the outstanding liabilities under the Contract on Financing the Emergency Project of Traffic Rehabilitation concluded between the EIB and the Republic of Serbia on 13/12/2001. By the said Contract, the Company was granted a loan in the amount of EUR 13,000,000 for the investment and rehabilitation of the airport infrastructure. The loan was approved with a repayment term by 2025, with an interest rate of 5.16% for the first tranche of 3,000,000, 00 EUR, 4,85% for the second tranche of 3,000,000.00 EUR and 4,07% for the third tranche of EUR 7,000,000.00. The repayment of the first tranche of the loan is made in 31 equal semi-annual installments starting from 05/12/2007. The second tranche is repaid in 30 equal semi-annual installments starting from February 20, 2009, while the third tranche started to be repaid from June 20, 2010, in 32 equal semi-annual installments.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<i>Due liabilities for long-term loans</i>	principal amount		unposted interest	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars	in 000 dinars	in 000 dinars
up to one year	98.520	98.752	24.144	28.655
from one to two years	98.520	98.752	19.700	24.201
from two to three years	98.520	98.752	15.256	19.746
from three to four years	98.520	98.752	10.812	15.292
from four to five years	75.575	98.752	6.665	10.838
from five to ten years	103.731	179.727	5.275	11.967
over ten years	-	-	-	-
	<b>573.386</b>	<b>673.487</b>	<b>81.852</b>	<b>110.699</b>

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Current portion of long-term loan from EIB	98.520	98.752
	<b>98.520</b>	<b>98.752</b>

53. RECEIVED ADVANCE PAYMENTS, DEPOSITS AND PREPAYMENTS	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Received advance payments from domestic customers	1.538	1.352
Received advance payments from foreign customers	1.267	1.344
Received deposits from domestic customers	62.513	58.340
Received deposits from foreign customers	13.067	13.017
Prepayments from domestic customers	7.946	12.676
Prepayments from foreign customers	15.215	38.179
	<b>101.546</b>	<b>124.908</b>

54. PAYABLES IN THE COUNTRY	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Payables in the country - for services	158.417	179.830

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Payables in the country - for investment in progress	1.608	106.986
Payables in the country - for equipment	20.812	114.483
	<b>180.837</b>	<b>401.299</b>

<b>55. PAYABLES ABROAD</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Payables abroad - for services	414.093	6.398
Payables abroad - for equipment	1.051	-
	<b>415.144</b>	<b>6.398</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>56. OTHER OPERATING LIABILITIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Other operating liabilities - for collected takings in the company's name	21.103	14.699
Other operating liabilities	1.270	582
Other operating liabilities - factoring	-	99.284
	<b>22.373</b>	<b>114.565</b>
<b>57. OTHER SHORT-TERM LIABILITIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Liabilities for salaries	207	110.141
Liabilities for participation in profit - gross	480	-
Liabilities for dividends RS - gross	-	-
Gross liabilities for dividends to other shareholders for 2017	869	-
Other short-term liabilities	10.534	42.661
	<b>12.090</b>	<b>152.802</b>
<b>58. LIABILITIES FOR VAT</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Liabilities for VAT	30.505	1.339
	<b>30.505</b>	<b>1.339</b>
<b>59. LIABILITIES FRO OTHER TAXES, BENEFITS AND OTHER DUTIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Profit tax liabilities	8.927.710	2.728
Adjustment of profit tax liabilities from previous years	0	0
Liabilities from taxes, custom and other duties	494	717
Taxes, benefits and other duties	1.422	12.045
	<b>8.929.626</b>	<b>15.490</b>
<b>60. LIABILITIES FOR PROFIT TAX - structure</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Balance on 01/01 of the current year	2.728	0

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Adjustment of profit tax	0	0
Adjusted opening balance	2.728	0
Determined profit tax liability for the current year	9.433.469	529.000
Adjustment of the profit tax liability	-	-
Determined profit tax liability for the current year - total	9.433.469	529.000
Paid profit tax liability	(2.728)	(287.360)
Prepayment of profit tax	-	(238.912)
Advance payment of profit tax until 31/12 of the current year	(505.759)	-
Profit tax liability to be paid	<b>8.927.710</b>	<b>2.728</b>

<b>61. ACCRUED COSTS AND DEFERRED REVENUES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Liabilities for accrued costs for the observed period	27.320	73.788
Accrued purchase costs for investments in progress	8.567	17.052
Accrued revenues of the future period	13.341	12.631
Other accrued costs and deferred liabilities	35	11.418
Other passive time apportionment (accrued discounts to customers)	43.073	48.534
Taxes, benefits and other duties	130	214
	<b>92.466</b>	<b>163.637</b>

<b>62. OFF-BALANCE SHEET RECORDS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Received blank bills of exchange - pieces	1.084	1.925
Given blank bills of exchange - domestic - pieces	21	20
Received dinar guarantees	526.175	499.382
Received foreign currency guarantees	117.774	163.911
Given dinar guarantees	4.500	4.500
Given foreign currency guarantees	-	-
Solidarity funds from employees' salaries	622	622

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Total off-balance sheet assets and liabilities	649.072	668.417
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The received dinar guarantees in the amount of 526,175 thousand dinars mainly refer to received guarantees from the suppliers for the performance of the job or guarantees for the elimination of failures in the warranty period. The received foreign currency guarantees in the amount of RSD 117,774 thousand mainly refer to received guarantees from the suppliers for the good performance of the business, to repair defects in the warranty period or to repay the advance.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 63. FAIR VALUE OF ASSETS

ASSETS	Book value in 000 dinars 31/12/2018	Fair value in 000 dinars 31/12/2018	Book value in 000 dinars 31/12/2017	Fair value in 000 dinars 31/12/2017	Hierarchy of fair value - levels	Appraisal methodologies and inputs
1	2	3	4	5	6	7
Fixed assets	26.298.739	26.298.739	24.737.969	24.737.969	Level 3	The appraisal was made by an authorized appraiser with the balance as of 31/12/2016 (Institute for Economic Research-Belgrade). When estimating real estate, the following methodologies are crossed: for apartments - methodology of direct price comparison; for real estate for specific purposes and which are functionally connected and serve to perform activities - costing method, or replacement method, for real estate built in the last few years - construction prices; for older buildings - sustainable method depending on the type of construction and the degree of equipment. The equipment was assessed using the market method and the depreciated replacement method. For equipment for which it was possible to reliably determine the market value indication by direct comparison with the achieved sales prices on the market, the assessment was made by the market method, or by the method of direct price comparison;
Investment property	0	0	29.516	29.516	Level 3	Appraisal by the authorized appraiser 31/12/2018 (Institute for Economic Research-Belgrade) and reclassification to constructions
Stake in the equity of other legal entities	1	1	1	1	Level 2	Management's appraisal that they were not unrecoverable - banks in liquidation
Long-term and short-term financial placements - housing loans	136.311	136.311	143.298	143.298	Level 3	Appaisal of the certified actuary as of December 31, 2018 - Discount of cash flows: 16% for non-revaluated housing loans; 5.5% for housing loans that are revaluated annually with an interest rate of 0.5%, 4.5% for housing loans with a currency clause and an interest rate of 0.5%; 5.75% for housing loans that are semi-annualized and 6.0% for housing loans that are revaluated annually
Other long-term receivables	13.068	13.068	41.263	41.263	Level 3	Management's appraisal on the collectibility according to the IAS 39
Receivables from	1.063.813	1.063.813	1.118.684	1.118.164	Level 3	Management's appraisal on the collectibility according to the IAS 39
Other receivables	115.183	115.183	81.537	81.537	Level 3	Management's appraisal on the collectibility according to the IAS 39

The above table includes only financial assets, as the Company has no financial liabilities that are stated after initial recognition at fair value.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES

in 000 dinars

Categories of financial instruments		31/12/2018			31/12/2017		
		total	value adjustment	net amount	total	value adjustment	net amount
<b>Financial assets</b>							
1	Long-term financial placements	615.824	(471.691)	144.133	669.789	(492.265)	177.524
	- Long-term time deposits	4.158	-	4.158	4.623	-	4.623
	Stake in equity of banks	20.085	(20.085)	0	20.085	(20.085)	0
	- Stake in equity of foreign legal entities	358.599	(358.598)	1	358.599	(358.598)	1
	- Long-term housing loans to employees	219.914	(93.008)	126.906	245.219	(113.582)	131.637
	- Other long-term receivables	13.068	-	13.068	41.263	-	41.263
2	Receivables recognized at nominal value	4.190.587	(290.283)	3.900.304	4.206.941	(246.343)	3.960.598
	- Receivables from customers	1.330.708	(266.895)	1.063.813	1.361.460	(242.776)	1.118.684
	- Short-term financial placements	2.721.554	(246)	2.721.308	2.760.721	(344)	2.760.377
	- Interest receivables	31.847	(20)	31.827	36.190	(294)	35.896
	- Other receivables	106.478	(23.122)	83.356	48.570	(2.929)	45.641
3	Cash and cash equivalents	61.394.573	-	61.394.573	2.386.010	-	2.386.010
		<u>66.200.984</u>	<u>(761.974)</u>	<u>65.439.010</u>	<u>7.262.740</u>	<u>(738.608)</u>	<u>6.524.132</u>
<b>Financial liabilities</b>							
1	Long-term loans	474.866	-	474.866	574.735	-	574.735
2	Current portion off long-term loans	98.520	-	98.520	98.752	-	98.752
3	Current portion of long-term financial leasing	-	-	-	-	-	-
4	Short-term liabilities	618.354	-	618.354	522.262	-	522.262
		<u>1.191.740</u>	<u>- #</u>	<u>1.191.740</u>	<u>1.195.749</u>	<u>- #</u>	<u>1.195.749</u>

The Company's main financial instruments are cash and cash equivalents, receivables, financial placements that arise directly from the Company's operations, as well as long-term loans, liabilities to suppliers or other liabilities whose main purpose is to finance the company's current operations.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)****Financial risk management objectives**

Financial risks include market risk (foreign exchange, interest rate and price risk), credit risk and liquidity risk. Financial risks are reviewed on a timely basis and are primarily avoided by reducing the Company's exposure to these risks. The Company does not use any financial instruments in order to avoid the impact of financial risks on the business, because such instruments are not widely used or there is an organized market for such instruments in the Republic of Serbia.

**I - MARKET RISK**

In its operations, the Company is exposed to financial risks from changes in foreign exchange rates and changes in interest rates. Exposure to market risk is perceived through sensitivity analysis. There were no significant changes in the Company's exposure to market risk, nor in the way in which the Company manages or measures that risk.

**a) Currency risk (foreign exchange risk)**

The Company is exposed to foreign currency risk primarily through cash and cash equivalents, short-term financial placements, trade receivables, long-term loans and liabilities to foreign suppliers. The company does not use specific financial instruments as a risk protection, since such instruments are not common in the Republic of Serbia.

The stability of the economic environment in which the Company operates is largely dependent on government measures in the economy, including the establishment of an appropriate legal and legislative framework.

The carrying amounts of financial assets and liabilities in 000 dinars, denominated in foreign currency at the reporting date, are as follows:

Currency risk - gross

in 000  
dinars

Currency	<b>Total assets</b>				<b>Total liabilities</b>				
	<b>31/12/2018</b>		<b>31/12/2017</b>		<b>31/12/2018</b>	<b>31/12/2017</b>			
	<b>gross</b>	<b>net</b>	<b>gross</b>	<b>net</b>					
<b>EUR</b>	64.399.425	<b>64.274.108</b>	4.553.475	<b>4.425.444</b>	988.375	677.644			
<b>USD</b>	509.626	509.626	477.141	477.141	155	134			
<b>CHF</b>	331	331	320	320	0	0			
<b>GBP</b>	91	91	630	630	0	1.069			
<b>Total dinar equivalent of assets and liabilities denominated in foreign currency</b>	<b>64.909.473</b>	<b>64.784.156</b>	0,00	<b>5.031.566</b>	<b>4.903.535</b>	0,00	<b>678.847</b>		
<b>Value of assets and liabilities denominated in dinars</b>	1.291.511	654.854		2.231.174	1.620.597	203.210	516.902		
<b>Total</b>	<b>66.200.984</b>	<b>65.439.010</b>	0,00	<b>7.262.740</b>	<b>6.524.132</b>	0,00	<b>1.191.740</b>	0,00	<b>1.195.749</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES  
(continued)**

By analyzing the currency structure of the balance of financial assets and liabilities as of December 31, 2018, in parallel with the situation on December 31, 2017, it can be stated that financial assets contracted with a currency clause are higher than the contractual financial liabilities in the currency. The financial obligations contracted in the currency are mostly long-term.

**a) Currency risk (foreign exchange risk) (continued)**

The company is sensitive mainly to changes in the exchange rate of the euro (EUR) and the US dollar (USD).

The following table presents an analysis of the sensitivity of the Company to the increase and decrease of the dinar exchange rate of 10%, compared to the observed foreign currency. The sensitivity analysis includes only the outstanding balance of foreign currency receivables and payables and shows their change of 10% at the end of the reporting period in foreign exchange rates. A positive number from the table indicates an increase in the results of the current period in cases where the dinar strengthens against the currency in question. In case of a 10% denomination in relation to a given foreign currency, the impact on the current period's result would be negative.

in 000 dinars

**31/12/2018**

Changes	EUR effect		USD effect		CHF effect		GBP effect	
	10,00%	-10.00%	10,00%	-10.00%	10,00%	-10.00%	10,00%	-10.00%
Gain/loss	6.328.573	-6.328.573	50.947	-50.947	33	-33	9	-9

in 000 dinars

**31/12/2017**

Changes	EUR effect		USD effect		CHF effect		GBP effect	
	10,00%	-10.00%	10,00%	-10.00%	10,00%	-10.00%	10,00%	-10.00%
Gain/loss	374.780	-374.780	47.701	-47.701	32	-32	-44	44

**b) Risk of interest rate changes**

The Company is exposed to the risk of changing interest rates on assets and liabilities in which the interest rate is variable.

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

The risk of interest rate fluctuations for the Company is not a significant risk, as the categories of financial instruments that have agreed interest rates are mostly defined by a fixed interest rate.

Financial instruments classified as interest-bearing and non-interest bearing assets are presented in the following overview:

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES  
(continued)

## b) Interest rate risk (continued)

in 000 dinars

Financial assets - net	31/12/2018			31/12/2017		
	total	value adjustment	net amount	total	value adjustment	net amount
<u>Non-interest bearing</u>						
Stake in equity of other legal entities	378.684	(378.683)	1	378.684	(378.683)	1
Other long-term receivables	13.068	-	13.068	41.263	-	41.263
Receivables from customers	1.330.708	(266.895)	1.063.813	1.361.460	(242.776)	1.118.684
Interest receivables and other receivables	138.325	(23.142)	115.183	84.760	(3.223)	81.537
Short-term financial placements	289	-	289	80.386	-	80.386
Non-interest bearing - total	1.861.074	(668.720)	1.192.354	1.946.553	(624.682)	1.321.871
<u>Fixed interest rate</u>						
Long-term financial placements	224.072	(93.008)	131.064	249.842	(113.582)	136.260
Short-term financial placements	2.721.265	(246)	2.721.019	2.680.335	(344)	2.679.991
Fixed - total	2.945.337	(93.254)	2.852.083	2.930.177	(113.926)	2.816.251
<u>Variable interest rate</u>						
Cash and cash equivalents	61.394.573	-	61.394.573	2.386.010	-	2.386.010
Variable - total	61.394.573	0	61.394.573	2.386.010	0	2.386.010
	<u>66.200.984</u>	<u>(761.974)</u>	<u>65.439.010</u>	<u>7.262.740</u>	<u>(738.608)</u>	<u>6.524.132</u>
Financial liabilities						
<u>Non-interest bearing</u>						
Operating liabilities	618.354	0	618.354	522.262	0	522.262
Non-interest bearing	618.354	0	618.354	522.262	0	522.262
<u>Fixed interest rate</u>						
Long-term loans	474.866	0	474.866	574.735	0	574.735
Current portion of long-term liabilities	98.520	0	98.520	98.752	0	98.752
Fixed - total	573.386	0	573.386	673.487	0	673.487
<u>Variable interest rate</u>						
Current portion of long-term liabilities	0	0	0	0	0	0
Variable - total	0	0	0	0	0	0
	<u>1.191.740</u>	<u>0</u>	<u>1.191.740</u>	<u>1.195.749</u>	<u>0</u>	<u>1.195.749</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)****v) Risk of price changes**

The Company estimates that there is no risk of price changes because the categories of financial instruments held by the Company are not subject to market price changes.

The Company does not operate securities that are subject to market price changes. Also, the Company has no turnover of goods subject to price changes. The biggest item in the trade of goods is the turnover of kerosene that has goods in transit.

**II - CREDIT RISK**

The Company estimates that of all the risks to which financial instruments may be exposed, the largest credit risk, which poses a risk that debtors will not be able to settle their debts in full and on time, which would result in financial loss for the Company. The exposure of the Company to this risk is limited to the amount of receivables from customers at the balance sheet date.

The Company adjusts its receivables and liabilities once a year, with the status as of November 30th, or several times during the year for certain clients, if necessary.

Out of the total balance of receivables from domestic customers on 30/11/2018, the Company adjusted 46.96% of receivables. Out of 53.04% of unadjusted domestic customers' receivables as of 30/11/2018, 3.45% relates to doubtful receivables, and 49.59% refers to open item statements without answers (of which 34.22% refers to sued customers, from whom there is not answer to the open item statements).

As for the balance of receivables from foreign customers on 30/11/2018, the Company adjusted 28.64% of receivables, and the doubtful receivables accounted for 0.08%. The unadjusted receivables of 71.28% mainly relate to receivables, for which the customers did not submit replies to the delivered open item statements (of which 0.6% relate to sued customers, from whom there is no answer to the open item statements).

At the end of the business year, as of 31/12/2018, the receivables with Air Serbia and Montenegro Airlines were adjusted.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES  
(continued)

## II - CREDIT RISK (continued)

Structure of receivables from customers	31/12/2018	share	31/12/2017	share
	in 000 dinars		in 000 dinars	
Air Serbia	158.442	11,91%	204.823	15,04%
Jat Tehnika	156.834	11,79%	126.106	9,26%
Dufry doo	49.839	3,75%	70.508	5,18%
International CG	41.492	3,12%	41.492	3,05%
Air Serbia-Ketering d.o.o.	43.655	3,28%	36.794	2,70%
Aviogenex d.o.o.	50.820	3,82%	50.820	3,73%
Austrian-branch	18.600	1,40%	27.908	2,05%
Other domestic customers	63.110	4,74%	99.708	7,32%
<b>Total domestic customers</b>	<b>582.792</b>	<b>43,80%</b>	<b>658.159</b>	<b>48,34%</b>
Montenegro Airlines	138.981	10,44%	42.272	3,10%
Wizz Air	110.316	8,29%	120.188	8,83%
Deutsche Lufthansa	65.337	4,91%	84.053	6,17%
Turkish Airlines	27.070	2,03%	38.100	2,80%
Etihad Airlines	60.639	4,56%	28.220	2,07%
Aeroflot	45.808	3,44%	33.290	2,45%
Allitalia	37.848	2,84%	51.853	3,81%
Qatar Airways	10.176	0,76%	24.236	1,78%
Swiss Air	18.113	1,36%	25.372	1,86%
Fly Dubai	14.686	1,10%	24.529	1,80%
Pegasus	13.368	1,00%	11.545	0,85%
LOT Polskie Linie	16.754	1,26%	14.525	1,07%
Other foreign customers	188.820	14,19%	205.118	15,07%
<b>Total foreign customers</b>	<b>747.916</b>	<b>56,20%</b>	<b>703.301</b>	<b>51,66%</b>
<b>Total gross receivables from domestic and foreign customers</b>	<b>1.330.708</b>	<b>100,00%</b>	<b>1.361.460</b>	<b>100,00%</b>
Total value adjustment	266.895		242.776	
<b>Total net receivables</b>	<b>1.063.813</b>		<b>1.118.684</b>	

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)**

The company has large receivables from domestic and foreign customers on December 31, 2018, (1,063,813 thousand dinars), so that the credit risk is constantly there. In order to reduce this risk, the Company regularly monitors the realization of the collection, analyzes the value of the collection realized within the agreed deadline, the bills with the exceeding of the agreed deadline, the condition and age structure of outstanding receivables by customers.

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

Trade receivables in the country for goods and services as of 31/12/2018 in the amount of 582,792 thousand dinars, account for 43.80% of total receivables from customers for goods and services. The total balance of value adjustment of receivables from domestic customers amounted to 257,974 thousand dinars (compared to the results of the previous years 231,241 thousand dinars and to the current year's result 26,733 thousand dinars), so the net value of receivables from domestic customers amounted to 324,818 thousand dinars.

Receivables from foreign customers for goods and services amount to RSD 747,916 thousand, accounting for 56.20% of the total receivables from customers for goods and services. The total amount of the value adjustment for receivables from foreign customers is RSD 8,921 thousand (compared to the results of the previous years RSD 8,515 thousand and against the current year's results of 406 thousand dinars), so the net value of receivables from foreign customers is RSD 738,995 thousand.

Age structure of receivables	31/12/2018	share	31/12/2017	share
	in 000 dinars		in 000 dinars	
Outstanding receivables from customers - unadjusted	567.813	42,67%	812.675	59,69%
Outstanding receivables from customers - adjusted	0	0,00%	0	0,00%
<b>Total outstanding receivables</b>	<b>567.813</b>	<b>42,67%</b>	<b>812.675</b>	<b>59,69%</b>
Due receivables up to 60 days - unadjusted	336.746	25,31%	155.573	11,43%
Due receivables up to 60 days - adjusted	0	0,00%	0	0,00%
<b>Total due receivables up to 60 days</b>	<b>336.746</b>	<b>25,31%</b>	<b>155.573</b>	<b>11,43%</b>
Due receivables over 60 days - unadjusted	159.254	11,97%	150.436	11,05%
Due receivables from customers over 60 days - adjusted	266.895	20,06%	242.776	17,83%
<b>Total due receivables over 60 days</b>	<b>426.149</b>	<b>32,02%</b>	<b>393.212</b>	<b>28,88%</b>
<b>Total receivables - gross</b>	<b>1.330.708</b>	<b>100,00%</b>	<b>1.361.460</b>	<b>100,00%</b>
<b>Total value adjustment</b>	<b>266.895</b>		<b>242.776</b>	
<b>Total receivables - net (gross - adjustment)</b>	<b>1.063.813</b>		<b>1.118.684</b>	

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)****II - CREDIT RISK (continued)**

Outstanding receivables from domestic and foreign customers for goods and services as of 31/12/2018 in the amount of RSD 567,813 thousand (and as of December 31, 2017, they amounted to RSD 812,675 thousand).

Due receivables from domestic and foreign customers for goods and services, which as of 31/12/2018 are not older than 60 days, amount to RSD 336,746 thousand (and as of December 31, 2017, they amounted to RSD 155,573 thousand).

Due receivables from domestic and foreign customers for goods and services, which are as of 31/12/2018, over 60 days old, amounted to a total of 426,149 thousand dinars (and as of December 31, 2017, they amounted to 393,212 thousand dinars).

Matched receivables due from domestic and foreign customers for goods and services older than 60 days as of December 31, 2018, in the amount of RSD 266,895 thousand, of which RSD 26,733 thousand was added to the value adjustment for the current period, and compared to the previous year, 231,241 thousand dinars (due receivables from domestic and foreign customers for goods and services older than 60 days as at 31 December, 2017, they amounted to 242,776 thousand dinars).

Unadjusted receivables due from domestic and foreign customers for goods and services older than 60 days as of December 31, 2018, in the amount of RSD 159,254 thousand (as of December 31, 2017, they amounted to RSD 150,436 thousand). The stated receivables have not been adjusted for the assessment of the certainty of the collection of the said receivables.

**III - RISK OF LIQUIDITY AND CASH FLOW**

Liquidity is the ability of the Company to settle its obligations on their maturity dates.

The ultimate responsibility for managing the liquidity risk lies with the Company's management, which has established an appropriate management system for the needs of the Company's short-term, mid-term and long-term financing as well as liquidity management. By continuously monitoring the planned and actual cash flow, the Company maintains adequate cash reserves, and also maintains an adequate ratio of maturity of financial assets and liabilities.

The following tables show the details of the remaining contractual maturities of financial assets. The amounts disclosed are based on undiscounted cash flows based on financial assets based on the earliest date on which the Company will be able to collect the receivables.

<b>Maturity of financial assets</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Less than 30 days	62.536.711	3.552.969
1 - 3 months	2.744.517	2.742.254
3-12 months	13.560	51.385
1 - 5 years	21.365	51.157
over 5 years	122.857	126.367
	<b>65.439.010</b>	<b>6.524.132</b>

The average time of collecting receivables from customers in the period I-XII 2018 is 44 days (2017: 48 days). In order to shorten the average time for collecting receivables from customers in the period I-XII of 2018, compared to 2017, the most important was the regular collection of current maturity claims by our major customers, as well as collection of receivables from 2017.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)****III - RISK OF LIQUIDITY AND CASH FLOWS (continued)**

<b>Maturity of interest receivables</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Less than 30 days	4.117	6.595
1 - 3 months	27.730	29.301
3-12 months	0	0
	<b>31.847</b>	<b>35.896</b>

The aforementioned maturities of interest receivables are contained within the presentation of the maturity of financial assets.

The following tables show the details of the remaining contractual maturities of the Company's obligations. The amounts disclosed are based on undiscounted cash flows arising from financial liabilities based on the earliest date on which the Company will be required to settle such liabilities.

<b>Maturity of financial obligations</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Less than 30 days	618.354	522.262
1 - 3 months	11.855	11.883
3-12 months	86.665	86.869
1 - 5 years	371.135	470.760
over 5 years	103.731	103.975
	<b>1.191.740</b>	<b>1.195.749</b>

Long-term loans in the total liabilities of the Company have the largest share in the amount of RSD 572,142 thousand, out of which 98,520 thousand will be due in 2019.

Liabilities to suppliers as of 31 December 2018 were recognized in the amount of RSD 618,354 thousand (December 31, 2016: RSD 522,262 thousand).

The company has reconciled its obligations with suppliers. There is a discrepancy in obligations only with one supplier who owes us for unjustifiably billed services that are not contracted and not executed and for which all invoices have been challenged and returned by the Company that controls the execution of received goods and services.

Suppliers do not charge default interest on matured liabilities, whereby the Company settles its obligations to suppliers, in accordance with the policy of managing financial risks, in the agreed deadlines. The average time of settling liabilities towards suppliers in the period I-XII of 2018 is 35 days (in 2017, 40 days).

**Capital Risk Management**

The objective of capital risk management is to provide such a capital structure that will provide the Company with security and permanence in business, liquidity and solvency, while maximizing the increase in the profits of the owners, through the optimization of debt and capital. In addition to its own

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

capital, which consists of basic capital, reserves and retained earnings, the Company also uses other assets in the form of long-term loans. The Company makes available cash from current accounts in the form of short-term deposits.

Indicators of indebtedness of the Company with the situation at the end of the observed current period in 2018 and at the end of 2017 are the following:

	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>in 000 dinars</b>	<b>in 000 dinars</b>
1 Leverage (AOP 432 + AOP 443)	573.386	673.487
2 Cash and cash equivalents (AOP 068)	61.394.573	2.386.010
<b>I GROSS LEVERAGE (1-2)</b>	<b>(60.821.187)</b>	<b>(1.712.523)</b>
<b>3 Debt/equity ratio ( I/5 )</b>	<b>-0,7499</b>	<b>-0,0576</b>
4 Short-term financial placements (AOP 062)	2.721.308	2.760.377
<b>II NET LEVERAGE (I - 4)</b>	<b>(63.542.495)</b>	<b>(4.472.900)</b>
5 Equity (AOP 401)	81.105.207	29.708.442
<b>6 Debt/equity ratio ( II/5 )</b>	<b>-0,7835</b>	<b>-0,1506</b>

**65. MANAGEMENT INCOME**

The Company paid benefits (salaries and profit participation) to key management including members of the Supervisory Board, the Audit Committee and the Shareholders Assembly, as well as executive directors and directors of OUs (number of members in 2018: 24 and in the course of 2017: 24). In the period I - XII 2018, RSD 52,692 thousand was paid in gross amount (in the period I - XII 2017: 49,061 thousand dinars).

Management income	I-XII 2018		I-XII 2017	
	Number	Amount in 000 dinars	Number	Amount in 000 dinars
<b>Management</b>				
Salaries	15	42.086	15	38.656
Participation in the distribution of profit		1.422		1.846
<b>Total management</b>	<b>15</b>	<b>43.508</b>	<b>15</b>	<b>40.502</b>
<b>Remuneration of Supervisory Board members</b>	<b>7</b>	<b>7.035</b>	<b>7</b>	<b>6.578</b>
<b>Remuneration of Audit Committee members</b>	<b>1</b>	<b>876</b>	<b>1</b>	<b>774</b>
<b>Remuneration of Shareholder Assembly members</b>	<b>1</b>	<b>1.273</b>	<b>1</b>	<b>1.207</b>
<b>Total for Supervisory Board, Audit Committee and Shareholder Assembly members</b>	<b>9</b>	<b>9.184</b>	<b>9</b>	<b>8.559</b>
<b>TOTAL:</b>	<b>24</b>	<b>52.692</b>	<b>24</b>	<b>49.061</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**66. TAX RISKS**

The tax laws of the Republic of Serbia are often interpreted differently and subject to frequent changes. Interpretation of tax laws by tax authorities in relation to transactions and activities of the Company may differ from the interpretations of the management. The management believes that tax liabilities are adequately accounted for and recorded.

**67. JUDICIAL DISPUTES**

As at 31 December 2018, the value of legal proceedings against the Company amounts to 120,538 thousand dinars (excluding the effects of default interest). The amount of final losses arising from court proceedings may be increased on the basis of accrued interest rates up to the date of termination of the dispute, or until the date of the final disbursement of disputes. As of December 31, 2018, the Company has a provision for potential losses arising from these court disputes in the amount of RSD 144,339 thousand (Note dated December 31, 2017) (Note 47 and 48). According to the Company's management assessment, no additional material significant losses arising from this are expected in the following period.

**68. EVENTS AFTER THE REPORTING PERIOD**

In accordance with IAS 10, "Events after the reporting period", we did not establish the existence of any other events other than those mentioned in the Notes that may affect the truthfulness and objectivity of the financial statements for the period ending on December 31, 2018, nor would they require corrections of financial statements.

In Belgrade, February 21, 2019

Legal representative

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Saša Vlajsavljević

**JOINT STOCK COMPANY AIRPORT NIKOLA TESLA, BELGRADE**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL REPORTS  
FOR 2018 YEAR**



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE ASSEMBLY OF SHAREHOLDERS AND DIRECTORS OF THE JSC AIRPORT NIKOLA TESLA, BELGRADE**

We have audited the accompanying financial statements of the JSC AIRPORT NIKOLA TESLA, Belgrade, (hereinafter: the Company), which includes the Balance Sheet as of 31 December 2018 and the corresponding Income Statement, Statement of the Remaining Result, Cash Flow Statement, as well as the Statement of Changes in Equity for the year then ended, a review of significant accounting policies and Notes to the regular annual financial statement.

#### ***Management's responsibility for the financial statements***

The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the Accounting Law of the Republic of Serbia, as well as those internal controls that the management determines as necessary in the preparation of financial statements that do not contain material misstatements, due to a criminal act or mistake.

#### ***Responsibility of the Auditor***

Based on the audit, it is our responsibility to express an opinion on the accompanying financial statements. We conducted the audit in accordance with the International Auditing Standards. These standards require that we work in compliance with ethical requirements and that we plan and execute the audit in such a way that we can reasonably make sure that the financial statements do not contain material misstatements.

The audit involves the implementation of procedures in order to collect audit evidence about the amounts and disclosures given in the financial statements. The choice of procedures depends on the auditor's judgement, including the assessment of the risk of material misstatement in the financial statements, whether it is a criminal act or an error. In assessing the risks, the auditor takes into account the internal controls relevant for the compilation and fair and objective presentation of the financial statements of the Company in order to select adequate audit procedures in the given circumstances, but not to express an opinion on the effectiveness of the internal control of the Company. An audit also includes an assessment of the adequacy of accounting policies applied and the acceptability of accounting estimates made by the management, as well as an assessment of the general presentation of the financial statements.

We believe that the audit evidence we have collected is sufficient and adequate to provide the basis for expressing our opinion.

#### ***Opinion***

In our opinion, the accompanying financial statements objectively and truthfully present the financial position of the JSC AIRPORT NIKOLA TESLA, BELGRADE on all important issues on December 31, 2018, the results of its operations and cash flows for the year ended on that day, with the accounting policies shown in the Notes to the Financial Statements and the Accounting Law of the Republic of Serbia.

### ***Drawing attention***

- On 5 January 2018, the Decision on the selection of the most favourable bid in the procedure for granting a concession for financing, development through the construction and reconstruction, maintenance and management of the infrastructure of the Company and the performance of the activity of the airport operator registered with the Ministry of Civil Engineering, Transport and Infrastructure under number: 023-00-1 / 2018-12 dated 5 January 2018 and in the Company under the number DG 111/2018 dated 5 January 2018. The most favourable bidder selected is VINCI AIRPORTS, France. On March 22, 2018, a Concession Agreement was signed between the Government as a representative of the Republic of Serbia, JSC Airport Nikola Tesla Belgrade, Vinci Airports Serbia doo Belgrade and "Vinci Airports SAS France".

On December 21, 2018, the concession holder Vinci Airports Serbia doo Belgrade paid the agreed concession fee in the amount of EUR 501.000.000, thus fulfilling the conditions for the Concession Commencement Date on December 22, 2018. On December 22nd, 2018, the Airport Certificate was transferred from JSC Airport Nikola Tesla Belgrade to Vinci Airports Serbia doo Belgrade.

From the date of commencement of the concession, on 22nd December 2018, Vinci Airports Serbia doo Belgrade took over the management of the Airport and the performance of service activities in air traffic, and from that date the JSC Airport Nikola Tesla changed its main activity from service activities in air traffic (52.23) to the rental and management of own or leased real estate (68.20), with the primary task as the owner of the entire movable and immovable property given on the basis of the Concession Agreement for use and management to Vinci Airports Serbia doo Belgrade, monitors the implementation of the concession agreement, all in accordance with the Law on Public-Private Partnership and concessions with accompanying by-laws.

Our opinion does not contain a reservation in relation to the above issues.

### ***Report on other legal and regulatory requirements***

The Company is responsible for the preparation of the Annual Business Report, in accordance with the requirement of the Accounting Law of the Republic of Serbia ("Official Gazette of the Republic of Serbia" No. 62/2013). Our responsibility is to express an opinion on the compliance of the Annual Business Report with the financial statements for the business year 2018. In this regard, our procedures are carried out in compliance with the International Auditing Standard 720 - *Auditors' Responsibility for Other Information in the Documents Containing the Financial Statements Audited*, and we are limited to assessing the compliance of the business report with the financial statements.

In our opinion, the Annual Business Report is in accordance with the Financial Statements that have been audited.

***Report on the separation of the activities of the airport operator and the activity of providing ground handling services***

In accordance with the requirements of Article 4 of the Rulebook on providing ground handling services at airports ("Official Gazette of the Republic of Serbia No. 61/2015), the Company is responsible for keeping accounting records for the operation of the airport operator and the activities of providing ground handling services to ensure complete separation of accounts of the specified activities, and that the annual financial statements show the absence of any related financial flows between the listed activities. Starting from July 1, 2016, separate recording was initiated for the following business changes: invoicing services, determining the share of direct costs, as well as the allocation of indirect costs to the airport operator and the ground handling service based on the adopted keys for the allocation of indirect expenditures. Based on the above, the separation of the business results of the above-mentioned activities will be carried out in the future on the basis of accurately recorded data on revenues and expenditures.

Separation of the business, i.e. generated revenues and expenses of the Company for 2018, was made on the basis of the Report of the working group for the correspondence of the methodology of allocation of expenditures of the Ground Handling Organizational Unit (Archive number GD - 1247/2018 dated October 29, 2018), and according to the requirements of the Rulebook on providing ground handling services at airports (Note 4 to the financial statements). In accordance with the requirements of the same Rulebook, our responsibility is to express an opinion on whether the accounts of these activities were separated during 2018.

In our opinion, activity accounts of the airport operator and the activities of providing ground handling services were split as of 31 December 2018 (Note 4 to the financial statements).

***Other issues***

- The financial statements of the JSC AIRPORT NIKOLA TESLA, Belgrade for 2017, were audited by another auditor, who, in their Report dated March 15, 2018, expressed their opinion without reserve on the financial statements.
- After the approval of the financial statements for 2018 and the issuance of the auditor's report to them, the management of the Company decided to reissue the financial statements after the new circumstances related to the calculation of income tax. Amendments to the previously issued financial statements have been made more detailed in Note 2.5 to the financial statements. Accordingly, our report as of February 14, 2019 is no longer valid and should not be relied upon.

Belgrade, February 21, 2019

Petar Grubor

*(Round seal)*

Certified Auditor

**FINANCIAL STATEMENTS - 31 December 2018**

1. PROFIT AND LOSS ACCOUNT for the period I-XII 2018;
2. BALANCE SHEET on 31 December 2018;
3. REPORT ON OTHER RESULT for the period I-XII 2018;
4. REPORT ON THE CHANGES IN CAPITAL for the period I-XII 2018;
5. CASH FLOW STATEMENT for the period I-XII 2018,
6. NOTES TO FINANCIAL STATEMENTS 31 December 2018.

21 February 2019

## PROFIT AND LOSS ACCOUNT in the period 1 January - 31 December 2018

PROFIT AND LOSS ACCOUNT					
for the period from 01/01/2018 to 31/12/2018					
- in thousands of dinars -					
Group of Accounts - Account	POSITION	AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>REGULAR OPERATING REVENUES</b>				
60 to 65, except 62 and 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		69.504.846	9.390.121
60	REVENUES FROM SELLING GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	5.469	11.313
600	1. Revenues from selling revenues to parent companies and subsidiaries on the domestic market	1003			
601	2. Revenues from selling goods to parent companies and subsidiaries on the foreign market	1004			
602	3. Revenues from selling goods to other affiliated companies on the domestic market	1005			
603	4. Revenues from selling goods to other affiliated companies on the foreign market	1006			
604	5. Revenues from selling goods on the domestic market	1007	5	5.469	11.313
605	6. Revenues from selling goods on the foreign market	1008	5	0	0
61	II REVENUES FROM SELLING GOODS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6;7; 8;	9.202.839	8.383.071
610	1. Revenues from selling goods and services to parent companies and subsidiaries on the domestic market	1010			
611	2. Revenues from selling goods and services to parent companies and subsidiaries on the foreign market	1011			
612	3. Revenues from selling goods and services to other affiliated companies on the domestic market	1012			
613	4. Revenues from selling goods and services to other affiliated companies on the foreign market	1013			
614	5. Revenues from selling goods and services on the domestic market	1014	6	3.893.053	3.519.086
615	6. Revenues from selling goods and services on the foreign market	1015	7	5.309.786	4.863.985
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		0	48
65	IV OTHER OPERATING REVENUES	1017	9	60.296.538	995.689

	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		6.636.479	5.365.220
50	I. COST OF GOODS SOLD	1019	10	4.911	15.026
62	II. REVENUES FROM OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1020		0	0
630	III. INCREASE IN THE VALUE OF STOCK OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021			
631	IV. DECREASE IN THE VALUE OF STOCK OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022			
51 except 513	V. COST OF MATERIALS	1023	11	269.728	218.931
513	VI. COST OF FUEL AND ENERGY	1024	12	299.723	270.944
52	VII. COST OF WAGES, SALARIES AND OTHER PERSONAL EXPENSES	1025	13	3.509.843	3.072.948
53	VIII. COST OF PRODUCTION SERVICES	1026	14	475.154	415.465
540	IX. AMORTIZATION COSTS	1027	15	1.229.112	848.477
541 to 549	X. COST OF LONG-TERM PROVISIONS	1028	16	53.334	39.943
55	XI. NON-MATERIAL COSTS	1029	17	794.674	483.486
	C. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		62.868.367	4.024.901
	D. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	E. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		125.123	149.042
66, except 662, 663 and 664	I. FINANCIAL REVENUES FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial revenues from parent companies and subsidiaries	1034			
661	2. Financial revenues from other affiliated companies	1035			
665	3. Revenues from the stake in the profit of associated companies and joint ventures	1036			
669	4. Other financial revenues	1037			
662	II. INTEREST REVENUES (FROM THIRD PARTIES)	1038	18	67.048	93.435
663 and 664	III. POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF THE CURRENCY CLAUSE (TOWARDS THIRD PARTIES)	1039	19	58.075	55.607
56	F. FINANCIAL EXPENSES (1041 + 1046 + 1047)	1040		116.224	287.926
56, except 562, 563 and 564	G. FINANCIAL EXPENSES FROM THE RELATIONSHIP WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENSES (1042 + 1043 + 1044 + 1045)	1041		0	0
560	1. Financial expenses from the relationship with parent companies and subsidiaries	1042			
561	2. Financial expenses from the relationship with other affiliated companies	1043			
565	3. Expenses from the stake in the loss of associated companies and joint ventures	1044			
566 and 569	4. Other financial expenses	1045			
562	II. INTEREST EXPENSES (TOWARDS THIRD PARTIES)	1046	20	34.320	34.838
563 and 564	III. NEGATIVE FOREIGN EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF THE CURRENCY CLAUSE (TOWARDS THIRD PARTIES)	1047	21	81.904	253.088

	H. PROFIT FROM FINANCING ACTIVITIES (1032 – 1040)	1048		8.899	
	I. LOSS FROM FINANCING ACTIVITIES (1040 – 1032)	1049			138.884
683 and 685	3. REVENUES FROM VALUE ADJUSTMENT OF OTHER ASSETS RECOGNIZED AT FAIR VALUE IN THE PROFIT AND LOSS ACCOUNT	1050	22	20.960	56.859
583 and 585	J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS RECOGNIZED AT FAIR VALUE IN THE PROFIT AND LOSS ACCOUNT	1051	23	52.908	12.010
67 and 68, except 683 and	K. OTHER REVENUES	1052	24	191.976	26.403
57 and 58, except 583 and 585	L. OTHER EXPENSES	1053	25	397.851	83.879
	M. REGULAR OPERATING PROFIT BEFORE TAXATION (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		62.639.443	3.873.390
	N. REGULAR OPERATING LOSS BEFORE TAXATION (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055			
69-59	O. NET OPERATING PROFIT THAT IS WITHELD, THE EFFECT OF THE CHANGE OF ACCOUNTING POLICY AND AND CORRECTION OF MISTAKES FROM PREVIOUS PERIODS	1056	26		7.254
59-69	P. NET OPERATING LOSS THAT IS WITHELD , EXPENSES FROM THE CHANGE OF ACCOUNTING POLICY AND CORRECTION OF MISTAKES FROM PREVIOUS PERIODS НЕТО ГУБИТАК ПОСЛОВАЊА КОЈЕ СЕ ОБУСТАВЉА,	1057	26	28.254	
	R. PROFIT BEFORE TAXATION (1054 – 1055 + 1056 – 1057)	1058 27;		62.611.189	3.880.644
	O. LOSS BEFORE TAXATION (1055 – 1054 + 1057 – 1056)	1059			
	P. PROFIT TAX				
721	I. TAX EXPENSE OF THE PERIOD	1060 27;		9.433.469	529.000
part 722	II. DEFERRED TAX EXPENSE OF THE PERIOD	1061 28;		22.270	85.970
part 722	III. DEFERRED TAX REVENUES OF THE PERIOD	1062		0	0
723	R. PAID SALARIES OF THE EMPLOYER	1063			
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	29	53.155.450	3.265.674
	T. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET PROFIT BELONGING TO THE MINOR STAKEHOLDERS	1066			
	II NET PROFIT BELONGING TO THE MAJOR STAKEHOLDER	1067			
	III EARNINGS PER SHARE				
	1. Basic earnings per share	1068	29	1,52	0,00
	2. Decreased (diluted) earnings per share	1069			
6	TOTAL REVENUES			69.851.726	9.634.118
5	TOTAL EXPENSES			7.240.537	5.753.474

**BALANCE SHEET on 31 December 2018**

## BALANCE SHEET

on December 31, 2018

- in thousands of dinars -

Group of accounts - Account	Position	AOP	Note no.	Amount		
				Current year 2018	Previous year	
					Closing balance 31/12/2017	Opening balance 01/01/2017
1	2	3	4	5	6	7
	<b>ASSETS</b>					
0	A. SUBSCRIBED UNPAID CAPITAL	1				
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		26.722.716	25.480.013	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3		276.201	173.389	0
010 and part 019	1. Investments in development	4	30			
011, 012 and part 019	2. Concessions, patents, licences, product and service brands, software and other rights	5	30	274.606	105.963	
013 and part 019	3. Goodwill	6				
014 and part 019	4. Other intangible assets	7				
015 and part 019	5. Intangible assets in progress	8		0	59.941	
016 and part 019	6. Advance payments for intangible assets	9		1.595	7.485	
2	II. PROPERTY, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	30	26.302.258	25.128.977	0
020, 021 and part 029	1. Land	11	30	9.968.707	9.437.117	
022 and part 029	2. Constructions	12	30	10.984.909	10.177.454	
023 and part 029	3. Plants and equipment	13	30	5.341.504	5.119.779	
024 and part 029	4. Investment property	14	30	0	29.516	
025 and part 029	5. Other property, plants and equipment	15	30	3.619	3.619	
026 and part 029	6. Property, plants and equipment in progress	16	30	3.519	349.493	
027 and part 029	7. Investments in others' property, plants and equipment	17				
028 and part 029	8. Advance payments for property, plants and equipment	18	30	0	11.999	
3	III. BIOLOGICAL ASSETS (0020 + 0021 + 0022 + 0023)	19		124	123	0
030, 031 and part 039	1. Forests and perennial plantations	20				
032 and part 039	2. Livestock unit	21	30	124	123	
037 and part 039	3. Biological assets in progress	22				
038 and part 039	4. Advance payments for biological assets	23				
04. except 047	IV. LONG-TERM FINANCIAL PLACEMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		131.065	136.261	0
040 and part 049	1. Stake in the capital of subsidiaries	25				
041 and part 049	2. Stake in the capital of associated companies and joint ventures	26				
042 and part 049	3. Stake in the capital of other companies and other securities available for sale	27	31	1	1	
part 043, part 044 and part 049	4. Long-term placements to parent companies and subsidiaries	28				
part 043, part 044 and part 049	5. Long-term placements to other affiliated companies	29				
part 045 and part 049	6. Long-term placements in the country	30				
part 045 and part 049	7. Long-term placements abroad	31				
046 and part 049	8. Securites held to maturity	32				
048 and part 049	9. Other long-term financial placements	33	31	131.064	136.260	
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		13.068	41.263	0
050 and part 059	1. Receivables from the parent company and subsidiaries	35				
051 and part 059	2. Receivables from other affiliated companies	36				
052 and part 059	3. Receivables from the sales by means of commodity loans	37				
053 and part 059	4. Receivables from the sales by means of financial leasing agreements	38				
054 and part 059	5. Receivables from warranties	39				
055 and part 059	6. Doubtful receivables	40				
056 and part 059	7. Other long-term receivables	41	31	13.068	41.263	
288	C. DEFERRED TAX ASSETS	42				

## BALANCE SHEET on 31 December 2018

	D. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		65.364.611	6.566.562	0
Class 1	I STOCK (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		32.948	133.226	0
10	1. Materials, spare parts, tools and fixtures and fittings	45	32	0	93.771	
11	2. Unfinished production and unfinished services	46				
12	3. Finished products	47				
13	4. Goods	48	33	0	4.863	
14	5. Fixed assets intended for sale	49				
15	6. Paid advances for stocks and services	50	34	32.948	34.592	
20	II RECEIVABLES FROM SALES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1.063.813	1.118.684	0
200 and part 209	1. Customers in the country – parent companies and	52				
201 and part 209	2. Customers abroad – parent companies and subsidiaries	53				
202 and part 209	3. Customers in the country – other affiliated companies	54				
203 and part 209	4. Customers abroad – other affiliated companies	55				
204 and part 209	5. Customers in the country	56	35	324.818	426.265	
205 and part 209	6. Customers abroad	57	36	738.995	692.419	
206 and part 209	7. Other receivables from sales	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	115.183	81.537	
236	V FINANCIAL ASSETS RECOGNIZED AT FAIR VALUE IN THE INCOME STATEMENT	61				
23 except 236 and 237	VI SHORT-TERM FINANCIAL PLACEMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		2.721.308	2.760.377	0
230 and part 239	1. Short-term loans and placements – parent companies and subsidiaries	63				
231 and part 239	2. Short-term loans and placements – other affiliated companies	64				
232 and part 239	3. Short-term loans in the country	65	38	289	80.386	
233 and part 239	4. Short-term loans abroad	66				
234, 235, 238 and part 239	5. Other short-term financial placements	67	39	2.721.019	2.679.991	
24	VII CASH EQUIVALENTS AND CASH	68	41	61.394.573	2.386.010	
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND DEFERRED EXPENSES	70	42	36.786	86.728	
	E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0042 + 0043)	71		92.087.327	32.046.575	0
88	F. OFF-BALANCE SHEET ASSETS	72	62	649.072	668.417	

## BALANCE SHEET on 31 December 2018

LIABILITIES						
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401	43	81.105.207	29.708.442	0
30	I BASIC CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402		21.264.302	20.573.610	
300	1. Share capital	403	44	21.015.677	20.573.610	
301	2. Equity interest in limited liability companies	404				
302	3. Equity interest	405				
303	4. State-owned capital	406				
304	5. Public capital	407				
305	6. Aggregate equity interests	408				
306	7. Share issuing premiums	409	43	248.625		
309	8. Other basic capital	410				
31	II SUBSCRIBED AND UNPAID CAPITAL	411				
047 and 237	III REPURCHASED OWN SHARES	412	43	265.416		
32	IV RESERVES	413	45	6.356.456	5.254.126	
330	V. REVALORIZATION RESERVES BASED ON THE REVALORIZATION OF INTANGIBLE ASSETS, PROPERTY, PLANTS AND EQUIPMENT	414	45	570.177	596.114	
33 except 330	VI. UNREALIZED GAINS FROM SECURITIES AND OTHER COMPONENTS OF THE REMAINING TOTAL RESULT (credit balance of the accounts from the group 33 except 330)	415	45	17.290	17.482	
33 except 330	VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF THE REMAINING TOTAL RESULT (debit balances of the accounts from the group 33 except 330)	416		0		
34	VIII UNDISTRIBUTED PROFIT (0418 + 0419)	417	46	53.162.398	3.267.110	0
340	1. Undistributed profit from previous years	418	46	6.948	1.436	
341	2. Undistributed profit from the current year	419	46	53.155.450	3.265.674	
	IX. STAKE WITHOUT THE CONTROL RIGHT	420				
35	X. LOSS (0422 + 0423)	421		0	0	0
350	1. Loss from previous years	422				
351	2. Loss from the current year	423				
	B. LONG-TERM PROVISIONS AND LIABILITIES (0425 + 0432)	424		620.490	802.690	0
40	I LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48	145.624	227.955	0
400	1. Provisions for costs in the guarantee period	426				
401	2. Provisions for costs of renewing natural resources	427				
403	3. Provisions for restructuring costs	428				
404	4. Provisions for allowances and other benefits for employees	429	47;48;49	1.285	131.379	
405	5. Provisions for costs of litigation	430	47;48;49	144.339	96.576	
402 and 409	6. Other long-term provisions	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		474.866	574.735	0
410	1. Liabilities that can be converted to capital	433				
411	2. Liabilities towards parent companies and subsidiaries	434				
412	3. Liabilities towards other affiliated companies	435				
413	4. Liabilities from issued securities in a period longer than a year	436				
414	5. Long-term loans in the country	437				
415	6. Дугорочни кредити и зајмови у иностранству	438	50;51	474.866	574.735	
416	7. Financial leasing liabilities	439				
419	8. Other long-term liabilities	440		0	0	0
498	C. DEFERRED TAX LIABILITIES	441	28	478.523	456.253	

## BALANCE SHEET on 31 December 2018

42 to 49 (except 498)	D. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		9.883.107	1.079.190	0
42	I SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		98.520	98.752	0
420	1. Short-term loans from parent companies and subsidiaries	444				
421	2. Short-term loans from other affiliated companies	445				
422	3. Short-term loans in the country	446				
423	4. Short-term loans abroad	447				
427	5. Liabilities arising from fixed assets and withheld operating assets intended for sale	448				
424, 425, 426 and 429	6. Other short-term financial liabilities	449	52	98.520	98.752	
430	II RECEIVED ADVANCE PAYMENTS, DEPOSITS AND	450	53	101.546	124.908	
43 except 430	III OPERATING LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		618.354	522.262	0
431	1. Suppliers – parent companies and subsidiaries in the country	452				
432	2. Suppliers – parent companies and subsidiaries abroad	453				
433	3. Suppliers – other affiliated companies in the country	454				
434	4. Supplier – other affiliated companies abroad	455				
435	5. Suppliers in the country	456	54	180.837	401.299	
436	6. Suppliers abroad	457	55	415.144	6.398	
439	7. Other operating liabilities	458	56	22.373	114.565	
44, 45 and 46	IV OTHER SHORT-TERM LIABILITIES	459	57	12.090	152.802	
47	V LIABILITIES FOR VALUE ADDED TAX	460	58	30.505	1.339	
48	VI LIABILITIES FOR OTHER TAXES, BENEFITS AND OTHER DUTIES	461	59; 60	8.929.626	15.490	
49 except 498	VII ACCRUED COSTS AND DEFERRED REVENUES	462	61	92.466	163.637	
	E. LOSS BEYOND THE AMOUNT OF CAPITAL (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) ≥ 0	463		0	0	
	F. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 – 0463) ≥ 0	464		92.087.327	32.046.575	0
89	G. OFF-BALANCE SHEET LIABILITIES	465	62	649.072	668.417	

## REPORT ON THE REMAINING RESULT in the period 1 January to 31 December 2018

REPORT ON THE REMAINING RESULT					
for the period from 01/01/2018 to 31/12/2018					
Group of accounts - account	POSITION	AOP	Note no.	Износ	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULT				
	I. NET PROFIT (AOP 1064)	2001	28;	53.155.450	3.265.674
	II. NET LOSS (AOP 1065)	2002			
	B. OTHER COMPREHENSIVE PROFIT OR LOSS				
	a) Items that will not be reclassified in the Profit and Loss Account in future periods				
	1. Revalorization changes of intangible assets, property, plants and equipment				
330	a) increase of revalorization reserves	2003	45	0	
	b) decrease of revalorization reserves	2004	45	0	
	2. Actuarial gains and losses from plans of defined income				
331	a) gains	2005	45		892
	b) losses	2006	45	192	
	3. Gains and losses from investment in equity instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses from the stake in the remaining comprehensive gain or loss of associated companies				
333	a) gains	2009			
	b) losses	2010			
	b) Items that will be reclassified later in the Profit and Loss Account in future periods				
	1. Gains or losses from the conversion of financial reports on foreign operations				
334	a) gains	2011			
	b) losses	2012			
	2. Gains or losses from hedging instruments used to protect net investments in foreign operations				
335	a) gains	2013			
	b) losses	2014			
	3. Gains or losses from cash flow risk hedging instruments				
336	a) gains	2015			
	b) losses	2016			
	4. Gains and losses from securities available for sale				
337	a) gains	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE PROFIT (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		0	892
	II. OTHER GROSS COMPREHENSIVE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) > 0	2020	45	192	
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS OF THE PERIOD	2021	45		134
	IV. NET OTHER COMPREHENSIVE PROFIT (2019 – 2020 – 2021) ≥ 0	2022	45		758
	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		53.155.258	3.266.432
	II. TOTAL NET COMPREHENSIVE LOSS (2002 – 2001 + 2023 – 2022) ≥ 0	2025		0	0
	C. TOTAL NET COMPREHENSIVE PROFIT OR LOSS (2027 + 2028) = AOp 2024 ≥ 0 or AOp 2025 > 0	2026		0	0
	1. Accrued to major equity owners	2027			
	2. Accrued to owners that do not have control	2028			

# REPORT ON THE CHANGES IN CAPITAL for the period 01/01/2018 to 31/12/2018

		REPORT ON THE CHANGES IN CAPITAL in the period 01/01/2018 - 31/12/2018																	- у хиљадама динара -												
No.	DESCRIPTION	Компоненте капитала										Компоненте осталог резултата										Total capital [Σ (row 16 column 3 to column 15) - Σ (row 1a column 3 to column 15)] ≥ 0	AOP	Loss above capital [Σ (row 1a column 3 to column 15) - Σ (row 16 column 3 to column 15)]							
		AOP	30	AOP	31	AOP	32	AOP	35	AOP	047 i 237	AOP	34	AOP	330	AOP	331	AOP	332	AOP	333				AOP	334 i 335	AOP	336	AOP	337	AOP
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		
	Opening balance on 01/01/2017																														
1	a) debit balance	4001		4019		4037		4055		4073		4091		4109		4127		4145		4163		4181		4199		4217		4235	0	4244	0
	b) credit balance	4002	20.573.610	4020	0	4038	4.120.259	4056	0	4074	0	4092	1.775.235	4110	601.827	4128	16590	4146	0	4164	0	4182	0	4200	0	4218	0	4236	27.087.521	0	0
	Adjustment of materially significant mistake and changes in accounting policies																														
2	a) adjustments on the debit side of the	4003	0	4021	0	4039	0	4057	0	4075	0	4093	0	4111	0	4129	0	4147	0	4165	0	4183	0	4201	0	4219	0	4236	0	4245	0
	b) adjustments on the credit side of the	4004	0	4022	0	4040	0	4058	0	4076	0	4094	0	4112	0	4130	0	4148	0	4166	0	4184	0	4202	0	4220	0	4237	0	4246	0
	Adjusted opening balance on 01/01/2017																														
3	a) adjusted debit balance (1a + 2a - 26) ≥ 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
	b) adjusted credit balance (16 - 2a + 26) ≥ 0	4006	20.573.610	4024	0	4042	4.120.259	4060	0	4078	0	4096	1.775.235	4114	601.827	4132	16590	4150	0	4168	0	4186	0	4204	0	4222	0	4238	27.087.521	0	0
	Changes in the previous year of 2017																														
4	a) transactions on the debit side of the account	4007	0	4025	0	4043	0	4061	0	4079	0	4097	1.775.235	4115	5.713	4133	0	4151	0	4169	0	4187	0	4205	0	4223	0	4238	1.780.948	4247	0
	b) transactions on the credit side of the account	4008	0	4026	0	4044	1.133.867	4062	0	4080	0	4098	3.267.110	4116	0	4134	892	4152	0	4170	0	4188	0	4206	0	4224	0	4239	4.401.869	0	0
	Balance at the end of the previous year 31/12/2017																														
5	a) debit balance (3a + 4a - 46) ≥ 0	4009	0	4027	0	4045	0	4063	0	4081	0	4099	0	4117	0	4135	0	4153	0	4171	0	4189	0	4207	0	4225	0	4239	0	4248	0
	b) credit balance (36 - 4a + 46) ≥ 0	4010	20.573.610	4028	0	4046	5.254.126	4064	0	4082	0	4100	3.267.110	4118	596.114	4136	17.482	4154	0	4172	0	4190	0	4208	0	4226	0	4240	29.708.442	0	0
	Adjustment of materially significant mistakes and changes of accounting policies																														
6	a) adjustments on the debit side of the	4011	0	4029	0	4047	0	4065	0	4083	0	4101	0	4119	0	4137	0	4155	0	4173	0	4191	0	4209	0	4227	0	4240	0	4249	0
	b) adjustments on the credit side of the	4012	0	4030	0	4048	0	4066	0	4084	0	4102	0	4120	0	4138	0	4156	0	4174	0	4192	0	4210	0	4228	0	4241	0	4250	0
	Adjusted opening balance of the current year 01/01/2018																														
7	a) adjusted debit balance (5a + 6a - 66) ≥ 0	4013	0	4031	0	4049	0	4067	0	4085	0	4103	0	4121	0	4139	0	4157	0	4175	0	4193	0	4211	0	4229	0	4241	0	4250	0
	b) adjusted credit balance (56 - 6a + 66) ≥ 0	4014	20.573.610	4032	0	4050	5.254.126	4068	0	4086	0	4104	3.267.110	4122	596.114	4140	17.482	4158	0	4176	0	4194	0	4212	0	4230	0	4242	29.708.442	0	0
	Changes in the current year of 2018																														
8	a) transactions on the debit side of the account	4015	470.040	4033	0	4051	0	4069	0	4087	265.416	4105	3.267.110	4123	25.937	4141	192	4159	0	4177	0	4195	0	4213	0	4231	0	4242	4.028.695	4251	0
	b) transactions on the credit side of the	4016	1.160.732	4034	0	4052	1.102.330	4070	0	4088	0	4106	53.162.398	4124	0	4142	0	4160	0	4178	0	4196	0	4214	0	4232	0	4242	55.425.460	0	0
	Balance at the end of the current year																														
9	a) debit balance (7a + 8a - 86) ≥ 0	4017		4035	0	4053	0	4071	0	4089	265.416	4107		4125		4143		4161	0	4179	0	4197	0	4215	0	4233	0	4243		4252	0
	b) credit balance (76 - 8a + 86) ≥ 0	4018	21.264.302	4036	0	4054	6.356.456	4072	0	4090		4108	53.162.398	4126	570.177	4144	17.290	4162	0	4180	0	4198	0	4216	0	4234	0	4243	81.105.207	0	0

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## CASH FLOW STATEMENT for the period 01/01/2018 - 31/12/2018

## CASH FLOW STATEMENT

for the period 01/01/2018 - 31/12/2018

- in thousands of dinars -

Position	AOP	Note no.	Amount	
			Current year	Previous year
1	2	3	4	5
<b>A. OPERATING CASH FLOW</b>				
<b>I. Operating cash incoming (1 to 3)</b>	<b>3001</b>		<b>70.975.615</b>	<b>10.780.387</b>
1. Sales and received advance payments	3002		10.397.585	9.523.622
2. Operating interested received	3003		4.020	22.638
3. Other regular operating cash incoming	3004		60.574.010	1.234.127
<b>II. Operating cash outgoing (1 to 5)</b>	<b>3005</b>		<b>7.056.914</b>	<b>5.473.829</b>
1. Payments to suppliers and given advance payments	3006		1.903.985	1.550.419
2. Wages, salaries and other personal expenses	3007		3.697.871	2.937.901
3. Interest paid	3008		28.595	33.803
4. Income tax	3009		508.486	248.007
5. Cash outgoing for other public revenues	3010		917.977	703.699
<b>III. Net operating cash incoming (I-II)</b>	<b>3011</b>		<b>63.918.701</b>	<b>5.306.558</b>
IV. Net operating cash outgoing (II-I)	3012			
<b>B. CASH FLOW FROM INVESTMENTS</b>				
<b>I. Cash incoming from investments (1 to 5)</b>	<b>3013</b>		<b>171.522</b>	<b>1.182.551</b>
1. Sale of stocks and shares (net cash incoming)	3014		0	0
2. Sale of intangible assets, property, plant, machinery and biological assets	3015		34.151	1.502

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

3. Other financial placements (net cash incoming)	3016	64.200	1.086.827
4. Interest received from investments	3017	73.171	94.222
5. Dividends received	3018	0	0
<b>II. Cash outgoing from investments (1 to 3)</b>	<b>3019</b>	<b>2.778.849</b>	<b>2.942.614</b>
1. Purchase of stock and shares (net cash outgoing)	3020	735.456	0
2. Purchase of intangible assets, property, plants, machinery and biological assets	3021	2.043.393	2.942.614
3. Other financial placements (net cash outgoing)	3022	0	0
III. Net cash incoming from investments (I-II)	3023	0	0
<b>IV. Net cash outgoing from investments (II-I)</b>	<b>3024</b>	<b>2.607.327</b>	<b>1.760.063</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>I. Cash incoming from financing activities (1 to 5)</b>	<b>3025</b>	<b>0</b>	<b>0</b>
1. Increase of basic capital	3026	0	0
2. Long-term loans (net cash incoming)	3027	0	0
3. Short-term loans (net cash incoming)	3028	0	0
4. Other long-term liabilities	3029	0	0
5. Other short-term liabilities	3030	0	0
<b>II. Cash outgoing from financing activities (1 to 6)</b>	<b>3031</b>	<b>2.261.999</b>	<b>1.857.959</b>
1. Buy-out of own stocks and shares	3032	0	0
2. Long-term loans (cash outgoing)	3033	98.569	100.784
3. Short-term loans (cash outgoing)	3034	0	0
4. Other liabilities (cash outgoing)	3035	0	0
5. Financial leasing	3036	0	0
6. Paid out dividends	3037	2.163.430	1.757.175
III. Net cash incoming from financing activities (I-II)	3038		
<b>IV. Net cash outgoing from financing activities (II-I)</b>	<b>3039</b>	<b>2.261.999</b>	<b>1.857.959</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>D. TOTAL CASH INCOMING</b> (3001 + 3013 + 3025)	3040		<b>71.147.137</b>	<b>11.962.938</b>
<b>E. TOTAL CASH OUTGOING</b> (3005 + 3019 + 3031)	3041		<b>12.097.762</b>	<b>10.274.402</b>
<b>F. NET CASH INCOMING</b> (3040 – 3041)	<b>3042</b>		<b>59.049.375</b>	<b>1.688.536</b>
<b>G. NET CASH OUTGOING</b> (3041 – 3040)	3043			
<b>H. OPENING CASH BALANCE AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	3044		<b>2.386.010</b>	<b>740.102</b>
<b>I. POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES BASED ON THE CONVERSION OF CASH</b>	3045		14.749	7.584
<b>J. NEGATIVE FOREIGN EXCHANGE DIFFERENCES BASED ON THE CONVERSION OF CASH</b>	3046		55.561	50.212
<b>K. CLOSING CASH BALANCE AT THE END OF THE ACCOUNTING PERIOD</b>	<b>3047</b>		<b>61.394.573</b>	<b>2.386.010</b>
<b>(3042 – 3043 + 3044 + 3045 – 3046)</b>				

NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

JSC AIRPORT NIKOLA TESLA BELGRADE

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**1. COMPANY ESTABLISHMENT AND BUSINESS OPERATIONS****1.1. Company's background**

The Joint Stock Company Airport Nikola Tesla Belgrade (hereinafter: "the Company") was established with the aim of providing airport services (landing, taking off, taxiing and parking of aircraft, acceptance and dispatch of aircraft, passengers and goods). In addition to the main activity of providing airport services, the Company performs other services at the airport complex, which also meet the needs of service users, domestic and foreign airlines.

The operations of the Airport date from March 25, 1928 at Bežanijska kosa location, and operations in today's location (Surčin) began in 1962.

By the decision of the Government of the Republic of Serbia in 1992, the airport was re-registered as the Public Enterprise Airport "Belgrade", and in 2006, also by the decision of the Government, it received the name Public Enterprise Airport Nikola Tesla Belgrade.

On June 17, 2010, the Government of the Republic of Serbia passed the Decision No. 023-4432 / 2010 on the change of legal form the Public Enterprise Airport Nikola Tesla Belgrade from a public company to a closed joint-stock company. The aforementioned change in the legal form was registered with the Business Registers Agency on June 22 .2010, Resolution No. BD 68460/2010.

Following the change of legal form, the Company continued to operate under the full name of the Joint Stock Company Airport Nikola Tesla Belgrade.

By the Decision of the Business Registers Agency No. BD 7651/2011 dated 24/01/2011, the entry of the open joint-stock company Airport Nikola Tesla Belgrade was registered in the register of business entities.

On January 05, 2018, the Decision on the selection of the most favorable tender in the procedure for granting concessions for financing, development through the construction and reconstruction, maintenance and management of the infrastructure of the JSC Airport Nikola Tesla Belgrade was made and the activity of an airport operator registered with the Ministry of Construction, Transport and Infrastructure under number: 023 -00-1 / 2018-12 dated January 05, 2018 and with ANT under the number: DG 111/2018 dated January 5, 2018. The most favorable bidder selected is "Vinci Airports SAS France".

On March 22, 2018, a Concession Agreement was signed for financing, development through the construction and reconstruction, maintenance and management of the infrastructure of the JSC Airport Nikola Tesla Belgrade and performance of the operation of the airport operator at the Airport Nikola Tesla Belgrade, between the Government as a representative of the Republic of Serbia, JSC Airport Nikola Tesla Belgrade, and Vinci Airports Serbia d.o.o. Belgrade and "Vinci Airports SAS France".

Provisions of the Concession Agreement provides for a number of preconditions for both parties in the Transition period, which fulfillment in due time means that the conditions are met so that the concession may start on the Concession Commencement Date.

By fulfilling all previous conditions including the payment of the upfront concession fee in the amount of 501.000.000 EUR to the account of the JSC Airport Nikola Tesla Belgrade, executed by Vinci Airports Serbia doo Beograd on December 1, 2018, conditions were met for the concession to begin on the Concession Commencement Date, on December 22, 2018.

On December 22, 2018 - the airport certificate was transferred from the JSC Airport Nikola Tesla Belgrade to Vinci Airports Serbia d.o.o. Belgrade.

From the Concession Commencement Date on Dec. 22, 2018, Vinci Airports Serbia d.o.o. Belgrade took over the management of the Airport and performing air traffic services and from that date the JSC Airport Nikola Tesla changed the main activity from air traffic services (52.23) to renting and managing their own

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

or leased real estate (68.20), with the primary task of being the owner of all the movable and immovable property granted under the Concession Agreement for the use and management of VINCI Airports Serbia d.o.o. Belgrade, monitors the implementation of the Concession Agreement in accordance with the Law on Public-Private Partnership and Concessions with accompanying bylaws.

From December 22, 2018 - the Concession Commencement Date, the JSC Airport Nikola Tesla Belgrade is not the airport operator, and changed the core business of the Company.

From December 22, 2018 - the Concession Commencement Date, the core business of the JSC Airport Nikola Tesla Belgrade is 68. 20 - renting and managing their own or leased real estate. The company performs foreign trade activities and performs services in foreign trade. In addition to the core business and other activities listed above, the Company may also perform all other activities that are not prohibited by law, including foreign trade, regardless of whether these activities are determined by the founding act or statute. The Company performs activities of general interest.

<i>head office</i>	11180 Belgrade 59, Surčin
<i>Identification number</i>	07036540
<i>Tax identification number</i>	100000539
<i>Code and business name until 21/12/2018</i>	52 . 23 - Air traffic service activities
<i>Code and business name from 22/12/2018</i>	68 . 20 - Renting and managing their own or leased real estate

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

**1.3. Management structure**

Management of the Company is bicameral. The bodies of the Company are the Assembly, the Supervisory Board and the Executive Board.

The Assembly is comprised of shareholders of the Company who have the right to participate in the work of the Assembly. The shareholder who owns 35026 ordinary shares has the right to participate in the work of the Assembly.

The Supervisory Board consists of five (5) members, of which at least one member is independent from the Company.

Members of the Supervisory Board are appointed by the Assembly of the Company. The Supervisory Board is obliged to establish an audit committee and may, if necessary, form other commissions that assist it in its work. The Supervisory Board committees have at least three members, and one of these members must always be an independent member of the Supervisory Board.

The Executive Board consists of three (3) Executive Directors including the Managing Director .

The Executive Directors are appointed by the Supervisory Board of the Company.

**1.4. Ownership structure**

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

On July 9, 2010, the Government of the Republic of Serbia passed the Decision No. 023-9103 / 2010-1, according to which the right to transfer 16,85% of the ownership of the Company was acquired by citizens of the Republic of Serbia, employees and former employees of the Company. After the transfer of the right to free shares to citizens, employees and former employees, the Republic of Serbia owns 28,511,988 ordinary shares, representing 83.15% of the total share capital of the Company.

By the decision on admission of shares to Listing A-Prime market 04/4 No. 478/11 dated 28 January 2011, the Company's shares were admitted to Listing A of the Belgrade Stock Exchange. Trade of shares of the Company on the Belgrade Stock Exchange started 07/02/2011.

As of December 31, 2018, 35,026,129 ordinary shares were registered with the Central Registry of Securities with the right to vote with a nominal value of RSD 600.00. The Republic of Serbia owns 29,247,317 ordinary shares, which represents 83,50% of the total share capital of the Company, while the other shareholders have 5,778,129 ordinary shares, which represents 16.50% of the total share capital of the Company.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**1.5. Number of employees and engaged persons**

At the balance sheet date, 31 December 2018, the Company had 3 engaged workers, of whom 3 permanent employees were employed with the Company (31 December 2017). The Company had 2,382 engaged workers, of whom 1,715 employees were employed with the Company, i.e. 1,206 permanent employees, 509 employees employed for a fixed period of time, 293 temporary workers, and 374 workers engaged through youth cooperatives).

During I-XII 2018, on the basis of the situation at the end of each month, the average number of employed workers in the Company was 2,227, of whom the average number of employees in the Company includes 1,556 workers (1,092 full-time employees, 464 fixed-term employees), the average number of 276 engaged workers for temporary and occasional jobs and the average number of 395 engaged workers through youth cooperatives (during 2017, the average number of employees engaged by the Company at the end of each month was 2,067, of whom the average number of employees in the Company was 1,408 (1,042 full-time employees, 366 part-time employees), the average number of 266 workers engaged for temporary and occasional jobs and the average of 393 workers engaged through youth cooperatives).

**1. BASES FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD****2.1. Bases for the preparation and presentation of financial statements**

Financial Statements for I-XII 2018 were compiled in a manner and in accordance with the legal regulations and established at the session of the Supervisory Board of the Company 21/ 02/2019.

Legal entities and entrepreneurs in the Republic of Serbia are obliged to keep business books, recognize and evaluate assets and liabilities, income and expenses, compile, display, submit and disclose financial statements in accordance with the Law on Accounting (hereinafter "the Law" published in "Official Gazette of the Republic of Serbia", No. 62/2013), as well as in accordance with other applicable by-laws. The company, as a large legal entity, is obliged to apply the International Financial Reporting Standards ("IFRS"), which within the meaning of the said law include: Framework for preparation and presentation of financial statements ("Framework"), International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS") and related interpretations issued by the IFRIC, subsequent amendments to those standards and related interpretations approved by the International Accounting Standards Board ("IASB"), whose translation is determined and published by the Ministry in charge of finance.

By the decision of the Ministry dated 13 March 2014, published in the Official Gazette of the Republic of Serbia No. 35 dated March 27, 2014 (hereinafter referred to as the "Decision on determining the translation"), 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 Translation Decision do not include bases for concluding, illustrative examples, guidelines, comments, contradictions, elaborated examples, as well as other supplementary explanatory material that can 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 December 31, 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**2. BASE FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)**

**2.1. Bases for the preparation and presentation of financial statements (continued)**

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 June 30, 2010, the Company changes the legal form and discloses its share 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, bookings of estimated values of assets and liabilities in favor of revaluation reserves were made. Pursuant to the Decision of the Board of Directors of the Company No. 04-100 / 1 of May 31, 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 said Decision on Increasing the Basic capital from own funds by conversion of reserves and retained earnings to the share capital of the Public Enterprise Airport Nikola Tesla Belgrade, the Company recorded in the books the increase in state capital on January 1, 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 participation of employees in profit is recorded as a decrease in retained earnings, not as a result of the results of the current period, as required by IAS 19 "Employee Benefits" .

In accordance with the aforementioned, and having in mind the potential material effects that the derogation 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 as 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 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 note 2.3. Published standards and interpretations that are not yet in use are disclosed in note 2.4.

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 Note 3.

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

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASE FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.2. 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 Qualifications Improvement Project of April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16, primarily with the intention of removing non-compliance and clarification 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" shall enter into force 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 June 30, 2009);
- IFRIC 18 "Transfer of funds from customers" (effective for annual periods beginning on or after 1 July 2009);
- "Comprehensive Framework for Financial Reporting in 2010", which is a change to 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 1 IFRS 1 IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13 project, an annual qualitative improvement of IFRSs, the intent to remove disagreements and clarify the wording in the text (most of the amendments will be effective for annual periods beginning on or after 1 January 2011);

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASES FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.2. Published Standards and Interpretations that came into force on the basis of the Decision on Determining the Translation (continued)

- Amendments to IFRIC 14 "IAS 19 - Limit of Defined Benefits, Minimum Requirements for Financing and Interaction" Advance Payment of the Minimum Funding Requirements (effective for annual periods beginning on or after 1 January 2011);
- IFRIC 19 "Imposing Financial Liabilities to 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" - Great 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 "Taxes on Profit" - 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 Stakes in Other Legal 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 Stakes in Other Legal Entities: Transitional Application Instructions" (effective for annual periods beginning on or after 1 January 2013);
- IAS 27 (revised 2011) "Individual Financial Statements" (effective for annual periods beginning on or after 1 January 2013);
- IAS 28 (revised 2011) "Investments in Associated Legal Entities 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" - Netting of Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013);

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.2. Published standards and interpretations that came into force on the basis of the Decision on determining the translation (continued)

- Amendments to IAS 1 "Presentation of Financial Statements" - Presentation of items of other overall results (effective for annual periods beginning on or after 1 July 2012);
- Amendments to IAS 19 "Employee Benefits" - Improvements in the accounting inclusion of benefits after termination of employment (effective for annual periods beginning on or after 1 January 2013);
- Annual improvements for the period 2009-2011 were issued in May 2012 relating to various IFRS improvement projects (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), mainly on the elimination of inconsistencies and clarification of formulations (effective for annual periods beginning on or after 1 January 2013);
- IFRIC 20 "Costs of Coal Overburden in the Production Phase of Open-pit Mines" (effective for annual periods beginning on or after 1 January 2013);

### 2.3. 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" - Breakdown of 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 Participation in Other Entities" and IAS 27 "Individual 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" - Recovery of derivatives and continuation of hedge accounting (effective for annual periods beginning on or after 1 January 2014).
- IFRIC 21 "Duties" (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Benefits (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 2 IFRS 2 (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) for the elimination of non-compliance and clarification of the formulations (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period 2011-2013, as a result of the Project for the Annual Qualitative Improvements to IFRSs (IFRS 1, IFRS 3, IFRS 13 and IAS 40) elimination of non-compliance and clarification of formulations (effective for annual periods beginning on or after 1 July 2014).

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASES FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.3. Published standards and interpretations in force in the current period that have not yet been officially translated and adopted (continued)

- Amendments to IFRS 11 "Joint Operations" - Accounting for Acquiring Stakes in Joint Operations (effective for annual periods beginning on or after 1 January 2016).
- IFRS 14 "Accounts of Regulative Prepayments and Deferred Expenses" (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of Acceptable Depreciation Methods (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture - Industrial Plants (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 27 "Individual Financial Statements" - Share method in individual financial statements (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10, IFRS 12 and IAS 28 "Investment Companies: Application of Exceptions to Consolidation". 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 firm, even if the investment firm assesses investments in 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 the application of the method of stake (i.e. retention of measurement at fair value) 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 allowed earlier application.)
- Amendments to Different Standards "Improvements to IFRSs" (for the period from 2012 to 2014) resulting from the Project for the Annual Qualitative Improvements to IFRSs (IFRS 5, IFRS 7, IAS 19 and IAS 34) to eliminate non-compliance and clarification of formulations (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 allowed earlier application;
- 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. Gains and losses on the valuation of financial assets at fair value 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;

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASES FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.3. Published standards and interpretations in force in the current period that have not yet been officially translated and adopted (continued)

- IFRS 15 "Revenue from a contract 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 funds from customers". IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with prior earlier application;
- Amendments to IFRS 2 "Payments in Shares - Classification and Measurement of Transactions", effective for annual reporting periods beginning on or after January 1, 2018, supported earlier;
- 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, and the earlier application of the amended standard is 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 changes arising from both cash and non-monetary changes. Amendments to IAS 7 are effective for annual periods beginning on or after 1 January 2017, with the prior permission for application;
- Amendments to IAS 12 "Profit Tax" relating to the identification of deferred tax assets for unrealized losses are applied retrospectively for annual periods beginning on or after January 1, 2017, with supported earlier application.
- 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) primarily with the aim of removing inconsistencies and clarification of the IFRS amendment 12 apply to annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 4 "Insurance Contracts" - Application of IFRS 9 "Financial Instruments" to 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)" arising from the IFRS 1 IFRS 1, IFRS 12 and MRS 28 project, primarily with the aim of removing 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 Review" (effective for annual periods beginning on or after 1 January 2018);

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

### 2.4. Published standards and interpretations that have not yet come into force

IFRS 16 "Leasing" provides a comprehensive model for identifying leasing arrangements and their treatment in financial statements of both providers and recipients of leases. On the date of entry into force on 1 January 2019, this Standard will replace the following leasing standards and interpretations: IAS 17 "Leasing", IFRIC 4 "Determining whether an arrangement contains leasing", SIC 15 "Operational leasing - incentive" and SIC 27 "Estimation of the substance of the transaction including the legal form of the lease";

### 2.5. Amendments to the financial statements

The financial statements of the Company for 2018, together with the Auditor's Report issued on February 14, 2019, were adopted by the Company's Supervisory Board on February 14, 2019. After that date, the management of the Company made changes in the part of the company's profit tax calculation for 2018. Considering that the effect of calculating the profit tax is material, the Company's management has decided to issue amended financial statements. Amendments were made to the following positions in the financial statements:

- Income Statement - part of disclosing liabilities for profit tax, net results and basic earnings per share
- Balance Sheet - in the part of capital - retained earnings of the current year and liabilities for profit tax
- Statement of changes in equity - in the part of the retained earnings of the current year
- Report on the remaining result in the part of the net operating result
- Note 27 - Income tax
- Note 29 - Earnings per share
- Note 43 - Equity in the portion of retained earnings from 2018
- Note 46 - Retained earnings
- Note e 59 and 60 - Liabilities for income tax
- Note a 64 - in Capital Risk Management

The revised Financial statements are approved by management of the Company on 21st February 2019.

## 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Revenues and expenses

Sales revenue is recognized when the risk and benefit associated with the right of ownership is transferred to the buyer, which implies the date of delivery of the goods to the buyer.

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

Lease revenue from operating leases is recognized equally throughout the lease term.

Revenue is stated at the fair value of the assets that are received or will be received, in the net amount after impairment for given discounts and value added tax.

Interest revenue and dividends are recognized in accordance with the principle of origin in favor of the accounting period to which they relate, using the effective interest method.

An appropriate expense (the principle of causation of revenue and expense) is also recognized on the date on which the revenue is recognized.

Operating expenses are recognized in the income statement on the utilization of the acquired service or upon its occurrence.

Expenses are calculated on the basis of the causation of revenues and expenses.

Current maintenance and repair costs of fixed assets are recorded at the expense of the income statement in the accounting period when they occur.

### 3.2. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are included in the cost of that asset up to that period when, in essence, all activities required to prepare the asset for the intended use or sale have been completed. Qualifying assets are related to assets

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES****3.2. Borrowing costs (continued)**

which necessarily require a significant amount of time to be ready for their intended use.

Revenue from investments made on the basis of the temporary investment of borrowed funds is deducted from the resulting borrowing costs intended to finance the qualifying assets.

All other borrowing costs are recognized in the income statement in the period in 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 day of the transaction.

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 exchange differences.

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 on the basis of exchange rate differentials and the effects of a currency clause", 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:

Description	31/12/2018	31/12/2017
<b>NBS's middle exchange rate:</b>	RSD value	
EUR	118,1946	118,4727
USD	103,3893	99,1155
CHF	104,9779	101,2847
GBP	131,1816	133,4302

Long-term loan liabilities from the EIB are converted to the dinar counter value 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:

Description	31/12/2018	31/12/2017
<b>Agreed exchange rate:</b>	RSD value	
EUR - for the loan from EIB	118,5492	118,8281

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4. Intangible assets**

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. Real estate, plant and equipment, biological assets**

Property, plant and equipment that meets the requirements for recognition of assets are measured at their cost or cost price. Cost is the invoice value of the purchased assets plus all the costs incurred until they are put into use.

**3.5. Property, plant and equipment, biological assets (continued)**

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

The fair value of the real estate makes up their market value, which is determined by estimation. Revaluation is carried out only when the fair value of a revalued asset materially differs from its stated value. Revaluation gains are recognized in other gains and losses in favor 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 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. When assets are disposed of or alienated, the associated revaluation reserve is transferred directly to retained earnings.

The last estimate of the value of property, plant and equipment was made on December 31.

The tool and small inventory, the useful life of which is longer than one year from 01/01/2016, is recognized as a fixed asset regardless of the amount of the individual purchase price. These assets are depreciated according to the estimated useful life.

Gains or losses arising from disposal or alienation are recognized as revenue or expense in the income statement.

**3.6. Amortization**

Amortization of property, plant and equipment is calculated using the proportional method, during the estimated useful life. The amortization rates used in the business year 2018 as well as the amortization rates calculated on the basis of the useful life of the assets that were applied in 2017 are shown in the table below:

DESCRIPTION	2018	2017
<b>CONSTRUCTIONS</b>	%	%
Electricity and water management constructions	2,27 - 7,69	2,27 - 7,14
Roads, airports and car parks	2,22 - 20,00	2,22 - 33,33
Other constructions	2,50 - 20,00	5,00 - 25,00
Flats given to employees for use	1,43	1,49
<b>Equipment</b>	%	%
New specific equipment	5,00 - 33,33	6,67 - 50,00
Road traffic equipment	6,67 - 50,00	5 - 50,00

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

PTT and TV traffic equipment	14.29 - 50,00	7.14 - 50,00
Air traffic equipment	6.67 - 50,00	4 - 50,00
Measurement and control equipment and specific devices	5.00 - 50,00	4,00 - 33.33
Laboratory, school and medical equipment and devices	10,00 - 50.00	20,00 - 25
Electronic, computing machines and computers	10,00 - 50.00	10- 50,00
Furniture and devices for general use	5.00- 50.00	4- 50.00
Road traffic equipment taken on financial leasing	14,29 - 50.00	8,33 - 33,33
Plants and equipment	8,33 - 20,00	10,00 - 25,00
Tools and inventory	5,00 - 100,00	20,00 - 100,00
<b>Intangible investments</b>	%	%
Software and licenses	10,00 - 50,00	10,00 - 50,00

**3.7. Investment property**

Investment property is a property that the Company holds as the owner in order to earn profits from the issuance of a real estate or to increase the value of the capital either for one and the other, and not for use for the provision of services or for the purposes of administrative operations or sales in the ordinary course of business. Initial appraisal of an investment property when it is acquired is carried at cost or cost price. After initial recognition, the valuation of an investment property is carried out at fair value at the end of each business year. Positive and negative effects on the change in the fair value of investment property are recorded through the income statement.

The company has engaged an authorized appraiser, to evaluate the value of investment property on December 31, 2018. The fair value of investment property is determined using the yield method - discounted cash flows. On December 31, 2018, the Company reclassified "Borik" as investment property.

**3.8. Value impairment**

On each balance sheet date, the Company reviews the carrying amounts of its tangible assets in order to determine whether there are indications that there has been any loss due to the impairment of the value of the said asset. If there are 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.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**3.9. Stock**

Stock is stated at cost, i.e. cost price or net sales value, whichever is lower.

Net sales value is the price at which the stock can be sold under normal operating conditions after deducting the cost of sales. Purchase value includes value per supplier's invoice, transport and dependent purchase costs.

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

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

By calculating other expenses, a change in the value of stocks is carried out in cases where it is estimated that their value should be reduced to the net expected selling value (including stocks with slow-down turnover, redundant and obsolete stocks). Damaged stocks and the stocks that do not conform to standards are written off.

In compliance with the Concession Agreement, on December 22, 2018, the Company handed over its stocks to Vinci Airports Serbia d.o.o. Belgrade that has taken over the management of the Airport and performs services in the air traffic.

**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 realized 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 the adjustment of 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 Profit Tax of the Republic of Serbia does not provide that tax losses from the current period can be used as a basis for tax refunds paid in previous periods. However, the losses reported in the tax balance sheet until 2009 can 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 realized and reported in the tax balance for 2010, and beyond shall be used to reduce the tax base for future accounting periods, but not longer than five years.

The Law on Profit Tax of the Republic of Serbia in the part of tax credit prescribes that taxpayers who have exercised the right to tax incentives referred to in Art. 48 of the earlier law, and disclosed data in the Tax

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Balance and tax return for 2013, may use 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 transferred to the tax on profits of future accounting periods up to the prescribed limit of 33% (for large and medium legal entities) but not longer than 10 (ten) 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. Also, 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% whose application is expected in the period when the asset is realized or the obligation is 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 within equity.

**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 the republic, tax and general regulations. These taxes and contributions are shown under other operating expenses.

**Tax risks**

The tax laws of the Republic of Serbia are often interpreted differently and subject to frequent changes. Interpretation of tax laws by tax authorities in relation to transactions and activities of the Company may differ from the interpretations of the management. As a result, transactions may be challenged by tax authorities and the Company may be assigned an additional amount of taxes, penalties and interest. The period of obsolete 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 when the obligation was incurred.

**3.11. Benefits for employees*****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 that provide for the social security of employees. These obligations include contributions for employees at the expense of 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 on behalf of employees. Contributions made at the expense of the employer and contributions made at the expense of employees shall be credited to the expense of the period to which they relate.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Liabilities for severance pay and jubilee awards*

Based on the Collective Agreement, adopted on 12/02/2015, the Company is obliged to pay the employees:

- Severance pay at retirement 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 awards for the total amount of time 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 gained the right to anniversary award for:
  - 10 years of work - in the amount of one monthly salary;
  - 20 years of work - in the amount of two monthly salaries;
  - 30 years of work - in the amount of three monthly salaries;
  - 35 years of work for women and men - in the amount of four monthly salaries.

Due to the obligations regulated by the Collective Agreement, the Company assesses provisions for severance payments and jubilee awards at the end of each business year in accordance with the requirements of the standards of IAS-19 - Employee Benefits.

The Company has engaged an authorized actuary to assess the provision for retirement benefits and jubilee awards on December 31, 2018. The assumptions used for the actuarial accounting and changes in provisions in the current period are disclosed in note 49.

#### 3.12. Leasing

Leases are classified as finance leases whenever the leasing, the lessee, transferred to the maximum extent all the risks and benefits arising from ownership. Every other lease is classified as an operating lease.

##### The company as a leasing provider

Operating lease revenue (income from rent) is recognized using the linear method during the lease period. Indirect costs incurred in negotiations and contracting an operating lease are added to the carrying amount of the leased asset and are recognized on a pro rata basis during the lease period.

##### The company as a leasing user

Funds that are held under financial lease agreements are initially recognized as assets of the Company at the present value of minimum lease payments determined at the beginning of the lease period. The corresponding obligation to the lessor is included in the balance sheet as a financial lease obligation.

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

An operating lease instalment is recognized as a linear-basis cost over the lease term, unless there is another systematic basis that better reflects the time pattern of spending economic benefits from the leased asset.

In the case when leasing facilities are approved, they are included in the operating lease and are recognized as a liability. The total benefit from the relief is recognized as a reduction in the cost of renting on a linear basis, unless there is another systematic basis that better reflects the time structure of spending the economic benefits of the leased asset.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.13. Information about business segments**

The company performs its business activity as a unique business segment, providing airport services. Accordingly, information relating to sales revenue by products and services, geographic information on sales revenue, is disclosed at the Company's level.

**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 on the settlement date.

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

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

***Long-term investments***

Long-term financial investments after initial recognition are measured by:

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

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

Long-term loans to employees are stated at fair value through discounting using market interest rates.

***Short-term receivables and placements***

Short-term receivables and placements comprise receivables from sales, other receivables, and short-term placements to employees.

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

Other receivables and placements arising from an enterprise are measured at amortized cost.

Any difference between the stated amount and the subsequent measurement is recognized as a gain or loss in the period in which it arises.

***Impairment of financial assets***

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

All receivables for which there is a reasonable doubt that they will not be charged in the nominal amount shall be subject to an adjustment of the receivables. Direct write-off is done only after the completion of a court dispute or by the decision of the managing authority.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Cash and cash equivalents***

Cash and cash equivalents comprise cash in current accounts with banks and in cash, as well as highly liquid investments that reach 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 a change in value.

**3.14. Financial instruments (continued)*****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 the initial recognition of a financial liability, the measurements in the amount by which the liability is initially recognized, minus repayments of the principal, increased by the amounts of capitalized interest and reduced by any write-off approved by the creditor. Liabilities based on interest on financial liabilities are recorded at the expense of financial expenditure in the period in which they relate and are presented within other short-term liabilities and accrued costs and deferred revenues.

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

The share 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

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 Assembly adopts a decision on the distribution of profit.

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

Provisions for legal disputes, damages contracts or other claims against the Company are recognized when a legal or constructive obligation arises for the Company as a result of a past event, when there is an outflow of economic benefits from the Company and when the amounts of these outflows can be reliably estimated. The exact time or exact amount of that outflow can still be uncertain.

Restructuring costs are recognized only if there is a detailed formal restructuring plan and the management has communicated the main characteristics of the plan to all the plans on which the plan is affected or the execution of the plan has already commenced. Provisions are not recognized for future business losses.

Provisions are measured at estimated costs to settle the present obligation, based on the most reliable evidence available at the date of the adoption of the report, including the risks and uncertainties associated with the present obligation. For a number of similar obligations, the probability of the outflow for settlement is determined at the level of the liability class. Provisions are discounted to the present value, in case the amount of discounting is material.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Any compensation in connection with the obligations that the Company is sure to implement from a third party shall be recognized as a separate asset. However, this asset can not be larger than the related provision.

No obligation or provision is recognized unless the outflow of economic benefits from the present liability is not known. Such situations are disclosed as potential liabilities, except in cases where the probability of 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 potential receivables and liabilities at the date of drawing up 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 drawing up 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. Amortization and amortization rate**

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

In addition, due to the importance of fixed assets in the total assets of the Company, any changes in these assumptions may lead to material effects on the financial position of the Company, as well as on the financial result. As an example, if the Company shortens the average useful life for 10%, this would result in additional amortization and amortization expenses for the year ended 31 December 2018 by about 122,911 thousand dinars (year ended 31 December 2017: 84,848 thousand).

**3.17.2. Value adjustment of noncollectable receivables**

We calculated the allowance for claims older than 60 days, based on estimated losses due to the inability of the buyer to fulfill the necessary obligations. Our assessment is based on the age analysis of customer receivables, historical write-offs, creditworthiness of our customers and changes in terms of sales, when determining the adequacy of the adjustment of the value of doubtful claims. This includes assumptions about future customer behavior and the resulting future billing. The management believes that no additional allowance for the value of the receivables is required, except for a adjustment of the value already shown in the financial statements.

**3.17.3. Court disputes**

In general, provisions are significantly subject to estimates. The Company assesses the likelihood of adverse events occurring as a result of past events and estimates the amount needed to settle the obligation. The assessment of potential obligations arising from court proceedings is carried out by internal expert services or external advisers.

Although the Company respects the precautionary principle in assessing, given that there is a large degree of uncertainty, in certain cases actual results may deviate from these estimates.

**3.17.4. Fair value**

Fair value for disclosure requirements in accordance with the requirements of IFRS 13 is defined as the price that would have been acquired for the sale of assets, or paid for the transfer of an obligation in a regular transaction between market participants on the date of measurement.

The Company's business policy is to disclose information on the fair value of assets and liabilities for which there is official market information and when the fair value varies significantly from the book value. In the Republic of Serbia there is not enough market experience, nor stability and liquidity in the purchase and

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 established in the absence of an active market. The Company's Management also assesses risks in cases when it is estimated that the value at which the property is kept in the books of account will not be realized, it makes a value adjustment. In the opinion of the Company's management, the amounts in these financial statements reflect the value that, in the circumstances, is the most likely and most useful for reporting purposes.

The Company measures the fair value of assets and liabilities using assumptions that market participants would use when determining the price of assets or liabilities, assuming that market participants act in their best economic interest.

Fair value is the price that would be charged or paid for the transfer of an obligation in a regular transaction on the primary or most favorable market on the date of measurement, under current market conditions, and regardless of whether this price is directly perceived or estimated using another valuation technique.

The value estimation techniques used to measure the fair value should maximize the use of relevant detectable inputs and minimize the use of non-detectable inputs.

In order to increase consistency and comparability in the measurement of fair value and related disclosures, a fair value hierarchy is identified that classifies in three levels of inputs for value appraisal techniques used in measuring the fair value according to the structure that follows:

Level 1 Inputs - quoted prices (uncorrected) in the active market for identical assets and liabilities the entity has access to on the date of measurement. Level 1 input assumptions relate to the existence of a primary market for assets or liabilities, or, in the absence of a primary market, the most favorable market for assets or liabilities; and whether the entity can realize a transaction for property or a market price obligation on the date of assessment.

Level 2 Inputs are inputs that are not quoted prices included in level 1 that are noticeable for assets or liabilities, either directly or indirectly. These inputs include the following: quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities on non-active markets, non-quoted inputs, if they are noticeable for assets or liabilities and inputs corroborated by the market.

Level 3 Inputs are unobtrusive inputs for assets or liabilities that the entity develops using the best information available in the given circumstances. Therefore, all reasonably available information on the assumptions of market participants is considered. Non-obvious inputs are considered as assumptions of market participants and fulfill the objective of measuring fair values.

**4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF PROVISION OF SERVICES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR**

Article 4 of the Ordinance on providing ground handling services at airports - Official Gazette RS no. 61/2015, requires that the Airport operator and the ground handling service provider allocate accounts (accounts) for the provision of ground handling services from the account for other activities, in accordance with applicable accounting standards. The annual financial statements of the Airport Operator must show the absence of any associated financial flows between the provision of ground handling services and its activities as an airport operator.

From 01/07/2016, separate invoicing of ground handling services from other airport operator services was initiated, followed by determining the belonging of direct costs to the accounting documents of the airport operator and the activities of the ground handling service, as well as the allocation of indirect costs to the airport operator and to the ground handling service on the basis of adopted keys for the allocation of indirect expenses.

Separation of operations, i.e. realized revenues and expenses of the Airport for the period I-XII 2018, in the part of Operations of the airport operator and the part of Ground Handling service provision were carried out on the basis of the Report of the working group for the correction of the methodology of allocation of costs of the OU Ground Handling (Archive number DG - 1247/2018 dated October 29, 2018), and according to the requirements of the Rulebook on provision of ground handling services at airports (Official Gazette

NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR'S ACTIVITY (continued)**

of RS No. 61/2015). Based on the above, and on the basis of the achieved business results, the Income Statement for the period I-XII 2018 was prepared in which the reported results of the business activities of the Airport Operator and the activities of the Ground Handling Service were recognized parallel with the previous year, as follows:

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

#### 4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR'S ACTIVITY (continued)



### INCOME STATEMENT for AIRPORT OPERATOR and GROUND HANDLING

for the period from 01/01/2018 to 31/12/2018

- thousand dinars -

Group of accounts - account	Position	AOP	Note no.	Amount			Previous year			
				Current year			Previous year			
				AIRPORT OPERATOR (01/01/2018-31/12/2018)	GROUND HANDLING (01/01/2018-31/12/2018)	Total AIRPORT (01/01/2018-31/12/2018)	Airport Operator (01/01-31/12/2017)	Ground Handling (01/01-31/12/2017)	Total Airport (01/01-31/12/2017)	
1	2	3	4	5	6	7(5+6)	8	9	10(8+9)	
	<b>REGULAR OPERATING REVENUE</b>									
60 to 65, except 62 and 63	A. OPERATING REVENUE (1002 + 1009 + 1016 + 1017)	1001		67.523.487	1.981.359	69.504.846	7.783.622	1.606.499	9.390.121	
60	I REVENUE FROM SELLING GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	5.469	0	5.469	11.313	0	11.313	
604	5. Revenues from selling goods on the domestic market	1007	5	5.469	0	5.469	11.313	0	11.313	
605	6. Revenues from selling goods on the foreign market	1008	5	0	0	0	0	0	0	
61	II REVENUES FROM SELLING GOODS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	7.221.480	1.981.359	9.202.839	6.776.572	1.606.499	8.383.071	
614	5. Revenues from selling goods and services on the domestic market	1014	6	2.902.130	990.923	3.893.053	2.784.767	734.319	3.519.086	
615	6. Revenue from selling goods and services on the foreign market	1015	7	4.319.350	990.436	5.309.786	3.991.805	872.180	4.863.985	
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016		0	0	0	48	0	48	
65	IV OTHER OPERATING REVENUES	1017	9	60.296.538	0	60.296.538	995.689	0	995.689	
	<b>REGULAR OPERATING EXPENSES</b>									
50 to 55, 62 and 63	B. OPERATING EXPENSES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		4.835.542	1.800.937	6.636.479	3.852.700	1.512.520	5.365.220	
50	I. COST OF GOODS SOLD	1019	10	4.911	0	4.911	15.026	0	15.026	
51 except 512	V. COST OF MATERIALS	1023	11	142.852	126.876	269.728	121.476	97.455	218.931	
513	VI. FUEL AND ENERGY COST	1024	12	229.695	70.028	299.723	191.555	79.389	270.944	
52	VII. COST OF WAGES, SALARIES, AND OTHER PERSONAL COSTS	1025	13	2.129.539	1.380.304	3.509.843	1.996.591	1.076.357	3.072.948	
53	VIII. COST OF PRODUCTION SERVICES	1026	14	436.348	38.806	475.154	355.838	59.627	415.465	
540	IX. AMORTIZATION COSTS	1027	15	1.065.909	163.203	1.229.112	713.212	135.265	848.477	
541 to 549	X. COSTS OF TWO-TERM PROVISIONS	1028	15a	53.334	0	53.334	34.883	5.060	39.943	
55	XI. NON-MATERIAL COSTS	1029	16	772.954	21.720	794.674	424.119	59.367	483.486	
	<b>C. OPERATING PROFIT (1001 – 1018) ≥ 0</b>	1030		62.687.945	180.422	62.868.367	3.930.922	93.979	4.024.901	
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		124.396	727	125.123	148.417	625	149.042	
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	17	67.048	0	67.048	93.435	0	93.435	
663 and 664	III. POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF THE CURRENCY CLAUSE (TOWARDS THRID PARTIES)	1039	18	57.348	727	58.075	54.982	625	55.607	

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

56	E. FINANCIAL EXPENSES (1041 + 1046 + 1047)	1040		112.266	3.958	116.224	282.895	5.031	287.926
562	II. INTEREST EXPENSE (TOWARDS THIRD PARTIES)	1046	19	34.320	0	34.320	34.838	0	34.838
563 and 564	III. NEGATIVE FOREIGN EXCHANGE DIFFERENCES AND NEGATIVE EFFECTS OF THE CURRENCY CLAUSE (TOWARDS THRID PARTIES)	1047	20	77.946	3.958	81.904	248.057	5.031	253.088
	F. GAIN FROM FINANCING ACTIVITIES (1032 – 1040)	1048		12.130	-3.231	8.899	0	0	0
	G. LOSS FROM FINANCING ACTIVITIES (1040 – 1048)	1049		0	0	0	134.478	4.406	138.884
683 and 685	H. REVENUES FROM VALUE ADJUSTMENT OF OTHER PROPERTY RECOGNIZED AT FAIR VALUE IN THE INCOME STATEMENT	1050	21	20.960	0	20.960	56.859	0	56.859
583 and 585	I. EXPENSES FROM VALUE ADJUSTMENT OF OTHER PROPERTY RECOGNIZED AT FAIR VALUE IN THE INCOME STATEMENT	1051	22	52.810	98	52.908	11.827	183	12.010
67 and 68, except 683 and 685	J. OTHER REVENUES	1052	23	190.944	1.032	191.976	23.835	2.568	26.403
57 and 58, except 583 and 585	K. OTHER EXPENSES	1053	24	393.930	3.921	397.851	78.661	5.218	83.879
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		62.465.239	174.204	62.639.443	3.786.650	86.740	3.873.390
69-59	M. NET PROFIT FROM CORRECTING MISTAKES FROM PREVIOUS YEARS	1057	25	0	0	0	4.187	3.067	7.254
59-69	N. NET LOSS FROM CORRECTING MISTAKES FROM PREVIOUS YEARS	1057	25	27.807	447	28.254	0	0	0
	O. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	62.437.432	173.757	62.611.189	3.790.837	89.807	3.880.644
	P. PROFIT TAX								
721	I. TAX EXPENSE FOR THE PERIOD	1060	26	9.407.405	26.064	9.433.469	515.529	13.471	529.000
part 722	II. DEFERRED TAX EXPENSES OF THE PERIOD	1061	27	22.270	0	22.270	85.970	0	85.970
part 722	III. DEFERRED TAX REVENUES OF THE PERIOD	1062	27	0	0	0	0	0	0
	C. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28	53.007.757	147.693	53.155.450	3.189.338	76.336	3.265.674
6	TOTAL REVENUES (1001+1032+1050+1052)			67.868.608	1.983.118	69.851.726	8.021.359	1.612.759	9.634.118
5	TOTAL EXPENSES (1018+1040+1051+1053)			5.431.176	1.809.361	7.240.537	4.230.522	1.522.952	5.753.474

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR'S ACTIVITY (continued)**

5. REVENUES FROM SELLING GOODS	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Revenues from selling drinks in hospitality facilities	1.629	1.555
Revenues from selling fuel on the domestic market	0	0
Revenues from selling crude oil	3.840	9.758
<b>Revenues from selling goods on the domestic market</b>	<b>5.469</b>	<b>11.313</b>
Revenues from selling goods - kerosene (re-export)	0	0
Revenues from selling fuel on the foreign market	0	0
<b>Revenues from selling goods on the foreign market</b>	<b>0</b>	<b>0</b>
	<b>5.469</b>	<b>11.313</b>

REVENUES FROM THE SALES OF AIRPORT SERVICES on the domestic and foreign markets in the period I - XII 2018 are divided into revenues from services performed by the activities of the airport operator and to the revenues generated by the activities of providing ground handling services based on actually realized revenues and the plan adopted parameters for separating the provided ground handling services from the operation of the airport operator, which is shown in the following table:

6. REVENUES FROM SELLING SERVICES ON THE DOMESTIC MARKET WITH RECOGNIZED REVENUES FROM GROUND HANDLING SERVICES	I-XII 2018					I-XII 2017				
	Revenues Airport Operator	Revenues Ground Handling	Total revenues Airport Operator (with foreign)	Revenues from foreign customer branches	Revenues without foreign customer branches	Revenues Airport Operator	Revenues Ground Handling	Total revenues Airport Operator (with foreign)	Revenues from foreign customer branches	Revenues without foreign customer branches
1	2	3	4 (2+3)	5	6 (4-5)	7	8	9 (7+8)	10	11 (9-10)
	у 000 дин.					у 000 дин.				
Passenger service*	1.026.156	42.418	1.068.574	108.294	960.280	1.251.462	54.921	1.306.383	104.330	1.202.053
Security fee	581.501	0	581.501	28.835	552.666	617.116	0	617.116	27.490	589.626
Landing	219.001	0	219.001	31.645	187.356	219.830	0	219.830	33.723	186.107
Acceptance and dispatch of aircraft *	-	615.217	615.217	42.684	572.533	-	287.653	287.653	39.492	248.161
Infrastructure	345.529	0	345.529	26.952	318.577	165.447	0	165.447	27.082	138.365
Airbridges *	71.337	7.954	79.291	4.798	74.493	15.024	1.682	16.706	7.023	9.683
Lighting	54.582	0	54.582	1.762	52.820	60.992	0	60.992	1.454	59.538
Aircraft stay fee	6.499	0	6.499	248	6.251	6.208	0	6.208	59	6.149
Aircraft de-icing services *	0	78.971	78.971	8.590	70.381	0	91.276	91.276	4.323	86.953
Commerical use of the apron	58.398	0	58.398	-	58.398	55.419	0	55.419	-	55.419
Services of using CUTE system	75.335	0	75.335	5.375	69.960	78.081	0	78.081	5.235	72.846
On-demand services *	7.415	75.200	82.615	125	82.490	8.147	130.521	138.668	484	138.184
Services of renting advertizing space	47.961	0	47.961	-	47.961	63.397	0	63.397	-	63.397
Utility services	185.197	0	185.197	753	184.444	168.744	0	168.744	973	167.771
Customs services *	0	164.817	164.817	915	163.902	0	164.480	164.480	802	163.678
DCS services *	0	0	-	-	-	0	0	-	-	-
Lost and found service *	0	1.493	1.493	1.391	102	0	1.222	1.222	1.222	0
Revenues from car park use	205.339	0	205.339	1.115	204.224	65.944	0	65.944	658	65.286
Other services *	17.880	4.853	22.733	495	22.238	8.956	2.564	11.520	522	10.998
<b>I Total services on the domestic market</b>	<b>2.902.130</b>	<b>990.923</b>	<b>3.893.053</b>	<b>263.977</b>	<b>3.629.076</b>	<b>2.784.767</b>	<b>734.319</b>	<b>3.519.086</b>	<b>254.872</b>	<b>3.264.214</b>

Revenues from services made by foreign companies registered in the Republic of Serbia as a "branch" are recorded in accordance with legal regulations, that is, as revenues from domestic customers. Considering that the physical volume of the services of the listed branches in the Company is recorded as the physical

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**4. SEPARATION OF THE REVENUE AND EXPENSES OF ACTIVITIES OF THE GROUND HANDLING SERVICE FROM THE REVENUE AND EXPENSES OF AIRPORT OPERATOR'S ACTIVITY (continued)**

volume of the services of the foreign company, the mentioned revenues are in Note 6 and 7, shown in the manner that they are recorded in bookkeeping, and separated in a separate column as revenue from the sale of goods and services from registered branches, due to insight into the amount and share of the stated revenues recorded as revenues generated on the domestic market, and the essence is that the origin of these revenues is foreign market.

7. REVENUES FROM SELLING SERVICES ON THE FOREIGN MARKET WITH RECOGNIZED REVENUES FROM GROUND HANDLING SERVICES	I-XII 2018					I-XII 2017				
	Revenues Airport Operator (AO)	Revenues Ground Handling (GH)	Total revenues of the Airport (without customer branches)	Revenues from foreign customer branches	Revenues with foreign customer branches	Revenues Airport Operator	Revenues Ground Handling	Total revenues of the Airport (without foreign customer)	Revenues fro foreign customer branches	Revenues with foreign customer branches
1	2	3	4 (2+3)	5	6 (4+5)	2	3	4 (2+3)	5	6 (4+5)
	y 000 din.	y 000 din.	y 000 din.	y 000 din.	y 000 din.	y 000 din.	y 000 din.	y 000 din.	y 000 din.	y 000 din.
Passenger service*	2.132.818	72.950	2.205.768	108.294	2.314.062	1.884.271	61.451	1.945.722	104.330	2.050.052
Security fee	616.986	0	616.986	28.835	645.821	554.644	0	554.644	27.490	582.134
Landing	683.896	0	683.896	31.645	715.541	682.947	0	682.947	33.723	716.670
Acceptance and dispatch of aircraft *	0	704.755	704.755	42.684	747.439	0	649.101	649.101	39.492	688.593
Infrastructure	484.856	0	484.856	26.952	511.808	463.550	0	463.550	27.082	490.632
Airbridges *	179.672	20.572	200.244	4.798	205.042	179.783	20.708	200.491	7.023	207.514
Lighting	79.139	0	79.139	1.762	80.901	78.741	0	78.741	1.454	80.195
Aircraft stay fee	15.163	0	15.163	248	15.411	24.786	0	24.786	59	24.845
Aircraft de-icing services *	0	92.931	92.931	8.590	101.521	0	66.198	66.198	4.323	70.521
Services of using CUTE system	109.386	0	109.386	5.375	114.761	105.061	0	105.061	5.235	110.296
On-demand services *	6.090	37.651	43.741	125	43.866	6.698	20.217	26.915	484	27.399
Services of renting advertizing space	169	0	169	-	169	0	0	0	-	-
Utility services	1.117	0	1.117	753	1.870	1.096	0	1.096	973	2.069
Customs services *	0	14.002	14.002	915	14.917	0	12.486	12.486	802	13.288
Revenues from consulting services	0	0	0	-	-	0	0	0	-	-
DCS Services *	0	23.278	23.278	-	23.278	0	18.199	18.199	-	18.199
Lost and found service *	0	18.260	18.260	1.391	19.651	0	17.260	17.260	1.222	18.482
Revenues from car park use	104	0	104	1.115	1.219	13	0	13	658	671
Other services *	9.954	6.037	15.991	495	16.486	10.215	6.560	16.775	522	17.297
<b>II Total services on the foreign market</b>	<b>4.319.350</b>	<b>990.436</b>	<b>5.309.786</b>	<b>263.977</b>	<b>5.573.763</b>	<b>3.991.805</b>	<b>872.180</b>	<b>4.863.985</b>	<b>254.872</b>	<b>5.118.857</b>
<b>III Total revenues from selling goods and services (I+II)</b>	<b>7.221.480</b>	<b>1.981.359</b>	<b>9.202.839</b>	<b>-</b>	<b>9.202.839</b>	<b>6.776.572</b>	<b>1.606.499</b>	<b>8.383.071</b>	<b>-</b>	<b>8.383.071</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

8. Revenues from selling services by geographical regions	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Serbia	3.629.076	3.264.214
Germany (Lufthansa+Eurowings +Europi.+Air Berlin+Eurojet)	676.450	699.344
Montenegro (Montenegro+other customers Montenegro)	510.810	530.780
Austria (Branch of Austrian Airlines +Niki)	261.450	252.734
Switzerland (Swiss Air)	338.771	341.575
Russia (Aeroflot)	386.866	382.876
Turkey (Turkish +Pegasus+Atlas Global)	625.327	726.612
Spain (Swift Air)	35.262	39.687
Italy (Alitalia)	162.960	165.316
Abu Dhabi (Branch of Etihad Air+Etihad Air)	235.516	170.612
Hungary (Wizz Air)	804.397	733.491
Romania (Tarom)	62.082	56.735
Tunisia (Tunis Air)	48.226	42.903
Greece (Aegean+Ellin Air)	121.582	108.564
England (Easyjet)	152.943	75.553
Norway (Norwegian)	116.615	111.661
Poland (Polskie linie LOT)	136.857	109.206
Dubai (Fly Dubai)	160.470	119.194
Qatar (Qatar Airways)	170.446	129.152
Israel (El Al Israel + Israir Airlines+Arkia)	105.722	140.072
Otehr foreign geographical regions	461.011	182.790
	<u>9.202.839</u>	<u>8.383.071</u>

Revenues from selling services by customers	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Air Serbia - Cerbia	2.758.347	2.648.095
Deutsche Lufthansa - Germany	603.687	620.792
Montenegro Airlines - Montenegro	493.570	521.954
Огранак Austrian Airlines - Austria	261.450	252.734
Swiss International Airlines - Switzerland	338.771	341.575
Turkish Airlines -Turkey	417.499	407.094
Aeroflot - Russia	386.866	382.876
Polskie linie LOT - Poland	136.857	109.206
Alitalia Societa Aerea Italiana S.R.L. - Italy	162.960	165.316
Swift Air Aviation - Spain	35.262	39.687
European Air - Germany	55.965	48.737
Norwegian Air - Norway	116.615	111.661
Easyjet - England	152.943	75.553
Wizz Air + branch of Wizz Air (Hungary)	804.397	733.491
Tarom Romanian Air Transport - Romania	62.082	56.735
Pegasus Airlines - Turkey	117.216	104.274
Tunis Air - Tunisia	48.226	42.903
Fly Dubai - Dubai	160.470	119.194
Aegean airlines - Greece	111.194	93.126
Атлас Глобал - Turska	90.612	124.685
Qatar Airways Q.C.S. - Qatar	170.446	129.152
Etihad Airways PJSC + branch of Etihad Airways PJSC - Abu Dhabi	235.516	170.612
NIS AD - Serbia	56.181	55.844
JAT Tehnika - Serbia	31.758	18.136
Parking servis - Serbia	11.137	28.658
Alma Quatro - Serbia	1.051	16.541
Dufry doo Beograd - Serbia	55.280	55.827
Israir Airlines - Israel	62.730	99.472
Other domestic customers - Serbia	715.322	441.113
Other foreign customers	548.429	368.028
	<u>9.202.839</u>	<u>8.383.071</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

9. OTHER OPERATING REVENUES	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Revenues from leases to domestic legal entities	1.017.344	987.031
Revenues from leases to foreign legal entities	11.520	8.658
revenues from upfront concession fee	59.253.721	0
Revenues from annual concession fee	13.953	0
	<u>60.296.538</u>	<u>995.689</u>

10. COST OF GOODS SOLD	I-XII 2018	I-XII 2017
	у 000 дин.	у 000 дин.
Cost of goods sold - retail	1.056	1.244
Cost of goods sold - kerosene - re-export	-	-
Cost of goods sold - crude oil	3.855	13.782
Cost of goods sold - oil	-	-
	<u>4.911</u>	<u>15.026</u>

11. COST OF MATERIALS	I-XII 2018	I-XII 2017
	у 000 дин.	у 000 дин.
Cost of raw materials (basic material, tools and inventory, work and official clothes and shoes)	189.061	153.842
Cost of overhead supplies (office supplies)	21.330	23.030
Cost of spare parts	58.953	41.966
Cost of tools and inventory	384	93
	<u>269.728</u>	<u>218.931</u>

12. COST OF FUEL AND ENERGY	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Cost of petrol and diesel	73.876	70.436
Cost of crude oil for heating	42.592	25.434
Cost of electricity	183.255	175.074
	<u>299.723</u>	<u>270.944</u>

13. COSTS OF WAGES, SALARIES AND OTHER PERSONAL COSTS	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Gross wages and salaries - employees	1.980.216	1.707.587
Gross wages and salaries - management	42.086	38.656
Taxes and benefit charged to the employer	362.006	312.578
Cost of compensations based on service and author agreement	293	264
Cost of compensation to youth cooperatives and other forms of	647.935	625.872
Cost of compensation for memebers of the Supervisory Board,	9.184	8.559
Transportation of employees to work	123.060	77.115
Business trip costs	17.308	19.110
Severance pays and jubilee awards	2.783	3.076
Differences in salaries based on the Law on decreasing salaries in the public sector that is transferred to the Budget of RS	186.111	160.139
Premiums for voluntary pension insurance	116.637	94.432
New Year presents for employees' children - not subject to tax	-	3.996
Compensations based on contracts for professional development	643	4.195
Solidarity allowance (infants, medical treatment, natural disasters etc.)	21.581	17.043
Other personal expenses	-	326
	<u>3.509.843</u>	<u>3.072.948</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

14. COSTS OF PRODUCTION SERVICES	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
IT services at the check-in of passengers and luggage	38.812	40.452
Cost of telephone and other PTT services	26.587	21.872
Cost of maintenance services	203.870	165.557
Leasing costs	38.095	47.620
Cost of advertizing and promotion	113.432	93.354
Cost of hospitality services of lessees - rebilled to airline companies	4.133	1.616
Cost of utility services	31.131	35.573
Cost of other production services	19.094	9.421
	<u>475.154</u>	<u>415.465</u>

15. AMORTIZATION COST	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Cost of amortization for intangible investments	63.940	44.252
Cost of amortization for real estate	386.328	346.048
Cost of amortization for equipment	778.844	458.177
	<u>1.229.112</u>	<u>848.477</u>

16. COST OF LONG-TERM PROVISIONS	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Cost of provisions for severance pay at retirement	-	7.644
Cost of provisions for jubilee awards	-	12.289
Cost of provisions for court proceedings	53.334	20.010
	<u>53.334</u>	<u>39.943</u>

17. NON-MATERIAL COSTS	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Cost of health care services	16.264	18.167
Cost of cleaning services	37.854	60.164
Cost of data room	19.209	13.483
Cost of lawyer services	11.640	4.914
Cost of occupation health and safety	6.493	992
Cost of other consulting services	387.587	95.970
Cost of various rating services	54.811	44.843
Cost of professional development services	28.772	25.403
Cost of services on the existing computer software	14.289	10.357
Cost of other non-productive services	40.074	40.165
Cost of representation	9.909	8.607
Cost of insurance	44.713	36.364
Cost of payment transactions	6.986	5.222
Membership fees	4.382	4.531
Property tax and other fees	88.584	82.068
Other non-material costs	23.107	32.236
	<u>794.674</u>	<u>483.486</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>18. INTEREST REVENUES</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Interest for dinar term deposits	18.951	32.121
Interest for dinar funds on current accounts	1.397	2.285
Interest for foreign currency term deposits	41.007	47.863
Interest for foreign currency funds on current accounts	3.172	2.811
Interest on housing loans	1.664	1.308
Interest from court resolutions	718	2.073
Interest on arrears from untimely payment from customers	41	4.886
Other interest	98	88
	<b>67.048</b>	<b>93.435</b>

<b>19. POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF THE CURRENCY CLAUSE</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Revenues from realized foreign exchange rate differences	50.315	25.910
Revenues from unrealized foreign exchange rate differences	7.566	29.554
Revenues from the effects of the agreed currency clause (realized)	193	143
Revenues from the effects of the agreed currency clause (unrealized)	1	-
	<b>58.075 (392)</b>	<b>55.607</b>

<b>20. INTEREST EXPENSE</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Interest for long-term loan from EIB	28.024	33.070
Interest on arrears in the country	6.106	1.752
Interest for untimely paid public revenues	190	16
	<b>34.320</b>	<b>34.838</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>21. NEGATIVE FOREIGN EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF THE CURRENCY CLAUSE</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Negative foreign exchange rate differences - realized	76.710	222.572
Negative foreign exchange rate differences - unrealized	4.357	22.363
Expenses from the effects of the agreed currency clause - realized	391	291
Expenses from the effects of the agreed currency clause - unrealized	446	7.862
	<b>81.904</b>	<b>253.088</b>

<b>22. REVENUES FROM VALUE ADJUSTMENT OF OTHER ASSETS</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Value adjustment of receivables:	-	-
- from customers for services	77	31.568
- from customers for interest	-	-
- from individuals for housing loans (reversal of value adjustment due to the collection and the change of the repayment period)	20.879	25.291
Other unspecified revenues	4	-
	<b>20.960</b>	<b>56.859</b>

<b>23. EXPENSES DUE TO VALUE ADJUSTMENT OF OTHER ASSETS</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Value impairment of receivables from housing loans	25.407	11.268
Value adjustment of receivables from customers	27.039	742
Value adjustment of receivables from employees	360	-
Costs due to the value adjustment of receivables from interest	20	-
Other expenses due to value impairment	82	-
	<b>52.908</b>	<b>12.010</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>24. OTHER REVENUES</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Revenues from selling equipment and materials and donating equipment	6.836	926
Revenues from collected adjusted revenues from customers	302	1.721
Revenues from reversal of provisions for judicial dispute and employee benefits	124.748	-
Revenues from damage compensations from legal entities and individuals	6.853	7.520
Revenues from reimbursement of court costs	2.146	623
Positive effects of agreed revaluation	655	948
Revenues from decreasing liabilities	3.106	4.555
Revenues from value adjustment of the investment property "Borik"	1.182	2.991
Revenues from appraisal of constructions that were not in the records	43.166	
Other unspecified revenues	2.982	7.119
	<b>191.976</b>	<b>26.403</b>

<b>25. OTHER EXPENSES</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Losses due to the transfer of land without compensation to other legal entities according to the project of subdivision of land; translation of changes in the cadastral plan and the change of surfaces in the design of the Digital Cadastral Plan	169.409	-
Losses due to the sale and disposal of property, equipment	17.981	4.607
Costs dues to recognized deficits	3.134	364
Expenses due to the direct write-off of receivables	542	36.028
Expenses of materials and spare parts submitted to DPN after the inventory	151.874	2.788
Court costs	10.486	3.377
Expenses of charity, health care and scientific purposes	32.343	29.300
Other unspecified expenses	1.954	2.413
Value impairment of property and equipment	3.929	-
Value impairment of the livestock	1	1
Expenses due to the value impairment of advance payment	1.195	-

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Expenses for trade unions	5.003	5.001
	<b>397.851</b>	<b>83.879</b>

<b>26. NET PROFIT - LOSS DUE TO THE CORRECTION OF MISTAKES FROM EARLIER PERIODS</b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
Revenues - reversal of provision for judicial dispute	706	-
Subsequently identified revenues from earlier periods	2.206	11.693
Revenues - from the reversal of overestimated customer stimulation 31.12., in respect of the approved stimulation	5.909	-
<b>Total identified revenues from earlier years</b>	<b>8.821</b>	<b>11.693</b>
Subsequently identified expenses from earlier years	14.262	4.439
Expenses - cancellation of started investments (extraordinary inventory 31/08/2018)	20.397	-
Expenses - from the underestimated customer stimulation 31.12., in respect of the approved stimulation	2.416	-
<b>Total identified expenses from previous years</b>	<b>37.075</b>	<b>4.439</b>
<b>NET PROFIT - LOSS from corrections of mistakes from earlier years</b>	<b>(28.254)</b>	<b>7.254</b>

<b>27. PROFIT TAX</b>		
	I-XII 2018	I-XII 2017
<b><u>a) Components of the profit tax</u></b>		
	in 000 dinars	in 000 dinars
Tax expense of the period	9.433.469	529.000
Adjustment of the tax expense of the period	-	-
<b>Tax expense of the period after the adjustment</b>	<b>9.433.469</b>	<b>529.000</b>
Deferred tax expense of the period	22.270	85.970
Deferred tax revenue of the period	-	-

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Adjustment of deferred tax revenues of the period	-	-
	9.455.739	614.970
Effective tax rate	15,10%	15,85%

<b><u>b) Reconciliation of the tax profit and the product of the operating result before taxation and prescribed tax rate</u></b>	<b>I-XII 2018</b>	<b>I-XII 2017</b>
	in 000 dinars	in 000 dinars
<b>Profit before taxation</b>	<b>62.611.189</b>	<b>3.880.644</b>
Profit tax calculated at the rate of 15%	9.391.678	582.096
Tax effects of the expenses that are not recognized in the tax balance and the revenues that are excluded from the taxable profit	51.777	17.734
Adjustment of tax effects of amortization expenses taht are not recognized in the tax balance	(9.986)	(48.094)
Tax loan for investment in fixed assets from previous years	-	(22.736)
<b>Tax expense of the period</b>	<b>9.433.469</b>	<b>529.000</b>

**28. PROFIT TAX AND DEFERRED TAX REVENUES AND EXPENSES OF THE PERIOD**

Changes in deferred tax liabilities and deferred tax assets account as of 31/12/2018 and on December 31, 2017 are shown in the table below:

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 28. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

in 000 dinars

<b><u>a ) Deferred tax assets (deferred tax liabilities) 2017</u></b>	1/1/2017	Recognized in other gains and losses I-XII 2017	Recognized in the profit and loss account I-XII 2017	31/12/2017
<b>Long-term assets</b>				
Intangible assets, property, plants, equipment and investment property	(426.918)	-	(65.387)	(492.305)
<b>Long-term liabilities</b>				
Provisions for allowances and other employee benefits	19.547	-	160	19.707
Provisions for judicial disputes	12.075	-	2.412	14.487
<b>Short-term liabilities</b>				
Liabilities for taxes, benefits and other duties	198	-	42	240
Calculated but unpaid remunerations to employees, Article 9, paragraph 2 of the Law	2.079	-	(461)	1.618
Unused tax loans	22.736	-	(22.736)	-
	<b>(370.283)</b>	<b>-</b>	<b>(85.970)</b>	<b>(456.253)</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b><u>b) Deferred tax assets (deferred tax liabilities) 2018</u></b>	1/1/2018	Recognized in other gains and losses I-XII 2018	Recognized in the profit and loss account I-XII 2018	31/12/2018
<b>Long-term assets</b>				
Intangible assets, property, plants, equipment and investment property	(492.305)	-	(10.393)	(502.698)
<b>Long-term liabilities</b>				
Provisions for allowances and other employee benefits	19.707	-	(19.514)	193
Provisions for judicial dispute	14.487	-	7.164	21.651
<b>Short-term liabilities</b>				
Liabilities for taxes, benefits and other duties	240	-	(32)	208
Calculated but unpaid remunerations to employees, Article 9, paragraph 2 of the Law	1.618	-	505	2.123
<b>Остало</b>				
	<b>(456.253)</b>	<b>-</b>	<b>(22.270)</b>	<b>(478.523)</b>

The status of recognized deferred tax assets as of 31/12/2018 in the amount of 24,175 thousand dinars was calculated by applying the applicable profit tax rate of 15% to the provisions for retirement severance pays, provisions for jubilee awards, provisions for legal disputes, the state of unpaid public revenues, as well as the amount of unpaid, and recognized expenditures for the remuneration of employees referred to in Article 9, Paragraph 2 of the Law on Corporate Income Tax, as they relate to temporary differences that will be recognized in the tax period in which they are paid.

The balance of recognized deferred tax liabilities as at December 31, 2018 amounts to 502,698 thousand dinars.

After applying the requirements of IAS 12 for deferred tax assets and deferred tax liabilities on the balance sheet date, the balance of deferred tax liabilities as of December 31 is 478,523 thousand dinars (December 31, 2017, 456,253 thousand dinars).

Effects based on changes in deferred tax assets and liabilities relative to the opening balance, in the amount of 22,270 thousand dinars, are recognized against the deferred tax expense of the period.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>29. EARNINGS PER SHARE</b>	I-XII 2018	I-XII 2017
	in 000 dinars	in 000 dinars
Shareholders' net profit	53.155.450	3.265.674
Adjustment of net profit	-	-
<b>Net profit after the adjustment</b>	<b>53.155.450</b>	<b>3.265.674</b>
Average weighted number of shares	35.026.129	34.289.350
Basic earnings per share in dinars	<b>1.517,59</b>	<b>95,24</b>

**30 a. INTANGIBLE ASSETS**

in 000 dinars

DESCRIPTION	31/12/2018	31/12/2017
<b>Purchase value</b>		
Opening balance	260.952	187.042
Purchases during the year	172.641	80.702
Advance payments for intangible investments without VAT	1.595	7.485
Alienation, disposal and sale	-	(6.792)
Other	-	-
<b>Closing balance</b>	<b>435.188</b>	<b>268.437</b>
<b>Value adjustment</b>		
Opening balance	95.047	51.312
Current year amortization	63.940	44.252
Alienation, disposal and sale	-	(516)
Value adjustment of advance payments	-	-
<b>Closing balance</b>	<b>158.987</b>	<b>95.048</b>
<b>Net present value</b>	<b>276.201</b>	<b>173.389</b>

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Total investments in intangible assets in 2018 amounted to 172,641 thousand dinars. In 2018, 232,583 thousand dinars of intangible assets were activated, so that the balance of intangible investments as at 31 December 2018, after calculating amortization for 2018, amounts to 276.201 thousand dinars.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

30.b. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS 2017									
									in 000 dinars
DESCRIPTION	Land	Constructions	Equipment	Investment property	Other property, plants and equipment	Investment in progress	Advance payments	Total - property, plants and equipment	Biological assets - Livestock unit
Purchase value									
Opening balance, 01/01/2017	9.416.290	9.678.995	3.105.354	26.525	3.619	1.188.102	136.319	23.555.204	145
Adjustment of the opening balance based on appraisal	-	-	-	-	-	-	-	-	-
Balance on 01/01/2017 after the adjustment	9.416.290	9.678.995	3.105.354	26.525	3.619	1.188.102	136.319	23.555.204	145
Purchases during the year	-	-	-	-	-	2.530.288	-	2.530.288	48
Transfer from the investments in progress	20.827	847.517	2.497.626	-	-	(3.365.970)	-	-	-
Alienation, disposal and sale	-	(15.154)	(23.646)	-	-	(2.927)	-	(41.727)	-
Other	-	-	-	-	-	-	(108.508)	(108.508)	(80)
Assessment of the fair value of assets	-	-	-	-	-	-	-	-	-
Revalorization reserves	-	-	-	-	-	-	-	-	-
Decrease at the expense of revalorization reserves	-	-	-	-	-	-	-	-	-
Revalorization revenues	-	-	-	2.991	-	-	-	2.991	11
Revalorization expenses	-	-	-	-	-	-	-	-	(1)
Decrease of the present value for accumulated amortization	-	-	-	-	-	-	-	-	-
Closing balance, 31/12/2017	9.437.117	10.511.358	5.579.334	29.516	3.619	349.493	27.811	25.938.248	123
Value adjustment									
Opening balance, 01/01/2017	-	-	4.330	-	-	-	15.812	20.142	-
Adjustment of the opening balance based on appraisal	-	-	-	-	-	-	-	-	-
Balance on 01/01/2017 after the adjustment	-	-	4.330	-	-	-	15.812	20.142	-
Current year amortization	-	346.048	458.177	-	-	-	-	804.225	-
Alienation, disposal and sale	-	(12.144)	(2.952)	-	-	-	-	(15.096)	-
Reversal of the value adjustment after the appraisal of the fair value of assets	-	-	-	-	-	-	-	-	-
Value adjustment of advance payment	-	-	-	-	-	-	-	-	-
Closing balance, 31/12/2017	-	333.904	459.555	-	-	-	15.812	809.271	-
Net present value, 31/12/2017	9.437.117	10.177.454	5.119.779	29.516	3.619	349.493	11.999	25.128.977	123
Net present value, 01/01/2017	9.416.290	9.678.995	3.101.024	26.525	3.619	1.188.102	120.507	23.535.062	145

Total investments in property, plant and equipment for the period I-XII 2017 amounted to 2,530,288 thousand dinars. In the observed period, 3,365,970 thousand of property, plant and equipment were activated: equipment in the amount of 2,497,626 thousand dinars, construction facilities in the amount of 847,517 thousand dinars and land in the amount of 20,827 thousand dinars. The cancellation of investments in the course of previous years in the amount of 2,927 thousand dinars was executed. The status of inactive investments as of December 31, 2017 amounts to 349,493 thousand dinars. As of December 31, 2011, an estimate of the fair value of property, plant and equipment was carried out by an authorized appraiser. The effects of the estimates are presented in the table of changes in the property plants and equipment for the year 2016.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

30.c. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS 2018 (continued)									in 000 dinars
DESCRIPTION	Land	Constructions	Equipment	Investment property	Other property, plants and equipment	Investment in progress	Advance payments	Total - property, plants and equipment	Biological assets - Livestock unit
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
Adjustment of the opening balance based on appraisal	-					-	-	-	
Balance on 01/01/2017 after the adjustment	9.437.117	10.511.358	5.579.334	29.516	3.619	349.493	27.811	25.938.248	123
Purchases during the year	-	-		-	-	2.630.039		2.630.039	-
Transfer from the investments in progress	710.329	1.180.464	1.054.999			(2.945.792)	-	-	-
Alienation, disposal and sale	(178.739)	(20.787)	(71.199)			(30.221)		(300.946)	-
Other		30.846	(148)	(30.698)			(11.999)	(11.999)	-
Assessment of the fair value of assets				1.182				1.182	1
Closing balance, 31/12/2018	9.968.707	11.701.881	6.562.986	-	3.619	3.519	15.812	28.256.524	124
Value adjustment									
Opening balance, 01/01/2018	-	333.904	459.555	-	-	-	15.812	809.271	-
Adjustment of the opening balance based on appraisal	-	-	-			-	-	-	
Balance on 01/01/2018 after the adjustment	-	333.904	459.555	-	-	-	15.812	809.271	-
Current year amortization	-	386.328	778.844	-	-	-	-	1.165.172	-
Alienation, disposal and sale	-	(3.260)	(16.917)	-	-	-	-	(20.177)	-
Closing balance, 31/12/2018	-	716.972	1.221.482	-	-	-	15.812	1.954.266	-
Net present value, 31/12/2018	9.968.707	10.984.909	5.341.504	-	3.619	3.519	-	26.302.258	124
Net present value, 01/01/2018	9.437.117	10.177.454	5.119.779	29.516	3.619	349.493	11.999	25.128.977	123

Total investments in property, plant and equipment for the period I-XII 2018 amount to 2,630,039 thousand dinars. In the observed period, 2,945,792 thousand of property, plant and equipment were activated: land in the amount of 710,239 thousand dinars, buildings in the amount of 1,180,464 thousand dinars and equipment in the amount of 1,054,999 thousand dinars. The cancellation of investments in the course of previous years in the amount of 30,221 thousand dinars has been carried out. As of December 31, 2018, the fair value of investment property Borik was made, and after that, reclassification into construction facilities. The status of inactive investments as of December 31, 2018 amounts to 3,519 thousand dinars. The latest estimate of the fair value of property, plant and equipment by an authorized appraiser was made on December 31, 2016. The valuation effects are presented in the table of changes in property, plants and equipment for 2016.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>31. EQUITY STAKE IN OTHER LEGAL ENTITIES AND OTHER SECURITIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Privredna banka a.d. Belgrade	392	392
<i>Minus: value adjustment of the equity stake in banks in bankruptcy</i>	(392)	(392)
	-	-
<b><u>Equity stake in banks in liquidation</u></b>		
Union banka a.d. Belgrade - in liquidation	667	667
Beogradska banka a.d. Belgrade - in liquidation	18.988	18.988
Beobanka a.d. Belgrade - in liquidation	38	38
	19.693	19.693
Minus: value adjustment of equity stake in banks in liquidation	(19.693)	(19.693)
	-	-
<b><u>Equity stake in foreign legal entities</u></b>		
Mondijal-Bodrum - Turkey	358.598	358.598
Societe International de Telecommun. Aeronautiques Swisse (SITA)	1	1
Minus: value adjustment of equity stake in Mondijal-Bodrum -Turkey	(358.598)	(358.598)
	1	1
	<b>1</b>	<b>1</b>
<b>31 a. OTHER LONG-TERM FINANCIAL PLACEMENTS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Assets for membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	4.823	5.261
Long-term loans to employees	227.275	254.174
Receivables from sold publicly owned flats	301	881
Receivables from repurchase of solidarity flats	1.989	2.169
<b>Total gross</b>	<b>234.388</b>	<b>262.485</b>
Current portion of long-term placements in (SITA)	(665)	(638)
Current portion of long-term loans to employees	(9.651)	(12.005)

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Reduction to fair value of long-term loans to employees	(93.008)	(113.582)
	<b>131.064</b>	<b>136.260</b>

Receivables from employees for long-term loans for purchase and repurchase of flats on December 31, amounted to RSD 229,565 thousand (including current maturities in the amount of RSD 9,651 thousand). The effects of the reduction on fair value amount to a total of 93,254 thousand dinars (93,008 thousand dinars for part of long-term receivables from employees and 246 thousand dinars for the part referring to the current maturity of long-term receivables). The aforementioned refers to approved loans to employees for solving housing needs given for a period of 20 - 40 years. Estimation of the fair value of housing loans as of December 31, was carried out an authorized appraiser by projecting future cash flows based on the collection of claims for housing loans, using discount rates: from 4.5% to 16%, depending on whether and at what time intervals housing loans are revalued or agreed with the currency clause, whether they have an agreed interest rate or are contracted without an interest rate.

<b>31 b. OTHER LONG-TERM RECEIVABLES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Receivables from customers arising from the Loan Reprogram Agreement	13.068	41.263
	<b>13.068</b>	<b>41.263</b>

<b>32. MATERIALS, SPARE PARTS, TOOLS AND FIXTURES AND FITTINGS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Basic material	-	67.392
Spare parts	-	22.003
Tools and fixtures and fittings	-	5.382
Value adjustment of the stock of materials and spare parts	-	(1.006)
	-	<b>93.771</b>

<b>33. GOODS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Goods in the warehouse - kerosene	-	4.754
Goods in retail business	-	109
	-	<b>4.863</b>

<b>34. ADVANCE PAYMENTS FOR STOCKS AND SERVICES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Advance payments for services in the country	50.178	33.086

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Advance payments for foreign services	903	1.506
Value adjustment of advance payments	(18.133)	-
	<b>32.948</b>	<b>34.592</b>

<b>35. RECEIVABLES IN THE COUNTRY</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
<b>Total balance of receivables from customers in the country - gross</b>	<b>582.792</b>	<b>658.159</b>
-Value adjustment from the previous period	(231.241)	(231.744)
-Value adjustment from the current period	(26.733)	(150)
<b>Total balance of the value adjustment</b>	<b>(257.974)</b>	<b>(231.894)</b>
	<b>324.818</b>	<b>426.265</b>

Receivables from customers in the country as of 31/12/2018 amounted to RSD 582,792 thousand, of which 226,044 thousand dinars accounted for outstanding receivables, receivables due up to 30 days amounted to 67,412 thousand dinars and due receivables older than 30 days amounted to 289,295 thousand dinars.

The total balance of the value adjustment of receivables from customers in the country amounted to 257,974 thousand dinars, mainly related to the adjustment of the value of receivables from sued domestic customers in the amount of 247,066 and other domestic customers in the amount of 10,908 thousand dinars.

<b>36. RECEIVABLES ABROAD</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
<b>Total balance of receivables from foreign customers</b>	<b>747.916</b>	<b>703.301</b>
-Value adjustment from the previous period	(8.515)	(10.290)
-Value adjustment from the current period	(406)	(592)
<b>Total balance of the value adjustment</b>	<b>(8.921)</b>	<b>(10.882)</b>
	<b>738.995</b>	<b>692.419</b>

Receivables from foreign customers as of 31/12/2018 amounted to RSD 747,916 thousand (outstanding 341,728 thousand dinars, 165,657 thousand dinars due up to 30 days and due over 30 days 240,531 thousand dinars). The total value adjustment of receivables from foreign customers in the amount of RSD 8,921 thousand relates to the correction of the value of receivables from sued customers in the amount of 6,191 and other foreign customers 2,730 thousand dinars.

<b>37. OTHER RECEIVABLES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Receivables from customers in the country for interest on arrears	6.468	4.909
Receivables for interest on term and sight deposits	25.379	31.281
Receivables from employees	642	1.837
Other receivables	105.836	46.733
Receivables for overpaid profit tax	-	-
<b>Total receivables - gross</b>	<b>138.325</b>	<b>84.760</b>
- Value adjustment of receivables from customers for interest on arrears from previous years	-	(276)
- Value adjustment of receivables from customers for interest on arrears from the current year	(20)	(18)
- Value adjustment of receivables from employees from the previous period	(568)	(570)
- Value adjustment of receivables from employees from the current period	(342)	-
- Value adjustment of other receivables	(2.359)	(2.359)
- Value adjustment of other receivables from the current period	(19.853)	-
<b>Total balance of the value adjustment</b>	<b>(23.142)</b>	<b>(3.223)</b>
	<b>115.183</b>	<b>81.537</b>

<b>38. SHORT-TERM LOANS IN THE COUNTRY</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Short-term loans to employees (pickled vegetables, heating fuel - 6 months)	289	80.386
	<b>289</b>	<b>80.386</b>

<b>39. OTHER SHORT-TERM FINANCIAL PLACEMENTS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Short-term deposits	2.710.949	2.667.692
Current portion of long-term housing loans granted to employees	9.651	12.005
Current portion of long-term placements in Societe International de Telecommunications Aeronautiques Swisse (SITA)	665	638
	<b>2.721.265</b>	<b>2.680.335</b>

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Determining the fair value of the current portion of housing loans granted to employees	(246)	(344)
	<b>2.721.019</b>	<b>2.679.991</b>

Short-term term deposits with the balance as of 31/12/2018 in the amount of RSD 2,710,949 thousand, refer to term foreign currency deposits, for a term of up to six months.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

40. CHANGES IN VALUE ADJUSTMENTS until 31/12/2018						in 000 din.
Description of changes to the value adjustments	Long-term financial placements (Note 31)	Stock of material and spare parts (Note 32)	Advance payments for material and services (Note 34)	Receivables from customers for goods, services and interest on arrears (Notes 35,36, and 37)	Short-term financial placements (Note 39)	Total
Opening balance 01/01/2017	138.400	62	-	294.592	464	433.518
Adjustment debited to the costs of the current period	-	944	-	760		1.704
Value impairment of long-term financial placements and securities				-		-
Collected adjusted receivables	(1.512)			(1.721)	(332)	(3.565)
Value reconciliation	(16.362)			(30.747)	256	(46.853)
Write-off	(6.944)			(16.064)	(44)	(23.052)
Exchange rate differences				(821)		(821)
Other		-	-	-		-
<b>Closing balance 31/12/2017</b>	<b>113.582</b>	<b>1.006</b>	<b>-</b>	<b>245.999</b>	<b>344</b>	<b>360.931</b>
Adjustment debited to the costs of the current and previous periods	-	-	17.739	47.254	-	64.993
Value impairment of long-term financial placements and securities	(11.811)	-	615	-	206	(10.990)
Collected adjusted receivables	(807)	-	-	(302)	(251)	(1.360)

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

Value reconciliation	-	-	-	-	-	-
Write-off (Reversal of the value adjustment for housing loans due to the transition to the currency clause)	(7.956)	(1.006)	(221)	(3.014)	(53)	(12.250)
Exchange rate differences	-	-	-	100	-	100
Other	-	-	-	-	-	-
<b>Closing balance 31/12/2018</b>	<b>93.008</b>	<b>-</b>	<b>18.133</b>	<b>290.037</b>	<b>246</b>	<b>401.424</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>41. CASH EQUIVALENTS AND CASH</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Current accounts - dinar	170.067	144.108
Current account - foreign currency	61.223.474	2.238.882
Cash	11	113
Other monetary funds	1.021	2.907
<b>Total cash - balance</b>	<b>61.394.573</b>	<b>2.386.010</b>

<b>42. PREPAYMENTS AND DEFERRED EXPENSES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Deferred VAT	9.895	15.731
Prepaid insurance costs related to the future period	0	27.221
Prepaid other costs related to the future period	0	21.217
Accrued and not invoiced revenues related to the future period	26.891	22.464
Other time apportionment	0	95
	<b>36.786</b>	<b>86.728</b>

<b>43. EQUITY</b>	<b>31/12/2018</b>	Changes to equity I-XII 2018	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars	in 000 dinars
Share capital (1st issue of shares)	20.573.610	-	20.573.610
Share capital (2nd issue of shares)	72.313	72.313	-
Share capital (3rd issue of shares)	282.542	282.542	-
Share capital (4th issue of shares)	87.212	87.212	-

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>Share capital ( Total 1st to 4th issue of shares)</b>	<b>21.015.677</b>	<b>442.067</b>	<b>20.573.610</b>
Issue premium (2nd issue of shares)	109.580	109.580	-
Issue premium ( 3rd issue of shares)	454.634	454.634	-
Issue premium (4th issue of shares)	154.450	154.450	-
Issue premium (repurchase of own shares)	(470.039)	(470.039)	-
<b>Total issue premium</b>	<b>248.625</b>	<b>248.625</b>	<b>-</b>
<b>Total basic capital</b>	<b>21.264.302</b>	<b>690.692</b>	<b>20.573.610</b>
<b>Repurchased own shares</b>	<b>(265.416)</b>	<b>(265.416)</b>	<b>-</b>
Reserves	6.356.456	1.102.330	5.254.126
revaluation reserves	570.177	(25.937)	596.114
Actuarial gain	17.290	(192)	17.482
Retained earnings 2017 ( Transfer of revaluation reserves to profit, for the alienated fixed assets)	-	(1.436)	1.436
Undistributed operating profit 2017	-	(3.265.674)	3.265.674
Retained earnings 2018 (Transfer of revaluation reserves,for alienated fixed assets)	6.948	6.948	-
Undistributed operating profit for the current 2018	53.155.450	53.155.450	-
	<b>81.105.207</b>	<b>51.396.765</b>	<b>29.708.442</b>

During 2018, the Company repurchased 442,361 of its own shares from non-voting shareholders.

#### 44. SHARE CAPITAL

Pursuant to the Law on Amendments to the Law on the Right to Free Shares and the Monetary Compensation Citizens Acquire in the Privatization Process, the Company was obliged to make a change in the legal form by June 30, 2010 and show its share capital in shares of a certain nominal value based on the adjusted book value of capital. During 2010, on the basis of the Conclusion of the Government of the Republic of Serbia No. 023-448 / 2010-1, recommendations were given to the Company to make the selection of the most favorable consultant to perform the appraisal of the market value of the capital and provide professional assistance in the preparation and implementation of the procedure for changing the legal form from a public company into a joint stock company. On 17 June 2010, the Government of the Republic of Serbia adopted the Decision no.023-4432 / 2010 on changing the legal form of the Company from a public company into a closed joint stock company.

The aforementioned change was registered with the Business Registers Agency by Resolution number BD 68460/2010 on June 22, 2010, which included capital in the total amount of EUR 214,556,965, which on the day of registration amounted to RSD 20,573,610 thousand.

In the Central Securities Depository, on July 7, 2010, 34,289,350 shares were registered, with a nominal value of 600 dinars per share, which as of December 31, 2010, were owned by the Republic of Serbia.

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

In accordance with the Law on the right to free shares and monetary compensation that citizens receive during the privatization process ("Official Gazette of the Republic of Serbia" No. 123/07 and 30/10) on December 9, 2010, based on the Decision of the Government of the Republic of Serbia No. 023- 9103 / 2010-1, the right to transfer 16,85% of the ownership of the Company was acquired by citizens of the Republic of Serbia, employees and former employees of the Company.

On January 21, 2011, the Company's Assembly adopted Decision No. 21-2 / 1 on transforming the Company from a closed company into an open joint-stock company. The aforementioned change was registered with the Business Registers Agency by Resolution number BD 765/2011 on January 24, 2011.

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

**44. SHARE CAPITAL**

<b><u>Share capital 25/01/2011 (transition into open joint stock company)</u></b>	in 000 dinars	Number of shares	% stake
Republic of Serbia	17.107.193	28.511.988	83,15%
Employees and former employees of the Company	574.004	956.673	2,79%
Citizens of the Republic of Serbia	2.892.413	4.820.689	14,06%
	<b>20.573.610</b>	<b>34.289.350</b>	<b>100,00%</b>

In 2018, the share capital was increased by 736,779 shares with a nominal value of 600,00 RSD per share, based on the capital increase by the majority owner of the Republic of Serbia, based on the second issue (120,521 shares), the third issue (470,904 shares) and fourth issue (145,354 shares), which in total increased the share capital by 442,067 thousand dinars (Note 43).

Share capital structure as of 31/12/2018 and 31/12/2017 is as follows:

Shareholder	31/12/2018			31/12/2017		
	Value in 000 dinars	Number of shares	% stake	Value in 000 dinars	Number of shares	% stake
Republic of Serbia	17.548.391	29.247.317	83,50%	17.106.323	28.510.538	83,15%
Domestic and foreign individuals	1.999.176	3.331.961	9,51%	1.978.846	3.298.077	9,62%
Domestic and foreign companies	567.800	946.333	2,70%	792.416	1.320.694	3,85%
Custodians	900.311	1.500.518	4,28%	696.025	1.160.041	3,38%
	<b>21.015.677</b>	<b>35.026.129</b>	<b>100,00%</b>	<b>20.573.610</b>	<b>34.289.350</b>	<b>100,00%</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

45. OTHER EQUITY COMPONENTS	Reserves	revaluation reserves based on the revaluation of property, plan and equipment	Actuarial gains
<b>Balance 01/01/2017</b>	<b>4.120.259</b>	<b>601.827</b>	<b>16.590</b>
Legal reserves	-	-	-
Statutory reserves	1.133.867	-	-
revaluation reserves for land	-	-	-
revaluation reserves for constructions	-	-	-
revaluation reserves for equipment	-	-	-
Decrease of revaluation reserves based on appraisal	-	-	-
Decrease of revaluation reserve based on alienation of fixed assets		(5.713)	
Actuarial gain based on provisions for severance pay at retirement	-	-	892
Recognition of deferred tax liabilities -debited to revaluation reserves		-	-
<b>Balance 31/12/2017</b>	<b>5.254.126</b>	<b>596.114</b>	<b>17.482</b>
Legal reserves	-	-	-
Statutory reserves	1.102.330	-	-
revaluation reserves for land	-	-	-
revaluation reserves for constructions	-	-	-
revaluation reserves for equipment	-	-	-
Decrease of revaluation reserves based on appraisal	-	-	-
Decrease of revaluation reserve based on alienation of fixed assets		(25.937)	-
Actuarial gain based on provisions for severance pay at retirement	-	-	(192)
Recognition of deferred tax liabilities -debited to revaluation reserves	-	-	-
<b>Balance 31/12/2018</b>	<b>6.356.456</b>	<b>570.177</b>	<b>17.290</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Reserves have been created in accordance with the Statute of the Company.

46. RETAINED EARNINGS	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
<b>Opening balance 01/01</b>	<b>3.267.110</b>	<b>1.775.235</b>
Opening balance adjustment	-	-
<b>Adjusted opening balance 01/01</b>	<b>3.267.110</b>	<b>1.775.235</b>
Distributed of retained earnings for the dividend	(1.964.780)	(503.368)
Transfer to statutory reserves	(1.102.330)	(1.133.867)
Participation of employees in the distribution of earnings	(200.000)	(138.000)
<b>Net earnings from the current period</b>	<b>53.155.450</b>	<b>3.265.674</b>
Decision on the distribution of the interim dividend	0	0
<b>Retained earnings from the current period</b>	<b>53.155.450</b>	<b>3.265.674</b>
Earnings from previous years, the result of transferring revaluation reserves to the earnings based on the alienation of fixed assets in the current year	6.948	1.436
Adjustment of retained earnings from the previous period	0	0
<b>Total retained earnings from previous years</b>	<b>6.948</b>	<b>1.436</b>
<b>Retained earnings</b>	<b>53.162.398</b>	<b>3.267.110</b>

Total retained earnings as of 31/12/2018 in the amount of 53,162,398 thousand dinars, is the result of: realized net profit from current operations in the period of I-XII 2018 in the amount of 53,155,450 thousand dinars, and profits arising from the transfer of revaluation reserves into profit for alienation of fixed assets in the observed a period of 6,948 thousand dinars.

The retained earnings from the previous year 2017 in the amount of RSD 3,267,110 thousand was distributed in full by the Decision of the Company's Assembly of 28 June 2018 (1,964,780 thousand dinars for the RS and other shareholders, 1,102,330 thousand dinars statutory reserves and 200,000 thousand dinars for the participation of employees in profit).

47. LONG-TERM PROVISIONS	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Provisions for severance pay to employees	251	48.021
Jubilee awards provisions	1.034	83.358
Provisions for judicial dispute	144.339	96.576
	<b>145.624</b>	<b>227.955</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**48. CHANGES TO LONG-TERM PROVISIONS**

Changes in long-term provisions based on severance payments, jubilee awards and court disputes in the period I-XII 2018, compared to December 31, 2017, are shown in the following table:

in 000  
dinars

CHANGES TO PROVISIONS	Severance payments	Jubilee awards	Total	Court disputes
Balance on 01/01/2017	42.946	82.890	125.836	80.496
Provision during the current year	7.644	12.289	19.933	20.010
Actuarial gains	(892)	-	(892)	-
Reversal during the current year	-	-	-	-
Payout during the year	(1.677)	(11.821)	(13.498)	(3.930)
<b>Balance on 31/12/2017</b>	<b>48.021</b>	<b>83.358</b>	<b>131.379</b>	<b>96.576</b>
Balance on 01/01/2018	48.021	83.358	131.379	96.576
Provision during the current year	0	00		53.334
Actuarial gains/losses	192	-	192	-
Reversal during the current year	(43.676)	(76.941)	(120.617)	(4.131)
Payout during the year	(4.286)	(5.383)	(9.669)	(1.440)
<b>Balance on 31/12/2018</b>	<b>251</b>	<b>1.034</b>	<b>1.285</b>	<b>144.339</b>

**49. ASSUMPTIONS USED FOR CALCULATING PROVISIONS FOR SEVERANCE PAYMENTS AT RETIREMENT AND FOR JUBILEE AWARDS AND THE PRESENTATION OF THE PROVISION CALCULATION**

<u>a) Assumptions used for calculating provisions for severance payment at retirement and for jubilee awards</u>	2018	2017
Discount rate	3,00%	4,50%
Estimated rate of growth of average salary	10,00%	1,00%
Fluctuation percentage	0,00%	1,50%
Amount of average net salary in XII /.....	154.346	73.724
Total number of employees - balance on 31/12	3	1323
Number of retired workers who got a severance payment at retirement	19	5

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

in 000  
dinars

<b><u>b) Calculation of provisions for employee benefits on 31/12/2018</u></b>	<b>Severance payments at retirement</b>	<b>Jubilee awards</b>
	y 000 y 000 дин.	y 000 дин.
<b>1. Provision on 31/12/2017</b>	<b>48.021</b>	<b>83.358</b>
2. Reversal of provision during the year in the business books of the Company	(4.299)	(5.383)
<b>3. Balance on the analytical record card after reversal</b>	<b>43.722</b>	<b>77.975</b>
4. Interest cost	1.441	2.501
5. Cost of current work	148	226
6. Cost of past work	-	-
7. Actuarial gain/loss	191	561
8. Change of cost of past services	(45.251)	(80.229)
<b>9. Total net change of reserved amount in 2018 (4+5+6+7+8)</b>	<b>(43.471)</b>	<b>(76.941)</b>
<b>10. Provision balance on 31/12/ 2018 (3+9)</b>	<b>251</b>	<b>1.034</b>

<b>50. LONG-TERM LOANS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Abroad	573.386	673.487
Currently due	(98.520)	(98.752)
	<b>474.866</b>	<b>574.735</b>

<b>51. LONG-TERM LOANS</b>	<b>Annual interest rate</b>	<b>Maturity date</b>	<b>Outstanding amount 31/12/2018 (EUR)</b>	<b>31/12/2018 in 000 dinars</b>	<b>31/12/2017 in 000 dinars</b>
<u>Long-term loans abroad</u>					
European Investment Bank	4,07-5,16%	2025.g.	4.836.693,60	573.386	673.487

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>Total long-term loans (a+b)</b>	<b>4.836.693,60</b>	<b>573.386</b>	<b>673.487</b>
Current portion of long-term loans:	-831.048,38	-98.520	-98.752
	<b>4.005.645,22</b>	<b>474.866</b>	<b>574.735</b>

Long-term loans abroad as of 31/12/2018 in the amount of 573,386 thousand dinars (4,836,693.60 EUR), out of which 831,048.38 EUR or 98,520 thousand dinars are payable in 2018, relate to the outstanding liabilities under the Contract on Financing the Emergency Project of Traffic Rehabilitation concluded between the EIB and the Republic of Serbia on 13/12/2001. By the said Contract, the Company was granted a loan in the amount of EUR 13,000,000 for the investment and rehabilitation of the airport infrastructure. The loan was approved with a repayment term by 2025, with an interest rate of 5.16% for the first tranche of 3,000,000, 00 EUR, 4,85% for the second tranche of 3,000,000.00 EUR and 4,07% for the third tranche of EUR 7,000,000.00. The repayment of the first tranche of the loan is made in 31 equal semi-annual installments starting from 05/12/2007. The second tranche is repaid in 30 equal semi-annual installments starting from February 20, 2009, while the third tranche started to be repaid from June 20, 2010, in 32 equal semi-annual installments.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<i>Due liabilities for long-term loans</i>	principal amount		unposted interest	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars	in 000 dinars	in 000 dinars
up to one year	98.520	98.752	24.144	28.655
from one to two years	98.520	98.752	19.700	24.201
from two to three years	98.520	98.752	15.256	19.746
from three to four years	98.520	98.752	10.812	15.292
from four to five years	75.575	98.752	6.665	10.838
from five to ten years	103.731	179.727	5.275	11.967
over ten years	-	-	-	-
	<b>573.386</b>	<b>673.487</b>	<b>81.852</b>	<b>110.699</b>

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Current portion of long-term loan from EIB	98.520	98.752
	<b>98.520</b>	<b>98.752</b>

53. RECEIVED ADVANCE PAYMENTS, DEPOSITS AND PREPAYMENTS	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Received advance payments from domestic customers	1.538	1.352
Received advance payments from foreign customers	1.267	1.344
Received deposits from domestic customers	62.513	58.340
Received deposits from foreign customers	13.067	13.017
Prepayments from domestic customers	7.946	12.676
Prepayments from foreign customers	15.215	38.179
	<b>101.546</b>	<b>124.908</b>

54. PAYABLES IN THE COUNTRY	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Payables in the country - for services	158.417	179.830

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Payables in the country - for investment in progress	1.608	106.986
Payables in the country - for equipment	20.812	114.483
	<b>180.837</b>	<b>401.299</b>

<b>55. PAYABLES ABROAD</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Payables abroad - for services	414.093	6.398
Payables abroad - for equipment	1.051	-
	<b>415.144</b>	<b>6.398</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

<b>56. OTHER OPERATING LIABILITIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Other operating liabilities - for collected takings in the company's name	21.103	14.699
Other operating liabilities	1.270	582
Other operating liabilities - factoring	-	99.284
	<b>22.373</b>	<b>114.565</b>
<b>57. OTHER SHORT-TERM LIABILITIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Liabilities for salaries	207	110.141
Liabilities for participation in profit - gross	480	-
Liabilities for dividends RS - gross	-	-
Gross liabilities for dividends to other shareholders for 2017	869	-
Other short-term liabilities	10.534	42.661
	<b>12.090</b>	<b>152.802</b>
<b>58. LIABILITIES FOR VAT</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Liabilities for VAT	30.505	1.339
	<b>30.505</b>	<b>1.339</b>
<b>59. LIABILITIES FRO OTHER TAXES, BENEFITS AND OTHER DUTIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Profit tax liabilities	8.927.710	2.728
Adjustment of profit tax liabilities from previous years	0	0
Liabilities from taxes, custom and other duties	494	717
Taxes, benefits and other duties	1.422	12.045
	<b>8.929.626</b>	<b>15.490</b>
<b>60. LIABILITIES FOR PROFIT TAX - structure</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Balance on 01/01 of the current year	2.728	0

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Adjustment of profit tax	0	0
Adjusted opening balance	2.728	0
Determined profit tax liability for the current year	9.433.469	529.000
Adjustment of the profit tax liability	-	-
Determined profit tax liability for the current year - total	9.433.469	529.000
Paid profit tax liability	(2.728)	(287.360)
Prepayment of profit tax	-	(238.912)
Advance payment of profit tax until 31/12 of the current year	(505.759)	-
Profit tax liability to be paid	<b>8.927.710</b>	<b>2.728</b>

<b>61. ACCRUED COSTS AND DEFERRED REVENUES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Liabilities for accrued costs for the observed period	27.320	73.788
Accrued purchase costs for investments in progress	8.567	17.052
Accrued revenues of the future period	13.341	12.631
Other accrued costs and deferred liabilities	35	11.418
Other passive time apportionment (accrued discounts to customers)	43.073	48.534
Taxes, benefits and other duties	130	214
	<b>92.466</b>	<b>163.637</b>

<b>62. OFF-BALANCE SHEET RECORDS</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Received blank bills of exchange - pieces	1.084	1.925
Given blank bills of exchange - domestic - pieces	21	20
Received dinar guarantees	526.175	499.382
Received foreign currency guarantees	117.774	163.911
Given dinar guarantees	4.500	4.500
Given foreign currency guarantees	-	-
Solidarity funds from employees' salaries	622	622

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

Total off-balance sheet assets and liabilities	649.072	668.417
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The received dinar guarantees in the amount of 526,175 thousand dinars mainly refer to received guarantees from the suppliers for the performance of the job or guarantees for the elimination of failures in the warranty period. The received foreign currency guarantees in the amount of RSD 117,774 thousand mainly refer to received guarantees from the suppliers for the good performance of the business, to repair defects in the warranty period or to repay the advance.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 63. FAIR VALUE OF ASSETS

ASSETS	Book value in 000 dinars 31/12/2018	Fair value in 000 dinars 31/12/2018	Book value in 000 dinars 31/12/2017	Fair value in 000 dinars 31/12/2017	Hierarchy of fair value - levels	Appraisal methodologies and inputs
1	2	3	4	5	6	7
Fixed assets	26.298.739	26.298.739	24.737.969	24.737.969	Level 3	The appraisal was made by an authorized appraiser with the balance as of 31/12/2016 (Institute for Economic Research-Belgrade). When estimating real estate, the following methodologies are crossed: for apartments - methodology of direct price comparison; for real estate for specific purposes and which are functionally connected and serve to perform activities - costing method, or replacement method, for real estate built in the last few years - construction prices; for older buildings - sustainable method depending on the type of construction and the degree of equipment. The equipment was assessed using the market method and the depreciated replacement method. For equipment for which it was possible to reliably determine the market value indication by direct comparison with the achieved sales prices on the market, the assessment was made by the market method, or by the method of direct price comparison;
Investment property	0	0	29.516	29.516	Level 3	Appraisal by the authorized appraiser 31/12/2018 (Institute for Economic Research-Belgrade) and reclassification to constructions
Stake in the equity of other legal entities	1	1	1	1	Level 2	Management's appraisal that they were not unrecoverable - banks in liquidation
Long-term and short-term financial placements - housing loans	136.311	136.311	143.298	143.298	Level 3	Appaisal of the certified actuary as of December 31, 2018 - Discount of cash flows: 16% for non-revaluated housing loans; 5.5% for housing loans that are revaluated annually with an interest rate of 0.5%, 4.5% for housing loans with a currency clause and an interest rate of 0.5%; 5.75% for housing loans that are semi-annualized and 6.0% for housing loans that are revaluated annually
Other long-term receivables	13.068	13.068	41.263	41.263	Level 3	Management's appraisal on the collectibility according to the IAS 39
Receivables from	1.063.813	1.063.813	1.118.684	1.118.164	Level 3	Management's appraisal on the collectibility according to the IAS 39
Other receivables	115.183	115.183	81.537	81.537	Level 3	Management's appraisal on the collectibility according to the IAS 39

The above table includes only financial assets, as the Company has no financial liabilities that are stated after initial recognition at fair value.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES

in 000 dinars

Categories of financial instruments		31/12/2018			31/12/2017		
		total	value adjustment	net amount	total	value adjustment	net amount
<b>Financial assets</b>							
1	Long-term financial placements	615.824	(471.691)	144.133	669.789	(492.265)	177.524
	- Long-term time deposits	4.158	-	4.158	4.623	-	4.623
	Stake in equity of banks	20.085	(20.085)	0	20.085	(20.085)	0
	- Stake in equity of foreign legal entities	358.599	(358.598)	1	358.599	(358.598)	1
	- Long-term housing loans to employees	219.914	(93.008)	126.906	245.219	(113.582)	131.637
	- Other long-term receivables	13.068	-	13.068	41.263	-	41.263
2	Receivables recognized at nominal value	4.190.587	(290.283)	3.900.304	4.206.941	(246.343)	3.960.598
	- Receivables from customers	1.330.708	(266.895)	1.063.813	1.361.460	(242.776)	1.118.684
	- Short-term financial placements	2.721.554	(246)	2.721.308	2.760.721	(344)	2.760.377
	- Interest receivables	31.847	(20)	31.827	36.190	(294)	35.896
	- Other receivables	106.478	(23.122)	83.356	48.570	(2.929)	45.641
3	Cash and cash equivalents	61.394.573	-	61.394.573	2.386.010	-	2.386.010
		<u>66.200.984</u>	<u>(761.974)</u>	<u>65.439.010</u>	<u>7.262.740</u>	<u>(738.608)</u>	<u>6.524.132</u>
<b>Financial liabilities</b>							
1	Long-term loans	474.866	-	474.866	574.735	-	574.735
2	Current portion off long-term loans	98.520	-	98.520	98.752	-	98.752
3	Current portion of long-term financial leasing	-	-	-	-	-	-
4	Short-term liabilities	618.354	-	618.354	522.262	-	522.262
		<u>1.191.740</u>	<u>- #</u>	<u>1.191.740</u>	<u>1.195.749</u>	<u>- #</u>	<u>1.195.749</u>

The Company's main financial instruments are cash and cash equivalents, receivables, financial placements that arise directly from the Company's operations, as well as long-term loans, liabilities to suppliers or other liabilities whose main purpose is to finance the company's current operations.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)****Financial risk management objectives**

Financial risks include market risk (foreign exchange, interest rate and price risk), credit risk and liquidity risk. Financial risks are reviewed on a timely basis and are primarily avoided by reducing the Company's exposure to these risks. The Company does not use any financial instruments in order to avoid the impact of financial risks on the business, because such instruments are not widely used or there is an organized market for such instruments in the Republic of Serbia.

**I - MARKET RISK**

In its operations, the Company is exposed to financial risks from changes in foreign exchange rates and changes in interest rates. Exposure to market risk is perceived through sensitivity analysis. There were no significant changes in the Company's exposure to market risk, nor in the way in which the Company manages or measures that risk.

**a) Currency risk (foreign exchange risk)**

The Company is exposed to foreign currency risk primarily through cash and cash equivalents, short-term financial placements, trade receivables, long-term loans and liabilities to foreign suppliers. The company does not use specific financial instruments as a risk protection, since such instruments are not common in the Republic of Serbia.

The stability of the economic environment in which the Company operates is largely dependent on government measures in the economy, including the establishment of an appropriate legal and legislative framework.

The carrying amounts of financial assets and liabilities in 000 dinars, denominated in foreign currency at the reporting date, are as follows:

Currency risk - gross

in 000  
dinars

Currency	<b>Total assets</b>				<b>Total liabilities</b>				
	<b>31/12/2018</b>		<b>31/12/2017</b>		<b>31/12/2018</b>	<b>31/12/2017</b>			
	<b>gross</b>	<b>net</b>	<b>gross</b>	<b>net</b>					
<b>EUR</b>	64.399.425	<b>64.274.108</b>	4.553.475	<b>4.425.444</b>	988.375	677.644			
<b>USD</b>	509.626	509.626	477.141	477.141	155	134			
<b>CHF</b>	331	331	320	320	0	0			
<b>GBP</b>	91	91	630	630	0	1.069			
<b>Total dinar equivalent of assets and liabilities denominated in foreign currency</b>	<b>64.909.473</b>	<b>64.784.156</b>	0,00	<b>5.031.566</b>	<b>4.903.535</b>	0,00	<b>678.847</b>		
<b>Value of assets and liabilities denominated in dinars</b>	1.291.511	654.854		2.231.174	1.620.597	203.210	516.902		
<b>Total</b>	<b>66.200.984</b>	<b>65.439.010</b>	0,00	<b>7.262.740</b>	<b>6.524.132</b>	0,00	<b>1.191.740</b>	0,00	<b>1.195.749</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES  
(continued)**

By analyzing the currency structure of the balance of financial assets and liabilities as of December 31, 2018, in parallel with the situation on December 31, 2017, it can be stated that financial assets contracted with a currency clause are higher than the contractual financial liabilities in the currency. The financial obligations contracted in the currency are mostly long-term.

**a) Currency risk (foreign exchange risk) (continued)**

The company is sensitive mainly to changes in the exchange rate of the euro (EUR) and the US dollar (USD).

The following table presents an analysis of the sensitivity of the Company to the increase and decrease of the dinar exchange rate of 10%, compared to the observed foreign currency. The sensitivity analysis includes only the outstanding balance of foreign currency receivables and payables and shows their change of 10% at the end of the reporting period in foreign exchange rates. A positive number from the table indicates an increase in the results of the current period in cases where the dinar strengthens against the currency in question. In case of a 10% denomination in relation to a given foreign currency, the impact on the current period's result would be negative.

in 000 dinars

**31/12/2018**

Changes	EUR effect		USD effect		CHF effect		GBP effect	
	10,00%	-10.00%	10,00%	-10.00%	10,00%	-10.00%	10,00%	-10.00%
Gain/loss	6.328.573	-6.328.573	50.947	-50.947	33	-33	9	-9

in 000 dinars

**31/12/2017**

Changes	EUR effect		USD effect		CHF effect		GBP effect	
	10,00%	-10.00%	10,00%	-10.00%	10,00%	-10.00%	10,00%	-10.00%
Gain/loss	374.780	-374.780	47.701	-47.701	32	-32	-44	44

**b) Risk of interest rate changes**

The Company is exposed to the risk of changing interest rates on assets and liabilities in which the interest rate is variable.

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

The risk of interest rate fluctuations for the Company is not a significant risk, as the categories of financial instruments that have agreed interest rates are mostly defined by a fixed interest rate.

Financial instruments classified as interest-bearing and non-interest bearing assets are presented in the following overview:

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES  
(continued)

## b) Interest rate risk (continued)

in 000 dinars

Financial assets - net	31/12/2018			31/12/2017		
	total	value adjustment	net amount	total	value adjustment	net amount
<u>Non-interest bearing</u>						
Stake in equity of other legal entities	378.684	(378.683)	1	378.684	(378.683)	1
Other long-term receivables	13.068	-	13.068	41.263	-	41.263
Receivables from customers	1.330.708	(266.895)	1.063.813	1.361.460	(242.776)	1.118.684
Interest receivables and other receivables	138.325	(23.142)	115.183	84.760	(3.223)	81.537
Short-term financial placements	289	-	289	80.386	-	80.386
Non-interest bearing - total	1.861.074	(668.720)	1.192.354	1.946.553	(624.682)	1.321.871
<u>Fixed interest rate</u>						
Long-term financial placements	224.072	(93.008)	131.064	249.842	(113.582)	136.260
Short-term financial placements	2.721.265	(246)	2.721.019	2.680.335	(344)	2.679.991
Fixed - total	2.945.337	(93.254)	2.852.083	2.930.177	(113.926)	2.816.251
<u>Variable interest rate</u>						
Cash and cash equivalents	61.394.573	-	61.394.573	2.386.010	-	2.386.010
Variable - total	61.394.573	0	61.394.573	2.386.010	0	2.386.010
	<u>66.200.984</u>	<u>(761.974)</u>	<u>65.439.010</u>	<u>7.262.740</u>	<u>(738.608)</u>	<u>6.524.132</u>
Financial liabilities						
<u>Non-interest bearing</u>						
Operating liabilities	618.354	0	618.354	522.262	0	522.262
Non-interest bearing	618.354	0	618.354	522.262	0	522.262
<u>Fixed interest rate</u>						
Long-term loans	474.866	0	474.866	574.735	0	574.735
Current portion of long-term liabilities	98.520	0	98.520	98.752	0	98.752
Fixed - total	573.386	0	573.386	673.487	0	673.487
<u>Variable interest rate</u>						
Current portion of long-term liabilities	0	0	0	0	0	0
Variable - total	0	0	0	0	0	0
	<u>1.191.740</u>	<u>0</u>	<u>1.191.740</u>	<u>1.195.749</u>	<u>0</u>	<u>1.195.749</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)****v) Risk of price changes**

The Company estimates that there is no risk of price changes because the categories of financial instruments held by the Company are not subject to market price changes.

The Company does not operate securities that are subject to market price changes. Also, the Company has no turnover of goods subject to price changes. The biggest item in the trade of goods is the turnover of kerosene that has goods in transit.

**II - CREDIT RISK**

The Company estimates that of all the risks to which financial instruments may be exposed, the largest credit risk, which poses a risk that debtors will not be able to settle their debts in full and on time, which would result in financial loss for the Company. The exposure of the Company to this risk is limited to the amount of receivables from customers at the balance sheet date.

The Company adjusts its receivables and liabilities once a year, with the status as of November 30th, or several times during the year for certain clients, if necessary.

Out of the total balance of receivables from domestic customers on 30/11/2018, the Company adjusted 46.96% of receivables. Out of 53.04% of unadjusted domestic customers' receivables as of 30/11/2018, 3.45% relates to doubtful receivables, and 49.59% refers to open item statements without answers (of which 34.22% refers to sued customers, from whom there is not answer to the open item statements).

As for the balance of receivables from foreign customers on 30/11/2018, the Company adjusted 28.64% of receivables, and the doubtful receivables accounted for 0.08%. The unadjusted receivables of 71.28% mainly relate to receivables, for which the customers did not submit replies to the delivered open item statements (of which 0.6% relate to sued customers, from whom there is no answer to the open item statements).

At the end of the business year, as of 31/12/2018, the receivables with Air Serbia and Montenegro Airlines were adjusted.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES  
(continued)

## II - CREDIT RISK (continued)

Structure of receivables from customers	31/12/2018	share	31/12/2017	share
	in 000 dinars		in 000 dinars	
Air Serbia	158.442	11,91%	204.823	15,04%
Jat Tehnika	156.834	11,79%	126.106	9,26%
Dufry doo	49.839	3,75%	70.508	5,18%
International CG	41.492	3,12%	41.492	3,05%
Air Serbia-Ketering d.o.o.	43.655	3,28%	36.794	2,70%
Aviogenex d.o.o.	50.820	3,82%	50.820	3,73%
Austrian-branch	18.600	1,40%	27.908	2,05%
Other domestic customers	63.110	4,74%	99.708	7,32%
<b>Total domestic customers</b>	<b>582.792</b>	<b>43,80%</b>	<b>658.159</b>	<b>48,34%</b>
Montenegro Airlines	138.981	10,44%	42.272	3,10%
Wizz Air	110.316	8,29%	120.188	8,83%
Deutsche Lufthansa	65.337	4,91%	84.053	6,17%
Turkish Airlines	27.070	2,03%	38.100	2,80%
Etihad Airlines	60.639	4,56%	28.220	2,07%
Aeroflot	45.808	3,44%	33.290	2,45%
Allitalia	37.848	2,84%	51.853	3,81%
Qatar Airways	10.176	0,76%	24.236	1,78%
Swiss Air	18.113	1,36%	25.372	1,86%
Fly Dubai	14.686	1,10%	24.529	1,80%
Pegasus	13.368	1,00%	11.545	0,85%
LOT Polskie Linie	16.754	1,26%	14.525	1,07%
Other foreign customers	188.820	14,19%	205.118	15,07%
<b>Total foreign customers</b>	<b>747.916</b>	<b>56,20%</b>	<b>703.301</b>	<b>51,66%</b>
<b>Total gross receivables from domestic and foreign customers</b>	<b>1.330.708</b>	<b>100,00%</b>	<b>1.361.460</b>	<b>100,00%</b>
Total value adjustment	266.895		242.776	
<b>Total net receivables</b>	<b>1.063.813</b>		<b>1.118.684</b>	

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)**

The company has large receivables from domestic and foreign customers on December 31, 2018, (1,063,813 thousand dinars), so that the credit risk is constantly there. In order to reduce this risk, the Company regularly monitors the realization of the collection, analyzes the value of the collection realized within the agreed deadline, the bills with the exceeding of the agreed deadline, the condition and age structure of outstanding receivables by customers.

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

Trade receivables in the country for goods and services as of 31/12/2018 in the amount of 582,792 thousand dinars, account for 43.80% of total receivables from customers for goods and services. The total balance of value adjustment of receivables from domestic customers amounted to 257,974 thousand dinars (compared to the results of the previous years 231,241 thousand dinars and to the current year's result 26,733 thousand dinars), so the net value of receivables from domestic customers amounted to 324,818 thousand dinars.

Receivables from foreign customers for goods and services amount to RSD 747,916 thousand, accounting for 56.20% of the total receivables from customers for goods and services. The total amount of the value adjustment for receivables from foreign customers is RSD 8,921 thousand (compared to the results of the previous years RSD 8,515 thousand and against the current year's results of 406 thousand dinars), so the net value of receivables from foreign customers is RSD 738,995 thousand.

Age structure of receivables	31/12/2018	share	31/12/2017	share
	in 000 dinars		in 000 dinars	
Outstanding receivables from customers - unadjusted	567.813	42,67%	812.675	59,69%
Outstanding receivables from customers - adjusted	0	0,00%	0	0,00%
<b>Total outstanding receivables</b>	<b>567.813</b>	<b>42,67%</b>	<b>812.675</b>	<b>59,69%</b>
Due receivables up to 60 days - unadjusted	336.746	25,31%	155.573	11,43%
Due receivables up to 60 days - adjusted	0	0,00%	0	0,00%
<b>Total due receivables up to 60 days</b>	<b>336.746</b>	<b>25,31%</b>	<b>155.573</b>	<b>11,43%</b>
Due receivables over 60 days - unadjusted	159.254	11,97%	150.436	11,05%
Due receivables from customers over 60 days - adjusted	266.895	20,06%	242.776	17,83%
<b>Total due receivables over 60 days</b>	<b>426.149</b>	<b>32,02%</b>	<b>393.212</b>	<b>28,88%</b>
<b>Total receivables - gross</b>	<b>1.330.708</b>	<b>100,00%</b>	<b>1.361.460</b>	<b>100,00%</b>
<b>Total value adjustment</b>	<b>266.895</b>		<b>242.776</b>	
<b>Total receivables - net (gross - adjustment)</b>	<b>1.063.813</b>		<b>1.118.684</b>	

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)****II - CREDIT RISK (continued)**

Outstanding receivables from domestic and foreign customers for goods and services as of 31/12/2018 in the amount of RSD 567,813 thousand (and as of December 31, 2017, they amounted to RSD 812,675 thousand).

Due receivables from domestic and foreign customers for goods and services, which as of 31/12/2018 are not older than 60 days, amount to RSD 336,746 thousand (and as of December 31, 2017, they amounted to RSD 155,573 thousand).

Due receivables from domestic and foreign customers for goods and services, which are as of 31/12/2018, over 60 days old, amounted to a total of 426,149 thousand dinars (and as of December 31, 2017, they amounted to 393,212 thousand dinars).

Matched receivables due from domestic and foreign customers for goods and services older than 60 days as of December 31, 2018, in the amount of RSD 266,895 thousand, of which RSD 26,733 thousand was added to the value adjustment for the current period, and compared to the previous year, 231,241 thousand dinars (due receivables from domestic and foreign customers for goods and services older than 60 days as at 31 December, 2017, they amounted to 242,776 thousand dinars).

Unadjusted receivables due from domestic and foreign customers for goods and services older than 60 days as of December 31, 2018, in the amount of RSD 159,254 thousand (as of December 31, 2017, they amounted to RSD 150,436 thousand). The stated receivables have not been adjusted for the assessment of the certainty of the collection of the said receivables.

**III - RISK OF LIQUIDITY AND CASH FLOW**

Liquidity is the ability of the Company to settle its obligations on their maturity dates.

The ultimate responsibility for managing the liquidity risk lies with the Company's management, which has established an appropriate management system for the needs of the Company's short-term, mid-term and long-term financing as well as liquidity management. By continuously monitoring the planned and actual cash flow, the Company maintains adequate cash reserves, and also maintains an adequate ratio of maturity of financial assets and liabilities.

The following tables show the details of the remaining contractual maturities of financial assets. The amounts disclosed are based on undiscounted cash flows based on financial assets based on the earliest date on which the Company will be able to collect the receivables.

<b>Maturity of financial assets</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	in 000 dinars	in 000 dinars
Less than 30 days	62.536.711	3.552.969
1 - 3 months	2.744.517	2.742.254
3-12 months	13.560	51.385
1 - 5 years	21.365	51.157
over 5 years	122.857	126.367
	<b>65.439.010</b>	<b>6.524.132</b>

The average time of collecting receivables from customers in the period I-XII 2018 is 44 days (2017: 48 days). In order to shorten the average time for collecting receivables from customers in the period I-XII of 2018, compared to 2017, the most important was the regular collection of current maturity claims by our major customers, as well as collection of receivables from 2017.

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

## 64. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)

## III - RISK OF LIQUIDITY AND CASH FLOWS (continued)

Maturity of interest receivables	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Less than 30 days	4.117	6.595
1 - 3 months	27.730	29.301
3-12 months	0	0
	<b>31.847</b>	<b>35.896</b>

The aforementioned maturities of interest receivables are contained within the presentation of the maturity of financial assets.

The following tables show the details of the remaining contractual maturities of the Company's obligations. The amounts disclosed are based on undiscounted cash flows arising from financial liabilities based on the earliest date on which the Company will be required to settle such liabilities.

Maturity of financial obligations	31/12/2018	31/12/2017
	in 000 dinars	in 000 dinars
Less than 30 days	618.354	522.262
1 - 3 months	11.855	11.883
3-12 months	86.665	86.869
1 - 5 years	371.135	470.760
over 5 years	103.731	103.975
	<b>1.191.740</b>	<b>1.195.749</b>

Long-term loans in the total liabilities of the Company have the largest share in the amount of RSD 572,142 thousand, out of which 98,520 thousand will be due in 2019.

Liabilities to suppliers as of 31 December 2018 were recognized in the amount of RSD 618,354 thousand (December 31, 2016: RSD 522,262 thousand).

The company has reconciled its obligations with suppliers. There is a discrepancy in obligations only with one supplier who owes us for unjustifiably billed services that are not contracted and not executed and for which all invoices have been challenged and returned by the Company that controls the execution of received goods and services.

Suppliers do not charge default interest on matured liabilities, whereby the Company settles its obligations to suppliers, in accordance with the policy of managing financial risks, in the agreed deadlines. The average time of settling liabilities towards suppliers in the period I-XII of 2018 is 35 days (in 2017, 40 days).

**Capital Risk Management**

The objective of capital risk management is to provide such a capital structure that will provide the Company with security and permanence in business, liquidity and solvency, while maximizing the increase in the profits of the owners, through the optimization of debt and capital. In addition to its own

**NOTES TO THE FINANCIAL STATEMENTS 31 December 2018**

capital, which consists of basic capital, reserves and retained earnings, the Company also uses other assets in the form of long-term loans. The Company makes available cash from current accounts in the form of short-term deposits.

Indicators of indebtedness of the Company with the situation at the end of the observed current period in 2018 and at the end of 2017 are the following:

	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>in 000 dinars</b>	<b>in 000 dinars</b>
1 Leverage (AOP 432 + AOP 443)	573.386	673.487
2 Cash and cash equivalents (AOP 068)	61.394.573	2.386.010
<b>I GROSS LEVERAGE (1-2)</b>	<b>(60.821.187)</b>	<b>(1.712.523)</b>
<b>3 Debt/equity ratio ( I/5 )</b>	<b>-0,7499</b>	<b>-0,0576</b>
4 Short-term financial placements (AOP 062)	2.721.308	2.760.377
<b>II NET LEVERAGE (I - 4)</b>	<b>(63.542.495)</b>	<b>(4.472.900)</b>
5 Equity (AOP 401)	81.105.207	29.708.442
<b>6 Debt/equity ratio ( II/5 )</b>	<b>-0,7835</b>	<b>-0,1506</b>

**65. MANAGEMENT INCOME**

The Company paid benefits (salaries and profit participation) to key management including members of the Supervisory Board, the Audit Committee and the Shareholders Assembly, as well as executive directors and directors of OUs (number of members in 2018: 24 and in the course of 2017: 24). In the period I - XII 2018, RSD 52,692 thousand was paid in gross amount (in the period I - XII 2017: 49,061 thousand dinars).

Management income	I-XII 2018		I-XII 2017	
	Number	Amount in 000 dinars	Number	Amount in 000 dinars
<b>Management</b>				
Salaries	15	42.086	15	38.656
Participation in the distribution of profit		1.422		1.846
<b>Total management</b>	<b>15</b>	<b>43.508</b>	<b>15</b>	<b>40.502</b>
<b>Remuneration of Supervisory Board members</b>	<b>7</b>	<b>7.035</b>	<b>7</b>	<b>6.578</b>
<b>Remuneration of Audit Committee members</b>	<b>1</b>	<b>876</b>	<b>1</b>	<b>774</b>
<b>Remuneration of Shareholder Assembly members</b>	<b>1</b>	<b>1.273</b>	<b>1</b>	<b>1.207</b>
<b>Total for Supervisory Board, Audit Committee and Shareholder Assembly members</b>	<b>9</b>	<b>9.184</b>	<b>9</b>	<b>8.559</b>
<b>TOTAL:</b>	<b>24</b>	<b>52.692</b>	<b>24</b>	<b>49.061</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

**66. TAX RISKS**

The tax laws of the Republic of Serbia are often interpreted differently and subject to frequent changes. Interpretation of tax laws by tax authorities in relation to transactions and activities of the Company may differ from the interpretations of the management. The management believes that tax liabilities are adequately accounted for and recorded.

**67. JUDICIAL DISPUTES**

As at 31 December 2018, the value of legal proceedings against the Company amounts to 120,538 thousand dinars (excluding the effects of default interest). The amount of final losses arising from court proceedings may be increased on the basis of accrued interest rates up to the date of termination of the dispute, or until the date of the final disbursement of disputes. As of December 31, 2018, the Company has a provision for potential losses arising from these court disputes in the amount of RSD 144,339 thousand (Note dated December 31, 2017) (Note 47 and 48). According to the Company's management assessment, no additional material significant losses arising from this are expected in the following period.

**68. EVENTS AFTER THE REPORTING PERIOD**

In accordance with IAS 10, "Events after the reporting period", we did not establish the existence of any other events other than those mentioned in the Notes that may affect the truthfulness and objectivity of the financial statements for the period ending on December 31, 2018, nor would they require corrections of financial statements.

In Belgrade, February 21, 2019

Legal representative

-----  
Saša Vlajsavljević

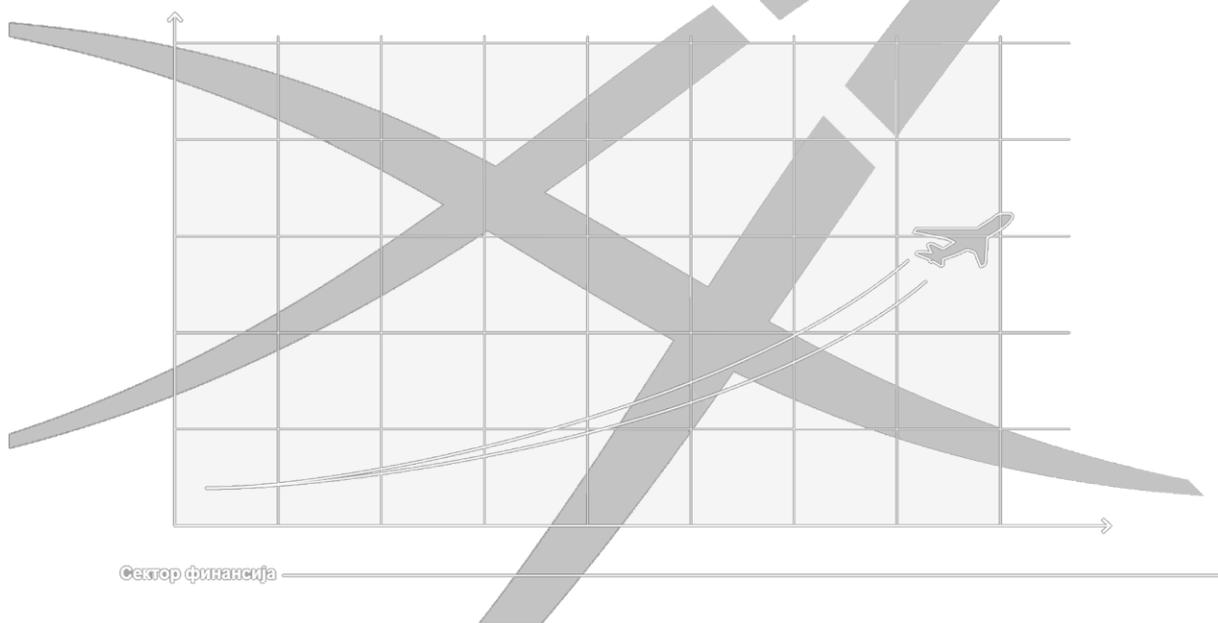
**JOINT STOCK COMPANY**

**AIRPORT NIKOLA TESLA BELGRADE**

**BUSINESS REPORT**

**January – December 2018**

**BELGRADE, February 2019**



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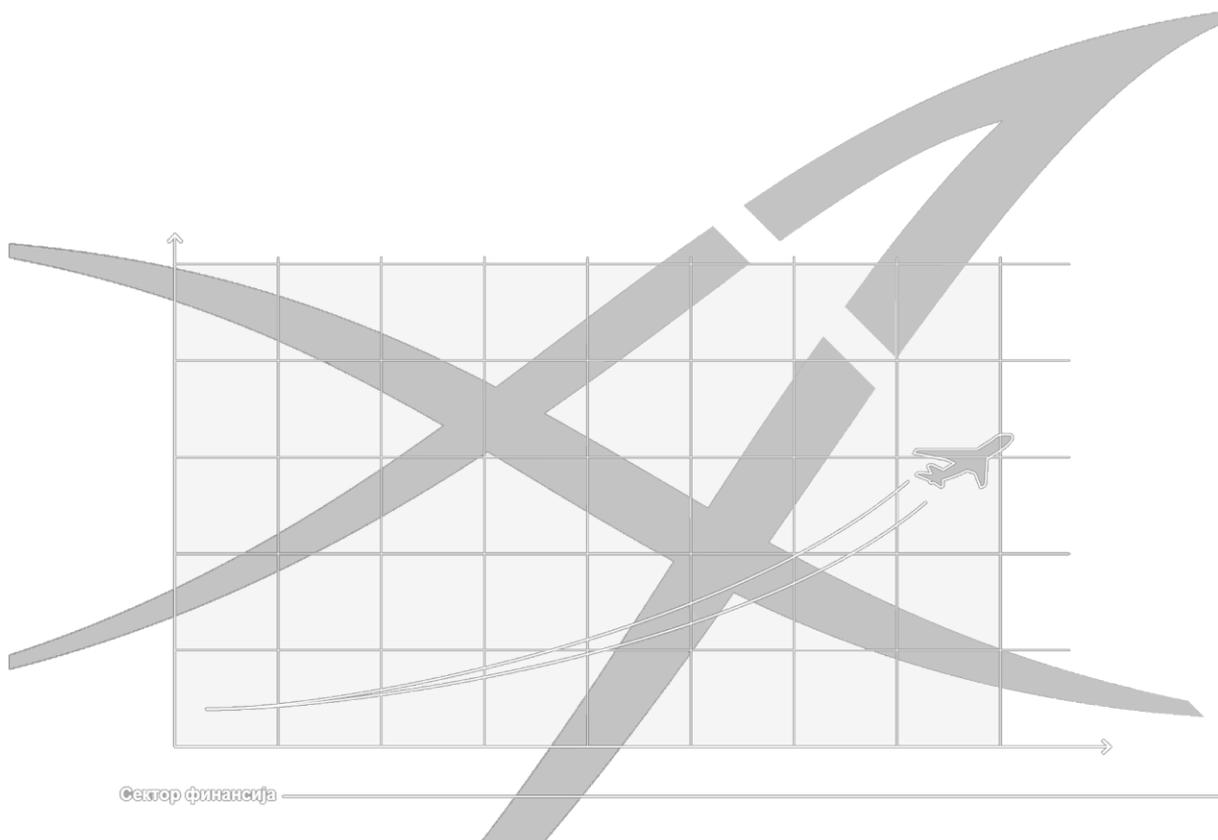
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## 1. GENERAL INFORMATION ON THE COMPANY

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 JSC Airport Nikola Tesla Belgrade and the activity of an airport operator at the Nikola Tesla Airport in Belgrade, between the Republic of Serbia, represented by the Government of the Republic of Serbia and JSC Airport Nikola Tesla Belgrade, 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 headquarters in Belgrade, 11180 Belgrade 59, reg. No. 21364568, PIB (Tax Identification Number) 110572920 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 favorable individual bidder and the founder of the the Company for Special Purposes (CSP), on the other hand.

Bearing in mind that the contracting parties fulfilled all the conditions during the transitional period, the Airport Certificate was transferred from the JSC Airport Nikola Tesla Belgrade to Vinci Airports Serbia d.o.o. Belgrade and the concession started on December 22, 2018. which resulted in the change of the main activity and composition of the management bodies of JSC Airport Nikola Tesla Belgrade.

On December 22, 2018, the core activity of the Company was changed, under the code 68.20: Rental and management of own or leased real estate.



<b>Business Name</b>		<b>JOINT STOCK COMPANY AIRPORT NIKOLA TESLA BELGRADE</b>
<b>1</b>	<b>Headquarters and address</b>	Belgrade, 11180 Belgrade 59
	Registration number	07036540
	<b>TAX ID</b>	100000539
<b>2</b>	<b>website and e-mail address</b>	<a href="http://www.antb.rs">www.antb.rs</a> ; <a href="mailto:kabinet@antb.rs">kabinet@antb.rs</a>
<b>3</b>	<b>Number and date of the decision on entry in the Business Register</b>	<p><b>Registration number: BD 4874/2005</b> <b>Date of registration: Jun 15, 2005</b></p> <p><b>Registration number: BD 91540/2012</b> <b>Date of registration: July 09 2012</b></p> <p><b>Registration number: BD 100187/2012</b> <b>Date of registration: July 20, 2012</b></p>
<b>4</b>	<b>Activity (code and description)</b>	68.20-Rental and management of own or leased real estate (5223 - Service activities in air traffic, on December 22, 2018 the core activity was changed)
<b>5</b>	<b>Number of employees</b>	3 employees on 31 December 2018,
<b>6</b>	<b>Value of fixed capital</b>	<b>21.264.302.590 RSD (on 31 December 2018)</b>
<b>7</b>	<b>Name, seat of the auditing company that audited the latest financial report for 2017</b>	"IEF" doo Bulevar Mihajla Pupina 106/I, Belgrade
<b>8</b>	<b>Number of issued shares, ISIN number and CFI COD</b>	<b>Number of ordinary shares 35.026.129 (on December 12, 2018) CFI code ESUVFR ISIN number RSANTBE 11090</b>

<b>9</b>	<b>The name of the organized market on which the shares are quoted</b>	Beogradska berza ad Beograd, Omladinskih brigada 1, 11070 Novi Beograd	
<b>Ten largest shareholders on December 31, 2018</b>			
<b>No.</b>	<b>Name / Name Shareholder</b>	<b>Number of shares</b>	<b>% Share</b>
<b>1</b>	REPUBLIC OF SERBIA	29,247,317	83.50
<b>2</b>	VOJVOĐANSKA BANKA AD NOVI SAD COLLECTIVE ACCOUNT	604,337	1.73
<b>3</b>	JSC Airport NIKOLA TESLA BELGRADE	442,361	1.26
<b>4</b>	SOCIE TE GENERALE BANK SERBIA - KASTODI RN - FO	413,418	1, 18
<b>5</b>	SOCIE TE GENERALE BANK SERBIA - KASTODI RN - FO	161,722	0.46
<b>6</b>	KERAMIKA JOVANOVIĆ D.O.O	143.852	0.41
<b>7</b>	EAST CAPITAL - EAST CAPITAL BALK	101.438	0.29
<b>8</b>	CONVEST AD NOVI SAD - COLLECTIVE ACCOUNT	96.268	0.2 7
<b>9</b>	RAIFFEISEN BANK AD-KASTODI RN-KS	62,000	0.18
<b>10</b>	BOŽIĆ SVETISLAV	44,442	0.13

## 2. MANAGEMENT DATA

Members of the Management Board 31/12/2018:

### Assembly of the company:

R.br.	Name, surname, residence	Education, current employment, (business name and position)
1	Vladimir Dimitrijevic, Belgrade	Doctor of Law, Executive Director of Public Enterprise "Post of Serbia"

### Supervisory Board:

No.	Name, surname, residence	Education, current employment, (business name and position)
1	Vesna Stanković Jevđević, Belgrade	Graduated economist, Assistant Director General of the Procurement Directorate of the National Bank of Serbia
2	Mirko Manojlović, Belgrade	Graduated economist, Director - Paracentar d.o.o. Belgrade
3	Ljubisa Dejković, Čuprija	Master of Electrical Engineering and Telecommunications, Head of Telecommunications Projects in the Sector for Investments, Public Company Elektromreža Srbije
4	Srdjan Minić, Belgrade	Graduated economist, Technical Support and Documentation Engineer, Telekom Srbija
5	Goran Mirković, Belgrade	Master of Economics, Independent expert associate for the control and analysis of capacity utilization - Bureau for making banknotes and coins of the National Bank of Serbia
6	Petar Jarić, Belgrade	Graduated economist, Deputy Director - National Employment Service
7	Dragoslav Stanković, Doljevac	Professional manager, customer care service in Elektrodistribution Niš - branch office Doljevac

### Executive Board:

No.	Name, surname, residence	Education, current employment, (business name and position)
1	Sasa Vlaisavljević, Belgrade	Graduated Traffic Engineer, Chairman of the Executive Board, General Manager of JSC Airport Nikola Tesla Belgrade, dismissed from his duties on December 25, 2018
2	Senka Jelenković, Belgrade	Professor of Italian Language and Literature, Master of Organizational Sciences, Executive Director of AD Nikola Tesla Airport, Belgrade, dismissed her duties on December 25, 2018
3	Žarko Suvačarov, Belgrade	Specialist Professional Traffic Engineer, Executive Director of AD Nikola Tesla Airport Belgrade
4	Raša Ristivojević, Belgrade	Graduated economist, Executive Director, JSC Airport Nikola Tesla Belgrade, dismissed from his duties on December 25, 2018
5	Zoran Stojković, Belgrade	Graduated lawyer, Executive Director of AD Nikola Tesla Airport Belgrade, dismissed from his duties on

## 2.1. OVERVIEW OF THE CORPORATE GOVERNANCE RULES

The JSC Airport Nikola Tesla Belgrade, as a member of the Serbian Chamber of Commerce, 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](http://www.antb.rs)

The rules of this Code are complementary to the current legal regulations, so that no provision of the Code abolishes the legal rule that regulates the same issue differently. Also, the Code does not alter the meaning or proper interpretation of legal provisions in any way. The Code moves within the boundaries of the law, because it covers matter not regulated by law (the so-called legal vacuum) or regulated by dispositive legal norms.

The Code contains two types of rules:

- 1) recommendations - the rules that the capital company should accept and act upon, which can be recognized in the Code by using the word "should";
- 2) suggestions - rules that are considered to be preferred practice in the field of corporate governance, which can be recognized in the Code by using the word "can," "should," and the like.

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

## 2.2. AMENDMENTS IN THE BUSINESS REPORT

The Company's Business Report for 2018 was adopted by the Company's Supervisory Board on February 14, 2019. After that date, the management of the Company made changes in the part of the corporate income tax calculation for 2018. Considering that the effect of calculating the income tax is material, the management of the company decided to issue revised Financial Statements. Amendments to the business report were made to the financial result in the part of the tax expense of the period and the generated net profit of the Company, as well as to the economic indicators of operations.

### 3. AIR TRAFFIC

Bearing in mind that the Airport certificate was transferred from the JSC Airport Nikola Tesla Belgrade to Vinci Airports Serbia d.o.o. Belgrade and the contracted Concession started on December 22, 2018, in the following overview of air traffic, the observed period ends on December 21, 2018.

In the period I-XII 2018, the total generated air traffic was as follows:

- 59,181 air operations;
- 5,507,852 passengers and
- 25,602 tons of goods and post.

#### 3.1. AIR OPERATIONS TRAFFIC

In the period I-XII of 2018, the following number of air operations by type of air traffic were realized:

Number of air operations by type of air traffic							
Type of air traffic	Realization I-XII 2017	Rebalance IV of the Plan I-XII 2018	Realization I-XII 2018	Index		Share I-XII 2017	Share I-XII 2018
1	2	3	4	5(4/2)	6 (4/3)	7	8
Domestic air traffic	56	62	22	39	35	0.10	0.04
International air traffic - domestic carriers	31,912	31,779	30,123	94	95	54.22	50.90
International air traffic - foreign carriers	26,891	27,930	29,036	108	104	45.69	49.06
<b>TOTAL:</b>	<b>58,859</b>	<b>59,771</b>	<b>59,181</b>	<b>101</b>	<b>99</b>	<b>100.00</b>	<b>100.00</b>

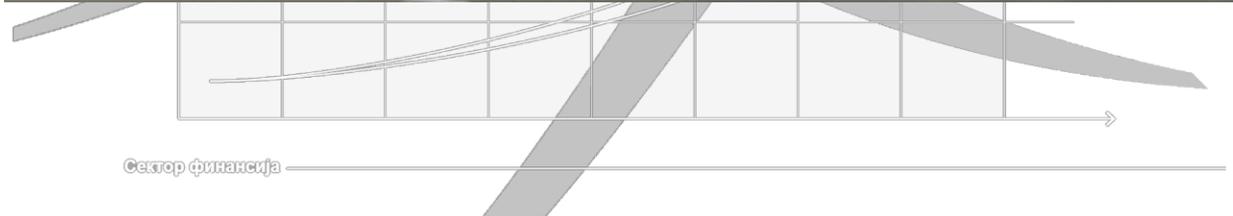
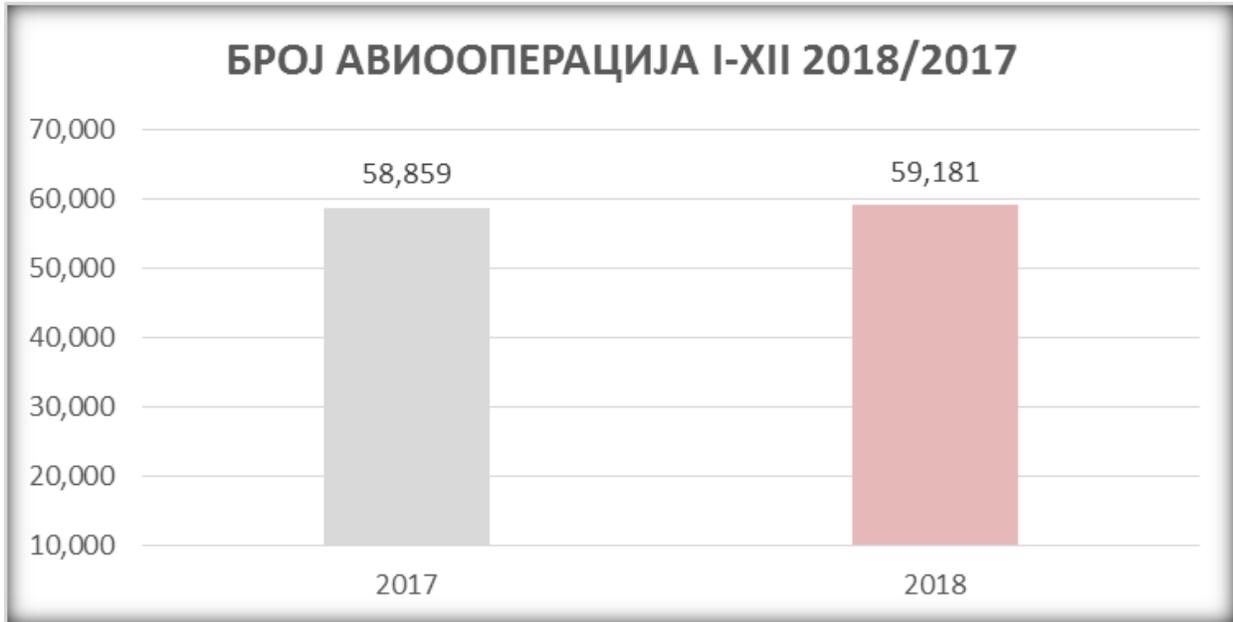
The data from the table show the total number of air operations in the period I-XII 2018, which is 1% higher than in the same period of the previous year, and 1% less than the number of air operations foreseen by the Rebalance IV of the Business Plan for the period I-XII 2018.

In the structure of the carriers in the total air traffic I-XII of 2018, domestic carriers in international air traffic with the largest share in the air traffic sector account for 50,90%, followed by carriers in international air traffic with 49.06%, and finally domestic carriers in domestic air traffic with 0, 04%.

Compared to the previous year, the share of domestic carriers in international air traffic also decreased by 3.32%, while the share of foreign carriers in international air traffic increased by 3.37%.

**In the international air traffic of domestic carriers** total turnover of 30,123 air operations was realized, which is 6% less compared to the same period of the previous year and 5% less in relation to the Rebalance IV of the Business Plan for the period I-XII 2018.

Domestic carriers in the international air traffic are: Air Serbia, Avio Služba, Prince Aviation and Air Pink.



**Number of air operations in international air traffic - foreign airlines**

Airlines	Realization I-XII 2017	Plan Rebalance IV I-XII 2018	Realization I-XII 2018	Index		Share I-XII 2017	Share I-XII 2018
				5(4/2)	6(4/3)		
1	2	3	4			7	8
Montenegro Airlines	3.003	3.017	3.013	100	100	11,17	10,38
Lufthansa	2.759	2.765	2.767	100	100	10,26	9,53
Wizz Air	3.431	3.500	3.672	107	105	12,76	12,65
Austrian Airlines	1.799	1.803	1.823	101	101	6,69	6,28
Turkish Airlines	1.565	1.543	1.540	98	100	5,82	5,30
Swiss International	1.252	1.286	1.300	104	101	4,66	4,48
Aeroflot	1.461	1.460	1.532	105	105	5,43	5,28
Alitalia	724	742	708	98	95	2,69	2,44
Easy Jet	292	286	412	141	144	1,09	1,42
Easy Jet UK	0	0	126	0	0	0,00	0,43
Etihad Airways	731	732	879	120	120	2,72	3,03
Polskie Linie LOT	779	715	931	120	130	2,90	3,21
Tarom	766	806	841	110	104	2,85	2,90
Aegean Airlines	488	490	438	90	89	1,81	1,51
Qatar Airways	551	716	712	129	99	2,05	2,45
Pegasus Airlines	418	420	420	100	100	1,55	1,45
Flydubai	440	740	662	150	89	1,64	2,28
Tunis Air	184	202	198	108	98	0,68	0,68
Germanwings	14	14	0	0	0	0,05	0,00
Norwegian Air	350	368	383	109	104	1,30	1,32
Belavia	220	218	288	131	132	0,82	0,99
Aircairo Company	222	216	320	144	148	0,83	1,10
Croatia Airlines	120	117	113	94	97	0,45	0,39
Vueling Airlines	92	92	154	167	167	0,34	0,53
Adria Airways	4	0	0	0	0	0,01	0,00
Gazprom	16	11	13	81	118	0,06	0,04
Swiftair Aviation	1.000	998	849	85	85	3,72	2,92
Swiftair Hellas	504	506	494	98	98	1,87	1,70
Air Horizont Ltd.	1	0	0	0	0	0,00	0,00
Arkia	201	231	185	92	80	0,75	0,64
Atlasglobal Airlines	610	714	426	70	60	2,27	1,47
Freebird Airlines	8	8	6	75	75	0,03	0,02
Israir Airlines	338	334	220	65	66	1,26	0,76
Iran Air	0	0	131	0	0	0,00	0,45
Sun Express	15	15	15	100	100	0,06	0,05
Transavia Airlines	220	516	483	220	94	0,82	1,66
Al Masria Universal	0	0	57	0	0	0,00	0,20
Red Wings Airways	0	0	128	0	0	0,00	0,44
CSA	2	0	0	0	0	0,01	0,00
Darwin Airlines SA	2	0	0	0	0	0,01	0,00
Hainan Airlines	62	108	191	308	177	0,23	0,66
Qeshn Air	0	0	48	0	0	0,00	0,17
Bora Jet	2	0	0	0	0	0,01	0,00
Corendon Airlines	4	0	0	0	0	0,01	0,00
Elinair	64	64	26	41	41	0,24	0,09
Trto Agency LTD	1	0	0	0	0	0,00	0,00
European Air	514	512	505	98	99	1,91	1,74
Others	1.662	1.665	2.027	122	122	6,18	6,98
<b>TOTAL:</b>	<b>26.891</b>	<b>27.930</b>	<b>29.036</b>	<b>108</b>	<b>104</b>	<b>100,00</b>	<b>100,00</b>

In the period I-XII of 2018 we present the most important foreign air carriers (39 foreign air carriers).

**In the international air traffic of foreign air carriers** in the period I-XII of 2018, 29,036 air operations were realized, which is 8% more compared to the same period of the previous year and 4% higher in relation to the Rebalance IV of the Business Plan for the period I-XII 2018.

In the structure of foreign carriers in the period I-XII of 2018, Wizz Air has the most significant role with regard to the number of air operations, with 12.65% share, followed by Montenegro Airlines with 10.38% and Lufthansa with 9.53% share. These three carriers account for 32.55% of the international air traffic of foreign air carriers.

With a percentage of participation in this type of air traffic in the range of 6.28 to 3.21% are: Austrian Airlines (6.28%), Turkish Airlines (5.30%), Aeroflot (5.28%), Swiss International , 48%), Polskie Linie LOT (3,21%), with a total share of 24.55%.

Regular **cargo transportation** in the period I-XII 2018 was carried out by 4 (four) foreign air carriers: Turkish Airlines, Swiftair Aviation, European Air Transporter Leipzig GmbH and Swiftair Hellas.

The most important **low cost air carriers** in the period of I-XII 2018 are: Easyjet, Flydubai, Norwegian Air Shuttle, Wizz Air, Vueling, Transavia, Pegasus Air, Red Wings and Eurowings.

### 3.2. PASSENGER TRAFFIC

In the period I-XII 2018, the total traffic of passengers was realized at 5.507.852, which is a growth of 3% of passengers in relation to the same period of 2017, and 5% lower in relation to the Rebalance IV of the Business Plan for the period I-XII 2018.

Passenger traffic by type of air traffic							
Type of air traffic	Realization I-XII 2017	Rebalance IV of the Plan I-XII 2018	Realization I-XII 2018	Index		Share I-XII 2017	Share I-XII 2018
1	2	3	4	5(4/2)	6 (4/3)	7	8
Domestic air traffic	81	83	32	40	39	0.00	0.00
International air traffic - domestic carriers	2,684,093	2,467,936	2,488,723	93	101	50.23	45.19
International air traffic - foreign carriers	2,659,246	3,320,295	3,019,097	114	91	49.77	54.81
<b>TOTAL:</b>	<b>5,343,420</b>	<b>5,788,314</b>	<b>5,507,314</b>	<b>103</b>	<b>95</b>	<b>100.00</b>	<b>100.00</b>

The largest share in the realized passenger traffic for I-XII 2018 by type of air traffic is held by foreign carriers in international air traffic with 54.81%, followed by domestic carriers in international air traffic with 45.19% share.

The number of passengers transported by domestic air carriers in international air traffic for I-XII 2018 decreased by 7% compared to the same period last year, and in relation to the Rebalance IV of the Business Plan for I-XII 2018, it increased by 1% .

The number of passengers transported by foreign air transporters in international air traffic increased by 14% compared to the figure for the same period of the previous year and decreased by 9% compared to the Rebalans IV Business Plan for I-XII 2018.

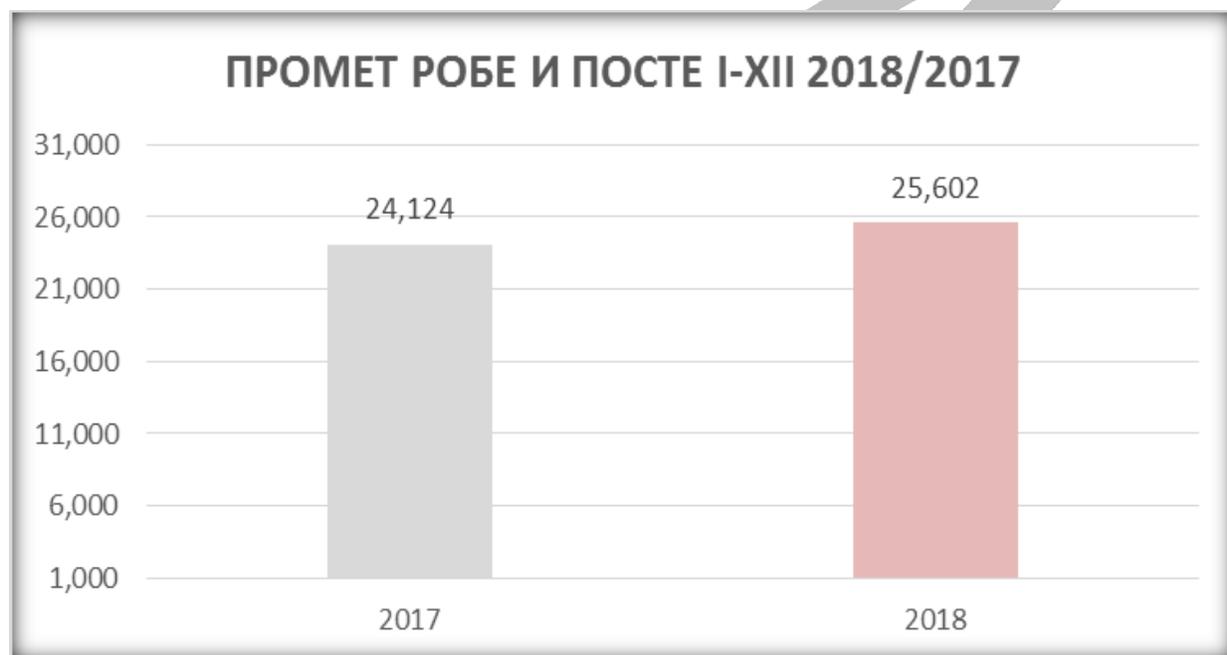


### 3.3. TRANSPORT OF GOODS AND POST

In the period I-XII 2018, the turnover of goods and post amounted to 25,602 tons, which is 6% more compared to the same period of the previous year and 16% lower in relation to the Rebalance IV of the Business Plan for I-XII 2018.

The turnover of goods and post in the period I-XII 2018 in the international air traffic of domestic carriers is 8% higher than in the same period of 2017 and 5% lower in relation to the Rebalance IV of the Business Plan for I-XII 2018. In the period of I-XII 2018, in the international air traffic, the result in the period I-XII of 2018 is 5% higher compared to the same period of the previous year and 20% lower in relation to the Rebalance IV of the Plan of Business for I-XII 2018.

Turnover of goods and post in tonnes							
Type of air traffic	Realization I-XII 2017	Rebalance IV of the Plan I-XII 2018	Realization I-XII 2018	Index		Share I-XII 2017	Share I-XII 2018
1	2	3	4	5(4/2)	6 (4/3)	7	8
Domestic air traffic	0	0	0	0	0	0.00	0.00
International air traffic - domestic carriers	6,059	6,899	6,567	108	95	25.12	25.65
International air traffic - foreign carriers	18,065	23,685	19,035	105	80	74.88	74.35
<b>TOTAL:</b>	<b>24,124</b>	<b>30,584</b>	<b>25,602</b>	<b>106</b>	<b>84</b>	<b>100.00</b>	<b>100.00</b>





PHYSICAL VOLUME OF AIR TRAFFIC									
Type of air traffic	Realization I-XII 2017		Rebalance IV of the Plan I-XII 2018		Realization I-XII 2018		Index		
1	2		3		4		5 (4/2) 6 (4/3)		
		Share		Share		Share			
<b>Domestic air traffic</b>									
Air operations	56	0	62	0	22	0	39	35	
Passengers	81	0	83	0	32	0	40	39	
Goods and post aircraft + trucks (t)	0	0	0	0	0	0	0	0	
<b>International air traffic - domestic air carriers</b>									
Air operations	31,912	54	31,779	53	30,123	51	94	95	
Passengers	2,684,093	50	2,467,936	43	2,488,723	45	93	101	
Goods and post aircraft + trucks (t)	6,689	28	6,899	23	6,567	26	98	95	
<b>International air traffic - foreign air carriers</b>									
Air operations	26,891	46	27,930	47	29,036	49	108	104	
Passengers	2,659,246	50	3,320,295	57	3,019,097	55	114	91	
Goods and post aircraft + trucks (t)	17,435	72	23,685	77	19,035	74	109	80	
<b>TOTAL:</b>									
Air operations	58,859	100	59,771	100	59,181	100	101	99	
Passengers	5,343,420	100	5,788,314	100	5,507,852	100	103	95	
Goods and post aircraft + trucks (t)	24,124	100	30,584	100	25,602	100	106	84	

Сектор финансија

## 4. REVENUES AND EXPENDITURE

The Company performs its business activity as a single business segment. Accordingly, revenues and expenditures are shown at the Company's level.

### 4.1. REVENUE

In the period I- X II 2018 in the JSC Airport Nikola Tesla Belgrade the generated **total revenue** amounted to **69.851.726.505 dinars**. The **total revenue** thus generated **increased** in relation to the same period of the previous year due to the **income from the concession fee**. Thus generated revenue increased 7.2 times in relation to the revenue generated in the same period of the previous year, and in relation to the Rebalance IV of the Business Plan for the period I- X II 2018 it is 6.5 times higher.

Structure of the generated revenues for I- XII 2018 is shown in the table of **structure of revenues by types of services**.

In the structure of generated revenues for the period I- XII 2018, the largest share belongs to **operating revenues**, which in the amount of **69.504.846.289 dinars** participate in the total revenues with 99.5%. Such operating revenues increased 7.4 times compared to the same period of the previous year, and they were 6.5 times higher than the Rebalance IV of the Business Plan for the period I- XII 2018.

Within operating revenues, the revenues generated from the provision of **air services in the amount of RSD 3,496,703,260** refers to 5% of total operating revenues. These revenues increased by 22% compared to the same period of the previous year, and in relation to the Rebalance IV of the Business Plan for the period I- XII 2018, they increased by 6%.

Within the revenue from air services - domestic air carriers in the period I- XII 2018, the highest revenue growth was recorded in:

- revenue from the use of air bridges;
- income from acceptance and dispatch and
- income from infrastructure.

Revenues from **passenger service and security fees** were generated in the amount of **4.472.828.025 dinars** for the period I - XII 2018, which is 6% of total operating revenues. Such revenues from passenger services and security fees increased by 1% compared to the same period of the previous year, and decreased by 7% compared to the Rebalance IV of the Business Plan for the period I- XII 2018.

Within the revenue from the passenger service, the revenue from the passenger service for foreign air carriers increased by 13% compared to the same period of the previous year.

In the period I- XII 2018, revenues from providing **services in the customs warehouse** were generated in the amount of **RSD 178,818,900**. Revenue generated from this services in the customs warehouse are higher by 1% than the realized revenues on this basis in the same period of the previous year.

In the period I - XII 2018 revenues from **other services** were generated in the amount of **1.054.489.296 dinars**. Revenue generated from other services increased by 14% compared to the same period last year.

**Revenues from the sale of goods** were generated in the amount of **RSD 5,468,796**.

In the period I - XII 2018, **other operating revenues** were generated in the amount of **60,296,538,013 dinars**. The revenue thus generated mostly relates to the revenue from the concession fee.

**Financial revenues** in the period I - XII 2018 were generated in the amount of **125,122,767 dinars** and decreased by 16% compared to the same period of the previous year.

Such a decrease in financial revenues in the period I- XII 2018 compared to the same period of the previous year was due in part to the fall in interest rates and partly due to the fall in the exchange rate of the dinar against the euro (the euro exchange rate as of December 31, was 118,1946 dinars, while the euro exchange rate on December 31, 2017 was 118.4727 dinars).

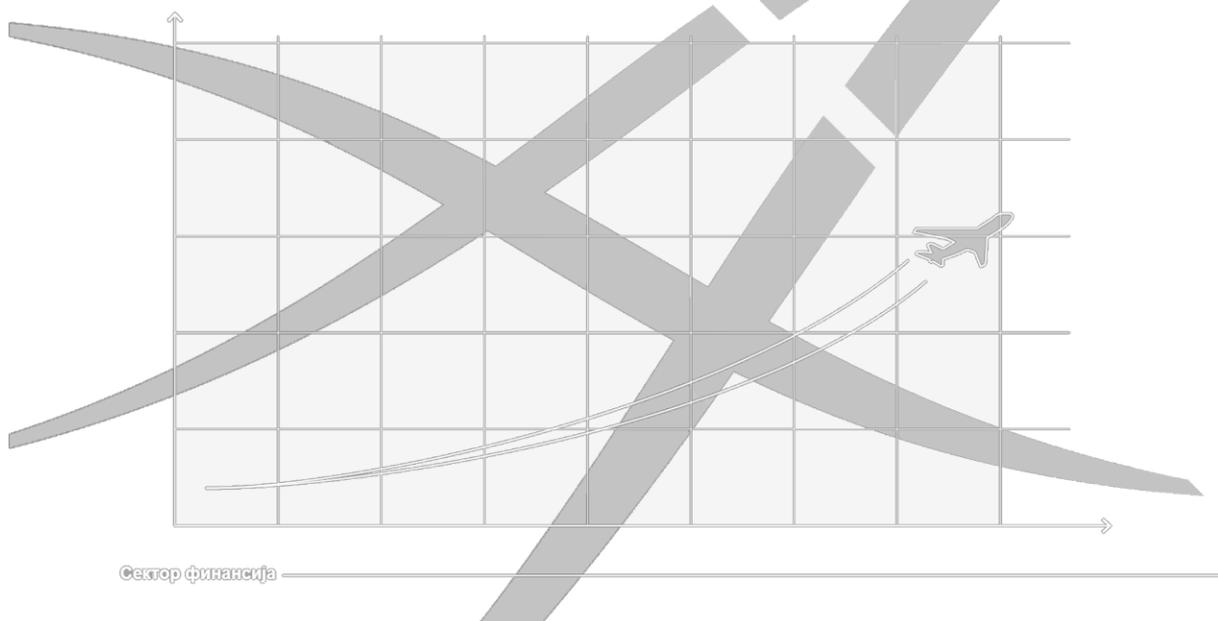
The structure of financial revenues for I- XII 2018 consists of:

- interest revenue in the amount of 67,048,247 dinars and participates with 54% in total financial revenue;
- foreign exchange differences - realized in the amount of 50,507,858 dinars and participating with 40% in total financial revenue;
- exchange rate gains - unrealized in the amount of RSD 7,566,663 and participating with 6% in total financial revenue.

**Other revenues** in the period I - XII 2018 were generated in the amount of **221,757,448 dinars** and were 2.3 times higher than the same period of the previous year.

The main foreign customers from the point of view of the share in sales revenues in the period I- XII 2018 are:

- Air Serbia 2.758.347 thousand dinars ;
- Deutsche Lufthansa 603,687 thousand dinars;
- Montenegro Airlines 493,570 thousand dinars.



REVENUE STRUCTURE							
No.	Type of service	Description of service	Realization I-XII 2017	Rebalance IV of the Plan I-XII 2018	Realization I-XII 2018	Index	
1	2	3	4	5	6	7 (6/4)	8 (6/5)
	<b>Air services - domestic air carriers</b>						
	614000+614004+614300+614302+614303+614304	Landing	186.107.630	199.452.646	187.356.047	101	94
	614010+614014+614310+614312+614313+614314	Lighting	59.538.019	60.411.716	52.819.901	89	87
	614030+614034+614330+614332+614333+614334	P/O	248.161.133	596.655.100	572.532.482	231	96
	614040+614042+614043+614044	Infrastructure	138.364.888	114.823.615	318.577.163	230	277
	614050+614052	Airbridges	9.766.851	12.465	82.882.302	849	664.900
	614020+614024+614320+614322+614323+614324	Revenue from aircraft stay	6.149.286	5.802.700	6.392.280	104	110
I	Total air services (domestic air carriers):		648.087.806	977.158.242	1.220.560.175	188	125
	<b>Air services - foreign air carriers</b>						
	615010+615011+615012+615013+615014	Landing	716.670.030	766.109.427	715.541.291	100	93
	615020+615021+615022+615023+615024	Lighting	688.593.002	694.287.070	747.439.484	109	108
	615030+615031+615032+615033+615034	P/O	80.195.428	78.653.069	80.901.526	101	103
	615040+615042+615043+615044	Infrastructure	490.632.149	519.376.581	511.808.310	104	99
	615060+615062	Airbridges	207.514.404	221.611.478	205.041.951	99	93
	615000+615001+615002+615003+615004	Revenue from aircraft stay	24.844.542	31.987.589	15.410.524	62	48
II	Total air services (foreign air carriers):		2.208.449.554	2.312.025.214	2.276.143.085	103	98
I+II	Total air services		2.856.537.360	3.289.183.457	3.496.703.260	122	106
	<b>Passenger service</b>						
	614400+614404 - domestic companies - domestic traffic	Passenger service - domestic companies /domestic traffic	872	1.099	0	0	0
	614181+614182+614183+614190+614192(BRS i PRM)+614410+614412+614413+614414	companies/international traffic	1.202.052.494	1.198.795.703	960.280.198	80	80
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service foreign companies	2.050.051.457	2.319.600.690	2.314.061.115	113	100
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	1.171.760.041	1.289.068.977	1.198.486.712	102	93
III	Total passenger service		4.423.864.864	4.807.466.468	4.472.828.025	101	93
I+II+III	Total air services and passenger service		7.280.402.224	8.096.649.925	7.969.531.285	109	98
	<b>Customs warehouse services</b>						
	614500+614510	Customs warehouse	163.678.202	183.352.047	163.901.161	100	89
	615300 +615310 (foreign)	Customs warehouse services foreign market	13.287.830	20.479.554	14.917.739	112	73
IV	Total customs warehouse services:		176.966.033	203.831.601	178.818.900	101	88
V	Total services related to air traffic (I to IV):		7.457.368.257	8.300.481.526	8.148.350.185	109	98
	<b>Other services</b>						
1	614360+614362+615100+615102	DCS Services	18.198.738	19.161.222	24.459.298	134	128
2	614110+614112+614114+614115+614116+614170+614172+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Workorder	165.582.620	172.301.384	126.369.088	76	73
3	614130+614131+615071+615072	VIP Salon	6.574.223	6.804.813	6.837.725	104	100
4	614140+614142+615090+615092	CUTE (domesti + foreign)	183.142.000	193.248.941	184.720.444	101	96
5	614380+615080	Lost and Found	18.481.480	19.501.392	19.753.302	107	101
6	6146+615120+615400+615401	Communal services	169.839.791	158.187.589	186.488.270	110	118
7	614820+615170	Hospitality services business class	189.290	219.138	1.400	1	1
8	614870+615810	Advertizing space	63.397.467	72.645.685	48.129.436	76	66
9	614883	Commercial use of the apron	55.418.204	64.129.401	58.398.038	105	91
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	157.473.677	139.166.886	171.902.014	109	124
11	614860+614861+614865+614866+614867+614868+615880+615885+615887+615888	Revenues from parking space	65.956.193	182.382.553	205.443.039	311	113
12	Other unspecified services - domestic + foreign		21.448.980	21.985.867	21.987.243	103	100
VI	Other services (1 to 12):		925.702.664	1.049.734.870	1.054.489.296	114	100
VII	Total 61 - Revenues from selling services (V+VI)		8.383.070.921	9.350.216.396	9.202.839.481	110	98
	<b>Revenues from selling goods:</b>						
VIII	60 - Revenues from selling kerosene + goods		11.312.490	61.835.130	5.468.796	48	9
IX	Total (60+61) REVENUE GENERATED FROM SALES (VII+VIII)		8.394.383.411	9.412.051.526	9.208.308.277	110	98
X	64 и 65 - Other operating revenue		995.737.326	1.190.360.466	60.296.538.013	6.055	5.065
XI	OPERATING REVENUE (IX+X)		9.390.120.737	10.602.411.992	69.504.846.289	740	656
XII	66 - FINANCIAL REVENUES		149.041.850	99.250.597	125.122.767	84	126
1	interests		93.434.906	78.151.889	67.048.247	72	86
2	foreign exchange differences - unrealized		26.053.087	21.098.709	50.507.858	194	239
3	foreign exchange differences - unrealized		29.553.857	0	7.566.663	26	0
XIII	67, 68 AND 69 OTHER REVENUES		94.955.697	30.683.521	221.757.448	234	723
XIV	Total revenues (XI+XII+XIII)		9.634.118.284	10.732.346.110	69.851.726.505	725	651

## 4.2. EXPENSES

In the period I - XII 2018 **total expenses** were generated in the amount of **7. 240.537. 283 dinars**. Thus generated expenses are higher by 26 % compared to the expenses generated in the same period of the previous year, and 11% higher in relation to the Rebalance IV of the Business Plan for the period I- XII 2018.

**The cost of goods sold** (group 50) between I- XII 2018 is equal to **4. 91 0. 715 of CSD** and for the most part related to the n value of the Consumer sold fuel oil in the said period.

**Cost of materials and energy** (group 51) in the period I- XII 2018 amounted to **569,450,770 dinars** and increased by 16% compared to the same period in 2017. Costs of materials and energy participate in total expenditures with 8% and mostly relate to:

- costs for spent spare parts for current maintenance of fixed assets that are 40% higher than in the same period of the previous year, and other;
- costs for spent basic materials that are 11% higher than in the same period of the previous year;
- costs for spent electricity that are 5% higher than in the same period of the previous year.

Within the total expenses, the largest part relates to the **costs of salaries, fees and other personal expenses (group 52)**, which amounted to **3.509.843.226 dinars** for the period I- XII 2018, and they are higher by 14% compared to the same period of the previous year.

The number of employees (taking 340 employees from Air Serbia for the needs of the Organizational Unit of Ground Handling) and the structure of the manner of engagement of employees in the Company in favor of permanent employees influenced the increase in the costs of wages and salaries.

**The costs of employees' salaries (gross II - groups of accounts 520 and 521)** at the Airport Nikola Tesla Belgrade amount to **2,384,307,547 dinars**, while the **costs of persons engaged through youth cooperatives** (account no. 524000) amount to **366.289.187 dinars** (youth cooperatives Fan, Beograd, Knez, Mediator and Evropa).

In addition to salaries, the group 52 also includes fees for temporary and seasonal work, fees to members of management and supervisory bodies, compensation for contracts (service contract), other personal expenses (transportation of employees, travel expenses, joint aid, jubilee awards, etc.) .

**Costs of production services (group 53)** in the period I-XII 2018 were generated in the amount of **475,154,587 dinars** and they were 14% higher than in the same period of the previous year.

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

- **the costs of transport services** in the period I- XII 2018 are **65,400,843 dinars** and are 5% higher than in the same period of the previous year. Most of them relate to information costs and passenger waiting times, ITT monthly support for registration of passengers and luggage, and other;

- **maintenance service costs** in the period I- XII 2018 amounted to **203,869,721 dinars** and were 23% higher than in the same period of the previous year, mostly due to the increase in the costs of services for the maintenance of other fixed assets.
- **rent costs** in the period I - XII 2018 amounted to **38,095,434 dinar** and are 20% less than in the same period of the previous year. Most of them relate to the lease of business premises of legal entities;
- **advertising and propaganda costs** amount to **113,432,087 dinars**;
- **costs of other services** mostly relate to sewage and water costs, which amounted to **54,356,502 dinars** and are 17% higher than in the same period of the previous year.

**Depreciation cost and provisioning** (group 54) for the period I- XII 2018 in the amount of **1282445667 RSD** is an increase of 44% compared to the same period of the previous year, due to a significant increase in the cost of depreciation.

The growth of depreciation costs in the period January-December 2018 was the result of activation of a significant number number of fixed assets in the second half of 2017 and 2018, and consequently a significant increase in depreciation costs occurred.

**Non-material costs** (group of accounts 55) in in the period I- XII 2018 were generated in the amount of **794,674,343 dinars** and they are higher by 64% compared to the same period of the previous year.

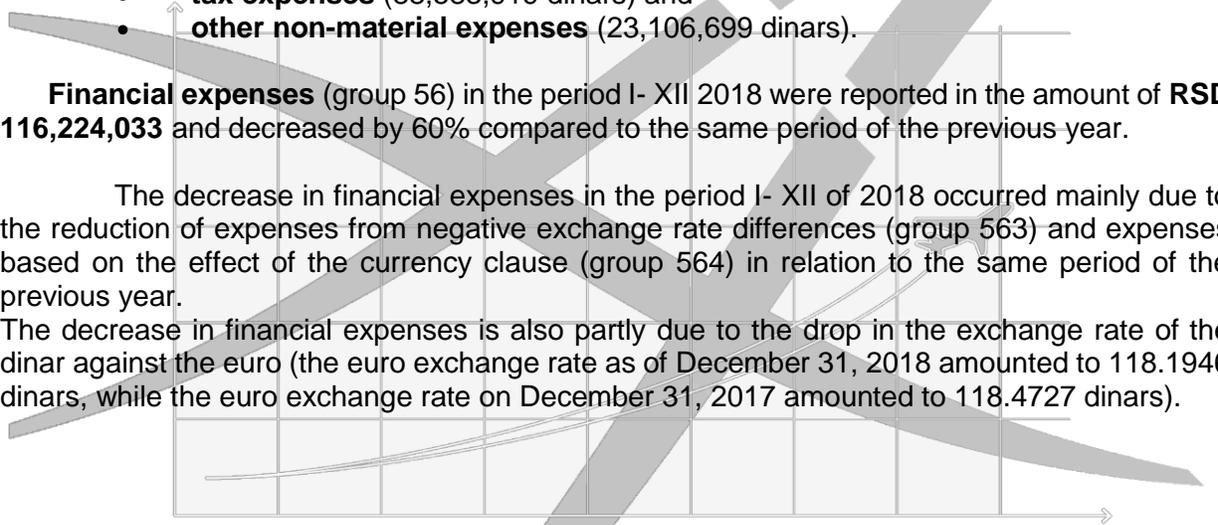
The structure of **non-material costs** (group 55) consists of:

- **costs of non-productive services** are the most significant expenses in the group of non-material costs and were generated in the amount of **616.992.921 dinars** and mostly refer to the costs of consulting services, other types of assessment, etc;
- **representation expenses** (9,909,602 dinars);
- **insurance premiums** (44,713,471 dinars);
- **payment transaction costs** (6,985,684 dinars);
- **membership fees** (4,382,047 dinars);
- **tax expenses** (88,583,919 dinars) and
- **other non-material expenses** (23,106,699 dinars).

**Financial expenses** (group 56) in the period I- XII 2018 were reported in the amount of **RSD 116,224,033** and decreased by 60% compared to the same period of the previous year.

The decrease in financial expenses in the period I- XII of 2018 occurred mainly due to the reduction of expenses from negative exchange rate differences (group 563) and expenses based on the effect of the currency clause (group 564) in relation to the same period of the previous year.

The decrease in financial expenses is also partly due to the drop in the exchange rate of the dinar against the euro (the euro exchange rate as of December 31, 2018 amounted to 118.1946 dinars, while the euro exchange rate on December 31, 2017 amounted to 118.4727 dinars).



Сектор финансија

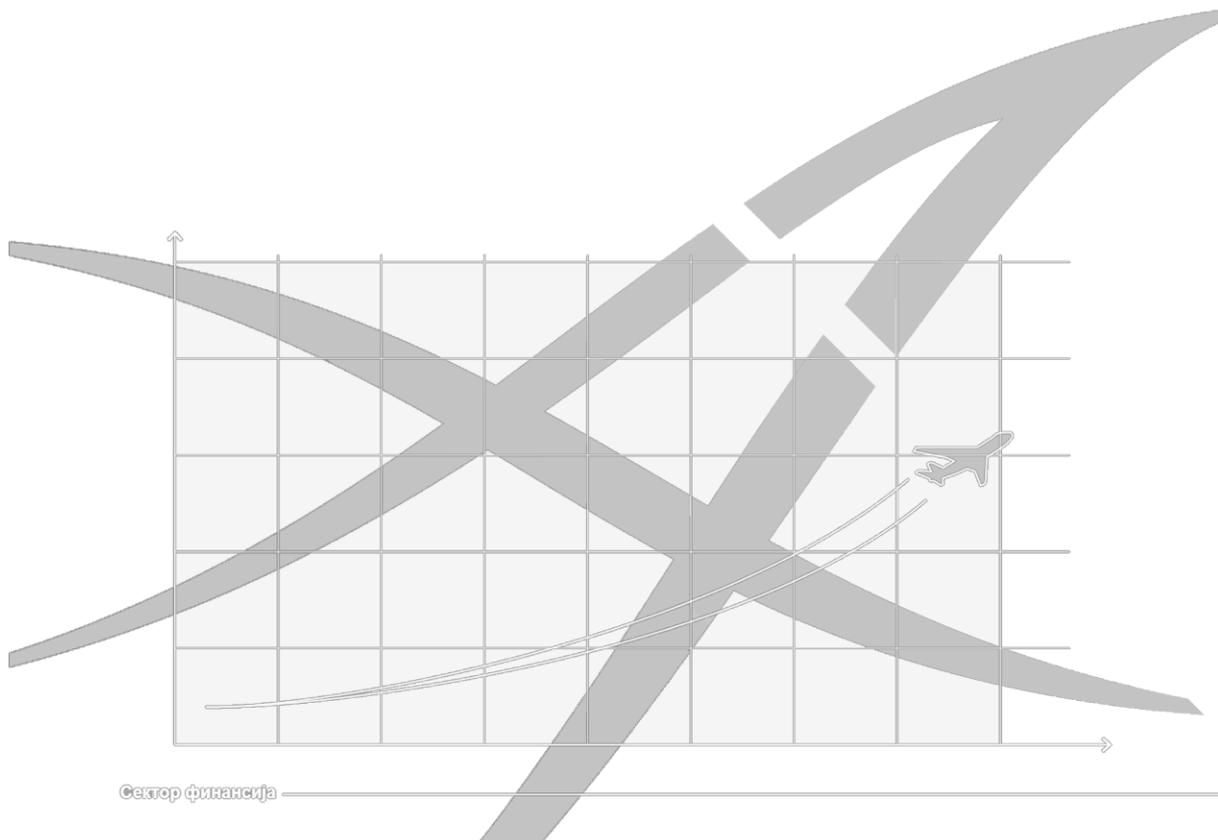
The structure of financial expenses for I- XII 2018 consists of:

- **expenses from negative exchange rate differences - realized** in the amount of **RSD 77,098,666** and participating with 66% in total financial expenses;
- **interest expenses** in the amount of **34,320,451 dinars** and account for 30% of the total financial expenses. They mostly relate to interest on long-term loan liabilities (EIB - reconstruction of the Terminal);
- **expense from negative exchange rate differences - unrealized** in the amount of **RSD 4,804,916** and participating with 4% in total financial expenses.

**Other expenses** (group 57, 58 and 59) in the period I- XII 2018 were realized in the amount of **487,833,944 dinars** and 4,8 times higher compared to the same period last year, mostly due to costs transfer of land (169,408,847 dinars) as part of the project of lot division/ lot redivision, changing of the land surface according to the DKP, where the right to use property was converted into the property rights, so some lots were intended for the road. The transfer was partly made to other legal entities within the airport complex. The higher cost in this group of expenses is also the cost of disposing of inventories, materials and goods (Decision on the stock-taking - transfer to Vinci Airport) in the amount of 151,873,822 dinars.

The main suppliers from the point of view of traffic in the period I- XII 2018 are:

- Lazard 381.239 thousand dinars;
- OZ EUROPA PTZ 264,539 thousand dinars ;
- JP Elektroprivreda Srbije 217,755 thousand dinars, and other.



**STRUCTURE OF EXPENSES**

Account no.	Account	Realization I-XII 2017	Rebalance IV of the Plan IV I-XII 2018	Realization I-XII 2018	INDEX	
					6 (5/3)	7(5/4)
1	2	3	4	5	6 (5/3)	7(5/4)
50	COST OF GOODS SOLD	15.025.905	53.040.000	4.910.715	33	9
501	COST OF GOODS SOLD	15.025.905	53.040.000	4.910.715	33	9
51	COST OF SUPPLIES AND ENERGY	489.875.285	591.888.937	569.450.770	116	96
511	COST OF MATERIALS	153.842.288	160.845.478	189.061.298	123	118
512	COST OF OVERHEAD SUPPLIES	23.030.162	15.249.480	21.329.549	93	140
513	COST OF FUEL AND ENERGY	270.943.860	335.000.000	299.723.211	111	89
514	COST OF SPARE PARTS	41.965.803	76.769.716	58.952.694	140	77
515	COST OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	93.172	4.024.263	384.018	412	10
52	COST OF WAGES, SALARIES AND OTHER PERSONAL COST	3.072.947.732	3.295.939.818	3.509.843.226	114	106
520	COST OF WAGES AND SALARIES (GROSS)	1.746.243.205	1.939.490.924	2.022.301.638	116	104
521	COST OF TAX AND BENEFITS ON WAGES AND SALARIES - EMPLOYER	312.577.550	348.700.999	362.005.909	116	104
522	COST OF COMPENSATION BASED ON SERVICE CONTRACT - GROSS	263.585	316.303	292.936	111	93
524	COST OF WAGES AND SALARIES BASED ON TEMPORARY AND SEASONAL JOBS - GROSS	625.872.558	629.426.868	647.935.279	104	103
525	COMPENSATION TO NATURAL PERSONS BASED ON OTHER CONTRACTS - GROSS	0	0	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMEBERS OF MANAGEMENT AND SUPERVISORY BODIE	8.558.670	8.684.733	9.184.224	107	106
529	OTHER PERSONAL EXPENSES AND COMPENSATIONS	379.432.162	369.319.992	468.123.239	123	127
53	COST OF PRODUCTION SERVICES	415.465.017	762.640.310	475.154.587	114	62
531	COST OF TRANSPORTATION SERVICES	62.406.909	60.542.877	65.400.843	105	108
532	COST OF MAINTENANCE SERVICES	165.557.066	471.362.776	203.869.721	123	43
533	RENTAL COSTS	47.620.495	50.114.623	38.095.434	80	76
535	ADVERTISING AND PROMOTION COST	93.354.453	110.691.215	113.432.087	122	102
539	COST OF OTHER SERVICES	46.526.093	69.928.819	54.356.502	117	78
54	COST OF AMORTIZATION AND PROVISIONING	888.419.901	840.190.000	1.282.445.667	144	153
540	COST OF AMORTIZATION	848.477.253	830.000.000	1.229.112.167	145	148
545	PROVISIONS FOR COMPENSATIONS TO EMPLOYEES	19.932.648	0	0	0	0
549	OTHER LONG-TERM PROVISIONS	20.010.000	10.190.000	53.333.500	267	523
55	NON-MATERIAL COSTS	483.486.138	861.522.483	794.674.343	164	92
550	COST OF SERVICES OTHER THAN PRODUCTION	314.458.233	699.973.764	616.992.921	196	88
551	REPRESENTATION COST	8.607.221	12.115.982	9.909.602	115	82
552	COST OF INSURANCE PREMIUMS	36.364.019	40.767.536	44.713.471	123	110
553	COST OF PAYMENT OPERATIONS	5.221.579	5.283.534	6.985.684	134	132
554	MEMBERSHIP COST	4.530.634	4.920.761	4.382.047	97	89
555	TAX COST	82.067.931	75.754.326	88.583.919	108	117
559	OTHER NON-MATERIAL COST	32.236.521	22.706.580	23.106.699	72	102
I	OPERATING EXPENSES	5.365.219.977	6.405.221.547	6.636.479.307	124	104
56	FINANCIAL EXPENSES	287.925.810	95.642.590	116.224.033	40	122
562	INTEREST EXPENSES	34.838.308	35.625.605	34.320.451	99	96
563	NEGATIVE FOREIGN EXCHANGE DIFFERENCES	244.934.859	59.953.920	81.066.263	33	135
564	EXPENSE BASED ON THE EFFECT OF THE CURRENCY CLAUSE	8.152.643	63.064	837.319	10	1328
II	FINANCIAL EXPENSE	287.925.810	95.642.590	116.224.033	40	122
57	OTHER EXPENSE	82.933.797	49.230.383	392.726.243	474	798
570	LOSSES FROM DISPOSAL AND SALES OF INTANGIBLE INVESTMENT IN PROPERTY AND EQUIP	4.526.857	5.432.228	187.390.571	4140	3450
571	LOSSES FROM DISPOSAL AND SALES OF BIOLIGAS AGENTS	80.000	96.000	0	0	0
574	DEFICITS	363.766	3.255	3.133.665	861	96283
575	AGREED PROTECTION AGAINST RISK THAT IS NOT RECOGNIZED AS REV. PROVISION	6.462	7.754	444	7	6
576	EXPENSES FROM DIRECT WRITE-OFF OF RECEIVABLES	36.027.714	2.425.623	542.015	2	22
577	EXPENSE - DISPOSAL	2.787.725	0	151.873.822	5448	0
579	OTHER UNSPECIFIED EXPENSES	39.141.274	41.265.524	49.785.725	127	121
58	EXPENSE FROM VALUE IMPAIRMENT OF PROPERTY	12.955.041	0	58.032.902	448	0
582	VALUE IMPAIRMENT OF PROPERTY, PLANT, EQUIPMENT	1.000	0	3.928.929	392893	0
583	VALUE IMPAIRMENT OF LONG-TERM FINANCIAL PLACEMENTS AND OTHER SECURITIES AVAIL	10.110.226	0	5.248.605	52	0
584	VALUE IMPAIRMENT OF STOCK, MATERIAL AND SPARE PARTS	943.801	0	0	0	0
585	VALUE IMPAIRMENT OF SHORT-TERM FINANCIAL PLACEMENT RECEIVABLES	1.900.014	0	47.659.729	2508	0
589	VALUE IMPAIRMENT OF OTHER ASSETS	0	0	1.195.639	0	0
59	EXPENSES IN THE PREVIOUS YEARS	4.439.188	0	37.074.799	835	0
591	EXPENSES IN THE PREVIOUS YEARS	0	0	0	0	0
592	EXPENSES FROM ADJUSTMENTS OF MISTAKES FROM PREVIOUS YEARS THAT ARE NOT MAT	4.439.188	0	37.074.799	835	0
III	OTHER EXPENSES	100.328.026	49.230.383	487.833.944	486	991
	<b>TOTAL EXPENSES</b>	<b>5.753.473.813</b>	<b>6.550.094.520</b>	<b>7.240.537.283</b>	<b>126</b>	<b>111</b>

### 4.3. SALARIES

In the period I-XII 2018, the total amount of 2,022,301,638 dinars (gross I) was paid for **employees salaries** and was 16% higher than in the same period of 2017 and 4% higher in relation to the Rebalance IV of the Business Plan for the period I-XII 2018.

SALARIES GROSS I					
Month	Realization I-XII 2017	Rebalance IV of the Plan I-XII 2018	Realization I-XII 2018	Index	
1	2	3	4	5 (4/2)	6 (4/3)
January	141.135.782	161.624.244	195.534.606	139	121
February	136.689.966	161.624.244	170.082.234	124	105
March	156.678.124	161.624.244	165.271.379	105	102
April	141.617.053	161.624.244	176.921.236	125	109
May	140.344.009	161.624.244	172.701.107	123	107
June	137.367.769	161.624.244	166.283.714	121	103
July	137.263.594	161.624.244	167.083.818	122	103
August	144.345.988	161.624.244	174.805.059	121	108
September	138.203.742	161.624.244	176.229.920	128	109
October	137.984.522	161.624.244	165.725.926	120	103
November	167.285.553	161.624.244	170.983.059	102	106
December	167.327.105	161.624.244	120.679.578	72	75
<b>Total</b>	<b>1.746.243.205</b>	<b>1.939.490.924</b>	<b>2.022.301.638</b>	<b>116</b>	<b>104</b>

In the period I-XII 2018, salaries were paid to employees in accordance with individual employment contracts.



In the period I-XII of the current year, the **average gross I salary** in the Company amounted to **RSD 104,487**, which is less than the same for the previous year by 3%. In the period I-XII 2018, the **average net salary** in the Company amounted to **74,742** dinars and was lower by 2% compared to the same period of the previous year.

AVERAGE SALARY GROSS I		AVERAGE SALARY NET	
Month	JSC ANT	Month	JSC ANT
January	117.542	January	83.895
February	102.386	February	73.273
March	99.964	March	71.575
April	106.880	April	76.423
May	104.341	May	74.643
June	101.158	June	72.412
July	101.736	July	72.786
August	106.653	August	76.257
September	99.514	September	71.249
October	102.542	October	73.384
November	106.097	November	75.875
December	105.033	December	75.138
Average I-XII 2018	104.487	Average I-XII 2018	74.742
Average I-XII 2017	107.586	Average I-XII 2017	76.598
I-XII 2018 / I-XII 2017	97	I-XII 2018 / I-XII 2017	98

#### 4.4. FINANCIAL RESULT

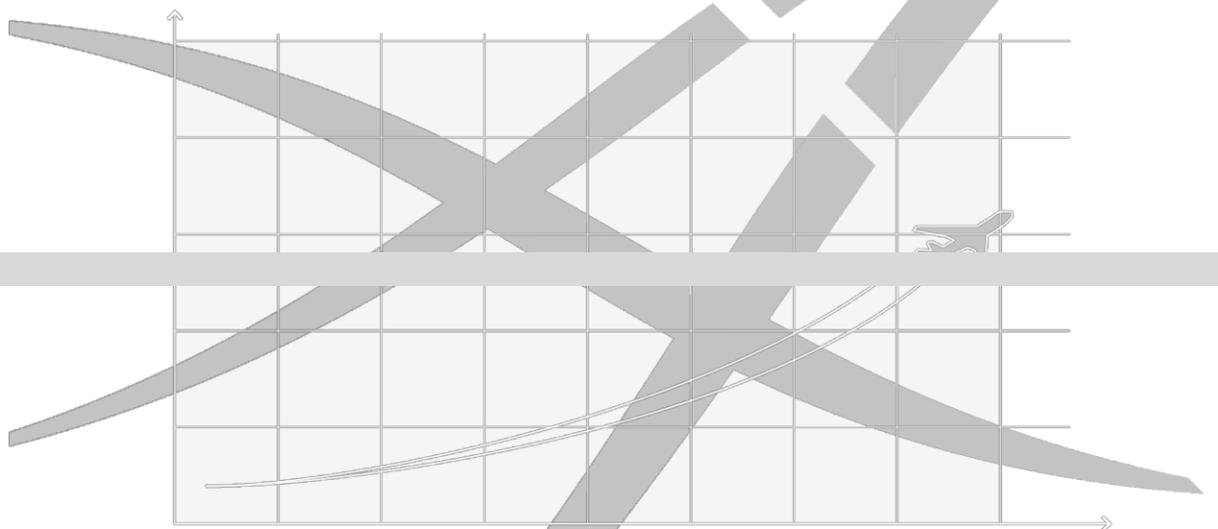
In the period I-XII 2018, the Company's gross profit in the amount of 62.611.189.221 dinars was recognized, while the Company's net profit in the amount of 53.155.449.945 dinars was presented.

The gross and net profit thus recognized is significantly higher than the gross and net profit recorded in the same period of 2017, as well as in relation to the planned gross and net profit in the Rebalance IV of the Business Plan for 2018. A significant increase in the gross and net profit realized in the period I-XII of 2018 arises from the paid concession fee.



## FINANCIAL RESULT

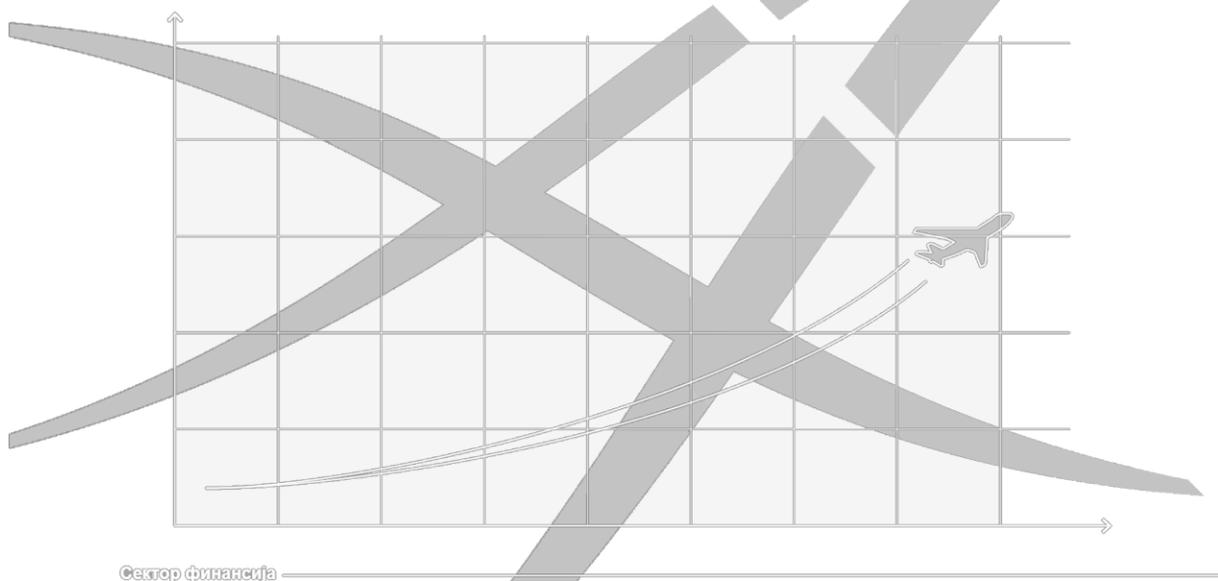
No.	Position	FINANCIAL RESULT		Index		
		Ralization I-XII 2017	Rebalance IV of the Plan I-XII 2018	Realization I-XII 2018		
1	2	3	4	5	6 (5/3)	7 (5/4)
1	Operating revenues	9.390.120.737	10.602.411.992	69.504.846.289	740	656
2	Operating expenses	5.365.219.977	6.405.221.547	6.636.479.307	124	104
3	Operating gain (1-2)	4.024.900.760	4.197.190.445	62.868.366.982	1.562	1.498
4	Financial revenue	149.041.850	99.250.597	125.122.767	84	126
5	Financial expenses	287.925.810	95.642.590	116.224.033	40	122
6	Financial gain (4-5)		3.608.008	8.898.734	0	247
6a	Financial loss (5-4)	138.883.960			0	0
7	Other revenues	94.955.697	30.683.521	221.757.448	234	723
8	Other expenses	100.328.026	49.230.383	487.833.944	486	991
9	Other gain (7-8)					
9a	Other loss (8-7)	5.372.329	18.546.863	266.076.495	4.953	1.435
10	Total revenues (1+4+7)	9.634.118.284	10.732.346.110	69.851.726.505	725	651
11	Total expenses (2+5+8)	5.753.473.813	6.550.094.520	7.240.537.283	126	111
12	Total gross profit (10-11)	3.880.644.471	4.182.251.590	62.611.189.221	1.613	1.497
12a	Total gross loss (11-10)					
13	Tax expense of the period	528.999.911	627.337.738	9.433.469.276	1.783	1.504
14	Deferred tax expense of the period	85.970.372	99.520.000	22.270.001	26	22
15	Deferred tax revenue of the period					
16	Paid out personal compensation to the employer					
17	Net profit	3.265.674.188	3.455.393.851	53.155.449.945	1.628	1.538



Сектор финансија

#### 4.5. ECONOMIC INDICATORS OF THE COMPANY'S OPERATIONS FOR THE PERIOD I - XII YEAR 2018

RATIO ANALYSIS OF THE COMPANY'S OPERATIONS FOR THE PERIOD I-XII 2018					
No.	DESCRIPTION OF RATIO INDICATORS		AOP	RATIO NUMBER FOR I-XII 2017	RATIO NUMBER FOR I-XII 2018
1	LIQUIDITY INDICATORS	Current liquidity ratio (current assets / current liabilities)	0043 / 0442	6,08	6,61
		Quick liquidity ratio (current assets - stock / current liabilities)	(0043-0044) / 0442	5,96	6,61
		Cash ratio (cash equivalents or cash / current liabilities)	0068 / 0442	2,21	6,21
		Financial stability ratio (fixed assets / basic capital + long-term liabilities)	0002 / (0402+0432)	1,20	1,23
2	PROFITABILITY INDICATORS	Net profit margin (net profit / revenue from selling goods + revenue from selling services)	1064 / (1002+1009+1017) *100	34,78	76,48
		Gross profit margin (gross profit / revenue from selling goods + revenue from selling services)*100 <i>*Gross profit margin provides information about the remaining revenue after all costs have been paid after the goods or services have been realized on the market</i>	1058 / (1002+1009+1017) *100	41,33	90,08
		Return on assets (ROA) Net profit / Total assets*100	1064 / 0071*100	10,19	57,72
3	PRODUCTIVITY INDICATORS	Debt ratio (total liabilities / fixed assets)	(0424+0442) / 0002	0,07	0,39
		Current assets turnover ratio (total revenue / current assets)	total revenue / 0043	1,47	1,07
4	EBIT	EBIT (operating revenues - operating expenses)	1001-1018	4.024.900.760,04	62.868.366.982,45
5	EBITDA	EBITDA (operating revenues - operating expenses) + amortization	(1001-1018)+1027	4.873.378.013,10	64.097.479.149,42
6	SOLVENCY RATIO	Solvency ratio (total assets / total liabilities) <i>*Solvency is the Company's ability to pay all liabilities on time. The Company is solvent if the ratio is &gt; or = 1</i>	0071 / (0424+0442)	17,03	8,77
7	EBITDA MARGIN	Ebitda margin (ebitda / operating revenues)*100 <i>*It shows the percentage of profit in the revenues of the Company irrespective of amortization and the financial result</i>	Ебитда / 1001*100	51,90	92,22
8	NET CURRENT ASSETS	Net current assets - NCA (current assets - current liabilities)	0043-0442	5.487.372.053,42	55.481.505.179,21



## 5. ORGANIZATIONAL UNIT (OU) OF GROUND HANDLING (GH) AT THE AIRPORT NIKOLA TESTA BELGRADE

According to the Rulebook on the provision of ground handling services at airports, the Airport Nikola Tesla Beograd (Official Gazette of the Republic of Serbia No. 61/2015 - hereinafter the Rulebook) drew up the Business Plan of the Ground Handling Organizational Unit within the ANT number 33-179 / 2 as of 24/06/2016.

According to the Rulebook on the provision of ground handling services at airports, Airport Nikola Tesla Belgrade is obliged to keep accounting records of the business activity of the airport operator and the ground handling services in the way that ensures a complete separation of accounts of the specified activities.

The Rulebook defines the types of services that the Ground Handling provides to third parties as follows:

- 1) acceptance and dispatch of aircraft on the apron;
- 2 ) acceptance and dispatch of baggage;
- 3) supplying aircraft with fuel and lubricants;
- 4) acceptance and dispatch of post and goods, in the part relating to physical handling at arrival, departure or transfer between goods (cargo) terminal and aircraft.

Determination of realized revenues and expenditures in period I-IV 2018 of Ground Handling is in accordance with the Business Plan of Ground Handling Organizational Unit at the ANT No. 33-179 / 2 as of 24/06/2016.

### 5.1. REVENUES OF GROUND HANDLING

In the period I-XII 2018, Ground Handling generated **total revenues** in the amount of **1.983.117.533 dinars** which constitute 3% of the total generated revenues at the Company's level.

The total generated operating revenue from the services provided by Ground Handling, at the ANT in the period I-XII 2018, amounts to 1.981.358.998 dinars and accounts for 3% of the total generated operating revenue of the ANT for 2018.

Within operating revenues, the largest share of 83% consists of revenues from air transport services, which were realized in the amount of RSD 1,643,522,832, followed by revenues from other services in the amount of 337,836,166 dinars with a share of 17%, revenues from customs warehouse services in the amount of 178,818,900 dinars and make up 9% of operating revenue, and revenues from passenger services in the amount of 115,367,170 dinars and make 6% of operating revenue in the period I-XII 2018.

Financial revenues were realized in the amount of 726,884 dinars for the period I-XII 2018 and mostly refer to realized exchange differences. Other revenues were realized in the amount of 1,031,650 dinars for the period I-XII 2018 and relate mostly to revenues from the sale of equipment.

Сектор финансија

STRUCTURE OF REVENUES - GROUND HANDLING (GH)							
No.	Type of service	Description of service	Realization GH I-XII 2017	Realization ANT I-XII 2018	Realization GH I-XII 2018	Index	Share
1	2	3	4	5	6	7 (6/4)	8 (6/5)
	<b>Air services domestic companies</b>						
	614000+614004+614300+614302+614303+614304	Landing	0	187.356.047	0	0	0
	614010+614014+614310+614312+614313+614314	Lighting	0	52.819.901	0	0	0
	614030+614034+614330+614332+614333+614334	P/O	248.161.133	572.532.482	572.532.482	231	100
	614040+614042+614043+614044	Infrastructure	0	318.577.163	0	0	0
	614050+614052	Airbridges	983.768	82.882.302	8.793.315	894	11
	614020+614024+614320+614322+614323+614324	Revenue from aircraft stay	0	6.392.280	0	0	0
I	<b>Total air services (domestic companies):</b>		<b>249.144.900</b>	<b>1.220.560.175</b>	<b>581.325.797</b>	<b>233</b>	<b>48</b>
	<b>Авио услуге ино компаније</b>						
	615010+615011+615012+615013+615014	Landing	0	715.541.291	0	0	0
	615020+615021+615022+615023+615024	Lighting	688.593.002	747.439.484	747.439.484	109	100
	615030+615031+615032+615033+615034	P/O	0	80.901.526	0	0	0
	615040+615042+615043+615044	Infrastructure	0	511.808.310	0	0	0
	615060+615062	Airbridges	21.494.201	205.041.951	20.571.481	96	10
	615000+615001+615002+615003+615004	Revenue from aircraft stay	0	15.410.524	0	0	0
II	<b>Total air services (foreign services):</b>		<b>710.087.203</b>	<b>2.276.143.085</b>	<b>768.010.965</b>	<b>108</b>	<b>34</b>
I+II	<b>Total air services</b>		<b>959.232.104</b>	<b>3.496.703.260</b>	<b>1.349.336.762</b>	<b>141</b>	<b>39</b>
	<b>Passenger service</b>						
	<b>Passenger service domestic</b>						
	614400+614404 - domestic companies - domestic air traffic	companies/domestic traffic	0	0	0	0	0
	614181+614182+614183+614190+614192(BRS i PRM)+614410+614412+614413+614414	companies/international traffic	52.177.375	960.280.198	39.257.355	75	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international traffic	64.193.654	2.314.061.115	76.109.815	119	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	0	1.198.486.712	0	0	0
III	<b>Total passenger service</b>		<b>116.371.029</b>	<b>4.472.828.025</b>	<b>115.367.170</b>	<b>99</b>	<b>3</b>
I+II+III	<b>Total air services and passenger service</b>		<b>1.075.603.133</b>	<b>7.969.531.285</b>	<b>1.464.703.932</b>	<b>136</b>	<b>18</b>
	<b>Customs warehouse services</b>						
	614500+614510	Customs warehouse	163.678.202	163.901.161	163.901.161	100	100
	615300 +615310 (foreign)	Customs warehouse services foreign market	13.287.830	14.917.739	14.917.739	112	100
IV	<b>Total customs warehouse services:</b>		<b>176.966.033</b>	<b>178.818.900</b>	<b>178.818.900</b>	<b>101</b>	<b>100</b>
V	<b>Total services related to air traffic (I to IV):</b>		<b>1.252.569.165</b>	<b>8.148.350.185</b>	<b>1.643.522.832</b>	<b>131</b>	<b>20</b>
	<b>Other services</b>						
1	614360+614362+615100+615102	DCS Services	18.198.738	24.459.298	24.459.298	134	100
2	614110+614112+614114+614115+614116+614170+614172+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Workorder	150.659.053	126.369.088	111.997.338	74	89
3	614130+614131+615071+615072	VIP Salon	0	6.837.725	0	0	0
4	614140+614142+615090+615092	CUTE (domestic + foreign)	0	184.720.444	0	0	0
5	614380+615080	Lost and found	18.481.480	19.753.302	19.753.302	107	100
6	6146+615120+615400+615401	Communal services	0	186.488.270	0	0	0
7	614820+615170	Hospitality services business class	0	1.400	0	0	0
8	614870+615810	Advertizing space	0	48.129.436	0	0	0
9	614883	Commercial use of the apron	0	58.398.038	0	0	0
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	157.473.677	171.902.014	171.902.014	109	100
11	614860+614861+614865+614866+614867+614868+615880+615885+615887+615888	Revenues from parking space	0	205.443.039	861.908	0	0
12	Other unspecified services - domestic + foreign		9.116.297	21.987.243	8.862.307	97	40
VI	<b>Other services</b>		<b>353.929.245</b>	<b>1.054.489.296</b>	<b>337.836.166</b>	<b>95</b>	<b>32</b>
VII	<b>Total 61 - Revenues from selling services (V+VI)</b>		<b>1.606.498.410</b>	<b>9.202.839.481</b>	<b>1.981.358.998</b>	<b>123</b>	<b>22</b>
	<b>Revenues from selling goods:</b>						
VIII	<b>60 - Revenues from selling kerosene + goods</b>		<b>0</b>	<b>5.468.796</b>	<b>0</b>	<b>0</b>	<b>0</b>
IX	<b>Total (60+61) SALES REVENUES (VII+VIII)</b>		<b>1.606.498.410</b>	<b>9.208.308.277</b>	<b>1.981.358.998</b>	<b>123</b>	<b>22</b>
X	<b>64 и 65 - Lease of business premises</b>		<b>0</b>	<b>60.296.538.013</b>	<b>0</b>	<b>0</b>	<b>0</b>
XI	<b>OPERATING REVENUES (IX+X)</b>		<b>1.606.498.410</b>	<b>69.504.846.289</b>	<b>1.981.358.998</b>	<b>123</b>	<b>3</b>
XII	<b>66 - FINANCIAL REVENUES</b>		<b>625.212</b>	<b>125.122.767</b>	<b>726.884</b>	<b>116</b>	<b>1</b>
1	interests		0	67.048.247	0	0	0
2	foreign exchange differences - realized		610.402	50.507.858	713.809	117	1
3	foreign exchange differences - unrealized		14.810	7.566.663	13.075	88	0
XIII	<b>67, 68 and 69 OTHER REVENUES</b>		<b>5.635.604</b>	<b>221.757.448</b>	<b>1.031.650</b>	<b>18</b>	<b>0</b>
XIV	<b>Total revenues (XI+XII+XIII)</b>		<b>1.612.759.226</b>	<b>69.851.726.505</b>	<b>1.983.117.533</b>	<b>123</b>	<b>3</b>

## 5.2. EXPENSES OF OU GROUND HANDLING

In the period I-XII 2018, **total expenses of GH** were generated in the amount of **1.809.360.798 dinars**, representing 25% of the generated ANT expenses on this basis for the mentioned period in 2018.

Total **operating expenses** on the basis of services rendered by Ground Handling at the ANT amounted to **1.800.937.347 dinars** in the period January-December 2018 and accounts for 27% of the operating expenses of the ANT for 2018.

The following expenses are included in operating expenses:

- the largest share within operating expenses of 77% are the costs of salaries, benefits and other personnel expenses in the amount of 1.380.304.515 dinars. The number of employees (taking 340 employees from Air Serbia for the needs of Ground Handling) has influenced the increase in wage and salary costs by 28% in comparison to the same period of the previous year;
- material and energy costs account for 11% of costs within operating expenses and amount to 196.903.985 dinars;
- depreciation and amortization costs are 163.202.984 dinars and make up 9% of operating expenses of Ground Handling;
- costs of production services 38,806,043 dinars and
- non-material expenses in the amount of 21,719,819 dinars.

**Financial expenses** were realized in the amount of **3,957,831 dinars** for the period I-XII 2018 and relate to negative exchange rate differences.

**Other expenses** were realized in the amount of **4.465.620 dinars** for the period I-XII 2018.



**STRUCTURE OF EXPENSES FOR GROUND HANDLING**

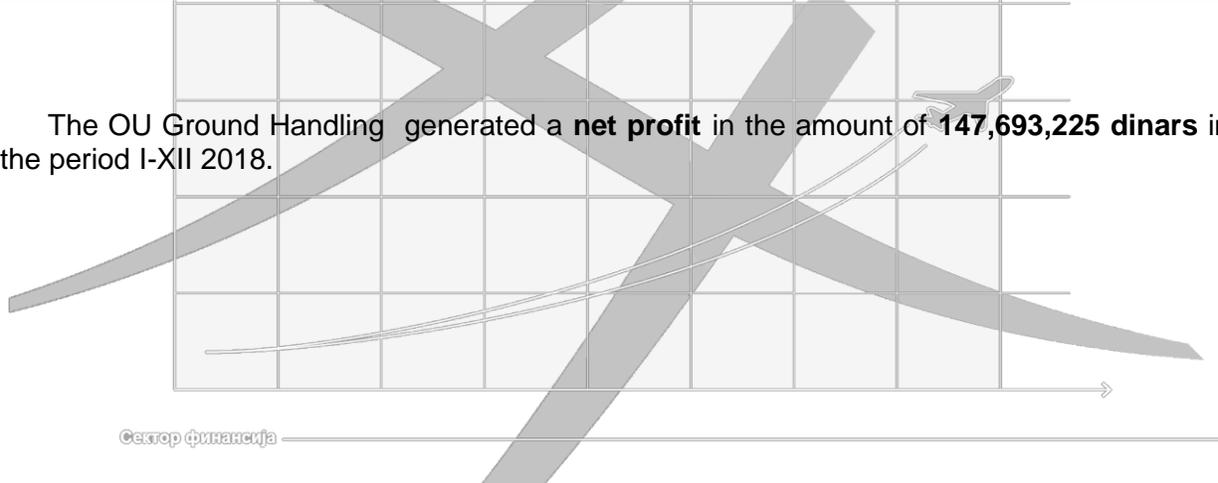
Account t no.	Account	Realization GH	Realization ANT	Realization GH	Index	
		I-XII 2017	I-XII 2018	I-XII 2018	6(5/3)	7(5/4)
1	2	3	4	5	6(5/3)	7(5/4)
50	COST OF GOODS SOLD	0	4.910.715	0	0	0
501	COST OF GOODS SOLD	0	4.910.715	0	0	0
51	COST OF SUPPLIES AND ENERGY	176.844.583	721.324.592	196.903.985	111	27
511	COST OF MATERIALS	83.280.352	340.935.120	105.403.294	127	31
512	COST OF OVERHEAD SUPPLIES	3.956.482	21.329.549	6.892.445	174	32
513	COST OF FUEL AND ENERGY	79.389.198	299.723.211	70.028.498	88	23
514	COST OF SPARE PARTS	10.141.885	58.952.694	14.577.733	144	25
515	COST OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	76.666	384.018	2.016	3	1
52	COST OF WAGES, SALARIES AND OTHER PERSONAL COST	1.076.356.793	3.509.843.226	1.380.304.515	128	39
520	COST OF WAGES AND SALARIES (GROSS)	584.611.663	2.022.301.638	758.523.837	130	38
521	COST OF TAX AND BENEFITS ON WAGES AND SALARIES - EMPLOYER	104.645.495	362.005.909	135.777.172	130	38
522	COST OF COMPENSATION BASED ON SERVICE CONTRACT - GROSS	0	292.936	0	0	0
524	COST OF WAGES AND SALARIES BASED ON TEMPORARY AND SEASONAL JOBS - GROSS	278.211.020	647.935.279	305.860.465	110	47
525	COMPENSATION TO NATURAL PERSONS BASED ON OTHER CONTRACTS - GROSS	0	0	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMEBERS OF MANAGEMENT AND SUPERVISORY BODIES - GROSS	1.005.579	9.184.224	765.046	76	8
529	OTHER PERSONAL EXPENSES AND COMPENSATIONS	107.883.036	468.123.239	179.377.996	166	38
53	COST OF PRODUCTION SERVICES	59.627.292	475.154.587	38.806.043	65	8
531	COST OF TRANSPORTATION SERVICES	23.921.369	65.400.843	20.388.362	85	31
532	COST OF MAINTENANCE SERVICES	26.276.515	203.869.721	12.317.714	47	6
533	RENTAL COSTS	2.698.403	38.095.434	0	0	0
535	ADVERTISING AND PROMOTION COST	0	113.432.087	0	0	0
539	COST OF OTHER SERVICES	6.731.005	54.356.502	6.099.966	91	11
54	COST OF AMORTIZATION AND PROVISIONING	140.324.890	1.282.445.667	163.202.984	116	13
540	COST OF AMORTIZATION	135.264.916	1.229.112.167	163.202.984	121	13
545	PROVISIONS FOR COMPENSATIONS TO EMPLOYEES	4.783.835	0	0	0	0
549	OTHER LONG-TERM PROVISIONS	276.138	53.333.500	0	0	0
55	NON-MATERIAL COSTS	59.366.686	794.311.683	21.719.819	37	3
550	COST OF SERVICES OTHER THAN PRODUCTION	35.848.806	616.630.261	7.957.531	22	1
551	REPRESENTATION COST	422.435	9.909.602	76.375	18	1
552	COST OF INSURANCE PREMIUMS	11.574.162	44.713.471	4.547.716	39	10
553	COST OF PAYMENT OPERATIONS	508.389	6.985.684	185.475	36	3
554	MEMBERSHIP COST	867.306	4.382.047	423.200	49	10
555	TAX COST	7.047.330	88.583.919	8.529.523	121	10
559	OTHER NON-MATERIAL COST	3.098.257	23.106.699	0	0	0
I	OPERATING EXPENSES	1.512.520.243	6.787.990.469	1.800.937.347	119	27
56	FINANCIAL EXPENSES	5.030.738	116.222.948	3.957.831	79	3
562	INTEREST EXPENSES	0	34.320.451	0	0	0
563	NEGATIVE FOREIGN EXCHANGE DIFFERENCES	5.030.738	81.066.263	3.957.831	79	5
564	EXPENSE BASED ON THE EFFECT OF THE CURRENCY CLAUSE	0	836.234	0	0	0
II	FINANCIAL EXPENSE	5.030.738	116.222.948	3.957.831	79	3
57	OTHER EXPENSE	5.217.348	240.852.421	745.515	14	0
570	LOSSES FROM DISPOSAL AND SALES OF INTANGIBLE INVESTMENT IN PROPERTY AND EQUIPMENT	1.034.228	187.390.571	43.005	4	0
571	LOSSES FROM DISPOSAL AND SALES OF BILOGICAS AGENTS	0	0	0	0	0
574	DEFICITS	0	3.133.665	285.749	0	9
575	AGREED PROTECTION AGAINST RISK THAT IS NOT RECOGNIZED AS REV. PROVISION	0	444	0	0	0
576	EXPENSES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	542.015	0	0	0
577	EXPENSE - DISPOSAL	0	0	0	0	0
579	OTHER UNSPECIFIED EXPENSES	4.183.120	49.785.725	416.762	10	1
58	EXPENSE FROM VALUE IMPAIRMENT OF PROPERTY	183.103	58.032.902	3.273.048	1788	6
582	VALUE IMPAIRMENT OF PROPERTY, PLANT, EQUIPMENT	0	3.928.929	3.174.609	0	81
583	VALUE IMPAIRMENT OF LONG-TERM FINANCIAL PLACEMENTS AND OTHER SECURITIES AVAILABLE FOR SALE	0	5.248.605	0	0	0
584	VALUE IMPAIRMENT OF STOCK, MATERIAL AND SPARE PARTS	0	0	0	0	0
585	VALUE IMPAIRMENT OF SHORT-TERM FINANCIAL PLACEMENT RECEIVABLES	183.103	47.659.729	98.439	54	0
589	VALUE IMPAIRMENT OF OTHER ASSETS	0	1.195.639	0	0	0
59	EXPENSES IN THE PREVIOUS YEARS	0	37.074.799	447.057	#DIV/0!	1
591	EXPENSES IN THE PREVIOUS YEARS	0	0	0	0	0
592	EXPENSES FROM ADJUSTMENTS OF MISTAKES FROM PREVIOUS YEARS THAT ARE NOT MATERIALLY AFFECTING	0	37.074.799	447.057	0	1
III	OTHER EXPENSES	5.400.451	335.960.121	4.465.620	83	1
	<b>TOTAL EXPENSES</b>	<b>1.522.951.432</b>	<b>7.240.173.538</b>	<b>1.809.360.798</b>	<b>119</b>	<b>25</b>

### 5.3. FINANCIAL RESULTS OF GROUND HANDLING

Using the attached table it can be concluded that for the period I-XII 2018 the OU Ground Handling generated **total revenues** in the amount of **1,983,117,533 dinars**, **total expenses** in the amount of **1.809.360.798 dinars**, which resulted in a **gross profit** of **173,756,735 dinars**.

FINANCIAL RESULT GROUND HANDLING						
No.	Position	Realization GH I-XII 2017	Realization ANT I-XII 2018	Realization GH I-XII 2018	Index	Share
1	2	3	4	5	6 (5/3)	7 (5/4)
1	Operating revenues	1.606.498.410	69.504.846.289	1.981.358.998	123	3
2	Operating expenses	1.512.520.243	6.636.479.307	1.800.937.347	119	27
3	Operating gain (1-2)	93.978.167	62.868.366.982	180.421.651	192	0
4	Financial revenue	625.212	125.122.767	726.884	116	1
5	Financial expenses	5.030.738	116.224.033	3.957.831	79	3
6	Financial gain (4-5)		8.898.734		0	0
6a	Financial loss (5-4)	4.405.526		3.230.947	73	0
7	Other revenues	5.635.604	221.757.448	1.031.650	18	0
8	Other expenses	5.400.451	487.833.944	4.465.620	83	1
9	Other gain (7-8)	235.153			0	0
9a	Other loss (8-7)		266.076.495	3.433.970	0	1
10	Total revenues (1+4+7)	1.612.759.226	69.851.726.505	1.983.117.533	123	3
11	Total expenses (2+5+8)	1.522.951.432	7.240.537.283	1.809.360.798	119	25
12	Total gross profit (10-11)	89.807.795	62.611.189.221	173.756.735	193	0
12a	Total gross loss (11-10)					
13	Tax expense of the period	13.471.169	9.433.469.276	26.063.510	193	0
14	Deferred tax expense of the period		22.270.001		0	0
15	Deferred tax revenue of the period					
16	Paid out personal compensation to the employer					
17	Net profit	76.336.625	53.155.449.945	147.693.225	193	0

The OU Ground Handling generated a **net profit** in the amount of **147,693,225 dinars** in the period I-XII 2018.



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## 6. INFORMATION ABOUT INVESTMENTS FOR THE PURPOSE OF ENVIRONMENTAL PROTECTION

### Monitoring of land and groundwater at the location of the JSC Airport Nikola Tesla Belgrade

In the public procurement procedure, the contract was concluded on July 16, 2018 with the bidder THE JSC INSTITUTE FOR OCCUPATIONAL SAFETY NOVI SAD (*INSTITUT ZA ZAŠTITU NA RADU AD NOVI SAD*) for the amount up to 30.000.000,00 dinars without VAT.

By reviewing the obtained results, the following could be stated:

- sampling and laboratory analysis of soil and groundwater was done in the period July-August 2018;
- soil samples were taken from 73 locations (from multiple locations at a depth of 0.5-5.0m), the number is not yet final as some results are still pending;
- in almost 50% of the soil samples (158), the presence of organic pollutants (pollutants) in concentrations above the maximum limit value (MLV) was observed;
- in only 3 samples at two locations (at a depth of 0.5 and 1.0m), the presence of C10-C40 hydrocarbons in concentrations above the remediation values (RV) was determined;
- In 322 samples, the presence of inorganic pollutants in concentrations above MLV, most commonly cobalt and cadmium (increased nickel concentrations were not considered);
- in no soil sample the concentrations of inorganic pollutants exceeded remediation values;
- A total of 12 samples of groundwater were taken and analyzed;
- In 2 samples of groundwater, the values of lead, copper, chromium, nickel, zinc and arsenic exceeded RV, while in one sample the copper concentrations were above RV and
- in one sample of groundwater, the concentration of organic pollutants did not exceed RV.

Bearing in mind the results of the test, as an entity responsible for the protection of soil and groundwater at the complex, organized land and groundwater tests at locations where there is a suspicion of contamination, on the basis of the obtained results, in the following period, ANT will remove sources of pollution where this is still necessary.

### Equipment for proper handling of hazardous substances and hazardous waste

The procurement procedure is in progress to procure equipment for the proper handling of hazardous substances and hazardous waste, which must be stored in accordance with legally prescribed conditions, as well as handling hazardous substances that must be carried out in such a way as to avoid any unwanted possible incident. Equipment must be procured to prevent any handling in work processes that can cause unwanted effects on human health and the environment, which will harmonize the work processes with the legislation regulating the handling of hazardous substances and hazardous waste.

### **Removal of asbestos-containing waste**

Procedures for procurement of replacement roof coverings and removal of waste material containing asbestos in accordance with the environmental legislation in order to improve the health conditions of use of facilities are in progress.

### **Cleaning service for oily concrete surfaces**

Procurement procedure for removal of deposits of oily material on concrete surfaces is ongoing in order to reduce the negative environmental impact in accordance with the regulations that regulate this area.

## **7. DESCRIPTION OF ALL IMPORTANT BUSINESS EVENTS THAT TOOK PLACE IN THE PERIOD I-XII 2018**

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

- On March 22, 2018, the French company VINCI signed a concession contract for the Airport Nikola Tesla Belgrade for a period of 25 years.
- On March 10, 2018, the Iranian state company Iran Air began flights on the Belgrade-Tehran route, with an A320, twice a week.
- On March 20, 2018, Mahan Air began flights with A310 and regular flights will start from June 04, 2018, twice a week, on the route Belgrade -Tehran.
- On March 19, 2018, Qeshm Air began flights with A320 and will continue flights from May 31, 2018, twice a week, on the Belgrade -Tehran route.
- Transavia has increased the number of frequencies on the route Belgrade - Amsterdam with flights 6 times a week, starting from February 26, 2018. It practically doubled the number of flights with B737-800.
- From May 01, 2018 (six months after the entry into force of the Lease Agreement), the effects of more favorable conditions for leasing the premises to the leaseholder "Dufry", MGN 2, in the amount of EUR 2.50 per each outgoing international passenger, shall apply.
- At 00 o'clock, May 15/May 16, 2018, two parking lots were handed over from JKP Parking Service Belgrade to the JSC Airpor Nikola Tesla Belgrade: parking P1 and public parking garage, whereby further management was transferred to the the JSC Airport Nikola Tesla Belgrade, which is an event of business and strategic importance. In accordance with the given takeover, from May 16, 2018 a new price list of parking and parking places came into force. By taking parking P1 and public parking garages from JKP Parking Service Belgrade, new conditions and ways of using parking spaces have been created, and in accordance with this, the proposal of the new Price list has been prepared. During the development of the new Price list and for parking and standing, a particular care care was given to business partners and employees of business partners (legal entities and individuals who are connected with the JSC Airport Nikola Tesla Belgrade and need to use parking space).
- On July 31, 2018, Easyjet airline opened a line to Basel three times a week and on August 10, 2018, a line to Berlin, four times a week.

- On June 26, 2018, the Russian airline Red Wings opened a line to Moscow Domodedovo, three times a week.
- Following the resumption of the visa regime from November 24, 2018, Iran Air, Qeshm Airlines and Mahan Air stopped flying on the Belgrade - Tehran route and transported 37,099 passengers.
- Aeroflot from W18 introduced the third daily flight to Moscow.
- On November 26, 2018, Hainan Airlines suspended flights on the route Belgrade - Prague - Beijing. During 2018, they completed 95 flights and transported 17,481 passengers.
- In the last quarter of 2018, contracts were concluded on the lease of advertising space, which brings a monthly income of 20,221.59 euros.
- In the last quarter of 2018, contracts for renting business premises with monthly income of 5,617.00 euros were concluded.
- Russian airlines Red Wings will launch scheduled flights on the Belgrade - Moscow line from June 2, 2018, three times a week, with the A-320.
- We have received a request and announcement of the Syrian airline Cham Wings to operate flights in the summer of 2018, starting from June 01, 2018, three times a week, on the Belgrade - Damascus line, with the A-320 aircraft. The DCA approval process is under way.
- The Russian airline Aeroflot is introducing the third flight from the winter schedule 2017/2018.
- On July 26, 2018 the Pamaro bar opened on the first floor of Terminal 1, across the gate A6.
- On September 03, 2018, the retail shop Main Shop opened on the first floor of Terminal 1.
- On September 16, 2018, the retail shop LMS C opened on the first floor of Terminal 2.

For the facility - Other buildings-Restaurant "Borik" (17), area 533,36 m<sup>2</sup>, cadastral lot 3739/1 Cadastre Municipality (CM) Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00025 / 2017-09. The property right was recorded in favor of ANT.

For the technical activity facility, area 704 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin, is on March 08, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00044 / 2017-09. The property right was recorded in favor of ANT.

For the facility Parking P 2.1, area 1200 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin, On March 05, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization (number 354-00-00793 / 2017-09). The property right was recorded in favor of ANT.

For the facility Parking P4, area 3153 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00023 / 2017-09. The property right was recorded in favor of ANT.

For the facility Parking lot P6 , area 2600 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin, on March 05, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed

the Final Decision on legalization number: 354-00-00734 / 2017-09. The property right was recorded in favor of ANT.

For the facility Parking P7, area 4460 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00022 / 2017-09. The property right was recorded in favor of ANT.

For the facility Parking P8, with manipulative area 4000 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00026 / 2017-09. The property right was recorded in favor of ANT.

For Parking P10, area 3950 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin, on 25 January 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00027 / 2017-09. The property right was recorded in favor of ANT.

For the facility Terminal 1 Annex, surface area of around 24870 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin and a part on 3745 CM Surčin, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed a decision on legalization number 354-00-00328 / 2017-09 as of April 25, 2017. The Lounge A10 is legalized - a decision on legalization number 354-00-00096 / 2018-09 was issued as of May 10, 2018. The property right was recorded in favor of ANT.

For the facility Baraka for urea, on May 03, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the final decision on legalization number: 354-00-00087 / 2018-09. The gross area from the Decision on legalization is 289.02 m<sup>2</sup>. The property right was recorded in favor of ANT.

For the facility Weather Station building, on May 03, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization No. 354-00-00085 / 2018-09, area 150 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin. The gross area from the Decision on legalization is 146.07 m<sup>2</sup>. The property right was recorded in favor of ANT.

For the facility Upholstery Workshop, surface area 40 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin, on May 03, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the final Decision on legalization number: 354-00-00089 / 2018-09. The gross area from the Decision on legalization is 39.60 m<sup>2</sup>. The property right was recorded in favor of ANT.

For the facility Air Traffic Building - Garage for De-icing, cadastral lot 3739/1 CM Surčin, in RGZ SKN Surčin the property right was recorded following the decision of RGZ number 952-02-20-200 / 2017 as of June 05, 2018, the surface area of 628 m<sup>2</sup>. The property right was recorded in favor of ANT.

For the facility Air traffic Building - Fire Station for fire protection equipment, area 1432.12 m<sup>2</sup>, cadastral lot 3739/1, CM Surčin the registration of the property right in favor of ANT was carried out in RGZ SKN Surčin following the decision of RGZ number 952-02-20-200 / 2017 as of June, 05, 2018, the area of 1158 m<sup>2</sup>. The property right was recorded in favor of ANT.

For the facility Air Traffic Building - Additional Building, surface area 418 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin the property right was registered in favor of ANT in RGZ SKN Surčin following the

decision of RGZ number 952-02-20-200 / 2017 as of June 05, 2018, the surface area of 418 m<sup>2</sup>. The property right was recorded in favor of ANT.

For the facility Firefighting Water Pool R-264., the surface area 13 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin the property right was registered in favor of ANT in RGZ SKN Surčin following the decision of RGZ number 952-02-20-200 / 2017 as of June 05, 2018, the surface area of 13 m<sup>2</sup>. The property right was recorded in favor of ANT.

For the facility - Aviation Service for Drivers, surface area 401.86 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin the property right was registered in favor of ANT in RGZ SKN Surčin following the decision of RGZ number 952-02-20-200 / 2017 as of June 05, 2018. The property right was recorded in favor of ANT.

For the facility - the crematorium building, 30.45 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin the property right was registered in favor of ANT in RGZ SKN Surčin following the decision of RGZ number 952-02-20-200 / 2017 as of June 05, 2018. The property right was recorded in favor of ANT.

For the facility - the building for dogs, 83.43 m<sup>2</sup>, cadastral lot 3739/1 CM Surčin the property right was registered in favor of ANT in RGZ SKN Surčin following the decision of RGZ number 952-02-20-200 / 2017 as of June 05, 2018. The property right was recorded in favor of ANT.

On January 31, 2018 the Government of the Republic of Serbia passed the Conclusion 05 No. 464-910 / 2018, by which it agreed that the immovable property belonging to the Republic of Serbia, as follows: cadastral lots no. 3733, 3735/1, 3750/1, 3750/6, 3750/7, 3750/9, 3750/11, 3750/13, 3750/16, 3995/3, 3996/3, 3997/3, 3998/3, 3999/3, 4140/1, 4263/1, 4264/1, 4264/2, 4265, 4266/1, 4267/1, 4267/3, 4268/1, 4268/6, 4269/2, 4272/1, 4275/6, CM Surčin, is entered as non-monetary contribution of the Republic of Serbia into the company JSC Airport Nikola Tesla Belgrade, in order to increase the capital of the company by non-cash contribution.

The Assembly of the JSC Airport Nikola Tesla Belgrade, at the extraordinary session of the 19th session, held on March 20, 2018 decided on the increase in basic capital based on the new non-monetary contributions of shareholders - the Republic of Serbia and issuing ordinary shares to the Republic of Serbia in the name of the contribution.

By the decision of the Republic Geodetic Authority - Real Estate Cadastre Office Surčin noa. 952-02-4-895 / 2018 as of April 24, 2018 the registration of the ownership right in favor of the JSC Airport Nikola Tesla Belgrade is allowed for the cadastral lots no. 3733, 3735/1, 3750/1, 3750/6, 3750/7, 3750/9, 3750/11, 3750/13, 3750/16, 3995/3, 3996/3, 3997/3, 3998/3, 3999/3, 4140/1, 4263/1, 4264/1, 4264/2, 4265, 4266/1, 4267/1, 4267/3, 4268/1, 4268/6, 4269/2, 4272/1, 4275/6, in the real estate register no. 2348 CM Surčin.

On March 01, 2018, the Government of the Republic of Serbia passed the Conclusion 05 Number: 464-1883 / 2018, which agreed that the immovable property owned by the Republic of Serbia, facilities "building no. 26, Public garage - Public parking garage" and 7600/12233 ideal parts of the facility "building no. 41, Parking", on the cadastral lot number 3739/1, entered in the Property Register No. 6519, CM Surčin, is entered as non-monetary contribution of the Republic of Serbia in the JSC Airport Nikola Tesla Belgrade, for the purpose of increasing the share capital.

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The Assembly of JSC Airport Nikola Tesla Belgrade held an extraordinary 20th session on June 06, 2018 and decided on the increase of basic capital on the basis of new non-monetary contributions of the shareholders - the Republic of Serbia, which consist of property rights on the following real estate:

1. The building enlisted as building no. 26, Public Garage - Public Parking Garage, number of floors: ground floor. +3, the building has a permit for use, on the cadastral lot no. 3739/1, registered in Property Register no. 6519 CM Surčin.
2. 7600/12233 ideal parts of the building inscribed as building no. 41 Parking, the building has a permit for use, on the cadastral lot no. 3739/1, registered in the Property Register no. 6519 CM Surčin.

After the completion of the process of capital increase, ANT became the owner of public parking garage and parking facilities.

On July 26, 2018 the Government of the Republic of Serbia, passed the Conclusion 05 Number: 464-7181 / 2018-1, by which it agreed that the immovable property belonging to the Republic of Serbia, as follows: cadastral lots no. 3429/1, 3431/1, 3430/1, 4150/8, 4150/16, 4277/6, 4141/1, 4142/1, 4143/1, 4275/7, 4275/9, 4272/3, 4272 / 4, 4268/5, 4268/9, 3750/18, 3750/19, 4112/4, 4112/5 and 3756/3 MC Surčin is entered as non-monetary contribution of the Republic of Serbia into the company JSC Airport Nikola Tesla Belgrade, in order to increase the basic capital of the company in non-cash contribution.

The Assembly of JSC Airport Nikola Tesla Belgrade held an extraordinary 23rd session on August 14, 2018 and decided on the increase in basic capital based on the new non-monetary contribution of shareholders - the Republic of Serbia and issuing ordinary shares to the Republic of Serbia in the name of the contribution.

After the completion of the capital increase procedure, the ANT became the owner of the cadastral lots: 3429/1, 3431/1, 3430/1, 4150/8, 4150/16, 4277/6, 4141/1, 4142/1, 4143 / 1, 4275/7, 4275/9, 4272/3, 4272/4, 4268/5, 4268/9, 3750/18, 3750/19, 4112/4, 4112/5 and 3756/3 CM Surčin.

On March 01, 2018 the Government of the Republic of Serbia passed the Conclusion 05 Number: 464-1891 / 2018, by which it decided to alienate in the expropriation procedure from the public property in favor of the JSC Airport Nikola Tesla Belgrade, the cadastral lots 4107/1, 4107/2, 4110/1, 4110/2, registered in the Property Register no. 1165 CM Surčin and cadastral lots no. 4111/1, 4111/3, 4112/1, 4112/2, entered in Property Register number 6412 CM Surčin.

On March 22, 2018 the Government of the Republic of Serbia passed Conclusion 05 Number: 464-2698 / 2018, by which it decided to dispose of publicly owned land, by means of a direct contract, from the building land that constitutes the cadastral lot No. 4111/2 CM Surčin, total area 1 are 4 m<sup>2</sup>, registered in the Property Register No. 6657 CM Surčin, for the purpose of resolving property legal relations, in order to realize the project of concession for financing, development through construction and reconstruction, maintenance and management of infrastructure of the JSC Airport Nikola Tesla Belgrade and performing the activities of the airport operator, in favor of the JSC Airport Nikola Tesla Belgrade, at the total purchase price of 416,000.00 dinars. After the conclusion of the contract with the Republic Property Directorate, ANT became the owner of the cadastral lot 4111/2 CM Surčin.

By the decision of the Republic Geodetic Authority, the Real Estate Cadastre Agency Surčin number 952-02-20-223-3256 / 201 8as of August 06, 2018, the registration of the ownership right in favor of the JSC Nikola Tesla Airport Belgrade is permitted for the following facilities:

1. Parking - Parking P 2.1, number 31 on the cadastral lot number 3739/1
2. Parking - Parking P 8, number 32 on the cadastral lot number 3739/1
3. The building for technical activities with the boiler room, number 4 on the cadastral lot number 3739/27
4. Air traffic building part - Part of the apron "B" (extension) and the "L" taxiways, number 1 on cadastral lot number 3739/29
5. Other buildings - Technical base building - Fire station, number 20 on cadastral lot number 3739/33
6. Road traffic building part - Perimeter road, number 21 on the cadastral lot number 3739/33
7. Parking - Parking number 9 in front of the barrack, number 1 on the cadastral part number 3739/36 f
8. Parking - Parking P 4, number 4 on the cadastral lot number 3739/37
9. Road traffic facility - traffic lane - part of the Surčin road, number 1 on the cadastral lot number 3739/38
10. Road traffic building part - Airport road, number 1 on the cadastral lot number 3739/45

On August 09, 2018, after the implementation of the project of changing the lots in the cadastre, the Government of the Republic of Serbia passed the Conclusion no. 464-7663 / 2018, whereby it agrees with the deletion of the right of the JSC Airport Nikola Tesla Belgrade to use the lots intended for other users. Also, by decision No. DNO-316/2018 dated August 08, 2018 the Supervisory Board of the Company agreed with the deletion of the right of the JSC Airport Nikola Tesla Belgrade to use the same lots. By the decision of RGZ - SKN Surčin 952-02-4-223-23843 / 2018 of August 24, 2018 the Government conclusion was implemented and the specified lots were registered as the public property of the Republic of Serbia.

On July 07, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia, by the Decision ROP-MGSI-11950-IUPH-2/2018 No. 354-04-01369 / 2018-14, allowed the use of completed works on the extension of the F taxiway and the construction of aircraft de-icing and anti-icing platform with a ground floor facility for accommodation a de-icing tank reservoir, a ground floor container facility with office space and a prefabricated substation. On the basis of the aforementioned, the Decision of the Republic Geodetic Authority, the Real Estate Cadastre Agency Surčin No. 952-02-18-223-566 / 2018 as of September 10, 2018 was adopted, whereby ANT is entered as owner of the listed facilities.

On September 14, 2018 the Government of the Republic of Serbia passed the Conclusion 05 no. 464-8586 / 2018, by which it was decided that the construction land be publicly owned by the RS and that the cadastral lot 3742/11 CM Surčin, area 62 m<sup>2</sup>, registered in the Property Register 6657 CM Surčin is to be alienated by means of a direct contract in favor of ANT, since it forms part of the concession location, at the total purchase price of 235.600,00 dinars.

On September 21, 2018 ANT and the Republic Property Directorate concluded a contract on the sale of the cadastral lot number 3742/11 certified by the public notary Katarina Pavićević under the number OPU 1810-2018.

On November 05, 2018 ANT and the Republic Property Directorate concluded a purchase contract for the cadastral lot 3742/5, 3742/6, 3742/12, 3742/13 and 3746/2 CM Surčin, certified by a public notary Katarina Pavicevic under number OPU 2253-2018.

By the decision of the Republic Geodetic Authority - Real Estate Cadastre Office Surčin no. 952-02-4-223-67783 / 2018 as of November 07, 2018, the registration of ownership rights in favor of ANT for the cadastral lot 3742/5, 3742/6, 3742/12, 3742/13 and 3746/2 is allowed for the the immovable property number 2348 CM Surčin.

The Republic Geodetic Authority - Cadastre of Real Estate Surčin Office conducted the procedure of merging cadastral lots and passed the decision no. 952-02-2-223-565 / 2018 as of November 09, .2018 and no. 952-02-2-223-800 / 2018 as of December 03, 2018. After the merger, cadastral lots no. 5255, 5256, 5257, 5258, 5259, 5260, 5261, 5262 and 5265 were formed.

### **Prefabricated containers for employees with space for accommodating equipment for aircraft service**

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

The total area of the two buildings is about 1,700m<sup>2</sup>, and the interior is equipped with modern office furniture, tea kitchens and shower cabins, which provides adequate comfort and working conditions for employees in the operational services that work continuously 24h daily. The accommodation capacity of the facilities amounts to 230 employees.

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

- **Status:** Works on the construction of prefabricated container facilities for employees with space for accommodating equipment for the aircraft service were completed on March 05, 2018.

### **Upgrading Terminal 2**

- **Purpose:** Airport Nikola Tesla Belgrade continuously improves the offer to passengers and other users of airport services, and as a logical continuation of the upgrade of the registration hall in Terminal 1, which was completed in 2017, works on the upgrade of the registration hall in Terminal 2 started. The works included the improvement of the visual identity, space designation and enabling the automation of the registration process of passengers and luggage. A reorganization of the existing commercial space has been carried out and new commercial facilities - bank counters and airline companies have been added.

- **Status:** The relevant works on the upgrade of Terminal 2 were completed on May 30, 2018.

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### Upgrading the parking lot P10

- **Purpose:** The project envisages the execution of works on the upgrade of the parking lot P10, near the *Red building*. Existing parking is divided into two independent, functional units, total area of about 3950 m<sup>2</sup>. Approximately 1850 m<sup>2</sup> surface parking lot is designated for the parking of vehicles of employees, and approximately 2100 m<sup>2</sup> surface parking lots intended for taxi vehicles.

By implementing this project, TAXI vehicles were moved from the parking lot P9 to a part of the parking lot P10 in order to better organize and regulate the taxi service and avoid crowds formed in front of the Terminal.

- **Status:** The works were completed on August 23, 2018.

### Construction of the pavement

- **Purpose:** The project was initiated in order to raise the level of safety of road users, primarily pedestrians, in the public zone of the airport complex, and in accordance with the Decision of the City Administration of the City of Belgrade - the Secretariat for Transport. The project implemented the construction of the pavement on the former regional road R266, in the zone of Airport Nikola Tesla, Belgrade, with a total length of 950 m. The works also include the formation of a standpoint for public transport vehicles, vehicles for the transport of employees, and the formation of positions for TAXI vehicles on hold.
- **Status:** The work was completed on September 19, 2018

### The arrangement of pavement and pavement surfaces in the zone of the official passage D

- **Purpose:** The realization of this project was carried out in order to accomplish the reconfiguration of previously performed works on the renovation and reconstruction of public roads that were carried out in July 2018 by the Roads of Serbia, with the existing condition. As the works carried out by the Roads of Serbia did not include fitting into the existing functional and traffic - technological solution in the zone of the official passage D and the central island in the zone of the NIS petrol station, there was a need for additional works.

The division island and a part of a public road were renovated and reconstructed by the works, and a standing platform was formed along the bus stop for employees.

- **Status:** The work was completed on December 18, 2018.

### Strengthening the floor structure

- **Purpose:** Strengthening of the interconnected structure is planned to enable the installation of a new X-ray device of standard III, which the Airport Nikola Tesla Belgrade received as a donation. The new X-ray device is significantly larger than its current one. Since the existing interconnected structure of the Terminal 2 facility is not designed for additional load, technical documentation has been developed, which provides for checking the load capacity and making reinforcement of the floor structure and all other additional load-bearing structural elements. According to the developed technical documentation and the completion of the necessary documents for the execution of the works of the competent authorities, the necessary work is done on the installation of additional structural elements and adjustment of the existing installations.
- **Status:** Following the award of the Public Procurement Contract and the obtained documents of the competent bodies for the execution of works, the group of contractors in which the works carrier *Ras inženjering niskogradnja* carried out the works. The works were completed on November 14, 2018.

### **Preparation of technical documentation and execution of works on the formation of positions for charging electrical energy for aircraft service**

- **Purpose:** The increase in the number of funds for the service of electrically powered aircraft used at the airport has caused the need to ensure the supply of their batteries in the appropriate place. For this reason, technical documentation has been prepared for arranging and equipping a site that would provide suitable conditions for parking vehicles and electric equipment during the recharge of batteries with two covered sites with a total of 11 parking spaces.
- **Status:** The works were completed on September 12, 2018.

### **Improving the security in passport passages**

- **Purpose:** The specified works include the placement of the electrically-controlled sliding door (10 doors in Terminal 2 and 4 doors in Terminal 1), with the respective control devices devices, in the passages between the cabins from which passport control is performed for departing passengers. The works were carried out in accordance with the request of the Ministry of Internal Affairs in order to improve the provision of passenger flows in passport passages and improve efficiency.
- **Status:** Works on improving the security in passport passages were completed on June 10, 2018.

### **Installation of smoking cabins**

- **Purpose:** In order to satisfy the requirements of passengers who smoke as well as to comply with the regulations on the prohibition of smoking in public facilities, part of the premises in the required part of Terminal 2 - Finger Corridor C, next to the lounge "C 3-4" is adapted by forming a room of about 30m<sup>2</sup> out of a part of the finger corridor and is equipped with devices for ventilation and furniture in order to enable smokers to consume tobacco products.
- **Status:** Following the award of the Public Procurement Contract, works on the installation of a smoking cabin were carried out by Energoprojekt Industrija from Belgrade. The work was completed and the cabin was put into operation on October 24, 2018.

### **Procurement of an automatic air guidance system**

- **Purpose:** By installing the system on the A6-A10 parking position, the aircraft acceptance system is completed and improved in all contact positions. Procurement and installation of an automatic air guidance system ( VDGS ) provides technical assistance to the pilot when parking an aircraft, which increases the level of security in critical operations and shortens the time of engagement of operators and equipment - Signal Parkers and Follow Me vehicles and shortens the time of the aircraft parking.

In addition to basic information that the system displays to aircraft crews, such as parking position markings, aircraft position in relation to the central line / stopping point of the parking position and the speed of the aircraft's entry into the position, there is also an option to systematically display certain information relevant to employees in the Operational Center of the Airport. This information primarily relates to restrictions on the parking of aircraft on adjacent positions, if the system automatically detects an irregularity, which further increases the level of safety and reduces the probability of error due to human factors.

- **Status:** The works on the installation of the system for automatic guidance of the aircraft were completed on May 21, 2018. The works were carried out in accordance with the approved technical documentation for which the Decision of the Directorate of Civil Aviation was obtained.

- **Survey reparation**

- **The purpose:** For the cadastral lots at the Nikola Tesla Airport Complex, which have been granted the status of ownership by the Conclusions of the Government of the Republic of Serbia, it is necessary to merge several cadastral lots in accordance with Article 68 of the Law on Planning and Construction. In order to implement this change in the Real Estate Cadastre, it is necessary to elaborate the survey of geodetic works of joining the lots of the same owner. Also, following the process of legalization and registration of all manoeuvring surfaces and platforms at the Airport Nikola Tesla, there was a need for merging and functional separation of manoeuvring surfaces and platforms into different units. In order for the Real Estate Cadastre to implement this change, it is necessary to create a survey of geodetic works that will define the boundaries of manoeuvring surfaces and platforms separated into functional units. At the end, having in mind that after the registration procedure there was a need for recording the existing registered facility of the Air Traffic Building in order to determine the exact area of the space used and the records of the area in the cadastral operator, it is necessary to perform the architectural-construction recording of the existing building of the Air Traffic Building.

- **Status:** A public procurement procedure was conducted in the negotiation procedure. On October 8, 2018, a contract was signed with PD "A BA GEODETSKA KUĆA" d.o.o. According to the Contract No. UJNV-70/2018 as of October 08, 2018, the service provider has made the preparation of the Geodetic Report and all the planned reports related to the correction of the boundaries of the lot, defining the facilities and the tasks of registering in the cadastral register.

### **Evaluation of investment in leased space**

- **Purpose:** The JSC Airport Nikola Tesla Belgrade as leaseholder concluded a lease agreement with *Dufry* as a tenant of business premises. The contract of lease, among other things, defined the amount *Dufry* as a tenant was required to invest in leased space. The specified position is planned in order to determine and verify the fulfillment of contractual obligations by the lessee.

- **Status:** Having been awarded the contract for the service "Assessment of the Investment in the Lased Area", the Institute of Security and Occupational Safety from Novi Sad has performed evaluation services for three facilities of *Dufry*: "Pamaro" bar, "Main shop T1" and "LMS C" shops.

### **Estimation of the value of certain real estate on the ANT complex**

- **Purpose:** Estimation of the value of certain facilities at the Airport Nikola Tesla complex was carried out with the aim of recording them in the books of the JSC Airport Nikola Tesla Belgrade. The procurement also included the examination of the existing documentation and usage permits for the Customs Warehouse, and for the purpose of registration of the said data in the cadastre of real estate.

- **Status:** In the procedure of low-value public procurement, the contract for the execution of the given service has been assigned to the City Institute for Expertise in Belgrade. The service provider undertook all the necessary activities and produced all the necessary reports and findings related to the expertise of the objects in question. All contractual obligations have been realized.

## Implementation of the reporting, analysis and analytical system

- **Purpose:** The JSC Airport Nikola Tesla uses a large number of information systems, both standard and those specific to airport operations. Individually, all these solutions have their role in business processes. They collect data, process them, store them, add value to them, generate information, generate reports and indicators that are used in day-to-day business and decision-making.

In every organization that has a large number of data warehouses (databases) there is a need for an "umbrella" solution that will integrate the relevant data in one place, thus creating a new database from which the reports will be generated, the analysis and analytics of the DNA of the company will be performed and it will be the basis for the management's business decision-making.

By implementing the reporting, analysis and analytics system, the airport can achieve numerous benefits when it comes to better resource planning and eventual change or introduction of new processes that can lead to cost savings and revenue increases. By monitoring the key performance indicators (*KPI*) provided by the system, the necessary information is provided for process optimization, planning and decision making based on real and timely information within individual organizational units and management.

Implementation of the information system for reports, analysis and analytics has been realized. Putting the system into full-scale operation is related to the SAP ERP system implementation project.

- **Value :** 29.897.750,00 dinars without VAT
- **Supplier:** *Comtrade System Integration doo* with the subcontractor *Prointer IT Solutions and Services doo* , under Contract no. UJNV-83/2017 as of October 06, 2017.

## Procurement of equipment for self-check in of passengers and luggage

- **Purpose:** The *IATA StB Initiative (FAST TRAVEL PROGRAM, Simplifying the Business, IATA)* aims to provide self service users with individual stages of travel. The subject of procurement is the equipment for self-check in of passengers and luggage in accordance with the *IATA StB Initiative*, as well as within the stated purchase of application software, service implementation and support and maintenance of the system.

Equipment and software for self-check in of passengers - *Common Use Self Service (CUSS)* represents an information platform that enables the use of common infrastructure, and *CUSS* kiosks, on which multiple airline applications can be implemented for the check-in of independent travellers.

Equipment and software for self-check-in of luggage - *Self Service Bag Drop (SSBD)* represents an information platform that allows the passenger to independently check in the luggage and hand it over at the counters where the service is provided.

In addition, the procurement will enable the creation of hybrid counters, or counters that will have the possibility of standard check-in of passengers and luggage, but also the possibility of work as *Self Service Bag Drop*, depending on current/seasonal needs.

On the basis of the initiative launched by Air Serbia in accordance with its needs, the Airport carried out the planning of the procurement and thus continued the process of introducing the self-service process.

Contracted goods are delivered and the system implementation service is performed.

- **Value:** 99.993.000,00 dinars excluding VAT
- **Supplier:** A group of bidders - *Roaming Networks doo* and *Asseco SEE doo*, according to Contract no. UJNV-77/2017 as of September 06, 2017.

## **Extension, improvement, support and maintenance of the information system AODB, FMS, IDS, RMS, BILLING**

• **Purpose:** The procurement of extension, improvement, support and maintenance of the Information Operations System ( AODB ), the FMS (Flight Management System), the IDS (Information Display System), the RMS (Resource Management System), the Billing hereinafter the Information System, is:

- **VIRTUALIZATION OF THE INFORMATION SYSTEM:** The migration of the Information System to the virtual airport platform is foreseen because the existing server environment is obsolete and has insufficient capacity for an information system that is critical to the operation of the airport.
- **EXTENSION OF THE IDS SYSTEM:** By obtaining additional licenses for the system for displaying information to users of airport services and employees, the number of licenses used for IDS monitors and video walls will increase, thus enabling the installation of new monitors and video walls at the airport and provide better information.
- **IMPROVEMENT OF THE INFORMATION SYSTEM:** Creation of new and improvement of the existing functionalities of the Information System mean the development of new programs and reports, as well as the modification and updating of existing programs and reports, based on the requirements of business processes, system users, but also due to the need to monitor changes in legislation and standards in air traffic.
- **SUPPORT AND MAINTENANCE:** The above procurement will provide preventive and corrective support and maintenance of the Information System on the virtualized platform for the next 24 months.

The server environment of the information system, such as this one, must be periodically improved or modified to allow the system to function in a stable way. Its scalability and security is achieved by virtualization. The information system must also have sustained support and maintenance in order to preserve and improve the operational functioning of the system.

Also, by expanding and improving the Information System, optimization and improvement of business processes and use of resources is enabled, which enables efficient operation of operational services, better planning of airport resources, better information and increased satisfaction of airport service users.

The virtualization project is in progress, the deadline for completion is 120 days from the date of signing the contract. The deadline for the delivery of additional licenses for the system for displaying information is 30 days from the date of signing the contract.

- **Value:** 248,535.00 euros
- **Supplier:** SITA INC BV , under Contract no. UJNV-68/2018 dated September 24, 2018.

## **Maintenance and procurement of business information system licenses - SAP ERP**

• **The purpose** of the project is to purchase maintenance of existing and to collect additional licenses in order to ensure business continuity, provide the latest versions of the software and to meet the deadlines of the SAP ERP Solution Implementation Project as well as the project implementation of SAP HR portal. In addition to the aforementioned the subject of procurement are all the necessary software database extensions due to the purchase of new licenses.

Business Information System - Enterprise Resource Planning System (ERP), is a platform of integrated applications that provide integration and optimization of business processes. For the

work of this software purchased by ANT in May 2017 and which is being implemented, it is necessary to provide the appropriate licenses, and then pay regular maintenance every year.

The need for additional licenses was announced by purchasing a *SAP HR Portal* solution that was procured as a separate project in relation to the *SAP ERP* solution implementation project. This project uses the existing licenses that ANT already has, but also a number of licenses specific to this module. The second part of the need emerged after the detailed *SAP ERP* project implementation plan was developed, but also due to the increased volume of work and the number of employees who will be future users.

*SAP ERP* business information system licenses were delivered within the agreed time, and the support and maintenance of licenses (existing and additional) was initiated by signing the contract, or by signing the handover record.

- **Value:** 29,918,215.55 RSD without VAT
- **Supplier:** *S & T doo*, under Contract no. UJNV-64/2018 as of August 16, 2018.

### **Active network equipment - Lot 1 - Active network equipment**

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

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

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

### **Active network equipment - Lot 2 - Optimization of access to server infrastructure**

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

Optimization of access to the server infrastructure was done within the agreed time and was put into operation.

- **Value:** 8.988.200,00 dinars without VAT
- **Supplier:** *DBS Konsel Security Service*, under Contract no. UJNV-9/2018 as of February 21, 2018.

### **Active network equipment - lot 3 - telecommunication works on the network for X-ray devices**

- **Purpose:** The subject of the contract is the execution of works on the networking of X-ray devices. The Airport Nikola Tesla owns X-ray devices, which are used to control and scan luggage and goods of airport service users. For security reasons and security procedures, X-ray devices must be networked into a single computer-communication system so that they are independent of other systems. In this way, a separate

communication network is formed, which is completely independent of other networks. Thanks to the unique X-ray communication network, all information and data collected from all X-rays will be available to the central computer, which is controlled and managed by KD Kontrola.

The work on X-ray networking was carried out within the agreed time frame and the new X-ray network was put into operation.

- **Value:** 6,948,400.00 dinars excluding VAT
- **Supplier:** *DBS Konsel Security Service*, Under Contract no. UJNV-10/2018 as of February 21, 2018.

### **Information system for protection against complex and targeted threats**

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

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

Implementation of the information system for protection against complex and targeted threats was carried out within the agreed deadline and the information system was put into operation.

- **Value:** 12.712.980,60 dinars without VAT
- **Supplier:** *Digit*, under Contract no. UJNV-21/2018 as of March 08, 2018.

### **Bar code readers and accessories for pairing passengers and luggage**

- **Purpose:** The subject of the contract is the procurement of new bar code readers and accessories for the system for pairing passengers and luggage. The bar code reader is a tool for the operation of the Ground Handling operator and is used to read the bar code from the luggage, i.e. it is the entry point for the operation of the passenger and luggage pairing system.

Since the implementation of the passenger and baggage pairing system and the first procurement of the bar code reader has increased the number of passengers, the initial setting with a certain number of bar code readers in use is no longer able to fully meet the current needs, and the requirement of Ground Handling is the number of barcode readers which is currently not possible to provide. In addition to increasing the number of passengers, a number of the devices no longer meet the high demands for service availability due to many years of use and it is necessary to purchase additional devices.

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

- **Value:** 6,143,020.00 RSD without VAT
- **Supplier:** *Alba Technologies*, under Contract no. UJNM-6/2018 as of February 01, 2018.

#### **Extension of the access control system and evacuation system**

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

The second phase of access control should cover all locations that were not covered by the procurement extension of Finger Corridors A and C and the first phase of the upgrade of the access control system and the evacuation system, as well as to expand the system for recording working hours by the installation of additional reading devices and advanced functionality.

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

By deciding that the A side (Gates A6 to A10) would not be reconstructed, and as this site was not included in the first phase of the extension of the access control system and the evacuation system due to the planned reconstruction, all the above gates, air bridges, finger halls and lounges were left uncovered by the system for access control and the evacuation system. In order to fulfill all security and access control systems and implement the evacuation system completely, it is necessary to cover all listed locations as well as those designated by the Security Organizational Unit as zones that must be covered in accordance with the above.

This procurement also envisages the purchase of handheld readers (HH - Hand Held devices) needed in order to identify employees at any time on the platform, when entering gates or restrictive zones. When entering gates, security workers will have the ability to read all information about the person entering the zone, such as whether he/she is authorized to access that site, whether he/she is an authorized companion, whether he/she may bring tools, etc.

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

An integral part of this procurement will be the obligation of the system's suppliers to develop a project on the state after performed works. Organizational units of ITT, Logistics and Security will do a project for the works that must be approved by the Border Police, so that the works can be carried out without interruption.

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

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

The working hours recording system implemented during the first phase is also linked to the access control system, and this purchase requires the purchase of additional licenses as well as terminals in order to read staff's registration more quickly at locations where the concentration of employees is large as well as installation to new locations where necessary.

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

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

- **Value:** 39.813.537,50 dinars without VAT
- **Supplier:** *Smarta Building Tehnologije*, under Contract no. UJNV-25/2018 dated 13 March 2018.

### **Renewal and extension of Microsoft licenses (true-up and SA - Software Assurance) - lot 1 - Extension and expansion of Microsoft licenses (SA - Software Assurance)**

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

The realization of this purchase has ensured that Microsoft licenses are renewed on time. By stopping the payment of a three-year SA, we would be left the last version of the software we purchased and would have to pay all new versions of the software at regular prices, according to the model where we pay the price of the license (LIC) and maintenance (SA), in which case the licenses are more expensive because they are paid according to the LIC / SA model while only SA is paid by regular renewal. ANTB is required to monitor the latest versions of all versions of operating systems due to new information systems being implemented as well as the security of the corporate network at the recommendation of Microsoft and in accordance with the Law on Information Security. For this reason, the latest versions are necessary because it is a requirement for all system implementers to implement new and upgrade existing information systems. In the event that the Microsoft License Agreement is not renewed, we will not be able to implement the systems planned for this year, and if we do not sign a new contract on time, the value of the planned procurement for the renewal of licenses would increase by 30%.

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

1. Microfot Exchange Server - E-mail server ANTB
2. SQL Sever - All systems at ANTB that require a database use SQL database
3. Microsoft Skype for Bussines Server - Communication server
4. Microsoft Office - Word, Excell, Outlook, etc.

5. Microsoft Share Point - An internal portal in which the electronic office module is implemented
6. Microsoft Visio - application for drawing diagrams, processes, etc.
7. Microsoft Project-application for planning and tracking projects and designing roadmaps
8. Microsoft Wsus Server - a server for installing security patches on the corporate network
9. Microsoft System Center - server to monitor, control, and report on the status of all servers and workstations in the ANTB corporate network.
  - **Value:** 790.473,43 USD excl. VAT
  - **Supplier:** E- Smart Systems, under Contract no. UJNV-11/2018 as of February 21, 2018.

### **Renewal and extension of Microsoft licenses (true-up and SA - Software Assurance) - lot 2 - Renewal and extension of Microsoft CLOUD AZURE platforms**

- **Purpose:** The subject of the contract is the renewal and extension of Microsoft cloud clouds.

The subject of this acquisition is the extension of existing licenses through which additional licenses will be paid as well as the Azure subscription for the next three years for backup of all critical services to ANTB in order to ensure the continuity of all services in the server room at a remote location. Disaster Recovery (DR) is non-existent due to the functioning of all servers and services at ANTB in the event that servers and services stop working in the server room. DR is one of the important business segments and all issues related to the concession were whether we have a DR location and which solution we implemented. Payments will be made through three equal annual installments.

- **Value:** 295.711,40 USD excl. VAT
- **Supplier:** E- Smart Systems, under Contract no. UJNV-34/2018 as of 22 March 2018.

### **IT equipment - lot 1 - Equipment for SAP ERP**

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

- **Value:** 40.847.001,00 dinars without VAT
- **Supplier:** Serbian Business System doo, according to Contract no. UJNV-20/2018 as of March 07, 2018.

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

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

- Tape library for storing and backup data;
- Server for organizing data and installing HSM software with the following technical characteristics;
- The offered HSM software, which must enable the storage and long storage of a large number of files, depending on the number of accesses, will be automatically

set by the predefined policy to be placed on the appropriate media defined through the policies.

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

- **Value:** 17.928.000,00 dinars excluding VAT
- **Supplier:** EWE COMP and NEPO SYSTEM, under Contract no. UJNM-23/2018 as of March 09, 2018.

### **Computer equipment - lot 3 - desktop (All in one) computers**

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

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

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

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

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

- **Value :** 11.399.220,00 dinars without VAT
- **Supplier:** *Oblak tehnologije doo*, under Contract no. UJNV-18/2018 dated 6 March 2018.

### **IT equipment - lot 4 - mobile and tablet devices**

- **Purpose:** Based on the stated needs of all organizational units for the aforementioned equipment, and in order to ensure that business processes are performed in an optimal, effective and appropriate way, it is necessary to provide the said equipment and provide it to all employees who need the appropriate telephone for everyday communication and mobility in their work. Mobility implies availability of services such as e-mail, internet and remote access to airport systems and services, even when employees are out of the office. Efficient and timely performance of all tasks requiring access to these systems and services, regardless of the current location of employees, requires the use of appropriate smart phones.

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By increasing the number of employees, based on the Rules on Mobile Telephony, the number of mobile phone applications that need to be provided increases. Also, the aforementioned Rulebook foresees the possibility of replacing the mobile phone after a certain period of use due to technical and technological obsolescence.

The aforementioned procurement envisages the provision of mobile devices/or tablets for employees, which will meet the technical requirements of their employees with their technical characteristics.

- **Value:** 6,415,623.00 RSD without VAT
- **Supplier :** *Informatika AD*, under Contract no. UJNV-24/2018 as of March 09, 2018.

### **IT equipment - lot 5 - printers, photocopiers and multifunctional devices**

- **Purpose:** The subject of the contract is procurement, which envisages the provision of printers, photocopiers and multifunctional devices, which would ensure more efficient, more comfortable and quality work of employees.

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

- **Value :** 5,840,036.00 RSD without VAT
- **Supplier:** *Maxex - City Copy Service*, under Contract no. UJNV-22/2018 as of March 08, 2018.

### **IT equipment - lot 6 - audio and video equipment**

- **Purpose:** The subject of the contract is procurement, which envisages the provision of audio and video equipment, including: speakers, projectors, televisions, cameras, audio receivers, and others, thus continuing the process of modernizing audio and video equipment in use, initiated by previous procurement, as well as equipping new positions with equipment.

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

For representative salons, it is necessary to replace the video system and to replace the old and worn installations. The purchase involves the replacement of TVs, video players and other video equipment. By replacing worn installations and installing newer generation installations, the image quality is preserved in the transmission and reduction of interference produced by

various sources from the environment. This procurement would eliminate possible problems in representative salons, which are a direct result, primarily the worn condition of equipment and installations.

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

- **Value:** 3.975.784,00 RSD without VAT
- **Supplier:** *Oblak tehnologije*, under Contract no. UJNV-16/2018 as of March 06, 2018.

### **IT equipment - lot 7 - notebooks**

- **Purpose:** The subject of the contract is the purchase of notebook computers. In order to create opportunities for introducing new trends, applications and software, and facilitating the performance of sessions and other events taking place in representative salons and possibly other locations, and in order to provide mobility, equipping a training center within the school center, equipping established classrooms for workshops for SAP ERP (there are 3 designated locations for SAP ERP workshops), there is a need for the purchase of portable notebooks, which creates opportunities for these business processes to be developed as well as to gain efficiency, transparency and facilitate the course of training, maintenance, meetings and other events.

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

### **IT equipment - lot 8 - spare parts for computers and electronics**

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

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

- **Value:** 2.967.234,00 dinars without VAT
- **Supplier:** Informatika ad, under Contract no. UJNV-27/2018 as of March 14, 2018.

### **IT equipment - lot 9 – computers for donation**

- **Purpose:** The subject of the contract is to purchase computers for a donation. ANTB, as a large and socially responsible company, should take steps to provide information literacy and help institutions involved in responsible work such as schools and hospitals and help them to perform their jobs in a better way. This improves the picture of the airport as a

company ready for assistance and an enterprise that contributes to improving working conditions in schools, hospitals and the like.

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

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

### **IT equipment - lot 10 - UPS devices**

• **Purpose:** The subject of the contract is the purchase, which is anticipated to provide UPS devices whose main task is to ensure uninterrupted power supply of consumers at the airport, where most of consumers are personal computers with associated equipment, as well as other systems in which the problem of regular power supply can cause serious consequences, security, financial or functional problems. UPS devices are used inter alia to provide uninterrupted power supply for active network equipment, access control systems and evacuation systems, as well as other systems whose parts can be shut down in the event of a power cut from the city network, which may lead to partial interruption or of the entire system, as well as to stop system users from working due to the fact that the system is unavailable. This procurement envisages equipping all hubs where there is currently no protection with UPS devices as well as replacement of UPS devices in hubs where the existing ones do not perform the intended function due to worsening.

Due to the constant increase in the number of consumers, in order to avoid any inconvenience due to power cuts, additional UPS devices must be purchased.

- **Value:** 1,485,000.00 dinars excluding VAT
- **Supplier:** Oblak tehnologije, under Contract no. UJNV-17/2018 as of March 06, 2018.

### **IT equipment - lot 11 - thin client computers (thin clients)**

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

- **Value:** 988.880,00 dinars without VAT
- **Supplier:** Informatika ad, under Contract no. UJNV-28/2018 as of March 14, 2018.

### **Works on the extension of the service of the data center for video surveillance**

• **Purpose:** Extension of DATA center service for IP video surveillance foresees the addition of new racks, the extraction of telecommunication installations and power cables, and connection to the Airport's main system room. Existing video surveillance consists of an IP camera, a data recording system, and a storage system for the recorded material. Given that the purchased equipment for the IP video surveillance system meets all the technical and technological standards that the video surveillance system should have, it is necessary to improve and expand the services of the existing DATA Center for IP video surveillance. In order for the correct and uninterrupted operation of the IP video surveillance service to take place, it is necessary to raise the conditions of the DATA video surveillance center to the highest level. In this regard, it is necessary to establish a reliable and safe IT infrastructure and minimize service disruption. This means that high-level equipment which guarantees stable operation and full functionality must be provided for the equipment of the IP video surveillance system, with appropriate microclimate conditions and redundancy of cable connection and power supply. In addition to the network and computer infrastructure, in the DATA Center for video surveillance it is necessary to provide a system of uninterrupted power supply, cooling system and heat removal, which will provide adequate temperature and humidity, then internal redundant cabling, equipment storage cabinets, as well as system for fire protection.

Execution of works carried out within the agreed time.

- **Value:** 9,630,726.00 RSD without VAT
- **Supplier:** Telegroup d.o.o, under Contract no. UJNM-40/2018 as of May 25, 2018.

### **Improvement of the telecommunication system and contact center**

• **The purpose:** The advancement of the telecommunication system and contact center, means switching of the existing switchboard platform to the virtualized platform, which significantly improves the reliability of the system. Switching to virtual infrastructure significantly reduces costs, as a centralized telephony administration system is obtained. The improvement of the telecommunication system also means expanding and improving the functionality that the modern digital telephone exchange can provide, as well as the procurement of telephones as end devices in the telecommunication system. The digital automatic telephone exchange, or telecommunication system, is used for the needs of communication of employees, for the provision of a call center service, as well as for providing the service of access and use of fixed telephony to third parties at the Nikola Tesla Airport Belgrade.

Improving the telecommunications system was necessary due to the obsolescence of the server environment and the software application of the existing system, conditioned by significant progress in the field of digital telecommunications. The new hardware and software platform provides stable operation of the telecommunications system and contact center, its functions and expanded capacities of the telecommunication system have been enhanced to the whole complex of the airport.

- **Value:** 9.653.865,00 dinars without VAT
- **Supplier:** Algotech d.o.o, under Contract no. UJNM-62/2018 as of July 11, 2018.

### **Fixed telephony, mobile telephony and internet services - lot 1 - fixed telephony service**

• **Purpose:** Belgrade Airport provides fixed telephony services to third parties, where the renewal of fixed telephony services is carried out at the beginning of each month. Approximately 60% of the total monthly invoice price is returned to third parties. The

monthly amount of the invoice is not fixed and depends on the amount of traffic generated through fixed telephony. In the event of termination of fixed-line contracts, communication and fixed-line traffic will cease, third parties will remain without fixed services. The current service provider is Telekom Srbija AD. Regarding services provided, Telekom is the only bidder that can respond to the required requirements and technology.

- **Value:** 15,000,000.00 dinars excluding VAT
- **Supplier:** Telekom Srbija, under Contract no. UJNV-76/2018 as of November 13, 2018.

#### **Fixed telephony, mobile telephony and internet services - lot 2 - mobile telephony service**

• **Purpose:** Mobile telephony services included in this type of service are voice services, SMS, MMS, data traffic, roaming traffic, M-payment services. Through the mobile phone service, mobile phones as well as tablets are also bought. Currently, 1000 SIM cards for ANT and third parties (operating services such as BRS) are used. The monthly amount of the invoice is not fixed and depends on the amount of traffic generated through mobile telephony. In case of termination of the contracts for the provision of mobile telephony services, communication and traffic through mobile telephony, as well as data transmission services on mobile devices, cease to exist.

- **Value:** 20,000,000.00 dinars excluding VAT
- **Supplier:** VIP Mobile, under Contract no. UJNV-71/2018 as of October 08, 2018.

#### **Fixed telephony, mobile telephony and internet services - lot 3 - internet services**

• **Purpose:** Internet services are provided through Internet services on three different networks, with an active backup network. The first optical network is for employees at the airport and their business systems. The second network is a network for third parties, that is for commercial purposes. Invoices of third parties are charged and bills are delivered for Internet services in the previous month. The commercial and marketing sector has an official internet service price list. The third network is a public VIFI network. Internet services include Internet television, used by airport staff and third parties. Third parties are charged and delivered Internet TV bills for the previous month. The commercial sector has an official Internet TV price list.

- **Value:** 10.000.000,00 dinars without VAT
- **Supplier:** Telekom Srbija, under Contract no. UJNV-77/2018 as of November 13, 2018.

#### **Fixed telephony, mobile telephony and internet services - lot 4 - vehicle tracking service**

- **Purpose:** The subject of the contract is to monitor the vehicle used by the airport.
- **Value:** 1.000.000,00 dinars without VAT
- **Supplier:** Telekom Srbija AD and Lanus d.o.o., under Contract no. UJNV-74/2018 as of October 25, 2018.

#### **Analysis, planning and human resource development**

Within the OU Human Resources, according to the last Rulebook on organization and systematization of jobs, since May 2016, the department has been a service for analysis, planning and development of human resources. The basic tasks and responsibilities of this service are:

- development of rules and acts in the field of human resources management;
- defining the staffing plan;
- recruitment and selection of employees;
- monitoring human resources development;



Overview of external selections January 01, 2018 to December 21, 2018

No.	Selection date	External ad	Recruited	Selected
1	01/04/2018.	Café kitchen	1	0
2	01/05/2018.	Physical and Technical Security	1	0
3	01/08/2018.	Physical and Technical Security	3	0
4	01/08/2018.	Counter-diversion Control	1	0
5	01/10/2018.	Physical and Technical Security	1	1
6	01/11/2018.	Parking Cashier	1	1
7	01/12/2018.	Physical and Technical Security	1	1
8	01/15/2018.	Counter-diversion Control	2	1
9	01/15/2018.	Transport Worker	1	0
10	17.01.2018.	Counter-diversion Control	3	3
11	01/18/2018	Transport Worker	11	7
12	01/18/2018	Hygiene Worker	8	6
13	01/19/2018.	Transport Worker	11	9
14	01/19/2018.	Hygiene Worker	8	5
15	01/24/2018.	Counter-diversion Control	15	13
16	01/24/2018	Physical and Technical Security	10	10
17	01/26/2018	Counter-diversion Control	2	2
18	03/15/2018	Counter-diversion Control	1	1
19	03/28/2018.	Parking Cashier	11	10
20	04/20/2018	Airport Hostess	1	1
21	04/20/2018.	Transport Worker	9	9
22	04/25/2018	Airport Hostess	2	2
23	04/25/2018	Transport Worker	1	0
24	04/26/2018	Counter-diversion Control	3	1
25	04/27/2018	Counter-diversion Control	11	10
26	04/27/2018	Transport Worker	8	6
27	04/27/2018	Airport Hostess	8	8
28	04/27/2018	Physical and Technical Security	4	4
29	04/30/2018.	Counter-diversion Control	1	1
30	04/30/2018	Physical and Technical Security	4	3
31	04/30/2018	Airport Hostess	7	7
32	04/30/2018	Transport Worker	3	2
33	11.05.2018	Transport Worker	1	1
34	11.05.2018.	Counter-diversion Control	1	1
35	May 16, 2018.	Airport Hostess	1	1
36	May 18, 2018.	Transport Worker	20	13
37	May 18, 2018.	Parking Cashier	1	1
38	05/22/2018	Transport Worker	8	6

No.	Selection date	External ad	Recruited	Selected
39	05/21/2018	Airport Hostess	11	11
40	05/22/2018	Parking Cashier	12	8
41	05/23/2018	Counter-diversion Control	12	10
42	05/23/2018	Physical and Technical Security	8	8
43	05/23/2018.	Airport Hostess	2	2
44	05/24/2018	Physical and Technical Security	3	1
45	05/24/2018	Hygiene Worker	5	1
46	05/25/2018	Parking Cashier	3	1
47	05/28/2018	Counter-diversion Control	4	3
48	05/30/2018	Hygiene Worker	8	5
49	05/30/2018	Transport Worker	14	5
50	31.05.2018	Airport Hostess	7	7
51	31.05.2018	Transport Worker	1	1
52	06/01/2018.	Airport Hostess	8	8
53	04.06.2018	Counter-diversion Control	3	3
54	04.06.2018	Airport Hostess	2	1
55	06/05/2018	Hygiene Worker	2	0
56	06/05/2018	Transport Worker	1	0
57	06/05/2018	Physical and Technical Security	3	1
58	06.06.2018	Counter-diversion Control	3	2
59	06/07/2018	Airport Hostess	14	12
60	06/07/2018	Transport Worker	13	9
61	06/08/2018	Transport Worker	3	3
62	06/08/2018	Airport Hostess	7	5
63	06/11/2018	Counter-diversion Control	10	10
64	06/12/2018	Hygiene Worker	1	0
65	06/12/2018	Physical and Technical Security	9	8
66	06/12/2018	Airport Hostess	9	4
67	06/12/2018	Transport Worker	8	0
68	06/13/2018	Transport Worker	3	2
69	06/15/2018	Airport Hostess	2	2
70	06/15/2018	Hygiene Worker	2	0
71	06/15/2018	Airport Hostess	2	0
72	18.06.2018	Counter-diversion Control	4	4
73	06/19/2018	Transport Worker	18	14
74	06/20/2018	Transport Worker	9	3
75	06/20/2018	Airport Hostess	4	4
76	06/21/2018	Physical and Technical Security	2	2
77	26.06.2018	Counter-diversion Control	1	1

No.	Selection date	External ad	Recruited	Selected
78	27.06.2018	Transport Worker	3	1
79	28.06.2018	Transport Worker	11	6
80	06/29/2018	Transport Worker	14	5
81	07.04.2018	Transport Worker	18	4
82	07/02/2018	Airport Hostess	15	14
83	07.04.2018	Transport Worker	3	2
84	07/06/2018	Airport Hostess	12	5
85	07.04.2018	Parking Cashier	1	1
86	07/09/2018	Parking Cashier	1	1
87	07/09/2018	Airport Hostess	1	1
88	07/09/2018	Hygiene Worker	1	1
89	07/09/2018	Counter-diversion Control	1	0
90	07/10/2018	Counter-diversion Control	12	11
91	07/10/2018	Physical and Technical Security	5	4
92	07/13/2018	Transport Worker	24	19
93	07/12/2018	Transport Worker	4	2
94	07/17/2018	Hygiene Worker	12	8
95	07/16/2018	Hygiene Worker	1	1
96	07/16/2018	Counter-diversion Control	2	0
97	07/19/2018	Counter-diversion Control	13	9
98	07/20/2018	Hygiene Worker	2	0
99	07/20/2018	Transport Worker	10	0
100	07/23/2018	Transport Worker	21	12
101	07/24/2018	Transport Worker	29	19
102	07/24/2018	Parking Cashier	1	1
103	07/24/2018	Hygiene Worker	10	4
104	07/24/2018	Transport Worker	15	0
105	07/25/2018	Transport Worker	11	5
106	07/25/2018	Parking Cashier	2	2
107	07/26/2018	Transport Worker	1	1
108	07/30/2018	Transport Worker	2	2
109	07/26/2018	Counter-diversion Control	23	22
110	07/30/2018	Transport Worker	17	2
111	07/31/2018	Transport Worker	11	3
112	08/01/2018	Transport Worker	15	2
113	08/01/2018	Counter-diversion Control	12	9
114	08/06/2018	Counter-diversion Control	3	3
115	03.08.2018	Transport Worker	28	20
116	08.08.2018	Transport Worker	7	3

No.	Selection date	External ad	Recruited	Selected
117	08/09/2018	Transport Worker	1	1
118	08/10/2018	Transport Worker	1	1
119	08/10/2018	Physical and Technical Security	10	3
120	08/10/2018	Counter-diversion Control	12	8
121	08/14/2018	Counter-diversion Control	4	2
122	08/14/2018	Physical and Technical Security	5	1
123	08/15/2018	Airport Hostess	1	0
124	08/15/2018	Transport Worker	8	2
125	08/15/2018	Hygiene Worker	4	0
126	08/16/2018	Physical and Technical Security	10	4
127	08/16/2018	Counter-diversion Control	15	14
128	08/17/2018	Transport Worker	12	12
129	08/17/2018	Airport Hostess	1	1
130	08/20/2018	Transport Worker	23	4
131	08/21/2018	Hygiene Worker	6	2
132	08/21/2018	Transport Worker	27	11
133	08/22/2018	Transport Worker	11	9
134	08/23/2018	Physical and Technical Security	11	6
135	08/23/2018	Counter-diversion Control	23	21
136	24.08.2018	Hygiene Worker	10	0
137	24.08.2018	Airport Hostess	12	12
138	24.08.2018	Hygiene Worker	17	13
139	24.08.2018	Counter-diversion Control	20	14
140	24.08.2018	Physical and Technical Security	11	5
141	08/27/2018	Counter-diversion Control	4	2
142	08/28/2018	Physical and Technical Security	1	1
143	08/29/2018	Airport Hostess	2	0
144	31.08.2018	Hygiene Worker	1	1
145	31.08.2018	Transport Worker	17	7
146	03.09.2018	Hygiene Worker	1	1
147	09/04/2018	Café cuisine	1	1
148	09/04/2018	Airport Hostess	1	1
149	09/04/2018	Physical and Technical Security	1	0
150	09/04/2018	Hygiene Worker	1	1
151	09/07/2018	Counter-diversion Control	21	19
152	09/10/2018	Hygiene Worker	6	4
153	09/10/2018	Transport Worker	20	6
154	09/12/2018	Transport Worker	3	0
155	09/12/2018	Hygiene Worker	1	0

No.	Selection date	External ad	Recruited	Selected
156	09/12/2018	Physical and Technical Security	1	1
157	09/12/2018	Counter-diversion Control	1	1
158	09/14/2018	Physical and Technical Security	1	1
159	09/14/2018	Physical and Technical Security	1	1
160	09/17/2018	Parking Cashier	13	10
161	09/20/2018	Counter-diversion Control	2	2
162	09/21/2018	Hygiene Worker	2	2
163	09/24/2018	Transport Worker	2	0
164	09/25/2018	Transport Worker	9	5
165	09/26/2018	Hygiene Worker	2	1
166	09/26/2018	Airport Hostess	1	1
167	10/01/2018	Hygiene Worker	4	1
168	03.10.2018	Transport Worker	24	12
169	03.10.2018	Airport Hostess	1	1
170	05.10.2018	Physical and Technical Security	2	1
171	05.10.2018	Counter-diversion Control	2	2
172	10/08/2018	Hygiene Worker	18	5
173	10.10.2018	Hygiene Worker	7	4
174	10.10.2018	Transport Worker	2	1
175	11.10.2018	Hygiene Worker	4	3
176	10/12/2018	Physical and Technical Security	3	3
177	10/15/2018	Transport Worker	1	1
178	16.10.2018	Transport Worker	10	7
179	17.10.2018	Hygiene Worker	3	1
180	10/19/2018	Transport Worker	12	9
181	10/22/2018	Hygiene Worker	4	1
182	10/22/2018	Transport Worker	2	1
183	10/24/2018	Transport Worker	16	4
184	10/29/2018	Hygiene Worker	4	1
185	10/30/2018	Airport Hostess	1	1
186	10/30/2018	Counter-diversion Control	1	1
187	11/01/2018	Transport Worker	3	2
188	11/01/2018	Hygiene Worker	1	0
189	11/01/2018	Transport Worker	14	5
190	11/02/2018	Transport Worker	26	15
191	11/05/2018	Airport Hostess	1	1
192	11/06/2018	Counter-diversion Control	2	1
193	11/08/2018	Airport Hostess	2	2
194	11/08/2018	Transport Worker	5	3

No.	Selection date	External ad	Recruited	Selected
195	11/09/2018	Hygiene Worker	1	1
196	11/09/2018	Transport Worker	3	3
197	11/09/2018	Hygiene Worker	4	0
198	13.11.2018	Parking Cashier	10	8
199	11/14/2018	Airport Hostess	1	1
200	11/19/2018	Transport Worker	14	10
201	11/19/2018	Hygiene Worker	15	8
202	11/20/2018	Hygiene Worker	7	4
203	11/21/2018	Aerodrome operator	21	18
204	11/22/2018	Airport Hostess	1	1
205	11/23/2018	Counter-diversion Control	1	1
206	11/28/2018.	Counter-diversion Control	1	1
207	11/29/2018	Transport Worker	6	1
208	11/30/2018	Transport Worker	27	16
209	03.12.2018	Hygiene Worker	1	1
210	03.12.2018	Transport Worker	1	1
211	03.12.2018	Airport Hostess	1	0
212	04.12.2018	Counter-diversion Control	1	1
213	06.12.2018	Transport Worker	1	1
214	12/7/2018	Airport Hostess	1	1
215	12/10/2018	Hygiene Worker	1	1
216	12/13/2018	Transport Worker	1	1
217	12/13/2018	Airport Hostess	1	1
218	12/17/2018	Transport Worker	15	4
219	12/18/2018	Hygiene Worker	1	1
220	12/18/2018	Transport Worker	1	1
221	12/19/2018	Transport Worker	1	1
222	12/20/2018	Airport Hostess	1	1
<b>In total:</b>			<b>1479</b>	<b>906</b>

During the selection, one of the activities is the psychological conduct of the interview, i.e. the interview with the candidate. The interview serves as a basis for his/her assessment. Also, if necessary, psychological testing is carried out, which determines the eligibility, i.e. the acceptability of the candidate for a certain position.

After recruitment and selection, all selected candidates are referred to a security check, and the candidates are tested for workplace training and medical examinations. Also, this department checks the previous employment of the selected candidates.

A comprehensive record of data is kept within the recruitment and selection of job applicants. The record includes general information about candidates, recruitment data, selection, pre-employment checks, security check data, job training, medical examinations and candidate engagement data.

If necessary, an analysis of the state and movement of human resources in the organization, i.e. an analysis of sick leave, holidays and paid leaves, as well as an analysis of the fluctuation of employees. Also, an analysis of the representation of trade unions in the organization was done, that is, an analysis of the number of employees by organizational units that are members of the trade unions.

In order to improve the work of the employees at the Airport Nikola Tesla Belgrade and reduce the fluctuation of workers in individual services, in November and December 2018, a survey was carried out on the satisfaction of employees with the work they perform. The survey was initiated by the results of the exit interviews, i.e. the observed reasons for the departure from the work of the employees in the previous few months, as well as interviews with the superiors and managers of certain services (within the OU Ground Handling – Acceptance and Dispatch of Passengers, Technical Acceptance and Dispatch, as well as OU Security – Counter-diversion control).

User satisfaction survey on the satisfaction of parking services was carried out in cooperation with OU Commercial operations and marketing, in the period March-April 2018. The purpose of this survey was to determine the needs and satisfaction of the users of parking services, in order to improve those services, since during that period parking was transferred under the administration of Nikola Tesla Airport Belgrade.

In October 2018, employees of this service took part at the Employment Fair of the Municipality of Zvezdara, where they represented the company and presented the possibilities for employment at the Airport Nikola Tesla Belgrade.

### **Labor relations and staff records**

In accordance with the Decree on the procedure for obtaining consent for new employment and additional work engagement with the beneficiary of public funds ("Official Gazette of the Republic of Serbia" No. 113/13, 21/14, 66/14, 118/14 and 22/15), and for the reasons of the increased volume of work, the Commission Conclusion on new employment and additional work engagement with the beneficiary of public funds 51 No. 112-12643 / 2017-1 dated 28 December 2017, the consent was obtained for engagement or employment of a total of **1749** persons, for the period from **January 1 to April 30, 2018**, of whom:

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

In accordance with the Decree on the procedure for obtaining consent for new employment and additional work engagement with the beneficiary of public funds ("Official Gazette of the Republic of Serbia" No. 113/13, 21/14, 66/14, 118/14 and 22/15), and due to the increased volume of work, the Commission Conclusion on new employment and additional work engagement with the beneficiary of public funds 51 number 112-3826 / 2018-1 dated 25 April 2018, the consent was obtained for engagement or employment of a total of **1749** persons for the period from **May 1 to August 31, 2018**, of whom:

- **650** persons employed on the basis of fixed-term contracts;
- **600** persons engaged on the basis of temporary and occasional employment contracts;
- **480** engaged through youth and student cooperatives;

- 2 persons engaged on the basis of employment contracts;
- 17 persons engaged on the basis of professional development and training in accordance with Article 201 of the Labor Law.

Based on the Request for obtaining consent for new employment and additional work engagement of the JSC Airport Nikola Tesla Belgrade 12 number GD-6455/2018 dated July 13, 2018, and in accordance with the Decree on the procedure for obtaining consent for new employment and additional work engagement with the beneficiary of public funds ("Official Gazette of the Republic of Serbia" No. 113/13, 21/14, 66/14, 118/14 and 22/15), and for the reasons of the increased volume of work, the Commission Conclusion on new employment and additional work engagement with the beneficiary of public funds 51 No. 112-6970/2018-1 dated July 27, 2018, the consent was obtained for the engagement of 100 persons through youth and student cooperatives, for the period from **August 1 to November 30, 2018**.

Based on the Request for obtaining consent for new employment and additional work engagement of the JSC Airport Nikola Tesla Belgrade 12 number GD-7241/2018 dated August 08, 2018, and in accordance with the Decree on the procedure for obtaining consent for new employment and additional work engagement with the beneficiary of public funds ("Official Gazette of the Republic of Serbia" No. 113/13, 21/14, 66/14, 118/14 and 22/15), and for the reasons of the increased volume of work, the Commission Conclusion on new employment and additional work engagement with the beneficiary of public funds 51 No. 112-7886/2018-1 dated 28 August 2018, the consent was obtained for engagement or employment of a total of **1354** persons, for the period from **September 1 to December 31, 2018**, of whom:

- 520 persons employed on the basis of fixed-term contracts;
- 360 persons engaged on the basis of contracts on temporary and occasional affairs;
- 470 engaged through youth and student cooperatives;
- 2 persons engaged on the basis of employment contracts;
- 2 persons engaged on the basis of a contract on other grounds in accordance with Article 201 of the Labor Law.

Based on the Request for obtaining consent for new employment and additional work engagement of AD Nikola Tesla Airport Belgrade 12 number GD-12606/2018 dated November 02, 2018, and in accordance with the Decree on the procedure for obtaining consent for new employment and additional work engagement with the beneficiary of public funds ("Official Gazette of the Republic of Serbia" No. 113/13, 21/14, 66/14, 118/14 and 22/15), and for the reasons of the increased volume of work, the Commission Conclusion on new employment and additional work engagement with the beneficiary of public funds 51 No. 112-11373/2018-1 dated November 30, 2018, the consent was obtained for engagement of 100 persons through youth and student cooperatives for the period from **December 1 to March 31, 2019**.

On December 5, 2018, due to the increased volume of work, the Commission for new employment and additional work engagement with the beneficiaries of public funds was sent a new request for obtaining consent for new employment and additional work engagement with the beneficiaries of public funds in accordance with the Decree on the procedure for obtaining consent for new employment and additional work engagement with the beneficiary of public funds ("Official Gazette of the Republic of Serbia" No. 113/13, 21/14, 66/14, 118/14 and 22/15). The Commission's consent is required from January 1, 2019. The Commission for new employment and additional work engagement with the beneficiaries of public funds made a positive Conclusion.

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## Occupational Health and Safety

Serial number	Jobs in Occupational Health and Safety	In total	
1	Training employees for safe and healthy work	Preliminary training	287
		Periodic training	2486
		Training of third parties	153
2	Complaints and irregularities: Taking corrective measures in order to eliminate complaints about irregularities and prevent the occurrence of these	97	
3	Regularities	36	
4	Complaints from employees	8	
5	Injuries at work: report on injury at work, report to the competent Inspection, the Republic Institute for Health Insurance and the Pension and Disability Insurance Fund and the Occupational Health and Safety Administration, event investigation and corrective measures.	33	
6	Organizing medical examinations	Previous medical examinations	728
		Periodic medical examinations	707
		Targeted medical examinations	12
		Ophthalmological medical examinations	210
7	Testing of the working environment (microclimate, lighting)	18	
8	Filling cabinets for first aid with new content, instructions for use	53	
9	Instructions for safe and healthy work	7	
10	Number of employees trained for first aid (basic + advanced training)	121	
11	Bulletin	11	
12	Overview of personal protective equipment	32	
13	Procedures for safe and healthy work	4	
14	Construction site visits during the execution of construction works. Completion of check lists, monitoring of construction works and control of implementation of Occupational Health and Safety measures.	84	

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

### Training of employees at the Center for Vocational Training

Staff that indirectly affect the safety of air traffic must be trained by the Civil Aviation Directorate (CAD) in the authorized training center and must possess certificates of training (Article 187 of the Law on Air Transport ("Official Gazette of the Republic of Serbia" no.73/2010, 57/2011 and 93/2012). In accordance with the above, the Training Center is authorized by the CAD to train the staff performing the following aviation professional tasks:

1. Accepting and dispatching aircraft, passengers and goods at the airport;
2. fire-rescue security;
3. transport of dangerous goods in air traffic;

4. control of the correctness of surface areas for the movement of aircraft, facilities and installations of the airport;
5. supplying aircraft with fuel;
6. training of aviation personnel in the field of aviation security.

Staff carrying out the duties of acceptance and dispatch of aircraft, passengers and objects include the following occupational profiles:

1. Traffic Coordinator (**Head of Airport Shift**);
2. Traffic Dispatcher (**Dispatcher of Traffic and Flight Coordination**);
3. Apron Dispatcher (**Apron Disposer**);
4. Controller of aircraft, passenger and object services (**aircraft, passenger and object service supervisor, inspector for final de-icing and aircraft anti-icing protection, warehouse keeper in the customs warehouse**);
5. Aircraft Balance Technician;
6. Airport Equipment Operator (**driver and operator of towing vehicles, airport stairs, elevators, cargo loaders, water tanks, aircraft maintenance vehicles, de-icing and anti-icing vehicles, airbridges, passenger buses, passenger and crew vans. etc**);
7. Generator Operator (**operator of ground generator and air starter**);
8. Ramp Agent (**driver of the *Follow Me* vehicle, ground communications operator with an aircraft**);
9. Airport Host/Hostess (**ground stewardess/stewards, agents for registration of passengers and luggage, supervisors for registration of passengers and luggage**).

Number of trained persons in the period 01/01/2018 - 21/12/2018:

ANT	third parties		
BV		6	-
DP		7	-
DS		7	-
K S		5	-
DVP (level 1)		204	1
DVP (Level 2)		84	-
KOVPS (category 1 )		26	-
KOVPS (category 2)		13	6
KOVPS (category 3)		23	3
Parker Signal (level 1)		9	1
RAO (level 1)		181	-
RAO (Level 2)		37	8
Generator generator		43	-
The pre-assortment of the sorting plant		26	-
A pre-cargo handler		50	-

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Worker on the reception and dispatch of baggage, post and goods handed over to the airport	204	-
Staff that performs the cleaning of surfaces for movement during the winter season (Winter Squad)	73	-

Staff that performs rescue and fire protection operations include the following job profiles:

1. commander;
2. professional fire fighter ( **fire fighting unit and fire prevention department** );
3. support staff (**employees primarily employed in other jobs**);
4. instructor (**instructors for practical training**).

Number of trained persons in the period 01/01/2018 - 21/12/2018:

ANT	third parties		
		A professional fire fighter	64 -
		Support staff	28 -
		Support staff - exercise	35 -
		Fire Protection	114 -

Staff carrying out the tasks of transporting dangerous goods in air traffic shall mean:

1. Category 1 staff - sender or person who assumes the responsibility of the sender;
2. Category 2 staff - staff performing packing operations for dangerous goods;
3. Category 3 staff - staff engaged in the processing of hazardous substances;
4. Category 4 staff - staff engaged in the processing of goods and post (excluding dangerous goods);
5. Category 5 staff - staff performing services and warehousing of goods and post;
6. Category 6 staff - staff performing **hazardous goods operations**;
7. Category 7 staff - staff performing the tasks of receiving goods and post (excluding dangerous goods);
8. Category 8 staff - staff performing **services of goods, post and luggage**;
9. category 9 staff - staff engaged in the acceptance and dispatch of passengers (**ground stewardesses/stewards, agents for registration of passengers and luggage, supervisor of registration of passengers and luggage**);
10. Category 10 staff - **aircraft balance technician and the supervisor of aircraft, passenger and cargo services**;
11. category 12 staff - staff performing **counter-diversion control of passengers and luggage, goods and post.**

Number of trained persons in the period 01/01/2018 - 21/12/2018:

	ANT	third parties
Transport of dangerous goods in air traffic, floor 6	2	1
Transport of dangerous goods in air traffic, Kat.7	19	-
Transport of dangerous goods in air traffic, Cat. 10	84	12
Transport of dangerous goods in air traffic, Cat. 9	177	13
Transport of dangerous goods in air traffic, Cat. 8	105	14
Transport of dangerous goods in air traffic, Cat. 5 and 8	324	13
Transport of dangerous goods in air traffic, Cat. 12 / Module 19	107	19

Staff performing tasks of controlling the safety of surfaces for movement of aircraft, facilities and airport installations shall be the profile of the **controller of safety of surfaces for movement of aircraft, facilities and airport installations**.

Number of trained persons in the period 01.01/2018 - 21/12/2018:

ANT	third parties
KIP	- 3

Staff carrying out aircraft fuel supplies include the following job profiles:

1. filler (**tanker driver and fuel handler**);
2. filler assistant;
3. warehouse (**energy warehouse keeper**).

Number of trained persons in the period 01/01/2018 - 21/12/2018:

ANT	third parties
Warehouse	1 -
Filler	- -

Staff carrying out an overview of security at the airport include the following categories of staff:

1. Staff of state authorities at the airport;
2. Non-travellers, who can move without accompaniment in secured restrictive zones or have access to critical facilities, infrastructures and systems ;
3. Persons conducting a security check of individuals;
4. Persons who carry out a security check of hand luggage and things individuals carry with them;
5. Persons who carry out a security check of luggage;
6. Persons performing a security check of goods and post;
7. Persons who carry out a security check of air carrier post and materials, supplies for the consumption during flights and supplies for consumption at the airport;
8. Persons performing vehicle inspection;
9. Сектор Persons who conduct airport access control, surveillance and patrols;
10. Aircraft protection staff;

11. Persons engaged in the pairing of passengers and luggage;
12. Persons performing control of securing goods and post by methods other than security checks or access to goods and post identified for air transport;
13. Persons performing control of securing post and materials of an air carrier, supplies intended for consumption during flight and supplies intended for consumption at the airport, by methods other than security checks;
14. Supervisor ;
15. Responsible Security Managers;
16. Instructors;
17. Staff responsible for responding to emergencies.

Confirmation of the training of staff performing the security inspection is issued for the following categories of staff:

- Persons performing vehicle inspection;
- Persons who exercise access control, surveillance and patrols;
- Persons conducting security checks;
- Persons who carry out security check of hand luggage and the things that persons carry with them;
- Persons who carry out security checks of luggage;
- Persons performing security checks of goods and post;
- Persons who conduct security checks of post and materials of the air carrier, supplies intended for consumption during the flight, and supplies intended for consumption at the airport.

Other personnel in accordance with the National Aviation Security Program are obliged to complete appropriate training in the field of security, a certificate of completed training shall be issued.

Number of trained persons in the period 01/01/2018 - 21/12/2018:

ANT	third parties		
		Training on the importance of aviation security	1200 137
		Module 3 - Basic training for performing security control	277 19
		Module 4- Overview of Face Detection	120 18
		Module 4 - Additional QPS training (facial scanner operation training)	12 -
		Module 5 - Security check hand luggage and things that individuals carry with them	33 -
		Module 5 - supplementary training CONV5 , CONV 6, CONV 7	- 3
		Module 6 - Security control of checked baggage	15 -
		Module 7 - Security check of goods and post	1 -
		Module 7 - additional training	7 -
		Module 8 - Security check of air carrier materials and post, supplies for consumption during flight and supplies for consumption at the airport	10 -
		Module 9- Vehicle check	38 -

Module 10 - Access control, monitoring and patrols	44	-
Module 13 - Pairing of passengers and luggage	121	-
Module 14 - Control of securing goods and post by methods other than security checks	13	-
Module 15 - Control of securing materials and post of an air carrier, supplies intended for consumption during flight and supplies for consumption at the airport, by methods other than security checks	7	16
Module 17 - Special supervisor training	10	-
Module 18 - Special training of responsible security managers	1	-
Module 20 - Dealing with Unacceptable Behavior	123	-

In addition to the above-mentioned training prescribed by national regulations, the Training Center also performs a large number of **internal trainings** prescribed by internal training programs (in accordance with international ICAO and IATA standards) according to the needs of airport operations and airline company requirements. It should also be noted that these trainings cannot be obtained at any other existing training center in our country, while their realization through foreign centers is, above all, expensive and questionable because of its applicability (training is designed according to jobs and real working conditions). Internal trainings conducted within the Training Center of the JSC Airport Nikola Tesla Belgrade are:

- ✓ Cargo Reloading Foreman
- ✓ Sorting Plant Foreman
- ✓ Transport Worker - cargo handling on the aircraft / sorting of luggage / cargo handling in the Customs Warehouse.

In addition to the above training, all persons performing duties within the Secured Restrictive Zones (SRZ) (employed and engaged in ANT, as well as third parties) are obliged to complete the Air Traffic Safety Training:

1. Basics of air traffic safety;
2. Independent control of vehicle / equipment in SRZ 1;
3. Independent control of vehicle / equipment in SRZ 2.

Number of trained persons in the period 01/01/2018 - 21/12/2018:

	ANT	Third parties
Basics of air traffic safety	384	19
Independent control of the vehicle / equipment in SRZ 1	7	-
Independent control of vehicle / equipment in SRZ 2	101	56

In accordance with the Law on Air Traffic, the education of employees at the airport, which is closer to the area, is monitoring and controlling the presence of birds and other animals.

Number of trained persons in the period 01/01/2018 - 21/12/2018:

	ANT	Third parties
Worker on suppression of birds and other animals airport	9	-

In accordance with the Law on Air Traffic, the Center for Vocational Training is subject to inspection supervision and audits (checks) by the Civil Aviation Directorate.

The Center for Vocational Training is also subject to external audits by airline companies.

Number of inspections / audits in the period 01/01/2018 - 21/12/2018:

	CAD	Foreign CAD	Companies
Inspections	9	4	19

The Center for Vocational Training organizes and conducts professional visits of the students of the Aviation Academy and students of the Faculty of Transportation.

Number of visits in the period 01/01/2018 - 21/12/2018:

	Aviation Academy	Faculty of Transportation
Visits	3	-

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

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

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

The implementation of the human resources monitoring and analysis system has been implemented. Putting the system into operation is related to the *SAP ERP* system implementation project.

- **Value** : 24.480.820,00 dinars without VAT;
- **Supplier** : Sapiens Solutions doo, under Contract no . UJNV-14/2018 dated February 27, 2018.

### **Interior equipment**

In the public procurement procedure, a framework agreement was concluded on January 29, 2018 with the bidder EUROSALON FABRIKA DOO BEOGRAD for lot 2 - desks and office cabinets up to 2.000.000,00 dinars without VAT.

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

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### **Equipment and tools for maintenance of park surfaces at the ANT- Tools for maintenance of park surfaces**

In the public procurement procedure, on May 30, 2018 the contract was concluded with the bidder "Alpinastar doo" in the amount of 86.216,32 dinars without VAT.

A purchase order is concluded for a period of one year or until the consumption of funds, depending on which of these two conditions is realized sooner.

### **Implementation of systemic disinfection, disinsection and pest control**

The client is the JSC Airport Nikola Tesla Belgrade, the service provider is "EKO SISTEM CO DOO". The purchase order was concluded on May 31, 2018 in the total amount of 298.000,00 dinars excluding VAT. The purchase order is concluded for a period of one year or until the mentioned funds are spent.

### **Consultant services of chemical advisers in the preparation of the preliminary documentation for registration in the chemicals register**

A purchase order was concluded on March 6, 2018 in the the amount of RSD 60,000.00 excluding VAT. The purchase order is concluded for a period of one year or until the mentioned funds are spent.

### **Sampling of drinking water, wastewater, laboratory testing of microbiological and physicochemical microbiological and physical chemical properties**

The service provider is "Institute of Public Health of Serbia Dr Milan Jovanović Batut". The purchase order was concluded on March 16, 2018 in the approximate amount of 400.000,00 dinars without VAT. The purchase order is concluded for a period of one year or until the mentioned funds are spent.

### **Consumables for cleanliness, paper accessories, chemicals for maintenance of terminals and bags**

Part 3 - mats and tracks, framework agreement, worth 450,000.00 dinars without VAT, with company ARS NOVA d.o.o.

### **Consumables for cleanliness, paper accessories, chemicals for maintenance of terminals and bags**

Part 1 - chemical cleaning agents for aircraft, sanitary facilities and terminals, worth 1.300.000,00 dinars without VAT, with company MASTER CLEAN EXPRESS D.o.o.

### **Consumables for cleanliness, paper accessories, chemicals for maintenance of terminals and bags**

Part 2 - jumbo napkins and jumbo toilet paper, worth 4,000,000.00 dinars without VAT, with company Meta Product D.o.o.

### **Consumables for cleanliness, paper accessories, chemicals for maintenance of terminals and bags**

Folding towels and folding toilet paper, worth 4,350,000.00 dinars without VAT, **with** company Meta Product D.o.o.

### **Spare parts and equipment for the video surveillance system**

The public procurement procedure was concluded on March 8, 2018. Contracts for lot 1 - Equipment for tracking logs on video surveillance system in the amount of 5,498,302.12 dinars excluding VAT and for lot 2 - Equipment and spare parts for video surveillance system in the amount of 944.524,40 dinars excluding VAT with the bidder TELEGROUP DOO BEOGRAD. The deadline for delivery of goods in both parties is 30 days from the date of delivery of the written order by the Client.

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

### **Central equipment for the public address system**

In the period 01/01/2018 - 01/04/2018 works on replacement of central equipment on the public address system were completed. The contract was concluded with the bidder SMART BUILDING TECHNOLOGIES DOO in the total realized value of 23.732.744,40 dinars. The procurement was carried out by OU ITT. The monitoring of the execution of the contract and the maintenance of the system is within the competence of OU Logistics.

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

### **Drinking water in balloons**

In the procedure of public procurement, a contract was concluded on April 20, 2018 with the bidder LA FANTANA DOO BEOGRAD in the amount up to 1.800.000,00 dinars without VAT. Delivery of goods will be carried out successively as necessary on an annual basis.

### **Works on disassembly and installation of textile and warm floors with delivery of materials**

In the public procurement procedure, a contract was concluded on February 12, 2018 with the bidder INFORMA DOO BEOGRAD in the amount up to 3,000,000.00 dinars without VAT.

Realization is planned annually for the needs of arranging and maintaining public, salon, office and work space at ANTB.

### **Purchase of parking equipment**

In the public procurement procedure, a contract was concluded with the bidder JKP PARKING SERVIS in the amount up to 13.789.780,95 RSD without VAT.

By conclusion of the RS Government number 464-1883 / 2018 dated 01/03/2018 the consent was given for entering real estate owned by the Republic of Serbia - existing

infrastructure facilities, Public Garage and Parking facility as a contribution in kind of the Republic of Serbia to the JSC Airport Nikola Tesla Belgrade. The takeover of the aforementioned facilities entails the necessity of purchasing the equipment from the JKP Parking Service, which will enable the smooth operation of the parking lots P1.1, P1.2, P2 and the Garage. Realizing the complete project will result in a significant increase in ANTB revenue.

### **Office Supplies**

In the public procurement procedure, framework agreements for lot 1 - Photocopier paper were awarded in the amount up to 4,000,000.00 dinars without VAT and lot 2 - Fanfold paper in the amount up to 3,400,000 dinars without VAT, to the bidder MEHANOPRINT DOO. For part 4 - Toners, a framework agreement was awarded in the amount up to 7.650.000,00 dinars excluding VAT to the group of bidders whose bearer is IVAĐO DOO BEOGRAD-ZEMUN.

### **Coffee and drinks for the needs of coffee kitchens at ANT**

In the procedure of public procurement, a framework agreement for the lot 2 - coffee and drinks for the needs of coffee kitchens at the ANT complex was awarded. The amount of procurement is 1.900.000 dinars, VAT excluded, with TIM 99.

A framework agreement for the lot 1 - espresso coffee for the needs of the coffee kitchens on the ANT complex, worth 400.000,00 dinars without VAT. The contract is in the phase of signing, with the company ARCADIA TEAM doo.

### **Coffee Machine Service**

In the procedure of public procurement, the Purchase Order for the aforementioned purchase in the value of 280.000,00 dinars excluding VAT. The contract is in the phase of signing with the company Tax free doo.

### **Ceiling panel wash service in Terminal 2**

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

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

### **Upholstery works**

In the procedure of public procurement, contracts were awarded to the bidder PODIUM GROUP DOO BELGRADE for the lot 1 - Changing the upholstery on furniture in the amount of up to 1,800,000 dinars excluding VAT and the lot 2 - Upholstering old seats in vehicles and machinery up to 800,000.00 RSD without VAT.

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

### **Maintenance of the Central Monitoring and Control System (CMCS)**

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

### **Radio stations and equipment**

During the public procurement procedure, the contract was awarded to the TELEGROUP DOO BEOGRAD company in the value of 29.910.382,00 dinars without VAT. The deadline for delivery and installation of the equipment is 45 days from the order date. This acquisition expands the digital radio network by adding another repeater to the UHF band, and a sufficient number of UHF, VHF and Air band VHF radio stations are purchased. In this way, it separates itself into a special aviation service unit for Air Serbia, allowing faster and direct communication between the services.

### **Maintenance of passenger and van programs (estimated value of 6,000,000.00 dinars)**

In the public procurement procedure for LOT 1 Maintenance of the passenger and van program FIAT within the warranty period was awarded to the bidder AUTO KUĆA KOLE worth 1.500.000,00 dinars without VAT. AND for LOT 3 Maintenance of passenger and van program FIAT, RENAULT, PEUGEOT - 1.750.000,00 dinars without VAT.

The realization of the procurement will be carried out for the purpose of regular and current maintenance of the vehicle fleet at the ANTB for the lot 2. Maintenance of the passenger and van program ŠKODA, OPEL, VOLKSWAGEN - 1.750.000,00 din and the lot 4 Maintenance of the passenger-cargo program TOYOTA, MITSUBISHI - 1.000.000,00 din is a repeated procedure and is currently being published.

### **Special towing vehicle (estimated value of 7.700.000.00 dinars)**

In the procedure of public procurement, the contract was awarded to the bidder INOTO MOTORS DOO BEOGRAD in the amount of 6,150,000.00 dinars excluding VAT. Realization implies delivery of a vehicle.

Since May 2018, as part of the operations of the Airport Nikiola Tesla Belgrade, there are Parking P1 and Garage. In this regard, revenue from parking services has been drastically increased, as shown in point 4.

Successful completion of the professional examination of all workers, which means that we are complying with the requirements of the republic fire protection law on the training of members of the unit.

Fire safety nozzles were delivered to the OU Rescue and Fire Protection, after which a functional test was performed, their technical characteristics were introduced to all employees, and they were assigned to fire trucks.

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

An update of the Fire Protection Plan is under way, in order to make changes to the facilities created during 2017 and 2018 due to the works in Terminal 1, the Connection between

Terminals 1 and 2 and Terminal 2, the installation of Modular Facilities at the official passage "D" completion of the de-icing and anti-icing protection platform and the like.

The update of the Fire Protection Plan has been continued and some changes have been made after the reconstruction of some parts this year.

Training of a number of airport workers in the area of Fire Protection was carried out according to the decision of the Ministry of Interior's Inspectorate for Emergency Situations.

Contracts were signed:

- "Maintenance of fire protection system", lot 1: Maintenance of water-sprinkler fire extinguishing system, with a group of suppliers consisting of "IPON SYSTEM" doo, Belgrade-Zemun and " *Dunex*" doo Belgrade;
- "Maintenance of fire protection system", lot 3: Maintenance of inergen fire-extinguishing system", supplied by " TVI "doo, Belgrade;
- "Maintenance of fire protection system", lot 4: Maintenance of anti-smoke and fire protection curtains", with the supplier "ELSAT" d.o.o. from Čačak;
- A contract for the service of insulating respiration equipment has been signed and service is being performed by the authorized service "Drager" Tehnika Beograd;
- A contract for "fire fighting equipment and protective equipment" was signed for six lots as follows:
  - ✓  Lot 1: Rescue equipment - complete with a pulley and pull-out system;
  - ✓  Lot 3: Fire proximity suits;
  - ✓  Lot 4: Fire boots;
  - ✓  Lot 5: Fire devices, hoses and armatures;
  - ✓  Lot 7: Suits for working with hazardous substances;
  - ✓  Lot 8: Battery charged forcible entry tool.

Forcible entry tool and fire proximity tool were delivered.

Equipment was delivered from the lots 1, 4, 5, 7.

Complete equipment was delivered from the lots 3, 8.

In the period 15-16 January 2018, in a formal visit to the Republic of Serbia at the invitation of President Aleksandar Vučić and the Government of the Republic of Serbia, a high delegation from Japan headed by the Prime Minister of Japan was in attendance. In addition to the official state delegation, there was also a large business delegation that was greeted with the highest state honors at the JSC Airport Nikola Tesla Belgrade. The delegation came to Belgrade by two state Boeing 747 aircrafts.

In the period 9-10 May 2018, in an official visit to the Republic of Serbia, at the invitation of President Aleksandar Vučić and the Government of the Republic of Serbia, the President of Cyprus arrived with the high state delegation that was greeted with the highest state honors at the JSC Airport Nikola Tesla Belgrade. The delegation arrived in Belgrade by the state-run Boeing 738 BBJ2 .

In the period 16-21 May 2018, the *EUROLEAGUE BASKETBALL FINAL FOUR 2018* was held in Belgrade, which was attended by basketball clubs *Fenerbahce*, *CSK Moscow*, *Zalgiris* and *Real Madrid*. In the mentioned period, the JSC Airport Nikola Tesla Belgrade accepted 79 flights with passengers who arrived to attend the event. Out of the total number: 13 flights were on wide-body A330-200/300 aircrafts of *Turkish Airlines* and Aeroflot, while only on 21 May 2018, there were 7 such flights since guests at the official visits during this period were: President and Prime Minister of Lithuania, Turkish Minister of Tourism and Sports Minister of Turkey, Minister of Sports of Spain and many other distinguished guests from the sports world. The complete acceptance and dispatch at the JSC Airport Nikola Tesla Belgrade was at a high level.

Сектор финансија

From 21 May 2018 until 25 May 2018 at the JSC Airport Nikola Tesla Belgrade internal audit of processes and documentation according to the standards ISO 9001: 2008, ISO 14001: 2004 and OHSAS 18001: 2007 was successfully carried out. Data internal audit was carried out within the deadline and in accordance with document KV 02.01 Annual Internal Audit Plan.

In the period 22-23 May 2018 the Conference of the Chiefs of the General Staff of the Balkans was held in Belgrade in May with the associated members: Turkey and NATO. At the JSC Airport Nikola Tesla, the participants of the summit were greeted at the highest level.

On June 10, 2018, a 5.4 km running race was held under the name *Runway Run BEG5K*, organized by the Belgrade Marathon. The race was held at night, from 01:30 to 04:30 local, due to the inability to use the runway during the day due to traffic.

In the first half of 2018, *Safety Audit* was carried out as follows: on 21 February 2018 by *Tunisair* ; 05/22/2018. by *Etihad Airways* ( *Safety, ERP* ). There were not objection by the supervising air carriers.

### **Engineering**

- A large number of analyses of technical and technological statuses and trends in the development of airport subsystems;
- Participation in the most complex needs analyses (development and implementation) of the airport complex in cooperation with other OUs;
- Participation in all the processes of analyzing and deciding on the status of complex systems and equipment, including the process of procuring new systems and putting them into operation, as well as the process of deciding on the termination of the use of outdated and unreliable equipment, and, consequently, the process of controlled disposal of such equipment;
- Monitoring and improving the existing organization and developing new programs, plans, procedures and instructions (more than 30 new and updated procedures, instructions, policies with over 100 new and updated checklists);
- Creation of a large number of reports to the Technics Director and management of the airport.

### **Maintenance of facilities and mechanical installations**

### **Maintenance of thermal and technical equipment**

Systems and elements that are maintained and controlled:

- *Air conditioning systems* (air conditioning systems in machine room 1, machine room 2, machine room 4, system in the hall in the connecting part, system for Annex Terminal 1, VIP salon system, roof chambers for waiting rooms in A and C Finger hall, roof chambers).
- *Water systems* - (all F/C systems, whether parapet, tunnel, channel or ceiling, whose branches are based on the aforementioned mechanical halls, radiator heating, air curtains and heaters, water heaters in the Borič sub-station, water heaters for the mentioned systems).

Сектор финансија

## Metal works

Systems and elements that are maintained and controlled:

- Repair and maintenance of various metal constructions and production of new ones on the whole ANTB complex;
- Repair and maintenance of metal works;
- Repair and maintenance of pallet trucks, trolleys and luggage carts;
- Repair and maintenance of waste containers;
- Cleaning and maintenance of the fence;
- Making various metal inserts.

## Heat

Systems and elements that are maintained and controlled:

- *Boilers of heavy fuel oil for combustion* -4 boiler for combustion, the total power of 47 M W, (servicing burners, chamotting boilers, calibrating the safety valve, the replacing smoke tubes).
- *Aqueous system* - repair (cleaning and lubricating) pumps and valves
- Maintenance - hot water networks about 5 km long

## Maintenance of plumbing and sewage installations

Systems and elements that are maintained and controlled:

- Maintenance and control of plumbing and sewage installations, sanitary facilities in the toilets, at the whole ANTB complex.

## And the architectural - construction service

### Maintenance of civil engineering constructions

Systems and elements that are maintained and controlled:

- Surface for aircraft movement (runways, aprons and taxiways) 500,000 m<sup>2</sup>
- With service and auxiliary service roads aprons **A, B, C** and **DE-ICING** apron 3,1 km.
- Perimeter road 13,5 km,
- Surface on the ground side (parking lots, roads and access roads) 56.500 m<sup>2</sup>,
- Horizontal signalling, in the total area of about 25,000 m<sup>2</sup>.

The activities that are included in the construction maintenance for the purpose of safe air traffic management are:

- Maintenance of the road surface structure ( assessment of the condition of the surface of the road structure from the aspect of damage, measurement and maintenance of the friction characteristics on the surface of the runway, measurement and maintenance of the level of the surface of the landing trail, measurement and calculation of the load capacity of the road structure, checking and maintenance of the transverse and longitudinal slopes of road surface, regular surface inspections.
- Maintenance of drainage gutters, shafts, channels and retention
- Maintenance of existing horizontal and vertical signalling

## **Maintenance of buildings**

Systems and elements that are maintained and controlled:

- Passenger terminal buildings 1 and 2, VIP lounge and general aviation salon, C and D passage facility, tower space (part),
- Customs warehouse, fire base, mechanization workshops, intervention maintenance and others, de-icing, working premises of the employees in the barracks and the Red building and the Post Office building with the total area of 75.070 m<sup>2</sup>.
- Perimeter fence 12 km.

Activities that are covered by architectural and construction maintenance:

- All exterior and interior construction and finishing works and (except works on the arrangement of grass and park surfaces, flooring and carpentry works and park mobile furniture),
- Arrangement of smaller zones of interiors and fixed furniture (except for garden pots and metal mobile furniture, interior equipment and repair and upholstery of furniture, shutters)
- Informative marking (technological - for traffic purposes, non-technological - for the purpose of informing passengers, except for labelling offices).

## **Energy and maintenance of the light marking system**

Systems and elements that are maintained and controlled:

- Check of substations under the jurisdiction of the Airport Nikola Tesla, with special emphasis on controlling the operation of the substation TS "Pista" (*Runway*) because of the importance for the safety of the air traffic.
- Daily control of spare power supplies, UPS devices (power of 750kVA and 1000kVA) and diesel power generators (over 100kVA power) .
- Inspections and complete maintenance of lighting installations and sockets in all facilities within the jurisdiction of ANT, such as Terminal 1 and 2, Connection, VIP Lounge, RCM, Fire Brigade, Technical Base, Green Barrack, Emergency Maintenance Garage, Firefighting Pool, Manipulation with Fuel, Garage Deicing vehicles, Warehouse, Restaurant for employees
- Maintenance of a light marking system on manoeuvring areas of the airport
- Control and maintenance of central remote control and management system equipment
- Maintenance of reflector pillars for platform lighting
- Regular maintenance and checking the correctness of elevators and escalators
- Maintenance of electric motors for technological equipment.
- Maintenance of electric power supply of air conditioning and power supply systems for converters
- Control and maintenance of the fecal substation in the sorting plant, located in the basement of Terminal 2 (electrical part).
- Control and maintenance of pumping stations for pumping atmospheric water (electrical part) .

Сектор финансија

## Mechatronics

Systems and elements that are maintained and controlled:

- Maintenance and control of airbridges.
- Regular and extraordinary inspections and service of upgrade of aircraft de-icing equipment - automation and control system
- Regular and corrective maintenance of the system for visual guidance VDGS - aircraft system.
- Maintenance of the baggage transport system,
- Maintenance of automatic doors for passengers and garage doors at the airport complex.
- Maintenance of automatic ramps at the airport complex.
- Maintenance of control system and automatic control of special equipment systems
- Maintenance of the vehicle's superstructure for measuring friction

## Maintenance of airport equipment

Equipment, systems and components that are maintained and controlled:

- Preventive current and investment maintenance of special airport equipment (approximately 318) and official vehicles (approximately 190) realized by Aircraft Maintenance Workshops:

- Car mechanic workshop
- Car electric workshop
- Car body workshop
- Car tyre workshop
- Metal turner workshop
- Car service with car wash
- Intervention maintenance workshop

- Maintenance of aircraft movement surfaces (runway, taxiways and aprons) during the winter season in the period 01/11 - 01/04, which includes:

- Removal of snow deposits from all surfaces and their chemical protection against icing for the safe and regular deployment of air traffic;
- Removal of tire deposits from the runway to improve the value of the friction ratio;
- Ensure the safety of surface areas for the movement of aircraft and the Light Marking System for safe and regular air traffic;
- Checks of the manoeuvring surfaces, aprons, installations, devices and equipment at the airport before the opening of the airport, before the interval with the highest traffic intensity and immediately before the night, and in the case of unfavorable weather conditions occur during the opening hours of the airports, the checks may be more frequent.

- Daily control of the safety of all areas where aircraft are moving, which includes:

- Regular, extraordinary inspections and cleaning of concrete (unloaded) and asphalt surfaces that are used for the safe take-off, landing, movement,

acceptance and dispatch of passengers and things and the stay of aircraft as well as maintenance of service roads.

- Control of the surface conditions for the movement of aircraft, vehicles and airport equipment, which is of particular importance for the safe deployment of air traffic. The condition of the aircraft movement area refers to the degree of fulfilment of the prescribed requirements for the following characteristics:
  - ✓  Existence of foreign objects and debris - FOD;
  - ✓  Friction ratio;
  - ✓  Condition of road structure,
  - ✓  Horizontal and vertical signalling status and
  - ✓  State of light marking system - LMS

### **Replacing air-conditioning devices on airbridges**

- **Purpose:** Existing air conditioning at the TEAM airbridges have been in operation since 2006. According to technical specifications for these types of devices have expired their useful life. Due to technical and technological obsolescence, efficiency in work is at a significantly lower level than in the modern generation of such air conditioning devices. This purchase is intended for replacement of 10 air conditioning devices on 5 airbridges.
- **Status:** Public procurement is scheduled for 2017. By the Decision of Managing Director the investment was approved. Public procurement has been implemented. A contract for delivery and installation of new air conditioning devices was signed with "KLIMA M" d.o.o. The value of the contract is 3,868,070.00 RSD without VAT. In March 2018, the minutes on the reception of air conditioning devices were signed, thus the contract was executed.

### **Machines and special devices and vehicles for maintenance of maneuvering surfaces**

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

- **Status:** Procurement has been realized. Lot 1 - Special purpose vehicle for cleaning asphalt and non-asphalt surfaces - the contract was concluded on 18/08/2017 with the company "GRADATIN" Ltd., head-quartered in Novi Sad, in the amount of 36.615.947,30 dinars without PDV. The vehicle was delivered on account number 218140 dated 05/04/2018 in the amount of 43.168.420,22 with VAT.

Procurement Lott 2 - Self-propelled diesel crane, the contract concluded on August 18, 2017 with the company "GRADATIN" d.o.o., head-quartered in Novi Sad, to the amount of 8.971.284,10 dinars without VAT. The vehicle was delivered in accordance with the contract.

### **Construction of the fence around the perimeter of the 4th phase**

- **Purpose:** Continuation of works on replacing the existing fence along the entire perimeter of the Airport in order to increase the level of safety and align the fence characteristics with the new regulations. The last, phase 4, ends the replacement of the old fence around the entire complex of the Nikola Tesla Airport.
- **Status:** Public procurement is scheduled according to the rebalance from September 2016. The decision of the Supervisory Board approved an investment investment. The tender documentation has been published. The opening of the offers was on March 14,

2017. The needs delivered are higher than the planned budget. The process has been suspended. Public procurement was restarted according to the adopted plan for the purchase according to the Rebalance 2 from 26/05/2017. The decision of the Supervisory Board approved the investment. The contract for execution of works was signed with a group of bidders "ELGRA VISION" d.o.o., "LEGIS SGS" d.o.o. and JADRAN d.o.o. The value of the contract is 27.392.660,99 RSD excluding VAT, out of which 25.171.586,64 RSD was realized without VAT. Works on the replacement of the fence were completed on 10/02/2018.

#### **Maintenance of fences on parking lots P5, P6, P7 and fences around TS 35/10**

- **Purpose:** Replacement of fence in parking P5, P6, P7 and fences around 35/10 " with the aim to provide access control to parking areas, increase the safety of the main substation airport and additionally improve the airport complex. The current state of the fence does not satisfy the functional-security, hygienic, as well as visual aspect of enclosure of these spaces.
- **Status:** The contract was signed with the bidders "ELGRA VISION" d.o.o. and "LEGI SGS" "d.o.o. in the amount of 3,393,710.00 din. excluding VAT, out of which 3.250.000,00 dinars were realized without VAT. The transcript of the handover and the completed calculation of works was signed on September 4, 2018.

#### **Flags and masts - Delivery of the masts with installation**

- **Purpose:** Purchasing and installing a mast with appropriate flags at the airport complex provides exceptional visual communication representing the identity of the country and the associated company. Since the JSC ANTB is practically the "Gate of Serbia" and represents the first direct contact of incoming passengers with the country to which they are coming, it is necessary to present the identity of the country and the company in the best possible way.

The planned height of the mast is 25 meters with the corresponding flags, which can potentially turn into one of the recognizable symbols the JSC ANTB and is visible from the side of the highway E-75 as one of the entry points - the symbols of Belgrade. One of the main reasons for setting up the mast is that it encourages the custom of setting up and observing state features. This shows the respect of the flag as a symbol of Serbian tradition. The placement of large state flags in visible places is a practice that exists in many cities around the world.

- **Status:** Public procurement is announced according to the procurement plan for 2018 in the JNMV BR 6/18 procedure. The contract was signed with the bidder "ELGRA VISION" d.o.o. in the amount of 9.250.000,00 din. without VAT. The purpose of the public procurement is contracted production of technical documentation and setting up of the mast with flags at the ANT complex. The contract was signed on a turnkey basis. The project was fully realized on 02/11/2018.

#### **Procurement of access stairs - 4 pcs.**

- **Purpose:** increase the capacity and quality of services provided to airlines during aircraft service.
- **Value:** 12.394.973,36 dinars without VAT .
- **Supplier:** *Europlast international* d.o.o. and *Europlast international GMBH*, Public Procurement Contract number UJNV -33 / 201 8 from 21/03/2018.

- **Status:** Access stairs are delivered on June 15, 2018 and will be in operation from mid-July 2018.

**During April, employees in technical acceptance were relocated to a new modular facility of 900 square meters.**

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

During March, the first flights of the airline Iran Air, Mahan Air and Qeshm Air were completed for Tehran, Iran. Preparation of work procedures, familiarization of employees with them, supervision by direct managers are some of the additional activities that preceded the successful realization of the flights in question.

**Blinds installation and replacement services**

Opening of bids in the procedure of this public procurement was held on 05/07/2018. A report on expert evaluation of bids was prepared. The procurement is carried out for the purpose of ongoing and intervention maintenance of all facilities and assets at the ANT complex - replacement and repair of striped curtains, blinds and roller blinds. The framework agreement will be signed in the amount of 3,000,000.00 dinars without VAT with a company ANKABO d.o.o.

**Interiors equipment**

In the public procurement procedure, the decision on awarding the framework agreement was made on July 3, 2018, for:

- □□□□□□1: Work chairs and club program Bidder KOMPANIJA KTITOR d.o.o. in the amount of 4,000,000.00 dinars without VAT;
- □□□□□□2: Custom furniture ZOMONT d.o.o in the amount of 3,000,000.00 dinars excluding VAT.

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

**Maintenance service for horticultural machines**

In the public procurement procedure, on 14/06/2018 the contract with the bidder "Alpinastar doo" was concluded in the amount of 446.420,60 dinars. without PDV.

Purchase order is concluded for a period of one year or until the consumption of funds, depending on which of these two conditions is fulfilled sooner.

**Indoors and Outdoors Horticulture**

This procurement is divided into two lots:

- □□□□□□1 - Horticulture outdoors Opening of Bids was held on July 4, 2018. The company that fulfilled all the required conditions is "Biodekor doo". Conclusion of the contract is under way.

- □□□□□□2 - Horticulture indoors: Opening of bids was held on July 4, 2018. Drafting of expert evaluation of bids is under way.

### **Maintenance of wells with accompanying electrical and hydraulic equipment for the functioning of the irrigation system**

In the public procurement procedure, on 09/07/2018 the contract was concluded with the bidder "Hydrogeocenter doo" in the amount of 99.960,00.

A purchase order is concluded for the period until 15/08/2018 or until the funds are spent.

### **Wheels for containers**

A purchase order concluded on June 25, 2018 in the amount of 35.000,00 dinars without VAT. It is concluded for a period of one year or until the funds are spent.

### **Maintenance of parking equipment**

This contract was signed on August 10, 2018 with the company KROMRO doo in the the amount of 2.000.000,00 dinars.

### **Non-refundable magnetic cards for the charging system and parking control**

A contract for this public procurement was concluded on 04/072018 with the company NEVKOŠ doo in the total amount of 1.236.250,00 dinars.

### **Laboratory testing of sampled fuel**

A contract was concluded on 30/07/2018 with NTC NIS NAFTAGAS DOO NOVI SAD in the total value up to 1.000.000,00 dinars.

### **Spare parts for TORO irrigation system**

A contract was concluded on 24/07/2018 with CVETNIK doo in the total value of 777.930.00 dinars.

### **Consumables for cleanliness, paper accessories, chemicals for maintenance of terminals and bags per lots**

- □ Lot 1 - Disinfectants for toilet and toilet fresheners: a contract was concluded on 29/08/2018 with HYGIENE SERVICE 2AM doo in the total value of 3.050.000,00 RSD.
- □ Lot 2 - supplies (moppers, gloves): a contract was concluded on 03/09/2018 with B2M doo in the total value of 1,900.000,00 RSD.
- □ Lot 3 - sanitizers and disinfectants based on chlorine: a contract was concluded on 03/09/2018 with B2M doo in the total value of 650.000,00 RSD
- □ Lot 4 - dry hand disinfectant: a contract was concluded on 03/09/2018 with MASTER CLEAN EXPRESS doo in the total value of 580.000,00 RSD

### Maintenance of the fire alarm system

This contract was signed on 28/11/2018 with the company Securiton doo in the amount of 5.742.762,00 dinars.

### Preparation of the study

- **Purpose:** For the cadastral lots at the Nikola Tesla Airport Complex, which have received the status of ownership by the Conclusions of the Government of the Republic of Serbia, it is necessary to merge several cadastral lots in accordance with Article 68 of the Law on Planning and Construction. In order to implement this change in the Real Estate Cadastre, it is necessary to elaborate the **survey of geodetic works of joining the lots of the same owner.** Also, following the process of legalization and registration of all maneuvering surfaces and aprons at Nikola Tesla Airport, there was a need for merging and functional separation of manoeuvring surfaces and aprons into the whole. In order for the Cadastre of Real Estate to implement this change, it is necessary to **create a Geodetic Study that will define the boundaries of manoeuvring surfaces and aprons, separated into functional units.** Finally, having in mind that, after the registration procedure, there was a need for recording the existing registered facility of the Air Traffic Building in order to determine the exact area of the space used and the records and the area in the cadastral operator, it is necessary to perform **architectural and constructional recording of the existing building of the Air Traffic Building.**
- **Status:** A public procurement procedure was conducted in the negotiation procedure. On October 8, 2018, a contract was signed with PD "A BA GEODETSKA KUĆA" d.o.o.

### Training of employees in the field of security inspection

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

Training will be conducted by the Training Center Belgrade Airport Nikola Tesla in accordance with the curriculum approved by CAD RS as follows:

Conducting training for operators OU FTO is set in February 2018 by the Training Center at the Airport Nikola Tesla Belgrade as follows:

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

OU Counter-diversion control has continued to conduct training for operators of the KDK sector as follows:

Initial training for persons who perform passenger security checks, for 5 candidates, started in June 2018. It was completed in July.

Training for persons who inspect passengers, non-travellers and carrying things, for 15 candidates, was completed in May and June 2018.

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

In the period July, August and September, new employees were admitted to the OU KDK (55 employees). Initial training was also held successively. In July, a certification was carried out for 15 operators to inspect passenger security, non-travellers and things they carried and in September a certification process for another 45 employees in the OU KDK .

The certification process was completed in early November.

Immediately, preparations for certification were held at the end of January-early February 2019, by constant training (initial and periodic) for:

- KDK operators for facial examination
- Operators of KDK for inspection of checked-in luggage
- Operators of KDK for inspection of hand luggage
- Operators of KDK for inspection of goods and post

About 140 operators from OU KDK are expected to take the certification in January-February.

### **Camera for recording the lower part of the vehicle**

The lower camera surveillance system is an additional method for inspecting the lower part of vehicles entering the controlled zone, that is, in the critical parts of the secure and restrictive zone of the airport. This system significantly provides a better and more comprehensive inspection of the lower part of the vehicle compared to the inspection of the lower part of the vehicle using a mirror for the KD vehicle inspection. When entering a vehicle, whether it is a passenger car, truck, bus, or any other type, the camera system records the lower part of the vehicle, making a permanent record that is associated with the registration number of the vehicle under review. The resulting footage is analyzed by the operator in order to detect and locate prohibited articles or parts thereof that can be subsequently assembled as a whole and used to impair the safety of civil aviation, personnel and property of the airport and other entities providing services in the aircraft service. A preserved image of the lower part of a particular vehicle is then used at each subsequent entry of that vehicle in order to determine changes in the lower part of the vehicle, that is, to detect prohibited articles or parts thereof. The system automatically makes the base of all vehicles being inspected in this way, i.e. discovered prohibited items or parts thereof. The system automatically makes the base of all vehicles being inspected in this way, i.e. discovered prohibited items or parts thereof. The system automatically makes the base of all vehicles being inspected in this way.

- **Public procurement (PP) published:** 10/03/2017
- **Estimated value of PP :** 32,500.00.00 RSD without VAT
- A contract was concluded on December 4, 2017 with the bidder MACCHINA SECURITY doo in the amount of 32.286.260,00 RSD without VAT. The goods were delivered on 05/02/2018.

### **Veterinary preparations**

Veterinary preparations for the maintenance of health of official dogs.

- **PP published** : 02/07/2018
- **Estimated value of PP**: 280.000,00 RSD without VAT
- **A Contract (Purchase Order) was concluded** with the Bidder "Primavet doo" in the amount of 190.827,80 RSD without VAT on March 6, 2018. The goods were delivered on 26/03/2018.

### **Mirrors for inspecting the lower part of the vehicle**

Mirrors for inspecting the lower part of the vehicle are an auxiliary tool for inspecting inaccessible parts of the vehicle in order to detect and prevent the entry of prohibited objects into restrictive airport areas. Depending on the size of the mirror, it is mainly used to view the lower part of the vehicle, the space above the wheels, or the hard-to-reach interior parts of the vehicle. Mirrors have an integrated battery lamp for use in reduced visibility conditions. They are used by security officers on official passages "D" and "E", as well as at the location for access to delivery vehicles in the basement of Terminal 2.

- **A purchase order** was concluded on December 17, 2018 with the VEBECOM Bidder d.o.o. in the amount of 466.500,00 RSD without VAT. The goods were delivered on 17/12/2018.

### **Servicing and maintenance of Drager equipment**

Drager equipment are alcohol test devices designed to measure the concentration of alcohol in the breath and drugs test devices designed to measure the concentration of psychoactive substances in the body.

Service and maintenance of the alcohol test and drug testing instruments is carried out for the purpose of controlling the accuracy of measuring devices, calibration of measuring devices, verification of the criteria by issuing certificates of accuracy, repair of devices and replacement of spare parts.

The order was completed on 28/11/2018 with a bidder Drager tehnika Trgovina i servisiranje d.o.o. in the amount up to 50.000,00 RSD without VAT. The service was partially completed in December 2018.

Regarding procurement, related to OU KDK, the following are initiated:

- X-ray with automatic detection of explosives (for transfer luggage due to flights to USA);
- Face scanning equipment for scanners (for gates A2-3, A4-5 and A4aA4b).

Regarding the delivered equipment, in March 2018, 60 flat-panel boards were delivered under the contract UJNM 133/2017. Parachutes are positioned on all gates as protection of the operator from the influence of passengers. The Civil Aviation Directorate is informed that the measure has been implemented.

On the last day of August, the delivery and installation of scanner operation equipment (scanner panels) in gates A2-3, A4-5 and A4aA4b were performed according to UJNV 65/2018.

A vehicle to be used for X-ray traction is delivered, the vehicle is used by OU FTO and at the request of KDK is used for the mentioned purposes.

In August, a contract was signed for paper collectors of samples for detectors of explosives, and in the same month, all 50,000 pieces were delivered.

In September, a contract was signed for the maintenance of the explosive trace detector UJNV 67/2018.

For the procurement of "Measurement of Ambient Ecology Dose, Development of Radiation Safety and Safety Project", the contract was signed UJNM 98/2018

For the "Training in the field of protection against ionizing radiation", the contract was signed by UJNM 109/2018, the realization in 2019 is expected.

For the purchase of "Removing the Smits Hajman" device, the opening of the bids was scheduled for 28/12/2018.

Delivery of the Chinese X-rays from the donation was on November 1st (x-ray computerized tomography in standard 3, for check-in of luggage). During December, works on the adaptation of the T2 sorting station for the new X-ray are being carried out, the upgrade of the new premises for KDK operators is in progress.

In September, the procedure for procurement of STEB bags was restarted (purchase of up to 500,000 dinars)

In December, the most favorable bidder was selected. Delivery of bags in January 2019 is expected.

On 02/07/2018, the Prime Minister of Norway and the President of Ukraine came to an official visit to the Republic of Serbia in their state aircraft: *Falcon 2000* and *A319*. At the Belgrade Airport Nikola Tesla, the participants were welcomed at the highest level.

During July 2018, *Safety Audits* were conducted, as follows: 2-3 July 2018 by *SWISS* (SMS, QM, ERP) which resulted in a single remark; 07/10/2018. by *Vueling* (SMS, QM, ERP) and July 11, 2018. year by *Swift Air* (SMS), which resulted in no objection.

From 05/07/2018 the Iranian company *Mahan Air* has changed the type of plane that flies to Belgrade and switched to a wide-body A343 aircraft, which has a version with a capacity of 290 passengers, twice a week. Further, from 05/08/2018 it has introduced two additional flights, also with the same type of aircraft, resulting in a weekly frequency of four flights.

On 26/07/2018, at the invitation of President Aleksandar Vucic, the President of Israel came in an official visit to the Republic of Serbia with a high state delegation. At the Belgrade Airport Nikola Tesla, the Belgrade delegation was greeted with the highest state honors. The President of Israel came in private *Cessna 525*, and left by regular line of Israeli company *Arkia*.

In August, *Safety Audit* was performed by the Chinese company *Hainan Airlines*, completed on August 7, 2018 without objections.

In the period from 4th to 6th September 2018, the certification check and transition of the quality management and environmental management system to ISO standards was successfully carried out by the certification company YUQS DOO, as well as the verification check of the health and safety management system at work OHSAS. With this external check, the JSC Nikola Tesla Airport Belgrade has obtained the following certificates:

- ISO 9001: 2015, valid until 15/09/2021;
- ISO 14001: 2015, valid until 15/09/2021;
- OHSAS 18001: 2007, valid until 25/12/2021.

On September 12, 2018, at 04:11 AM local time, the aircraft of the company *Egypt Air* landed at the Airport Nikola Tesla Belgrade due to a technical fault at the main landing gear stopped the runway - without the possibility of independent movement. The airport was closed for 6 hours and 50 minutes, in order to safely remove the aircraft from the runway.

In the period 14-16 September 2018, the Vice-President of India with a high state delegation arrived in an official visit to the Republic of Serbia at the invitation of President Aleksandar Vucic. At the Airport Nikola Tesla Belgrade, the delegation was greeted with the highest state honors. The delegation arrived by *Air India* Boeing 747.

In the period 15-18 October 2018, the Summit 16 + 1 CIEZ was held in Belgrade at the level of the Ministry of Transport and City Mayors. There were 34 official delegations at both meetings.

In the period 16-17 October 2018, the Prosecutor General of the Russian Federation was officially visiting the Republic of Serbia at the invitation of the Ministry of Justice. At the Airport Nikola Tesla Belgrade, the delegation was greeted with the highest state honors who came to Belgrade by *Tupolev 204* national plane.

In the period from 17-18 October 2018, the President of Austria was in an official visit to the Republic of Serbia with a high-level business delegation. The delegation arrived in Belgrade by the *Embraer 170* aircraft .

In the period 17-19 In October 2018, the Deputy Prime Minister of the Slovak Republic with a high delegation visited Belgrade, the Republic of Serbia, by plane *Fokker 100* .

In the period 20-22 December, 2018, organized by the President of the Republic of Serbia, the Summit of the Quadrilaterale was held with the participation of the prime ministers of Greece, Bulgaria and Romania. All prime ministers came to Belgrade by their own national planes ( *Embraer 135, CL-605, Airbus 319*).

In the period 19-30 November 2018 an annual passenger satisfaction survey was conducted. The target category were outgoing travellers. Report on the survey was prepared on 21/12/2018 to be given to the management.

In the last quarter of 2018 *Audits were carried out* by airline companies in the field of *Quality and Safety*:

- ✓  October: *Swiss, Air Serbia*,
- ✓  November: *Turkish Airlines*,
- ✓  December: *Israel CAA, Norwegian air, LOT* .

In the same period of 2018, measures from corrective plans harmonized with the Directorate of Civil Aviation of the Republic of Serbia were monitored. Corrective plans related to the following:

- Transfer of airport certificates
- Permit for access control and security checks
- Vocational Training Center
  - ✓  Receiving and dispatching aircraft, passengers and things on the airliner
  - ✓  Supplying aircraft with fuel
  - ✓  Fire - rescue personnel
  - ✓  Control of safety of surface areas for the movement of aircraft, facilities and installations of the airport
  - ✓  security in aviation
- Getting the status of a regulated agent

After fulfilling all the measures that were the condition for issuing airport certificates and other certificates and solutions, the AIRPORT CERTIFICATE was issued on December 22, 2018 to the airport operator *VINCI Airports Serbia Ltd. Belgrade - Surčin* for an indefinite period of time.

### **Loading and disposing of mixed waste**

A report on the professional evaluation of the bid was submitted for this public procurement. A contract was concluded on 24/07/2018 with *VLADO BAUMASCHINEN doo* with total value up to 1.000.000,00 dinars.

### **Start of flights of *RWZ Red Wings Airlines* to *DME, Russia, A32 0***

Сектор финансија

The first flight of *RWZ Red Wings Airlines* was successfully completed on *June 26, 2018* from our airport, flight number *WZ 538* for *DME, Moscow Domodedovo*. It is planned to fly three times a week. Additional staff training, supervision by direct managers are some of the additional activities that preceded the successful realization of the flights in question.

During May and June, PPO staff are trained in the registration of passengers and luggage on the following systems: *iPort, Saber Alitalia partition, Saber Air Serbia partition, Altea Qatar partition*, and manual registration of passengers and luggage. The training was organized in order to optimize the process and smooth functioning of operational services.

### **Start of flights by carrier *Easy Jet* to Berlin and Basel**

Flights are realized seven times a week. During the regular visits of the Regional Representative, satisfaction is expressed with the mode of service.

### **During the months of July and August, the flights of Mahan Air and Qesh Air were carried out.**

The activities that preceded the beginning of the unhindered handling of these planes are training for the staff for the registration of passengers and luggage from the Airport Hostesses. With these flights the system of communication was established with the Handling Agent *Fly Star*, with whom the JSC Airport Nikola Tesla has a contract on the provision of ground handling services to carriers they represent.

## **7.1. DESCRIPTION OF ALL MAJOR BUSINESS EVENTS THAT OCCURRED AFTER THE EXPIRATION OF THE PERIOD I- XII 2018**

The following is a description of all major business events have occurred at the Airport Nikola Tesla Belgrade after the expiration of the period I-XII 2018:

### **Monitoring the realization of the concession**

- **Purpose:** The Government of the Republic of Serbia and JSC ANT, as Grantor of the concession, will monitor the implementation of the assumed obligations by VAS d.o.o. in accordance with the Concession Agreement applying the evaluation mechanisms provided for by the concluded Concession Agreement.
- **Status :** Formation of professional teams of JSC ANT for this purpose is in progress.

### **Flight Announcements**

- The opening of new lines has been announced and confirmed from 3 new airline companies - *Air France*, 7 frequencies for *Paris CDG* from *S19* season, *ASL Airlines* 2 times a week also for *Paris CDG*, and *Air Arabia* 4-5 times a week for *Sharjah*;
- An increase in the number of frequencies on flights from *LH Group* companies has been announced

## 8 . DESCRIPTION OF THE MOST IMPORTANT RISKS AND UNCERTAINTIES FOR THE PERIOD I-XII 2018

In the first half of the year, preparations were made for the start of investments and works are under way to open new facilities for the tenant "Dufry" d.o.o., i.e. expanding the existing head shop for *Duty Free* with the concept "walk - through" that would significantly influence the expected increase in turnover and rent calculation based on percentages according to contractual terms. In the coming period it is expected that the planned works will be completed and the opening of one catering facility in the A Finger Corridor and two sales facilities in the A and C finger halls.

According to the unofficial announcement, visas are introduced for Iranian citizens, and it is therefore expected that there will be a significant drop in the number of passengers on flights from Iranian companies, with a potential reduction in the number of flights.

Israeli airline Israil is cancelling flights during the winter schedule 2018/2019.

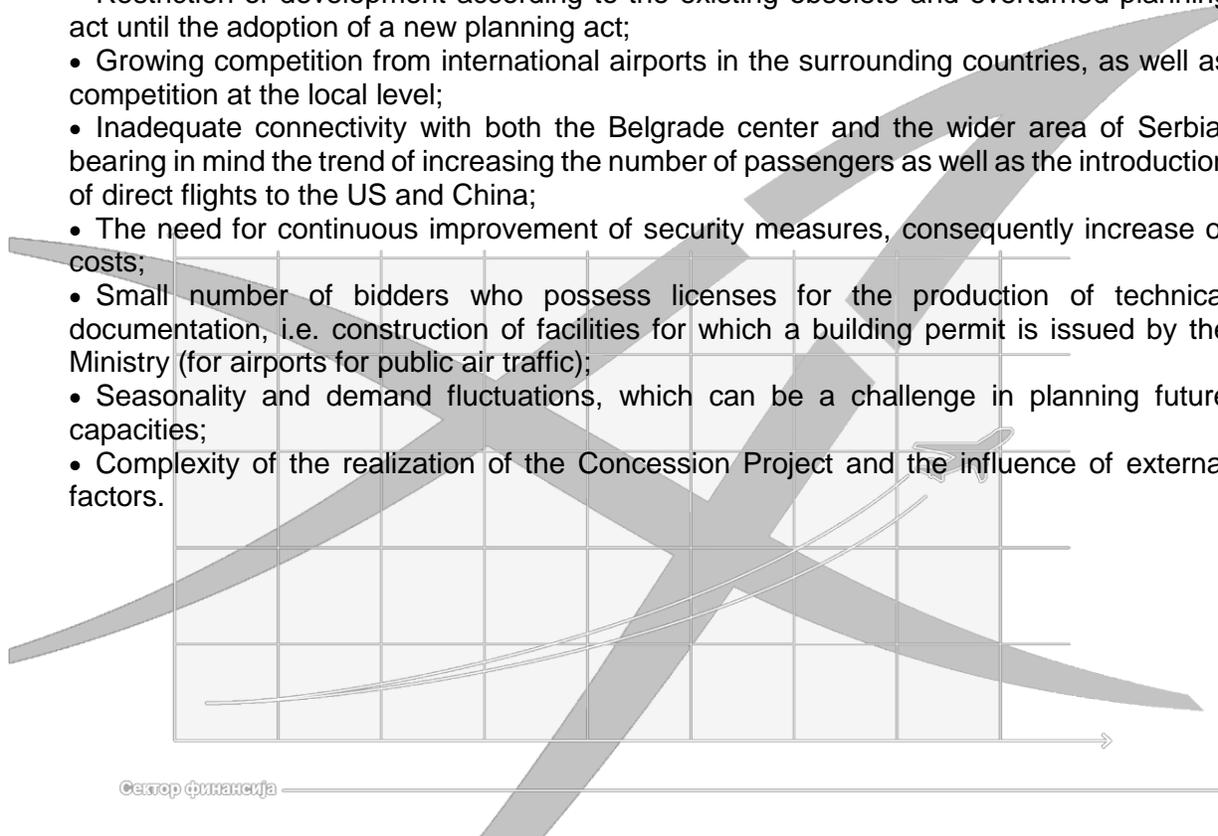
The reconstruction of the garage and parking at the Nikola Tesla Airport in Belgrade was carried out.

### Internal risks:

- Saturation of planned airport capacities in terms of number of passengers, commercial content for which demand is growing, as well as parking position;
- Durability of part of the existing infrastructure (part of the manoeuvring areas, part of the terminal capacities, part of the primary hot water network, primary water supply and sewage systems are more than 40 years old, facility for the installation of fire and rescue services).

### External Risks:

- Restriction of development according to the existing obsolete and overturned planning act until the adoption of a new planning act;
- Growing competition from international airports in the surrounding countries, as well as competition at the local level;
- Inadequate connectivity with both the Belgrade center and the wider area of Serbia, bearing in mind the trend of increasing the number of passengers as well as the introduction of direct flights to the US and China;
- The need for continuous improvement of security measures, consequently increase of costs;
- Small number of bidders who possess licenses for the production of technical documentation, i.e. construction of facilities for which a building permit is issued by the Ministry (for airports for public air traffic);
- Seasonality and demand fluctuations, which can be a challenge in planning future capacities;
- Complexity of the realization of the Concession Project and the influence of external factors.



## **External opportunities :**

The realization of the Concession Project opens the opportunity for additional cooperation with VINCI and general improvement of the business.

As for the "risks and uncertainties", we would say there is a great risk to the operational work of the airport due to the fact there was no support and maintenance for critical systems for a longer period of time because we have no signed contracts, which were partly reduced by signing a maintenance contract for the most important central information technology (data storage system, blade servers, central communication network devices), SAP license and maintenance of the Information System AODB, FMS, IDS, RMS, BILLING in the third quarter of 2018.

Maintenance services and systems integration for monitoring and analysis of human resources in business and information systems is entirely connected to the implementation of *the SAP ERP* system. Thus, the success of *SAP ERP* project and deadlines affect the implementation and success of this project.

## **Occupational Health and Safety**

- In accordance with Article 19 of the Law on Occupational Health and Safety (OHS) (Official Gazette of the Republic of Serbia, No. 101/05 and 91/15), we defined and determined the method of mutual cooperation and harmonized the practice of dealing with the unified and comprehensive application of the OHS and signed the Agreement on mutual cooperation in the implementation of OHS measures with Dufry doo and Sky Partner RS doo. The procedure for signing the Agreement with the company Aerodrom čistoća terminali doo is in progress.
- In accordance with the Rulebook on preventive measures for OHS in the use of screen display equipment, we have begun the organization of performing ophthalmological examinations, as stated in the business plan. Ophthalmological examinations have been performed since April 10, 2018.
- In 2018, for the first time, advanced training for providing first aid was organized for 61 employees. Besides, 56 employees attended the basic training .
- In 2018, the purchase of personal protective equipment was realized according to the requirements and needs of all organizational units.
- Amendments to the Law on Risk Assessment in the Workplace and in the Workplace Environment with the Employer JSC Airport Nikola Tesla Belgrade was amended. The amendment identified 78 workplaces with an increased risk.

In the period I- XII of 2018, there was a risk of terrorist attacks spreading after the attacks in 2017, which have been targeting airports. This has indicated the need for increased vigilance and control at the Airport Nikola Tesla. In a zone where no security checks are performed - a public area of the airport, it is of great importance to have video surveillance as well as to perform frequent patrols of security services.

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

As regards the OU Rescue and Fire Protection, the public procurement procedure for the service of breathing apparatus is in progress. The contract has not been signed and we are

unable to perform the aforementioned service and control. Currently, no breathing apparatus has a certificate of inspection and correctness, which directly affects the safety and security of members of the rescue fire fighter unit.

As for flights to the United States, the TSA representative was visiting at the end of June, as additional control measures (hand luggage) were introduced in respect to powders. The purpose of her visit was not to inspect but to familiarize herself with our work and application of flight measures for the United States, as well as the handling of goods and mail to New York. The representative of TSA had no objections.

When it comes to OU Rescue and Fire Protection, a number of firefighters are still missing for the smooth functioning of the sector, and based on the rules on organization of fire protection according to the category of fire hazard ("Official Gazette of RS" No. 92/2011) and based on the Law on Fire Protection ("Official Gazette of the Republic of Serbia", No. 111/2009 and 20/2015). Training for fire fighters is under way for three workers, which is insufficient for the smooth functioning of the sector.

We draw attention to the fact that the contest for the fire fighter was completed in March 2017 for 30 workers and that to date it has not been implemented to the end. The total number of fire fighters does not meet the minimum required number of workers for smooth functioning according to the above rules and laws.

Service for fire extinguishers and hydrants check ha expired, service of fire protection valves and smoking. There are no active contracts and we are not able to complete an inspection of them.

At the beginning of November the European Commission was in the inspection to check the implementation of "one-stop-security" measures. The inspection was successful with minor complaints that were solved on the go and a positive recommendation was received from the members of the EC. The decision on the admission of the airport in the "One-stop-security" mode is expected in February 2019.

At the end of November the US agency TSA was in inspection, and on that occasion checked the work on the implementation of security measures:

- on passengers and hand luggage
- on handing over luggage
- on goods and post,

on flights to the United States, and according to the requirements defined in the TSA MSP program. The inspection was successful.

An analysis of the required number of employees has been done for the OU Ground Handling for workplaces according to the peak week of the summer flight schedule.

The result of the analysis is shown in table which contains the current number of employees in Ground Handling and the number of employees lacking for the implementation of the Summer Schedule for 2018.

Сектор финансија

## Analysis year 2018 - Ground Handling

Organizational unit (sector)	current number of employees	number of lacking employees
PPO	442	58
TPO	518	75
RPO	106	3
In total	1063	<b>1 39</b>

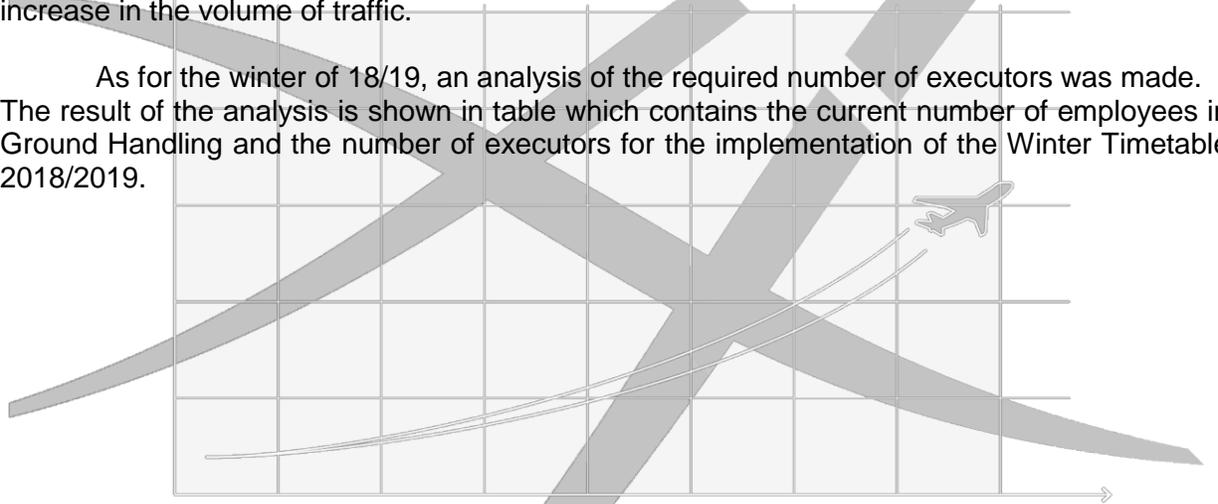
Table of the number of lacking employees

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

- PPO: a) acceptance and departure of passengers: 25 officers,  
b) sorting shop: 33 officers,
  - TPO: a) Aircraft service and cargo handling: 47 officers,
- b) maintenance of the cleanliness of aircraft and official premises: 28 people,
  - RPO: a) 3 warehouse keepers , 3 drivers, 2 transport workers. With the existing number of employees, 2 RSOs and 2 warehouse keepers were trained, engaged through youth cooperatives and temporary and seasonal employment contracts for which a change of solution is required, and another warehouse and RSO, in order to compensate for the lack of these structures.

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

As for the winter of 18/19, an analysis of the required number of executors was made. The result of the analysis is shown in table which contains the current number of employees in Ground Handling and the number of executors for the implementation of the Winter Timetable 2018/2019.



Сектор финансија

**Winter analysis 2018/2019.  
Ground Handling**

Organizational unit (sector)	current number of employees	the number of lacking executors
PPO	471	12
TPO	525	34
RPO	102	7
Cabinet OJ	2	-
In total	1100	<b>53</b>

Table of the number of lacking executors

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

- PPO: a) sorting shop, foremen: 6 executors,  
b) sorting plant, drivers: 6 executors,
- TPO: a) Aircraft service and cargo handling: 24 executors,  
b) maintaining the cleanliness of aircraft and offices: 10 executors,
- RPO: a) warehouse, driver, transport worker: 7 executors.

We used the Preliminary Flight Schedule for the winter 2018/2019 as a reference basis for the analysis, issued by the Flight Schedule Coordination on September 11, 2018. The week from 17 December to 23 December was taken as a reference week for analysis. The document does not include charter passenger flights, nor charter flights that are experiencing a steady increase in the number of flights.

Input data for the analysis included the standard time engagement to serve both passengers and aircraft and cargo.

## 9. FINANCIAL INSTRUMENTS AND TARGETS OF FINANCIAL RISK MANAGEMENT

Due to the existence of market risks affecting financial instruments, the management of the Company studiously monitors the risks that lead to risk and undertakes the necessary risk management measures.

## 9.1. MARKET RISK

In analyzing the market and its impact on the Company's operations, primarily on financial instruments, the Company examines the risks of changing foreign exchange rates (currency risk) of the interest rate risk, and the risk of changing the price of services.

### a) Currency risk (foreign exchange risk)

By analyzing the balance of funds and sources of funds of the Company as of December 31, in particular, cash and cash equivalents, customer receivables, liabilities based on long-term loans, and the like, it can be said that the Company is not exposed to foreign currency risk.

By analyzing the currency structure of financial assets and liabilities in detail as of December 31, it can be noted that the financial assets are contracted with a currency clause and are higher than the contractual financial liabilities in the currency. The financial obligations contracted in the currency are mostly long-term. Based on the above facts, it follows that the Airport Nikola Tesla Beograd does not operate with high currency risk.

### b) Risk of interest rate changes

The risk of changing interest rates for the Company is not a significant risk. The categories of financial instruments that have an agreed interest rate are generally defined by a fixed interest rate.

## 9.2. CREDIT RISK

The Company estimates that in addition to market risks that can be exposed to financial instruments, credit risk must be monitored. The Company has receivables from domestic and foreign customers, so credit risk exists. In order to reduce this risk, the Company regularly monitors the realization of the collection, analyzes the value of the collection within the agreed time, payment delays, as well as unpaid receivables.

## 9.3. RISK OF LIQUIDITY AND CASH FLOWS

Liquidity risk management requires special attention of the Company's Management that has set up a business policy that is mostly based on financing from its own funds. Borrowings are mostly long-term, and short-term liabilities can be covered from short-term receivables.

Looking at liquidity indicators, we note that the current and quick liquidity ratios are above 2.6, which indicates that the Company is able to settle its current and short-term liabilities within maturity of its own sources.

The average time for collection of receivables amounts to an average of 44 days (48 days in the same period of 2017). It is important to give high priority to collecting matured receivables, to provide payment mechanisms with constant monitoring of the balance of receivables and daily updating of payments with the permitted mechanisms, as indicated by the indicator of the customer turnover ratio of 8,2 . The average payback time for suppliers is on average 35 days (40 days in the same period of 2017). We emphasize that the Company in a timely manner meets its current obligations and that the supplier turnover ratio is 10,5 .

## 10. COMPANY'S MAJOR OPERATIONS WITH RELATED PARTIES

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

### 10.1. BRANCHES OF THE COMPANY

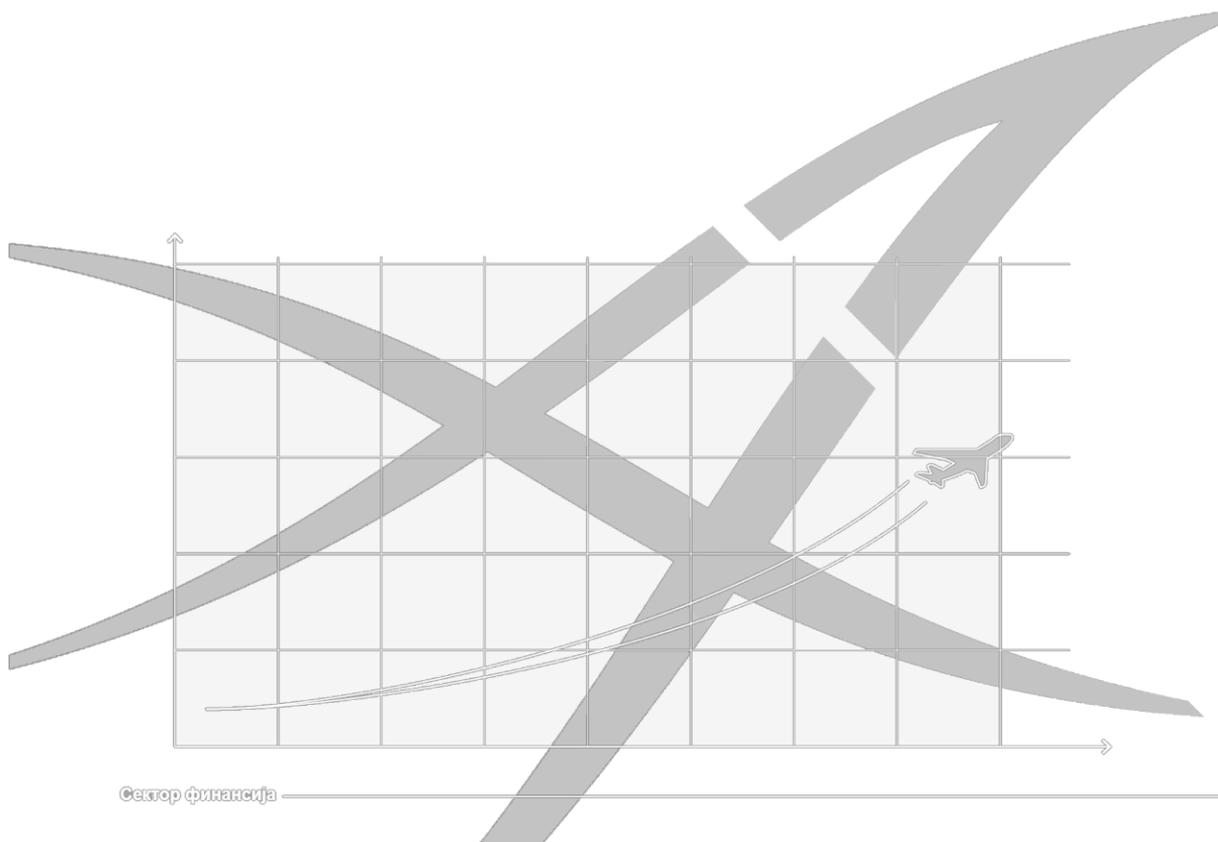
Zje JSC Airport Nikola Tesla Belgrade has no branch within the Company.

Belgrade, February 21 , 2019

Chairman of the Executive Board

Managing Director

Saša Vlasisavljević, graduate traffic engineer



**JSC AIRPORT NIKOLA TESLA BELGRADE  
SUPERVISORY BOARD**



**Managing Director -  
Chairman of the Supervisory Board**

11180 Belgrade 59, Serbia

**STATEMENT**

I declare that, according to my best knowledge, the Annual Report for 2018 is compiled with the application of relevant international financial reporting standards and provides true and objective information on assets, liabilities, financial position and operations, profits and losses, cash flows and changes in the capital of the public Company.

**Managing Director**

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**Saša Vlajsavljević, B. Sc. in Traffic Engineering**

**Head of Finance, Accounting and Planning**

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**Jelena Arsenijević, dipl.ecc.**

**SJC AIRPORT NIKOLA TESLA BELGRADE  
ASSEMBLY OF THE COMPANY  
Number: 785  
Date: March 18, 2019**

Pursuant to Article 329, paragraph 1, item 8, Article 441, paragraph 5 of the Law on Companies ("Official Gazette", No. 36/2011, 99/2011, 83/2014 - other law, 5/2015, 44/2018 and 95/2018, hereinafter referred to as the Law on Companies), Article 50 of the Law on Capital Market ("Official Gazette", no. 31/2011, 112/2015 and 108/2016), Article 15, paragraph 1, item 7) of the Statute of the JSC Airport Nikola Tesla Belgrade (number 361 as of 05 February 2019) the Assembly of the JSC Airport Nikola Tesla Belgrade at 26th regular session held on 18 March 2019 reached:

**DECISION  
on the Adoption of the Financial Reports for the year 2018**

1. The Financial Reports of the JSC Airport Nikola Tesla Belgrade for the year 2018, which were established by the decision of the Supervisory Board on 21st February 2019, have been adopted.
2. This decision becomes effective on the day of its adoption.

***Exposition***

Article 329, paragraph 1, item 8 of the Law on Companies ("Official Gazette of RS", no. 36/2011, 011 99/2, 83 / 2014 - other law, 5/2015, 44/2018 and 95/2018), prescribes that the Assembly decides on the adoption of financial statements and auditor's report if the financial statements have been audited.

Article 50 of the Law on Capital Market ("Official Gazette of RS" no. 31/2011, 112/2015 and 108/2016) (hereinafter referred to as the Law on Capital Market), prescribes that a public company shall be obliged to prepare an annual report to be announced to the public, and submit it to the Securities and Stock Exchange Commission, and to a regulated market, i.e. to a multilateral trading platform if the securities of that company are included in trading, no later than four months after the end of each business year, and to ensure that the annual financial report is available to the public during at least five years from the date of publication. Also, among other things, it is stipulated that the annual report contains: annual financial statements with the auditor's report, annual report on the company's operations and statement of the persons responsible for the preparation of the annual report.

Article 15, paragraph 1, point 7 of the Statute of the JSC Airport Nikola Tesla Belgrade (number : 316 as of 05 February 2019 - purified text) stipulates that the Assembly decides on the adoption of the annual financial statements, as well as the auditor's reports if the financial statements have been audited.

Article 441, paragraph 1, point 5 of the Law on Companies prescribes that the Supervisory Board establishes the financial statements of the Company and submits them to the Assembly for adoption.

In accordance with the Law on Accounting ("Official Gazette of RS" No. 62/13 and 30/18) and the Rulebook on the conditions and manner of public disclosure of financial statements and

keeping a register of financial statements ("Official Gazette of RS" No. 127/14, 101/16 and 111/2017), those obliged to prepare and submit regular annual financial statements are obliged to submit:

- Annual financial statements for the calendar year for public disclosure, and no later than 30th June of the following year, in accordance with Articles 33 and 34 of the Accounting Law.

In accordance with the Capital Market Law, the Company is obliged to submit to the Securities Commission and the Belgrade Stock Exchange:

- Annual financial statements for the calendar year for public disclosure, no later than 30th April of the following year.

By the decision on the selection of the most favourable bid from 05/01/2018 which was registered at the Ministry of Construction, Transport and Infrastructure under the number: 023-00-1 / 2018-12 of 05/01/2018 and ANT under the number: DG 111/2018 dated January 5, 2018, in the procedure of granting a concession for financing, the development of the construction and reconstruction, maintenance and infrastructure management of the JSC Airport Nikola Tesla Belgrade and conducting activities of an airport operator, VINCI Airports, France was selected as the best offer of the applicant for a binding offer ("The selected best bidder").

Based on that decision on March 22, 2018 the Concession Agreement was concluded, which became effective on the day of its conclusion, when the so-called Transition Period started, in which the Grantor and the Selected Best Bidder and the Company for Special Purposes had to meet a range of prerequisites. The fulfilment thereof meant that the concession could begin, i.e. 22/12/2018 was the Concession Commencement Date, as foreseen in the Concession Agreement.

We point out that one of the conditions for the commencement of the concession was the payment of the upfront concession fee in the amount of 59,253,720,900 dinars, paid on 21/12/2018, which had a direct effect on the an increased business results of the JSC Airport Nikola Tesla Belgrade.

The financial statements of the Company for 2018, together with the Auditor's Report issued on February 14, 2019, were established by the Company's Supervisory Board on February 14, 2019. After the publication of the invitation and agenda with all the reports and draft decisions for the regular session of the Assembly, the draft of the tax balance for the calendar year 2018 was being composed and new forms compliant with the Rulebook on the content of the tax balance and other issues relevant for the method of determining corporate income tax ("Official Gazette of RS", No. 20/14, 41/15, 101/16, 8/19). On this occasion, a material error was noticed in the calculation of corporate income tax, since part of the income was excluded from the taxable base for determining the amount of income tax for 2018, and the management of the Company made changes in the part of the income tax calculation of the Company for 2018. Since the effect of the calculation of the income tax is material, the Company's management has decided to issue amended financial statements. Amendments were made to the following positions in the financial statements:

- Income Statement - part of disclosing liabilities for income tax, net results and basic earnings per share
- Balance Sheet - in the part of capital - undistributed profit of the current year and liabilities for income tax

- Statement of changes in equity - in the part of the undistributed profit of the current year
- Report on the remaining result in the part of the net operating result
- Note 27 - Income tax
- Note 29 - Earnings per share
- Note 43 - Equity in the part of the undistributed profit from 2018
- Note 46 - Undistributed profit
- Notes 59 and 60 - Liabilities for income tax
- Note 64 - Capital Risk Management

In addition to the financial statements for 2018 together with the Auditor's Report, the change was made in the Business Report for 2018, the correction of the aforementioned reports was made, in accordance with the provisions of the Law on Companies and the Statute of the JSC Airport Nikola Tesla Belgrade. They were submitted to the Audit Committee for approval to the Supervisory Board for determination. The Supervisory Board made the Decision no. 561 dated 21/02/2019 and referred it to the Assembly for adoption at a regular session.

In Belgrade, on March 18, 2019

**President of the Company's Assembly**

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Dr Vladimir Dimitrijević

**AD AERODROM NIKOLA TESLA BELGRADE  
ASSEMBLY OF THE SOCIETY**

**Number: 786**

**Date: March 18, 2019**

Pursuant to Article 329, paragraph 1, item 8, Article 367 of the Law on Companies ("Official Gazette of the Republic of Serbia", Nos. 36/2011, 99/2011, 83/2014 - other Law, 5/2015 44/2018 and 95/2018), Article 21, paragraph 1 of the Law on Auditing ("Official Gazette of the Republic of Serbia" No. 62/2013 and 30/2018 ), Article 50 of the Capital Market Law ("Official Gazette" Nos. 31/2011, 112/2015 and 108/2016) and Article 15, paragraph 1, item 7 of the Statute of the JSC Airport Nikola Tesla Belgrade (number 316 of 05/02/2019 - purified text) at the 26th regular annual session held on March 18, 2019, the Company's Assembly reached the following:

**D E C I S I O N**  
**on the adoption of the Independent Auditor's Report**  
**with financial statements for the year 2018**

1. The Independent Auditor's Report with the Financial Statements of the JSC Airport Nikola Tesla Belgrade for 2018 that was determined by the Supervisory Board and dated 21/02/2019 is adopted.

1. This decision shall enter into force upon adoption.

***Exposition***

Article 329, paragraph 1, item 8 of the Law on Companies ("Official Gazette", Nos. 36/2011, 99/2011, 83/2014 - other Law, 5/2015 44/2018 and 95/2018) prescribes that the Assembly decides on the adoption of the financial statements, as well as the auditor's reports if the financial statements have been audited.

Article 21, paragraph 1 of the Law on Auditing ("Official Gazette of the Republic of Serbia" No. 62/2013 and 30/2018 ) stipulates that the audit is mandatory for regular annual financial reports of large and medium-sized legal entities classified in accordance with the law governing accounting, public companies in accordance with the law governing the capital market regardless of their size, as well as all legal entities or entrepreneurs whose operating income in the previous financial year exceeds EUR 4,400,000.00 in dinar equivalent.

Article 50 of the Capital Market Law ("Official Gazette of the Republic of Serbia" No. 31/2011, 112/2015 and 108/2016), stipulates that a public company shall be obliged to submit an annual report publish, and submit it to the Securities Commission, shall submit this report to a regulated market or multilateral trading facility if the securities of the company are involved in trading and at the latest four months after the end of each business year, and to ensure that the annual financial report is available to the public for at least five years from the date of publication. Also, among other things, it is stipulated that the annual report contains: annual financial statements with the auditor's report, annual business report on the company and statement of the persons responsible for the preparation of the annual report.

Article 15 paragraph 1, item 7 of the Statute of the JSC Airport Nikola Tesla Belgrade (No. 316 dated 05/02/2019 - purified text) stipulates that the Assembly decides on the adoption of the annual financial statements, as well as the auditor's reports if the financial statements have been audited.

In accordance with the Law on Auditing, Article 21, paragraph 1 ( "Official Gazette of RS " No. 62/2013 and 30/2018), the audit is mandatory for regular annual financial statements of large and medium-sized legal entities classified in accordance with the law governing accounting, public companies in accordance with the law governing the capital market, irrespective of their size as well as all legal entities, i.e. entrepreneurs whose operating income in the previous financial year exceeds EUR 4,400,000 in dinar equivalent (statutory audit).

In accordance with the Law on Accounting ("Official Gazette of the Republic of Serbia" No. 62/13 and 30/18) and the Rulebook on conditions and manner of public disclosure of financial statements and keeping a register of financial statements ("Official Gazette of the Republic of Serbia" no.127 / 14, 101/16 and 111/17 ) they are obliged to submit the following to the Agency for Business Registers, adopted by the competent authority and electronically signed by the legal representative:

- Regular annual financial statements for the calendar year for public disclosure, and no later than 30th June of the following year, which include:
  1. Regular annual financial statements;
  2. Auditor's Report containing regular financial reports that have been audited;
  3. Annual Business Report on the Company;
  4. Decision of the competent body on the adoption of regular annual financial statements;
  5. Decision of the competent authority on the adoption of the Auditor's Report containing the regular financial reports that have been audited;
  6. Decision of the competent body on the adoption of the annual Business Report on the Company.

In accordance with the Capital Market Law ("Off. Gazette RS ", No. 31/2011, 112/2015 and 108/2016) the Company is obliged to submit to the Securities Commission and the Belgrade Stock Exchange:

- Annual financial statements for the calendar year for publication, no later than 30<sup>th</sup> April of the following year, which include the Regular Annual Financial Statements, the Auditor's Report containing the regular annual financial statements that have been audited, the Annual Business Report of the Company, the Statement of Persons Responsible for the Preparation of the Annual Report, as well as the Decision of the competent body for determining them.

Article 28 The Law on Accounting ("Official Gazette of RS" no. 62/13 and 30/18) stipulates that an audit of annual and consolidated annual report is carried out in accordance with the regulations governing the audit.

In accordance with the Law on Accounting ("Official Gazette of the Republic of Serbia" No. 62/13 and 30/18), Article 34 stipulates that legal entities that have an obligation to have financial statements audited in accordance with the law governing the audit are obliged, in addition to the documentation from paragraph 1 of this Article to submit to the Agency an audit

report in the original that has been drawn up in accordance with the law and international auditing standards to which the financial statements that have been audited are attached.

The financial statements of the Company for 2018, together with the Auditor's Report issued on February 14, 2019, were established by the Company's Supervisory Board on February 14, 2019. After the announcement of the invitation and the agenda with all the reports and proposals for decisions for the regular session of the Assembly of the Company, a tax balance was prepared for the calendar year 2018 and new forms were filled in, based on the Rulebook on the content of the tax balance and other issues relevant for the method of determining the corporate income tax ("Official Gazette of RS", No. 20/14, 41/15, 101/16, 8/19). On this occasion, a material error was noticed in the calculation of corporate income tax, since part of the income was excluded from the taxable base for determining the amount of income tax for 2018, and the management of the Company made changes in the part of the income tax calculation of the Company for 2018. Considering that the effect of calculating the income tax is material, the Company's management has decided to issue amended financial statements. Amendments were made to the following positions in the financial statements:

- Income Statement - part of disclosing liabilities for income tax, net results and basic earnings per share
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- Note 46 - Undistributed profit
- Notes 59 and 60 - Liabilities for income tax
- Note a 64 - part of the Risk Capital

In addition to the financial statements for 2018 together with the Auditor's Report, the correction was also made in the Business Report for 2018, and the correction was made in the specified Reports according to the provisions of the Law on Companies and the Statute of the JSC Airport Nikola Tesla Belgrade. They were submitted to the Audit Committee for approval and to the Supervisory Board for determination, and for referral to the Assembly for approval at the regular session.

Also, keeping in mind that it is Article 37, paragraph 1, items 1 and 4 of the Statute prescribes that the Audit Committee prepares, proposes and verifies the implementation of accounting policies and risk management policies, and examines the application of accounting standards in the preparation of financial statements and evaluates the content of financial statements, we submit to the Audit Committee a corrected Independent Auditor's Report Annual financial report for the year 2018 for the JSC Airport Nikola Tesla Belgrade, with the proposal that, in accordance with corrections, a new decision be adopted regarding the approval of the above Independent Auditor's Report.

On the basis of all of the foregoing, it was decided as in the disposition.

In Belgrade, on March 18, 2019

**President of the Company's Assembly**

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Dr Vladimir Dimitrijević

**JSC AIRPORT NIKOLA TESLA BELGRADE  
ASSEMBLY OF THE COMPANY  
Number: 787  
Date: March 18, 2019**

Pursuant to Article 50 of the Capital Market Law ("Official Gazette" Nos. 31/2011, 112/2015 and 108/2016), Article 15. paragraph 1, item 10), the Statute of JSC Airport Nikola Tesla Belgrade (no. 361 as of 05/02/2019 - purified text) and Article 367, paragraph 1, item 6 of the Law on Companies ("Official Gazette of RS", no. 36/2011, 99/2011, 83/2014 - other Law 5/2015, 44/2018 and 95/2018), at the 26th regular annual meeting held on March 18, 2019, the Company's Assembly reached the following:

**DECISION**

**on the Adoption of the Business Report for the year 2018**

1. The Business Report the JSC Airport Nikola Tesla Belgrade for the year 2018, determined by the decision of the Supervisory Board as of 21/02/2019 was adopted.
2. This decision shall enter into force upon adoption.

***Exposition***

Article 15, paragraph 1, item 10 of the Statute of the JSC Airport Nikola Tesla Belgrade (number: 316 dated 05/02/2019 - purified text) stipulates that the Assembly decides on the adoption of annual business reports and other reports of the Supervisory Board.

In accordance with the Law on Accounting ("Official Gazette of the Republic of Serbia" 62/13 and 30/18) and the Rulebook on conditions and manner of publishing the financial statements and keeping a register of financial reports ("Official Gazette of the Republic of Serbia" 127/14, 101 / 16 and 111/2017), those obliged to prepare and submit regular annual financial reports shall submit:

- Business report, and no later than 30th June of the following year, in accordance with Articles 33 and 34 of the Law on Accounting ("Off. Gazette RS", No. 62/2013 and 30/2018).

In accordance with the Capital Market Law ("Off. Gazette RS", No. 31/2011, 112/2015 and 108/2016) the Company is obliged to submit to the Securities Commission and the Stock Exchange:

- Business Report for the calendar year for publication, no later than 30<sup>th</sup> April of the following year.

By the decision on the selection of the most favourable bid from 05/01/2018, which was registered at the Ministry of Construction, Transport and Infrastructure under the number: 023-00-1 / 2018-12 dated 05/01/2018 and ANT under the number: DG 111/2018 dated January 5, 2018 in the process of granting a concession for financing, development through the construction and reconstruction, maintenance and management of the infrastructure of the JSC Airport Nikola Tesla Belgrade and performing the activities of an airport operator, VINCI

AIRPORTS, France was selected as the most favourable bid of the applicant for the binding offer ("Selected Best Bidder").

Based on that decision on March 22, 2018 the Concession Agreement was concluded, which became effective on the date of its conclusion, when the so-called Transition Period started in which the Grantor and the Selected Best Bidder and the Company for Special Purposes had to meet a range of prerequisites, the fulfilment thereof meant that the concession started, i.e. 22/12/2018 was the Concession Commencement Date, as foreseen in the Concession Agreement.

We emphasize that one of the conditions for the commencement of the concession was the payment of the upfront concession fee in the amount of 59,253,720,900 dinars, which was paid on December 21, 2018, which had a direct effect on the increased business results of the JSC Airport Nikola Tesla Belgrade.

The financial statements of the Company for 2018, together with the Auditor's Report issued on February 14, 2019, were established by the Company's Supervisory Board on February 14, 2019. After the announcement of the invitation and the agenda with all the reports and proposals for decisions for the regular session of the Assembly of the Company, a tax balance was prepared for the calendar year 2018 and new forms were filled, based on the Rulebook on the content of the tax balance and other issues relevant for the method of determining the corporate income tax ("Official Gazette of RS", No. 20/14, 41/15, 101/16, 8/19). On this occasion, a material error was noticed in the calculation of corporate income tax, since part of the income was excluded from the taxable base for determining the amount of income tax for 2018, and the management of the Company made changes in the part of the income tax calculation of the Company for 2018. Considering that the effect of calculating the income tax is material, the Company's management has decided to issue amended financial statements. Amendments were made to the following positions in the financial statements:

- Income Statement - part of disclosing liabilities for income tax, net results and basic earnings per share
- Balance Sheet - in the part of capital - undistributed profit of the current year and liabilities for income tax
- Statement of changes in equity - in the part of the undistributed profit of the current year
- Report on the remaining result in the part of the net operating result
- Note 27 - Income tax
- Note 29 - Earnings per share
- Note 43 - Equity in the part of the undistributed profit from 2018
- Note 46 - Undistributed profit
- Notes 59 and 60 - Liabilities for income tax
- Note 64 - Capital Risk Management

In addition to the financial statements for 2018 together with the Auditor's Report, the change was made in the Business Report for 2018, the correction of the aforementioned reports was made, and pursuant to the provisions of the Law on Companies and the Statute of JSC Airport Nikola Tesla Belgrade were submitted to the Audit Committee for approval and to the Supervisory Board for determination, and for referral to the Assembly for adoption at a regular session.

## **Business of JSC Airport Nikola Tesla Belgrade in the period I- XII 2018**

It should be noted that a change in the tax balance was made in the part of the inclusion of the upfront concession fee in the tax base.

In accordance with the changed base and calculated income tax for 2018, the financial result was changed in the positions on which the income tax was reported and the Company's net profit after taxation for 2018. In this respect, ratio indicators for 2018 were also changed.

In the period I-XII 2018 the total realized air traffic was as follows:

- **59.181 aero-operations** and by **1% higher** compared to the same period of the previous year;
- **5,507,852 passengers** and by **3% higher** compared to the same period of the previous year;
- **25.602 tons of goods and post** and by **6% higher** compared to the same period of the previous year.

In the period I- XII of 2018 in the JSC Airport Nikola Tesla Belgrade the **total revenue** was realized in the amount of **69.851.726.505 dinars**. The **total revenue** thus generated **increased** in relation to the same period of the previous year due to the **income from the concession fee**. The realized income thus increased is 7.2 times bigger in comparison with the realized revenues in the same period of the previous year.

In the period I - XII 2018 the **total expenditures** were realized in the amount of **7.240.537.283 dinars**. Expenditures thus generated are higher by 26 % that the expenditures realized in the same period of the previous year.

In the period I- XII 2018 the **gross profit** of the Company is recognized in the amount of **62.611.189.221 dinars** while the **net profit** of the Company is recognized in the amount of **53.155.449.945 dinars**.

**gross and net profit** that are recognized in this way are significantly higher than gross and net profit in the same period of 2017. **Significant increase in realized gross and net profit** in the period I- XII 201 8 **arises from the paid concession fee**.

On the basis of all of the foregoing, it was decided as in the disposition.

In Belgrade, on March 18, 2019

**President of the Company's Assembly**

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Dr Vladimir Dimitrijević