



AD AERODROM NIKOLA TESLA BEOGRAD
11180 BELGRADE 59
Register no. 07036540
TIN 100000539

FINANCIAL STATEMENT FOR I-III 2012 GODINE

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Belgrade, May 4, 2012



BALANCE SHEET on 03/31/2012

in thousand RSD

Group of accounts, account	POSITION	ADP	Note no.	Amount	
				Current year 03/31/2012	Previous year 12/31/2011
1	2	3	4	5	6
	ASSETS				
	A. NON-CURR. ACT. PROPER. (002+003+004+005+009)	001		20,556,542	20,551,656
00	I. NON-PAID UP SUBSCRIBED CAPITAL	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLE INVESTMENTS	004	17	5,875	6,234
	IV. REAL ESTATES, PLANTS, EQUIPMENT AND BIOLOGICAL AGENCIES (006+007+008)	005	17	20,454,711	20,449,408
020,022,023,026, 027(part), 028(part), 029	1. Property, plants and equipment	006	17	20,439,813	20,434,510
024,027(part), 028(part)	2. Investment property	007	17	14,476	14,476
021,025,027(part), 028(part)	3. Biological agencies	008	17	422	422
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		95,956	96,014
030 to 032, 039(part)	1. Share in capital	010	18	148	205
033 to 038, 039(part), minus 037	2. Other long-term financial investments	011	18a	95,808	95,809
	B. TURNOVER PROPERTY (013+014+015)	012		4,894,135	4,508,114
10 to 13, 15	I. STOCKS	013	19	214,877	156,623
14	II. NON-CURRENT ASSETS INTENDED FOR SALE AND ASSETS OF OPERATION DISCONTINUED	014		-	-
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		4,679,258	4,351,491
20, 21 and 22 except 223	1. Receivables	016	20	1,862,237	1,611,954
223	2. Receivables of amount paid above income-tax	017		44,985	43,248
23 minus 237	3. Short-term financial investments	018	21	2,454,831	2,478,614
24	4. Cash and cash equivalents	019	22	191,882	73,304
27 and 28 except 288	5. VAT and prepayments and accrued income	020	23	125,323	144,371
288	V. DEFERRED TAX LIABILITIES	021		-	-
	G. BUSINESS PROPERTY (001+012+021)	022		25,450,677	25,059,770
29	D. LOSS ABOVE CAPITAL AMOUNT	023			
	DJ. TOTAL ASSETS (022+023)	024		25,450,677	25,059,770
88	E. OFF-BALANCE ASSETS	025	35	363,189	363,186
	OBLIGATIONS				
	A. CAPITAL (102+103+104+105+106+107+108-109-110)	101		23,298,851	22,914,998
30	I. CORE CAPITAL	102	24	20,573,610	20,573,610
31	II. NON-PAID UP SUBSCRIBED CAPITAL	103		-	-
32	III. RESERVES	104	25	761,355	761,355
330 and 331	IV. REVALUATION RESERVES	105		-	-
332	V. NON-REALISED INCOMES FROM SECURITIES	106		-	-
333	VI. NON-REALISED LOSSES FROM SECURITIES	107	26	317	260
34	VII. NON-DISTRIBUTED PROFIT	108	27	1,964,203	1,580,293
35	VIII. LOSS	109		-	-
037 and 237	IX. REPURCHASED OWN SHARES	110		-	-
	B. LONG-TERM RESERVES AND LIABILITIES (112+113+116)	111		1,857,788	1,850,734
40	I. LONG-TERM RESERVES	112	28	166,822	167,874
41	II. LONG-TERM LIABILITIES (114+115)	113		1,251,967	1,251,967
414,415	1. Long-term loans	114	29	1,034,742	1,034,742
41 without 414 and 415	2. Other long-term liabilities	115	30	217,225	217,225
	III. SHORT-TERM LIABILITIES (117+118+119+120+121+122)	116		438,999	430,893
42 except 427	1. Short term liabilities	117	31	140,206	177,419
427	2. Liabilities from assets intended for sale and assets of operation discontinued	118		-	-
43 and 44	3. Business liabilities	119	32	169,859	194,478
45 and 46	4. Other short-term liabilities	120	33	48,212	1,101
47, 48 except 481 and 49 except 498	5. Liabilities from VAT and other public revenues and accrued costs and deferred revenues	121	34	80,722	57,895
481	6. Liabilities from profit-tax	122		-	-
498	V DEFERRED TAX LIABILITIES	123		294,038	294,038
	G. TOTAL OBLIGATIONS (101+111+123)	124		25,450,677	25,059,770
89	D. OFF-BALANCE SHEET LIABILITIES	125	35	363,189	363,186



INCOME SHEET in period from 01/01/2012 to 31/03/2012

in thousand RSD

Group of accounts, account	POSITION	ADP	Note no.	Amount	
				Quarter I (01/01-03/31) 2012)	Quarter I (01/01-03/31) 2011)
1	2	3	4	5	6
	A. REVENUES AND EXPENDITURES FOR REGULAR BUSINESS				
	I. OPERATING REVENUES (202+203+204-205+206)	201		1,301,668	1,237,870
60 and 61	1. Revenues from sale of goods	202	5	1,204,949	1,150,179
62	2. Revenue from consumption of own products	203			
630	3. Increase in value of inventories	204			
631	4. Decrease in value of inventories	205			
64 and 65	5. Other operating revenues	206	5	96,719	87,691
	II. OPERATING EXPENDITURES (208 to 212)	207		977,586	864,515
50	1. Purchase value of sold goods	208	6	77,878	105,343
51	2. Costs of materials	209	7	141,712	105,622
52	3. Costs of salaries, salary compensations, and other personal expenses	210	8	262,588	212,491
54	4. Costs of amortization and reservations	211	9	157,274	160,127
53 and 55	5. Other operating expenditures	212	10	338,134	280,932
	III. BUSINESS REVENUE (201-207)	213		324,082	373,355
	IV. BUSINESS LOSS (207-201)	214			
66	V. FINANCIAL REVENUES	215	11	104,488	44,334
56	VI. FINANCIAL EXPENDITURES	216	12	23,306	51,292
67 and 68	VII. OTHER REVENUES	217	13	8,307	4,654
57 and 58	VIII. OTHER EXPENDITURES	218	14	7,200	8,895
	IX. PROFIT FROM REGULAR OPERATING BEFORE TAX (213-214+215-216+217-218)	219	15	406,371	362,156
	X. LOSS FROM REGULAR OPERATING BEFORE TAX (214-213-215+216-217+218)	220			
69 - 59	XI. NET PROFIT OF OPERATIONS DISCONTINUED	221			
59 - 69	XII. NET LOSS OF OPERATIONS DISCONTINUED	222			
	B. PROFIT BEFORE TAX(219-220+221-222)	223		406,371	362,156
	V. LOSS BEFORE TAX(220-219+222-221)	224			
	G. PROFIT TAX				
721	1. Period tax expenditure	225	15	22,461	36,298
722	2. Deferred period tax expenditure	226			
722	3. Deferred period tax revenue	227			
723	D. Paid-up personal receiving to employer	228			
	Đ. NET PROFIT (223-224-225-226+227-228)	229		383,910	325,858
	E. NET LOSS (224-223+225+226-227+228)	230			
	Ž. NET PROFIT FOR MINORITY INVESTORS	231			
	Z. NET PROFIT FOR OWNERS OF PARENT LEGAL ENTITY	232			
	I. PROFIT PER SHARE				
	1. Basic profit per share	233			
	2. Diluted profit per share	234			
	TOTAL REVENUES (201+215+217)			1,414,463	1,286,858
	TOTAL EXPENDITURES (207+216+218)			1,008,092	924,702

In Belgrade, 05/04/2012



CASH FLOW STATEMENT in period from 01/01/2012 till 03/31/2012

POSITION	ADP	Amount (in RSD thousand)	
		Quarter I (01/01-03/31) 2012)	Quarter I (01/01- 03/31) 2011)
		3	4
A. CASH FLOWS FROM BUSINESS ACTIVITY			
I. Cash inflow from business activities (1 to 3)	301	1,207,060	1,265,507
1 Sale and received advance payments	302	1,105,403	1,115,460
2 Interests received from business activity	303	834	826
3 Other inflows from regular operations	304	100,823	149,221
II. Cash outflow from business activities (1 to 5)	305	948,880	824,170
1 Payments for suppliers and given advance payments	306	643,658	521,371
2 Salaries, salary compensations and other personal expenses	307	228,623	181,825
3 Paid interest	308	10,591	13,821
4 Income-tax	309	24,199	58,453
5 Payment from other public revenues	310	41,809	48,700
III. Net cash inflow from business activities (I - II)	311	258,180	441,337
IV. Net cash outflow from business activities (II - I)	312	0	0
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
I. Cash inflow from investment activity (1 to 5)	313	102,878	28,524
1 Sale of shares and portions (net inflows)	314	0	0
2 Sale of intangible investments, properties, plants, equipment and biological agencies	315	815	1,617
3. Other financial investments (net inflows)	316	73,376	0
4. Interests received from investment activities	317	28,687	26,907
5. Dividends received	318	0	0
II. Cash outflows from investment activities (1 to 3)	319	213,812	475,523
1. Purchase of shares and portions (net outflows)	320	0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	321	213,812	27,683
3. Other financial investments (net outflows)	322		447,840
III. Cash net inflow from investment activities (I - II)	323		
IV. Cash net outflow from investment activities (II - I)	324	110,934	446,999
V. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 3)	325	0	0
1. Core capital increase	326	0	0
2. Long-term and short-term loans (net inflows)	327	0	0
3. Other long-term and short-term liabilities	328	0	0
II. Cash outflow from financing activities (1 to 4)	329	36,620	32,755
1. Redemption of own shares and portions	330	0	0
2. Long-term and short-term loans and other liabilities (net outflows)	331	12,845	12,271
3. Financial leasing	332	23,775	20,484
4. Paid-up dividends	333	0	0
III. Cash net inflow from financing activities (I - II)	334	0	0
IV. Cash net outflow from financing activities (II - I)	335	36,620	32,755
G. OVERALL CASH INFLOW (301+313+325)	336	1,309,938	1,294,031
D. OVERALL CASH OUTFLOW ((305+319+329)	337	1,199,312	1,332,448
Đ. NET CASH INFLOW ((336-337)	338	110,626	0
E. NET CASH OUTFLOW (337-336)	339	0	38,417
Z. CASH AT THE BEGINNIGN OF ACCOUNTING PERIOD	340	73,304	259,206
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	341	8,638	39
I. I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	342	686	67
J. CASH AT THE END OF ACCOUNTING PERIOD (338-339+340+341-342)	343	191,882	220,761

In Belgrade, 05/04/2012



in thousand RSD

STATEMENT ON CHANGES IN CAPITAL in the period from 01/01 till 03/31/2012

No.	Description	1	2	3	4	5	6	7	8	9	10	11	12	Total (2+3+4+5+6+7+ 8-9+10-11-12)
		Core capital (30 without 309)	Other capital (309)	Non-paid subscribed capital (31)	Issue premium (320)	Reserves (321 and 322)	Reserves (330 and 331)	Non-realised profits from securities (332)	Non-realised losses from securities (333)	Non- distributed profit (34)	Loss below capital amount (35)	Repurchased own shares and portions (037 and 237)		
1	Balance on 01/01 of the previous year of 2011	20,573,610	0	0	0	0	0	0	73	1,937,323	0	0	0	22,510,860
2	Correction of materially significant errors and changes of accounting policies in previous year-increase	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Correction of materially significant errors and changes of accounting policies in previous year-decrease	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Corrected initial balance on January 1st of the previous year of 2011 (1+2-3)	20,573,610	0	0	0	0	0	0	73	1,937,323	0	0	0	22,510,860
5	Total increase in the previous period (I-III 2011)	0	0	0	0	0	0	0	0	325,858				325,858
6	Total decrease in the previous period (I-III 2011)	0	0	0	0	0	0	0	0	0				0
7	Balance on 03/31 of the previous year of 2011 (4+5-6)	20,573,610	0	0	0	0	0	0	73	2,263,181	0	0	0	22,836,718
8	Total increase in the previous period (IV-XII 2011)	0	0	0	0	761,355	0	0	187	1,254,435	0	0	0	2,015,603
9	Total decrease in the previous period (IV-XII 2011)	0	0	0	0	0	0	0	0	1,937,323	0	0	0	1,937,323
10	Balance on 12/31 of the previous year of 2011 =Corrected initial balance on January 1st of the current year of 2012 (7+8-9)	20,573,610	0	0	0	761,355	0	0	260	1,580,293	0	0	0	22,914,998
11	Total increase in the current year (I-III 2012)	0	0	0	0	0	0	0	57	383,910				383,853
12	Total decrease in the current year (I-III 2012)	0	0	0	0	0	0	0	0	0				0
13	Balance on March 31 of the current year of 2012 (10+11-12)	20,573,610	0	0	0	761,355	0	0	317	1,964,203	0	0	0	23,298,851

in Belgrade, 05/04/2012



AD AERODROM NIKOLA TESLA BEOGRAD
11180 BELGRADE 59
Register no. 07036540
TIN 100000539

**NOTES FOR FINANCIAL STATEMENT
FOR THE FIRST QUARTER OF 2012**

Belgrade, May 4, 2012



1. FOUNDING AND OPERATION OF THE COMPANY

Akcionarsko društvo (joint stock company) Aerodrom „Nikola Tesla“ Beograd (hereinafter the Company) was established with purpose of providing airport services. Beside the basic activity-provision of airport services (aircraft landing, taking-off, taxing and parking, aircraft, passenger and cargo handling) the Company performs other, secondary activities at the airport complex to comply the needs of service users-domestic and foreign air-carriers.

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

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

The Government of the Republic of Serbia on 06/17/2010 made the Decision no. 023--4432/2010, on change of legal form of JP Aerodrom "Nikola Tesla" Beograd from public company into open joint stock company. The change of legal for is registered with the Registers Agency on 06/22/2010 by the Rescript no.BD68460-2010.

Central depository and clearing house registered on 07/07/2010, 34,289,350 shares, 100% in ownership of the Republic of Serbia.

After the change of legal form the company continue business under the full name Akcionarsko društvo Aerodrom „Nikola Tesla“ Beograd.

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

By the Rescript of the Registers Agency no. BD7651/2011 dated on 01/24/2011, the Company was registered as open joint stock company.

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

On 01/25/2011, based on data of the Central depositing and clearing house, the Company had 4,822,137 shareholders and on 12/31/2011 it had 3,313,721 shareholders.

Tax identification number (TIN) of the Company 100000539

Register number of the Company is 07036540.

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

On 12/31/2011 the Company had 435 employees (and 445 employees on 03/31/2012).

2. BASIS FOR COMPOSITION AND PRESENTATION OF APPROVED FINANCIAL STATEMENTS

The financial statements for the first quarter of 2012 are composed in the manner of and pursuant to legal and international legislation which is used for composition of financial statements for 2011 and which is completely stated in Note 2 along with the financial statements for 2011.

The Financial statements of the Company are disclosed in RSD thousand. Dinar (RSD) represents official statement currency in the Republic of Serbia.

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES

3.1. Incomes and outcomes

Incomes are disclosed according to invoice value, decreased for discounts given, acknowledged complaints and VAT.

Incomes are recognized in a moment when service is provided or goods are delivered, i.e. when all risks upon performed operations are transferred to buyer. For services that are provided in longer period, incomes are recognized in proportion with operation performance.

Outcomes are recognized concurrently with recognition of incomes for which the outcomes arose (concept of causality of incomes and outcomes).

Costs of current maintenance of basic resources are covered from current incomes.

3.2. Costs of lending

Costs of lending refer to interests and other costs arising in connection with resource lending. Costs of lending that can be directly ascribed to acquisition, resource build-up to be enabled for usage, are included in purchase value or cost value of such resource. Other costs of lending are recognized as outcomes of period from which they originate.

3.3. Conversion of foreign exchange amount

Operation changes disclosed in foreign currency are converted in RSD, applying official middle exchange rate of the National Bank of Serbia, on the date of operation change.

Resources and obligations disclosed in foreign currency on the date of 31/12/2011, converted in RSD, applying official middle exchange rate of the National Bank of Serbia, effective on balance date as follows:

	<u>03/31/2012</u>	<u>12/31/2011</u>
EUR middle exchange rate of NBS	RSD 111.3643	RSD 104.6409
USD middle exchange rate of NBS	RSD 83.3129	RSD 80.8662
CHF middle exchange rate of NBS	RSD 92.3419	RSD 85.9121
GBP middle exchange rate of NBS	RSD 133.2109	RSD 124.6022

Certain liabilities disclosed in foreign currency are converted into RSD applying contracted exchange rate, effective on operation change date (liabilities upon long-term loans from EIB, liabilities for housing loans from Piraeus Bank and liabilities for financial leasing from Porsche leasing and Hypo leasing). Indicated liabilities, disclosed in foreign currency on the date of 12/31/2011, are recalculated in RSD according to contracted exchange rate effective on the date of 12/31/2011, as follows:

	<u>03/31/2012</u>	<u>12/31/2011</u>
For EIB loan and housing loans from Piraeus Bank:	RSD 111.6984	RSD 104.9548
For liabilities of financial leasing from Porsche leasing:	RSD 112.8120	RSD 106.0012
For liabilities of financial leasing from Hypo leasing:	RSD 113.7300	RSD 106.7660

Incomes and outcomes according to exchange rate differences and effects of currency clause are registered in balance sheet of business year. Such incomes and outcomes are established during the year according to realised receivables and liabilities, as realised currency differences or realised effects of currency clause, and at the end of business year as result of rating of balance sheet positions, disclosed in foreign currency, as non-realised currency differences or non-realised effects of value clause.

Positive effect of non-realised exchange rate differences, in the amount of RSD 23,186 thousand, as a result of recalculations of receivables and obligations on 03/31/2012, was not considered in the Business result for the first quarter of 2012, because it will be disclosed in the result of the following quarters of the current business year as realised exchange rate differences.

3.4. Real estates, plants, equipment, biological and intangible investments

Initial valuing of real estates, plants, equipment, biological resources and intangible investments is performed upon purchase value. Resource built-up in own setting is recognized upon cost price providing they do not exceed market value. Purchase value consist of invoice value of obtained resources increased by all costs arose up to their utilization.

After initial recognition, real estates, plants and equipment are registered at cost of revaluing reserves, which represents their fair value at the date of revaluing, decreased for total amount of correction value against amortization and total amount of correction value against loss from depreciation.

3.5. Amortisation of properties, plants, equipment and intangible investments

Amortisation is calculated for each resource individually according to estimated value of the resource at the beginning of the year, i.e. according to purchase value of the resources activated during the year, by application of proportional method. Calculating of amortization begins on the next day after putting resources into operation.

Amortization rate is based on projected economic service life of real properties, plants and equipment and intangible investments.

In the first quarter of 2012 the same amortization rates are applied as in 2011.

3.6. Investment property

Initial valuing of investment real estate is carried out per purchase value. After initial recognition, valuing of investment real estate is carried out per value in accordance with IAS 40- investment real estates.

Profit or loss incurred due to change of fair value of investment real estate to lower or higher position is disclosed at cost of other outcomes or in favour of other incomes in accounting period. Such assessment does not affect basis for calculating of amortization according to tax regulations.

3.7. Stocks

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

Net sale value is price for sale of stocks in nominal operation conditions after price decrease by sale costs.

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

3.8. Taxes and contributions

Current taxes

Obligation for income tax is established according to the base, which represent difference between revenues and expenditures (income during the quarter). The amount obtained by application of

prescribed rate of 10% is decreased by 50% for tax loan from the basis of investment in properties, plants and equipment.

Deferred tax

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

Taxes and contributions independent of results

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

3.9. Benefits for employees

Taxes and contributions for salaries and reimbursements

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

Restructuring

Process of restructuring of the Company started in 2004 and it was finished in 2009.

Reserving for terminal wages and jubilee bonuses in line with IAS-19

According to the Operating rule, the Company has to pay to employees:

- Terminal wage for retirement in amount of 4 average month salaries at the employer's in the very month before payment of terminal wage, and
- Jubilee bonuses for total time of employment at the employer's as follows:
 - 10 years – one average month salary in the Republic of Serbia
 - 20 years – two average month salaries in RS
 - 30 years - three average month salaries in RS
 - 35 years for women and 40 year for men- four average month salaries in RS.

Due to previously mentioned obligations at the end of every business year the Company makes assessment of reserving for terminal wages and jubilee bonuses in line with IAS-19- Reimbursements for employees.

Assessment of reserving for considered reimbursements on 12/12/2011 was made by Institute for economic researches Belgrade, as independent actuary, considering all relevant elements necessary for the reserving: The Operating rule of the Company, number of employees in AD Aerodrom "Nikola Tesla" Beograd on 12/31/2011, rate of employee fluctuation in previous of 2% and assumptions used by actuary in calculation, as discount rate (10%), expected salary increase in the Company (5%) and presumed real growth of average gross month salary in the Republic (4%).

3.10. Liabilities for loans and financial leasing

The Company has obligations per loans with payment linked with exchange rate of EUR. The loans are agreed with fix interest rates (Note 29).

Obligations per interests for long-term loans with due date in 2012 and subsequent years are not disclosed in balance sheet, but in Note 29, there is list of interests in detail, per due dates.

The Company presented leased equipment in balance sheet at current value of minimal leasing instalments at the beginning of leasing period. Corresponding liabilities toward lessors are registered in balance sheet as liabilities per financial leasing.

Expenditures of interests per financial leasing are registered in balance sheet on corresponding expenditure invoices, after fulfilment of obligations on related basis.

3.11. Information on business segments

The Company performs business activity as single business segment, provision of airport services. Accordingly, information relating to purchase income per products and services, geographical information on purchase income, represent disclosure at company level (Note 5).

3.12. Financial instruments and aims of financial risk management

Financial instruments represent financial resources and financial obligations independent of their duration.

Financial resources and obligations are registered in balance sheet of the Company, from the moment of contractual binding to instrument.

Financial resources are no more recognized from the moment when the Company loses control over contracted rights on those instruments, which occurs when beneficial interest on instrument is realized, expired, abandoned or assigned. Financial obligation is no more recognized when the Company fulfils its obligation or when contractual obligation is annulled or expired.

Due to market risks, affecting on changes on financial resources and obligations, management of the Company regularly and thoroughly follow movements, which can create risks, and take measures necessary for risk management.

Risks arising in operating with financial resources and obligations are:

-market risk, -credit risk, -liquidity risk, -cash flow risk.

In purpose of simpler recognition of risks that follow financial instruments and risk management, the Company has categorized financial instruments as follows:

A: Financial resources

1. Long-term financial investments, as follows:

- o Long-term time deposits
- o Participation in capital of the banks which are mostly in liquidation process and, in compliance with regulations and applied accounting standards correction of their value is performed in the entirety.
- o Participation in capital of foreign legal entities
- o Long-term housing loans given to employees are disclosed at fair value by discounting with application of market interest rate.

2. Receivables, disclosed in nominal value-decreased by the correction of value, which is carried out based on estimation of possibility to recover them, as follows:
 - o Receivables from foreign buyers
 - o Short-term financial investments
 - o Other receivables
3. Cash and cash equivalents (cash on current accounts, RSD accounts and cash account)

B: Financial obligations

- Long-term loans
- Financial leasing
- Other long-term liabilities
- Part of long-term loans with due date in next year (current maturities)
- Part of long-term leasing with due date in next year (current maturities)
- Part of other long-term liabilities with due date in next year (current maturities)
- Short term liabilities (without received advancements, liabilities for gross salaries, liabilities for VAT and income tax).

Within these categories there are categories defined in details, where monitoring of movements is organized and necessary actions are taken in order to avoid or diminish risks. Summary of financial instruments are given in Note 36, both for the current and the previous year.

4. PREVIEW OF IMPORTANT ACCOUNTING EVALUATIONS

4.1. Amortisation and amortisation rate

Revision of useful duration is made at the end of business year and correction of amortisation rate is based on that estimation. Considering that this correction does not represent change of accounting policy, there is no backward correction.

4.2. Correction of values of uncollectible receivables

Value correction is booked at cost of income statement for all receivables and investments not collected within period of 60 days after due date and assessed by management as uncollectible. Collecting of previously corrected receivables is booked in favour of incomes. Uncollected receivables are written off according to court decision, pursuant to settlement agreement between contractual parties or according to decision of the Board of Director of the Company.

The company has not made correction of individual , uncharged receivables, which were older than 60 days on 03/31/02012, as it was expected that they will be charged within the business year. The Summary of receivables older than 60 days is given in Notes 20 and 36 (within the explanation of credit risk). The list of changes in correction of value is given in Note No. 22a.

4.3. Litigations

During measurement and recognition of reserving and establishing level of exposure to potential obligation referring to current litigation the management of the Company makes certain assessments. The assessments are necessary for establishment of possibility of negative outcome and determination of amount necessary for final settlement. Due to uncertainty of assessment procedure, real losses may differ from losses determined during assessment. For that reason assessments are corrected when the Company obtain new information, mostly with assistance of internal professional services and external advisers. The list of reserving changes for litigations in the current year comparing with the previous year is presented in Note 28.

4.4. Fair value

Fair value of financial instruments without active trade is determined by application of appropriate estimation methods. Management of the Company makes assessment of risks and in cases when it is estimated that property value from business books will not be realised, it makes correction of value.

4.5. Reconciliation of receivables and indebtedness

The Company makes reconciliation of its receivables and obligation annually, with balance on 10/31 of the current year, or several times during the year for certain clients, if there is a need.

Considering that at the end of 2011 there were no materially significant, non-reconciled receivables and obligations, the Company did not make reconciliation in the first quarter of 2012.

5. BUSINESS REVENUES - ADP 202

	<u>I-III 2012</u>	<u>I-III 2011</u>
	in RSD thousand	in RSD thousand
<u>Revenues from sale of goods and services in domestic market</u>		
Revenues from sale of goods in domestic market	476	439
Passenger service	137,608	143,212
Security fee	39,312	35,240
Landing	20,776	26,163
Aircraft handling *	24,041	26,459
Infrastructure	13,637	15,900
Air-bridges	16	6,190
Lighting	4,527	5,555
Aircraft abode tax	825	1,194
Aircraft de-icing service	15,772	0
Commercial usage of apron *	15,509	11,720
Usage of the CUTE system	6,374	5,596
Service on special request *	1,407	9,079
Renting of advertisement space	15,148	15,495
Public services	35,889	31,765
Cargo-custom services	29,829	32,141
DCS services *	8	64
Lost and found services *	422	253
Other services *	12,253	11,494
	<u>373,829</u>	<u>377,959</u>
<u>Revenues from sale of goods and services in foreign market</u>		
Revenues from sale of goods-kerosene (re-export) *	85,087	112,449
Passenger service	259,566	211,063
Security fee	51,898	41,906
Landing	105,042	110,214
Aircraft handling *	119,668	109,780
Infrastructure	67,327	66,381
Air-bridges	20,045	21,298
Lighting	10,903	9,997
Aircraft abode tax	4,310	4,475
Aircraft de-icing service	40,718	41,926
Usage of the CUTE system	12,947	9,292
Service on special request *	10,297	3,276
Renting of advertisement space	169	0
Public services	488	724
Cargo-custom services	5,304	3,690
Revenues from consulting services	21,601	15,476
DCS services *	5,132	3,427
Lost and found services *	3,149	3,622
Other services *	7,469	3,224
	<u>831,120</u>	<u>772,220</u>
Total sale revenues	<u>1,204,949</u>	<u>1,150,179</u>

*-revenues from services of Ground handling Department

5. BUSINESS REVENUES - ADP 201 (continued)**Revenues from sale of goods and services per geographic regions**

	I-III 2012	I-III 2011
	u 000 din.	u 000 din.
Serbia	373,829	377,959
Germany	171,660	148,642
Montenegro	104,492	144,934
Austria	93,545	75,383
Switzerland	70,219	73,950
Russia	37,734	37,885
Turkey	37,203	41,037
France	31,076	32,341
Great Britain	0	0
Italy	28,778	33,551
Czech Republic	32,176	1,702
Hungary	42,203	84,648
Spain	10,673	1,704
Tunisia	2,107	5,034
Ukraine	10,448	0
Greece	0	196
Norway	12,249	12,987
Denmark	8,146	636
Iran	0	0
Other	138,411	77,590
	1,204,949	1,150,179

Revenues from leasing ADP 206

	I-III 2011	I-III 2010
	in RSD thousand	in RSD thousand
domestic legal entities	94,077	85,835
foreign legal entities	2,642	1,856
	96,719	87,691

6. PURCHASE VALUE OF SOLD GOODS ADP 208

	I-III 2012	I-III 2011
	in RSD thousand	in RSD thousand
Purchase value of sold retail goods	136	116
Purchase value of sold de-icing liquid	1,397	-
Purchase value of sold kerosene - re-export	76,345	105,227
	77,878	105,343

7. COSTS OF MATERIALS - ADP 209

	I-III 2012	I-III 2011
	in RSD thousand	in RSD thousand
Costs of materials	55,445	34,533
Costs of other materials	7,709	8,546
Costs of fuel	25,255	17,662
Costs of heating oil	23,221	16,811
Costs of electric power	30,082	28,070
	141,712	105,622

8. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EARNINGS - ADP 210	I-III 2012	I-III 2011
	in RSD thousand	in RSD thousand
Gross salaries and salary reimbursements- employees	145,877	121,476
Gross salaries and salary reimbursements- management	7,454	7,230
Taxes and contributions at the cost of employer	27,408	22,954
Costs of reimbursement per service contract and royalties	343	497
Costs of reimbursement for youth organisations (gross earnings of temporary	66,138	52,615
Costs of reimbursements for natural persons-contract on part-time work	108	167
Costs for reimbursements for BoD, Supervisory b. and Shareholders' Assembly	3,211	2,383
Transport of employees	9,572	3,358
Costs of business trips	1,420	851
Terminal wages and jubilee bonuses	-	-
Other personal expenditures	1,057	960
	262,588	212,491
9. COSTS OF AMORTIZATION AND RESERVING - ADP 211	I-III 2012	I-III 2011
	in RSD thousand	in RSD thousand
Costs of amortisation	157,274	160,127
Costs of reserving for reimbursements and other benefits	-	-
Costs of reserving for litigations	-	-
	157,274	160,127
10. OTHER BUSINESS EXPENDITURES - ADP 212	I-III 2012	I-III 2011
	in RSD thousand	in RSD thousand
Costs of transport and other postal services	86,921	81,502
Costs of maintenance services	20,364	12,514
Costs of leasing	7,181	1,095
Costs of advertising and promotion	13,864	7,737
Costs of physical and technical security	82,144	65,287
Costs for water, drainage and public services	6,125	6,742
Costs of other production services	7,735	4,659
Costs of occupational health Jat	2,935	3,728
Costs of cleaning	28,959	22,724
Costs of data processing	27,755	17,083
Costs of other non-production services	20,601	22,668
Costs of representation	1,045	1,449
Costs of insurance	5,775	5,306
Costs of payment system	1,393	1,612
Membership fees	913	1,090
Property tax and other reimbursements	18,656	18,463
Other intangible costs	5,768	7,273
	338,134	280,932
11. FINANCIAL REVENUES - ADP 215	I-III 2012	I-III 2011
	in RSD thousand	in RSD thousand
Revenues from interest	32,608	35,666
Revenues from realised exchange rate differences	71,872	8,378
Revenues from non-realised exchange rate differences	8	-
Revenues from effects of risk protection- currency clause	-	290
	104,488	44,334

12. FINANCIAL EXPENDITURES - ADP 216

	I-III 2012	I-III 2011
	in RSD thousand	in RSD thousand
Expenditures from interest	17,429	
Negative exchange rate differences-realised	5,259	
Negative exchange rate differences - non-realised	-	
Expenditures from effects of risk protection- currency clause	618	
	23,306	

13. OTHER REVENUES - ADP 217

	I-III 2012	I-III 2011
	in RSD thousand	in RSD thousand
Revenues from sale of equipment	-	370
Profit from sale of materials	190	
Revenues from charged, corrected receivables	6,905	
Effects of contracted risk protection- revaluation of housing loans	-	-
Revenues from cancellation of reserving for litigations	-	-
Revenues from cancellation of reserving for benefits for employees	-	-
Revenues from recovery of damages from insurance companies	223	335
Other non-mentioned revenues	989	888
Revenues from value reconciliation		56
	8,307	

14. OTHER EXPENDITURES - ADP 218

	I-III 2012	I-III 2011
	in RSD thous	

Note for financial statement on the date of 03/31/2012

15. PROFIT TAX - ADP 225, 226 and 227**a) Components of profit tax**

	<u>I-III 2012</u>	<u>I-III 2011</u>
	in RSD thousand	in RSD thousand
Period tax expenditure ADP 225	22,461	36,298
Deferred period tax expenditure ADP 226	-	-
	<u>22,461</u>	<u>36,298</u>

b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate

	<u>I-III 2012</u>	<u>I-III 2011</u>
	in RSD thousand	in RSD thousand
Profit before tax	406,371	362,156
Profit tax calculated at rate of 10%	40,637	36,216
Tax effect of expenditures acknowledged in tax balance	4,285	82
Tax credit for investment in basic resources of the current period	-	-
Tax credit for investment in basic resources of the previous years	(22,461)	-
Other	-	-
	<u>22,461</u>	<u>36,298</u>

v) Realised, non-utilised and non-recognised tax credit (TC)

Year of origination of tax credit	Year of expiry	Amount of transferred sum TC	in RSD thousand	
			Utilised TC	Outstanding transferred TC
2003	2013	64,510	8,332	56,178
2004	2014	121,717	-	121,717
2005	2015	106,634	-	106,634
2006	2016	161,173	1,709	159,464
2007	2017	34,140	986	33,154
2008	2018	58,616	953	57,663
2009	2019	-	-	-
2010	2020	-	-	-
2011	2021	81,514	81,514	-
Balance of tax credit (TC)		<u>628,304</u>	<u>93,494</u>	<u>534,810</u>

16. PROFIT PER SHARE - ADP 233

	<u>I-III 2012</u>	<u>I-III 2011</u>
	in RSD thousand	in RSD thousand
Net profit for owners in RSD thousand	383,910	325,858
Average weighed number of shares	34,289,350	34,289,350
Basic profit per share in RSD	<u>11.20</u>	<u>9.50</u>

17. PROPERTIES, PLANTS, EQUIPMENT AND INTANGIBLE PROPERTY -ADP 004,006,007,008

DESCRIPTION	Land	Constructing facilities	Equipment	Current investments and advancements	Total ADP 006	Investment property ADP 007	Livestock unit ADP 008	Intangible investments ADP 004
Purchase value								
Initial balance 01/01/2012	9,034,813	10,224,960	2,175,886	345,229	21,780,887	14,476	422	28,824
Correction of initial balance based on assessment	-	-	-	-	-	-	-	-
Balance after correction 01/01/2012	9,034,813	10,224,960	2,175,886	345,229	21,780,887	14,476	422	28,824
Purchase during the year	-	-	88,409	167,382	255,791	-	-	166
Transfer from current investments	-	-	-	(88,409)	(88,409)	-	-	-
Alienation, disbursement and sale	-	-	-	-	-	-	-	-
Other	-	-	-	(5,330)	(5,330)	-	-	-
Final balance 03/31/2012	9,034,813	10,224,960	2,264,295	418,872	21,942,939	14,476	422	28,990
Value correction								
Initial balance 01/01/2012	-	780,684	553,003	12,691	1,346,377	-	-	22,590
Correction of initial balance based on assessment	-	-	-	-	-	-	-	-
Balance after correction 01/01/2012	-	780,684	553,003	12,691	1,346,377	-	-	22,590
Amortisation in current year	-	94,208	62,541	-	156,749	-	-	525
Alienation, disbursement and sale	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Final balance 03/31/2012	-	874,892	615,544	12,691	1,503,126	-	-	23,115
Net current value 03/31/2012	9,034,813	9,350,068	1,648,751	406,181	20,439,813	14,476	422	5,875
Net current value 12/31/2012	9,034,813	9,444,276	1,622,883	332,538	20,434,510	14,476	422	6,234

Note for financial statement on the date of 03/31/2012

18. PARTICIPATION IN CAPITAL - ADP 010

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
<i>Participation in bank capital</i>		
Privredna banka ad Beograd	145	202
<i>Participation in capital banks in liquidation</i>		
Union banka AD Beograd- in liquidation	667	667
Beogradska banka AD Beograd-in liquidation	18,988	18,988
Beobanka AD Beograd-in liquidation	38	38
	<u>19,693</u>	<u>19,693</u>
<i>Participation in capital of companies</i>		
Societe International de Telecommunications Aeronautiques Swisse (SITA)	3	3
Minus: Correction of value of participation in capital of banks in liquidation	(19,693)	(19,693)
	<u>148</u>	<u>205</u>

18.a. OTHER LONG-TERM FINANCIAL INVESTMENTS ADP 011

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Resources for membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	3,913	3,913
Long-term time deposits	9,404	11,285
Long-term loans given to employees	427,374	430,422
Receivables from sold social flats	1,344	1,367
Receivables for repurchase of solidarity flats	3,900	3,991
	<u>445,935</u>	<u>450,978</u>
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	(306)	(306)
Current maturities of long-term time deposits	(5,642)	(7,523)
Current maturities of long-term loans given to employees	(15,050)	(18,211)
Balancing of long-term loans given to employees to fair values	(329,129)	(329,129)
	<u>95,808</u>	<u>95,809</u>

19. STOCKS AND GIVEN LOANS - ADP 013

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Basic materials	92,892	93,723
Spare parts	9,322	8,813
Tools and small inventory	15,259	3,377
Goods in warehouse	29,116	46,765
Goods in retail trade	39	27
Given advancements	68,535	4,203
Correction of values of stock materials and spare parts	(286)	(285)
	<u>214,877</u>	<u>156,623</u>

20. RECEIVABLES, ADP 016

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Receivables from buyers in the country	2,245,612	2,006,680
Receivables from buyers abroad	414,579	423,607
Receivables from buyer in the country for default interest	23,658	21,842
Receivables from banks for time and a vista funds	36,025	25,939
Receivables from employees	1,751	1,291
Other receivables	5,666	4,554
	<u>2,727,291</u>	<u>2,483,913</u>
Value correction of receivables from buyers in the country	(828,525)	(835,156)
Value correction of receivables from foreign buyers	(16,057)	(16,331)
Value correction of receivables from buyers for default interests	(18,045)	(18,045)
Correction of values of other receivables	(2,427)	(2,427)
	<u><u>1,862,237</u></u>	<u><u>1,611,954</u></u>

21. SHORT-TERM FINANCIAL INVESTMENTS ADP 018

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Short-term loans given to employees	20,078	30,312
Short-term time deposits	2,415,846	2,424,353
Current maturities of long-term time deposits	5,642	7,523
Current maturities of long-term loans given to employees	15,050	18,211
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	306	306
	<u>2,456,922</u>	<u>2,480,705</u>
Balancing of loans given to employees to fair values	(2,091)	(2,091)
	<u><u>2,454,831</u></u>	<u><u>2,478,614</u></u>

Display of short-term time deposits from banks

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Komercijalna banka a.d, Belgrade	2,060,328	1,747,503
Hypo Alpe Adria banka a.d, Belgrade	91,189	24,260
UniCreditbank a.d., Belgrade	264,329	652,590
	<u><u>2,415,846</u></u>	<u><u>2,424,353</u></u>

22. CASH AND CASH EQUIVALENTS - ADP 019

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Current account - RSD	53,416	16,059
Current account - foreign currency	136,443	55,835
Foreign currency GOLD BANKA	53,559	53,559
Treasury	6	390
Other funds	2,017	1,020
	<u>245,441</u>	<u>126,863</u>
Correction of value of foreign currency funds of banks in liquidation	(53,559)	(53,559)
	<u><u>191,882</u></u>	<u><u>73,304</u></u>

22a CHANGES ON VALUE CORRECTION from 03/31/2012

	Cash and cash equivalents (Note 22)	Long-term financial investments (Note 18)	Stock materials and spare parts (Note 19)	Receivables from buyers (Note 20)	Short-term financial investments (Note 21)	Total
Initial balance 01/01/2011	53,743	307,285	258	203,348	950	565,584
Correction at cost of current period	-	-	27	680,662	-	680,689
Devaluation of long-term financial investments and securities	-	22,373	-	-	1,888	24,261
Charged, corrected receivables	-	(331)	-	(11,146)	(747)	(12,224)
Value reconciliation	-	-	-	(1,251)	-	(1,251)
Writ-off	-	-	-	(2,047)	-	(2,047)
Exchange rate differences	(184)	-	-	(34)	-	(218)
Other	-	(198)	-	-	-	(198)
Final balance 12/31/2011	53,559	329,129	285	869,532	2,091	1,254,596
Correction at cost of current period	-	-	-	-	-	-
Devaluation of long-term financial investments and securities	-	-	-	-	-	-
Charged, corrected receivables	-	-	-	(6,905)	-	(6,905)
Value reconciliation	-	-	-	-	-	-
Writ-off	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-
Other	-	-	-	-	-	-
Final balance 03/31/2012	53,559	329,129	285	862,627	2,091	1,247,691

in RSD thousand

Note for financial statement on the date of 03/31/2012

23. VAT AND PREPAYMENTS AND ACCRUED INCOME ADP 020

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Deferred previous VAT	0	18,848
Costs of insurance paid in advance	15,069	9,344
Reimbursement for constructing land Phases 2, 3 and 4	106,662	112,201
Other accrued costs and deferred revenues	3,592	3,978
	<u>125,323</u>	<u>144,371</u>

24. SHARE CAPITAL - ADP 102**Share capital 01/25/2011**

	<u>Value in RSD thousand</u>	<u>Number of shares</u>	<u>% of participation</u>
the Republic of Serbia	17,107,193	28,511,988	83.15%
Employee and former employee of the Company	574,004	956,676	2.79%
Citizens of the Republic of Serbia).	2,892,413	4,820,689	14.06%
	<u>20,573,610</u>	<u>34,289,353</u>	<u>100.00%</u>

Share capital 12/31/2011

	<u>Value in RSD thousand</u>	<u>Number of shares</u>	<u>% of participation</u>
the Republic of Serbia	17,089,186	28,481,977	83.06%
Domestic natural persons	2,465,849	4,109,749	11.99%
Domestic legal entities	138,827	231,378	0.67%
Foreign natural persons	4,736	7,893	0.02%
Foreign legal entities	260,065	433,442	1.26%
Custody entities	614,947	1,024,911	2.99%
	<u>20,573,610</u>	<u>34,289,350</u>	<u>100.00%</u>

Share capital on 04/24/2012 at 12.03 pm

	<u>Value in RSD thousand</u>	<u>Number of shares</u>	<u>% of participation</u>
the Republic of Serbia	17,089,148	28,481,913	83.06%
Domestic and foreign natural persons	2,385,423	3,975,705	11.59%
Domestic and foreign legal entities	302,508	504,180	1.47%
Custody entities	796,531	1,327,552	3.87%
	<u>20,573,610</u>	<u>34,289,350</u>	<u>100.00%</u>

25. RESERVES ADP 104

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Legal reserves	0	0
Statutory reserves	761,355	761,355
	<u>761,355</u>	<u>761,355</u>

Note for financial statement on the date of 03/31/2012

26. NON-REALISED LOSSES FROM SECURITIES ADP 107	03/31/2012	12/31/2011
	thousand	thousand
Initial balance on 01/01	260	73
Increase due to decrease of fair value (shares in Privredna banka Beograd)	57	187
Decrease due to increase of fair value	0	0
	317	260

27. NON-DISTRIBUTED PROFIT - ADP 108	03/31/2012	12/31/2011
	in RSD thousand	in RSD thousand
Initial balance on 01/01	1,580,293	1,937,323
Part of the profit distributed to the Establisher (dividend), under Decision of the Board of Directors on profit distribution for 2010 (the Decision no. 21-18/1 from 07/29/2011)	-	(1,118,661)
Part of the profit distributed for reserves of the Company, under Decision of the Board of Directors on profit distribution for 2010 (the Decision no. 21-18/1 from 07/29/2011)	-	(761,355)
Part of the profit distributed for participation of employees, under Decision of the Board of Directors on profit distribution for 2010 (the Decision no. 21-18/1 from 07/29/2011)	-	(57,307)
Profit from current operations	383,910	1,580,293
Total balance at the end of the considered period	1,964,203	1,580,293

28. LONG-TERM RESERVES ADP 112	03/31/2012	12/31/2011
	in RSD thousand	in RSD thousand
Reserves for reimbursements for employees	36,102	36,102
Reserves for jubilee bonuses	23,602	24,654
Reserves for litigations	107,118	107,118
	166,822	167,874

Changes on reserves	in RSD thousand			
	Terminal wages	Jubilee bonuses	Litigations	Total
Balance on 01/01/2011	26,594	19,904	94,078	140,576
Reserves during the year	10,141	6,293	15,330	31,764
Cancellation during the year	0	0	0	0
Pay off during the year	(633)	(1,543)	(2,290)	(4,466)
Balance on 31/12/2011	36,102	24,654	107,118	167,874
Balance on 01/01/2012	36,102	24,654	107,118	167,874
Reserves during the period I-III 2012	0	0	0	0
Cancellation during the year	0	0	0	0
Pay off during the year	0	(1,052)	-	(1,052)
Balance on 31/03/2012	36,102	23,602	107,118	166,822

Note for financial statement on the date of 03/31/2012

29. LONG-TERM LOANS ADP 114

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD	in RSD
	thousand	thousand
In the country	9,432	11,318
Abroad	1,107,696	1,118,192
Current maturities	<u>(82,386)</u>	<u>(94,768)</u>
	<u>1,034,742</u>	<u>1,034,742</u>

29. LONG-TERM LOANS ADP 114 (continued)

<u>Receivables from long-term loans</u>	Principal		Non-booked	
	<u>03/31/2012</u>	<u>12/31/2011</u>	<u>03/31/2012</u>	<u>12/31/2011</u>
	thousand	thousand	thousand	thousand
up to one year	82,386	94,768	43,036	49,263
from one year up to two years	90,996	90,996	45,027	45,027
from two years up to three years	87,223	87,223	36,210	36,210
from three years up to four years	87,223	87,223	37,112	37,112
from four years up to five years	87,223	87,223	33,178	33,178
from five years up to ten years	436,111	436,111	106,875	106,875
over ten years	245,966	245,966	24,979	24,979
	<u>1,117,128</u>	<u>1,129,510</u>	<u>326,417</u>	<u>332,644</u>

	<u>Annual interest rate</u>	<u>Due date</u>	<u>Outstanding amount (EUR)</u>	<u>03/31/2012</u>	<u>12/31/2011</u>
				in RSD	in RSD
				thousand	thousand
<u>a) Long-term loans in the country</u>					
Piraeus banka a.d. Belgrade	4.50%	May 26 2013	107,844	9,432	11,318
<u>a) Long-term loans abroad</u>					
European Investment Bank	4,07 - 5,16%	2025.	10,654,033	1,107,696	1,118,192
1) Total long-term loans (a+b)			<u>10,761,877</u>	<u>1,117,128</u>	<u>1,129,510</u>

Current maturities of long-term loans:

In the country	(5,659)	(7,546)
Abroad	<u>(76,727)</u>	<u>(87,222)</u>
2) Total current maturities of long term loans	<u>(82,386)</u>	<u>(94,768)</u>
3) Long term loans- net (1, 2)	<u>1,034,742</u>	<u>1,034,742</u>
30. OTHER LONG-T. LIABIL, ADP 115	<u>03/31/2012</u>	<u>12/31/2011</u>
	thousand	thousand
Liabilities from financial leasing	168,383	187,675
Other long-term liabilities	106,662	112,201
	<u>275,045</u>	<u>299,876</u>
Current maturities from long term liabilities	<u>(57,820)</u>	<u>(82,651)</u>
	<u>217,225</u>	<u>217,225</u>

Note for financial statement on the date of 03/31/2012

<u>Liabilities from financial leasing</u>	sum of minimal leasing instalments		current value of minimal leasing instalments	
	<u>03/31/2012</u>	<u>12/31/2011</u>	<u>03/31/2012</u>	<u>12/31/2011</u>
<u>Due on</u>	in RSD	in RSD	in RSD	in RSD
	thousand	thousand	thousand	thousand
up to one year	67,394	90,734	57,820	77,112
from one year up to three years	117,728	117,728	110,563	110,563
<u>Future costs of financing - interests</u>	(16,739)	(20,787)		
Current value of minimal leasing instalments	168,383	187,675	168,383	187,675
Current maturities of financial leasing			(57,820)	(77,112)
			110,563	110,563

31. SHORT-TERM FINANCIAL LIABILITIES - ADP 117

	<u>03/31/2012</u>	<u>12/31/2011</u>
	thousand	thousand
<u>Current maturity</u>		
Long-term loans	82,386	94,768
Other long-term liabilities	57,820	82,651
	140,206	177,419

32. BUSINESS LIABILITIES - ADP 119

	<u>03/31/2012</u>	<u>12/31/2011</u>
	thousand	thousand
Received advance payments	23,396	33,549
Suppliers in country	128,484	107,649
Suppliers abroad	7,133	41,814
Other operating liabilities	10,846	11,466
	169,859	194,478

33. OTHER BUSINESS LIABILITIES - ADP 120

	<u>03/31/2012</u>	<u>12/31/2011</u>
	thousand	thousand
Liabilities for salaries	35,359	168
Liabilities for interests	11,282	44
Liabilities for participation in profit	627	627
Other short-term liabilities	944	262
	48,212	1,101

34. LIABILITIES FROM VAT, OTHER PUBLIC**EXPENDITURES AND ACCRUED COSTS AND DEFERRED REVENUES**

	<u>03/31/2012</u>	<u>12/31/2011</u>
	thousand	thousand
Liabilities for VAT	2,325	14,842
Liabilities for customs and other duties	923	440
Calculated costs	58,147	30,602
Calculated revenues of future periods	17,808	10,046
Other accrued costs and deferred revenues	835	605
Other liabilities	684	1,360
	80,722	57,895

Note for financial statement on the date of 03/31/2012

35. OFF-BALANCE REGISTER ADP 125

	03/31/2012	12/31/2011
	in RSD thousand	in RSD thousand
Received guarantees	350,017	350,017
Given guarantees	12,587	12,587
Other	585	582
	363,189	363,186

36. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT**Categories of financial instruments**

Financial resources	03/31/2012		12/31/2011	
	total	correction of value	total	correction of value
1 Long-term financial investments	803,378	(707,421)	803,435	(707,421)
-Long-term time deposits	7,369	-	7,369	-
-Participation in bank capital	19,838	(19,693)	19,895	(19,693)
-Participation in capital of foreign legal entities	358,601	(358,598)	358,601	(358,598)
-Long-term housing loans given to employees	417,570	(329,130)	417,570	(329,130)
2 Receivables disclosed at nominal value	5,227,461	(867,145)	5,007,866	(874,050)
-Receivables from buyers	2,660,191	(844,582)	2,430,287	(851,487)
-Short-term financial investments	2,456,922	(2,091)	2,480,705	(2,091)
-Other receivables	110,348	(20,472)	96,874	(20,472)
3 Cash and cash equivalents	245,441	(53,559)	126,863	(53,559)
	6,276,280	(1,628,125)	5,938,164	(1,635,030)
Financial obligations				
-Long-term loans	1,034,742	-	1,034,742	-
-Financial leasing- long-term part	110,563	-	110,563	-
-Other long-t. liabilities-Direction for constructing la	106,662	-	106,662	-
-Current maturities of long-t. loans	82,386	-	94,768	-
-Current maturities of long-t. financial leasing	57,820	-	77,112	-
-Current maturities of other long-t. liabilities	-	-	5,539	-
-Short-term liabilities	146,463	-	160,929	-
	1,538,636	-	1,590,315	-

MARKET RISK

In analysis of market impact on financial instrument, the Company observes risk of exchange rate change (currency risk), interest rate change risk and risk of price change.

a) Currency risk

By analysis of financial resources and obligations 03/31/2012 and on 12/31/2011, we can conclude that the Company operates with low currency risk. It is due to the fact that almost all long-term receivables are contracted with currency clause. Complying with the concept of caution, the Company also agreed short-term deposits with currency clause. Only receivables of domestic buyers were not contracted with currency clause, as that are short-term receivables.

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

	resources		in RSD thousand obligations	
	03/31/2012	12/31/2011	03/31/2012	12/31/2011
	(EUR)	2,807,155	2,728,708	1,300,201
USD	219,261	224,923	4,349	19,131
CHF	271	272		0
GBP	0	0.00		0
RSD and other currencies	3,249,593	2,984,260	234,086	231,316
	6,276,280	5,938,164	1,538,636	1,590,315

Obligations are mainly contracted with currency clause and such obligations, do not represent risk for the Company, as those are long-term obligations. Such obligations can be covered by receivables also with currency clause.

In order to avoid risk of loss per receivables for long-term housing loans given to employees, contracted in RSD, the Company has made an assessment of fair value of such receivables by discounting method. An independent assessor-Institute for economic researches Beograd made an assessment of fair value on 12/31/2011 (Note 18 b).

b) Risk of interest rate change

Risk of interest rate change does not represent significant risk for the Company, as categories of financial instruments with contracted interest, are mainly defined by fixed interest rate. Change of interest rates would not significantly affect either incomes, or outcomes of the Company or money flows.

Business policy of the Company is such that business relations with debtors and creditors are not embarrassed with interests, but charging is stimulated with additional bonuses for due payments or payments before due date. It is estimated that costs of promptness notes or suits is higher than bonification given as stimulating measure for due payment.

Calculation of interests according to legal rates or actions of law is applied when it is estimated that charging of receivable is suspicious or disputable.

Fixed interest rate is agreed for long-term housing loans given to employees, but for these receivables revaluation is performed in accordance with the subject contracts and the Law on residence.

Variable interest rate is agreed for financial leasing. In order to avoid risk of interest rate change the Company contracted possibility of paying off before due date for financial leasing. The Company will estimate whether there can be any future risks of interest rate increase and according to the estimation it will consider the option to pay off liabilities before the due date for financial leasing.

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

Note for financial statement on the date of 03/31/2012

Display of resources and liabilities per criteria-non-interest/interest

	in RSD thousand	
	03/31/2012	12/31/2011
financial resources-net		
<u>no interest</u>		
Participation in capital of other legal entities	148	205
receivables from buyers	1,815,609	1,578,800
other receivables	89,876	76,402
short-term financial investments	20,078	30,312
cash and cash equivalents	191,882	73,304
	2,117,593	1,759,023
<u>fixed interest rate</u>		
Long-term financial investments	95,809	95,809
Short-term financial investments	2,434,753	2,448,302
	2,530,562	2,544,111
	4,648,155	4,303,134
Financial obligations		
<u>no interest</u>		
Operating liabilities	146,463	160,929
	146,463	160,929
<u>fixed interest rate</u>		
long-term loans	1,034,742	1,034,742
current maturity of long term obligation	82,386	94,768
	1,117,128	1,129,510
<u>variable interest rate</u>		
other long-term financial liabilities	217,225	217,225
current maturity long term obligation	57,820	82,651
	275,045	299,876
	1,538,636	1,590,315

c) Risk of price change

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

The Company in very little extent deals with securities, subject to price change in exchange market. Furthermore, the Company has no turnover of goods subject to price change. The greatest item in traffic of goods is kerosene traffic with transit goods treatment.

II - CREDIT RISK

The Company estimates that the greatest of the risks affecting financial instruments is credit risk. The Company has huge receivables of domestic and foreign buyers and the credit risk permanently exists. In order to decrease this risk the Company regularly monitors charging, analyses charging value realised in due period, charging after due date and uncharged receivables.

Higher percentage of individual share in total receivables can represent higher credit risk if the buyer has unstable liquidity and if due to that reason it exceeds contracted payment term.

Participation of buyers in total receivables with balance on 03/31/2012 and on 12/31/2011 are as follows:

	03/31/2012		12/31/2011	
	in RSD thousand	%	in RSD thousand	%
Jat Airways	1,865,835	70.14	1,638,743	67.43
Jat Tehnika d.o.o.	147,754	5.55	144,772	5.96
International CG (Aviogenex)	41,452	1.56	41,452	1.71
Jat-Ketering d.o.o.	28,594	1.07	28,621	1.18
Montenegro Airlines	65,583	2.47	90,109	3.71
Wizz Air	67,264	2.53	65,282	2.69
Deutsche Lufthansa	53,471	2.01	48,087	1.98
Branch of Austrian Airlines	28,611	1.08	26,997	1.11
Swiss Air	32,633	1.23	24,004	0.99
Spanair	22	0.00	23,085	0.95
Other customers	328,973	12.37	299,135	12.31
	2,660,191	100.00	2,430,287	100.00

Receivables from domestic buyers disclosed in the amount of RSD 2,245,612 thousand or 84.55% of total receivables from buyers for goods and services, mostly refer to receivables from JAT Airways and they amount RSD 1,865,835 thousand, which is 83.09% of total non-charged receivables from buyers in the country. There is significant participation in uncharged receivables as those of JAT Tehnika with 6.58% or RSD 147,754 thousand and JAT Ketering with 1.27% or RSD 28,594 thousand and Aviogenex (Internacional CG) with 1.85% or 41,452 thousand, which totally makes RSD 2,083,635 thousand or 92.79% of total uncharged receivables from domestic buyers.

Receivables from foreign buyers amount RSD 414,579 thousand, which makes 15.45% of total receivables.

Age structure of due receivables of buyers is given in the next table.

	03/31/2012	12/31/2011
	in RSD thousand	in RSD thousand
Undue receivables from buyers	433,479	443,300
Due receivables, up to 60 days	274,956	381,179
Due, corrected receivables up to 60 days	844,582	851,487
Due, non-corrected receivables over 60 days	1,107,174	754,321
Total receivables-gross	2,660,191	2,430,287
Total receivables-net (gross minus correction)	1,815,609	1,578,800

In non-corrected receivables due over 60 days in amount of RSD 1,107,174 thousand, JAT Airways has the greatest share in amount of RSD 1,006,375 thousand, which makes 91% of total non-corrected receivables older than 60 days. The main reason for non-correction of receivables from Jat Airways is agreement made about purchase of two facilities in amount of RSD 593,286 thousand, and estimation of the Commercial Department on possibility to recover the amount of RSD 20,030 thousand, which represents a non-charged part of estimated recovery amount of RSD 49,418 thousand, at the end of the previous business year. From 04/01/2012 until 05/04/2012 Jat Airways paid off outstanding sum of RSD 20,030 thousand.

The Commercial Department also at the end of business year, made estimation on possibility to recover receivables older than 60 days from other domestic buyers in the amount of RSD 38,957 thousand, whereof RSD 5,614 thousand was charged until 03/31/2012 (there is still non-charged and non-corrected amount of RSD 33,343 thousand) and due receivables from foreign buyers where of the amount of RSD 39,878 thousand was charged until 03/31/2012 (there is still non-charged and non-corrected amount of RSD 19,346 thousand).

Total receivables due over 60 days, on interest basis, calculated for delayed payments, amount RSD 21,714 thousand and include RSD 18,045 thousand for value correction. Non-corrected, interest receivables due over 60 days amount RSD 3,669 thousand and the Commercial department has made assessment at the end of 2011 on certainty of charging another RSD 2,564 thousand.

III - LIQUIDITY RISK AND CASH FLOW

Liquidity risk management demands special attention of management because liquidity represents ability of the Company to fulfil their obligation. In order to provide permanent liquidity the management of the Company set business policy based mostly on financing from own sources. Lent resources are mostly long-term and short-term obligations may be covered by short-term receivables. It is obvious that there is no liquidity risk because the Company has free resources consigned in banks in form of short-term investments, for the purpose of resource providing for financing of future investments.

Maturity of financial resources

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Up to 30 days	4,555,501	4,348,452
1 - 3 months	771,993	527,456
1-12 months	523,701	637,115
1 - 5 years	64,967	65,024
over 5 years	360,118	360,117
	<u>6,276,280</u>	<u>5,938,164</u>

Maturity of financial liability

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Up to 30 days	152,871	167,371
1 - 3 months	47,678	25,232
1-12 months	86,120	145,745
1 - 5 years	569,888	569,888
over 5 years	682,079	682,079
	<u>1,538,636</u>	<u>1,590,315</u>

Maturity of receivables for interests per loans

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
Up to 30 days	35	43
1 - 3 months	18,903	6,184
1-12 months	24,098	43,036
1 - 5 years	151,527	151,527
over 5 years	131,854	131,854
	<u>326,417</u>	<u>332,644</u>

In the Table of liquidity risk and cash flow risk, there are presented cash flows, i.e. time of expected inflow and outflow of resources. We can easily notice that total receivables are higher than total obligations and also based on due dates liquidity is not endangered because short-term obligations are much less than short-term liquid resources. In short-term resources pattern the most important value is short-term financial investment that is at the second grade of liquidity, right after the cash.

Financial obligations with due date within 1 to 5 years and after 5 years are larger than financial resources within the same period, but financial resources with due date within 30 days period are sufficiently high to cover all future obligations in a manner that liquidity is not endangered in any period.

It is obvious from the summary of obligations per interests for long-term loans, per maturity that obligations per interests will not endanger liquidity of the Company.

In order to enable the Company to manage financial instrument risks it is necessary to duly manage capital risk.

Capital risk management

The aim of capital risk management is provision of such a structure of capital that will secure safety in operating, liquidity and solvency. Apart from own capital, consisting of core capital, reserves and accumulated profit, the Company also utilizes resources of other persons in the form of short-term and long-term loans and financial leasing. The Company invests free resources from current accounts in the form of short-term deposits. Indebtedness indicators of the Company with balance at the end of the first quarter of 2012 and at the end of 2011 are the following:

	<u>03/31/2012</u>	<u>12/31/2011</u>
	in RSD thousand	in RSD thousand
1 Indebtedness (ADP 113 + ADP 117)	1,392,173	1,429,386
2 Cash and cash equivalents (ADP 019)	191,882	73,304
3 Short-term financial investments (ADP 018)	2,454,831	2,478,614
<u>1 NET INDEBTEDNESS (1 - 2 - 3)</u>	<u>(1,254,540)</u>	<u>(1,122,532)</u>
<u>4 Capital (ADP 101)</u>	<u>23,298,851</u>	<u>22,914,998</u>
<u>5 Ratio of net indebtedness toward capital (1 / 4)</u>	<u>(0.05)</u>	<u>(0.05)</u>

1. Indebtedness includes long-term and short-term loans and other long-term and short-term financial obligations.
2. The capital includes core capital, reserves and accumulated profit.

In Belgrade, 05/04/2012

Person responsible for drafting of financial statements

Zorka Latinović

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Translated by: Marija Jakovljević



AD AERODROM "NIKOLA TESLA" BEOGRAD

**BUSINESS REPORT
I-III 2012**

BELGRADE, MAY 2012

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1. GENERAL DATA OF THE COMPANY

1	Business name	AD AERODROM "NIKOLA TESLA" BEOGRAD
	Head office and address	11180 Belgrade 59
	Register number	07036540
	TIN	100000539
2	web site and e-mail address	www.beg.aero; kabinet@beg.aero
3	Number and date of the Rescript on Company registration	<p style="text-align: center;">Number of registration: BD 4874/2005 Date of registration: 06/15/2005</p> <p style="text-align: center;">Number of registration: BD 7651/2011 Date of registration: 01/24/2011 <i>Note: AD Aerodrom "Nikola Tesla" was registered with Registers Agency as an open joint stock company.</i></p>
4	Activity (code and description)	5223-Air-traffic services
5	Number of employees	445 employees on 03/31/2012, averagely 445 employees during the first quarter of 2012
6	Core capital value	RSD 20,573,610,000 on 03/31/2012
7	Name, head office of auditor who revised the last financial statement	Deloitte d.o.o, No. 8 Terazije St, Belgrade
8	Number of issued shares, ISIN number and CFI code	Number of ordinary shares 34,289,350 (on 03/31/2012) CFI code ESVUFR ISIN number RSANTBE11090
9	Organised exchange market on which the shares are exchanged	Beogradska berza ad Beograd, No. 1 Omladinskih brigada St, 11070 Novi Beograd

2. AIR TRAFFIC TURNOVER

In the period I-III 2012 it was achieved total air traffic turnover, as follows:

- 9,749 air movements,
- 604,210 passengers and
- 2,277 tons of cargo and mail.

2.1. AIR MOVEMENT TURNOVER

In the period from I-III 2012 it was achieved the following number of air movements per traffic types:

Number of air movements per traffic types

Air traffic type	Achievement I-III 2011	Plan I-III 2012	Achievement I-III 2012	Index	Index	Participation I-III 2011	Participation I-III 2012
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Domestic air traffic	23	23	28	122	122	0.24	0.29
International air traffic-domestic carriers	4.126	4.270	3.933	95	92	43.13	40.34
International air traffic-foreign carriers	5.418	6.173	5.788	107	94	56.63	59.37
TOTAL:	9.567	10.466	9.749	102	93	100.00	100.00

The data from the table indicate total number of air traffic movements in the period from I-III 2012, which are 2% higher than in the same period last year and 7% higher than number of air movements forecasted in the Business plan for I-III 2012. Realised number of air traffic movements in the first quarter of 2012 is less than the planned figure for the same period because the air carriers Malev, Tarom, Solinair and Germanwings have achieved less number of operations and Spanair has ceased its business since February 2012. In the period I-III 2012 Jat Airways had 10 destinations less than the planned for the same period.

Foreign carriers have dominant participation in the international air traffic, within carrier pattern per air traffic type in I-III 2012, with participation of 59.37%; there are domestic carriers in international air traffic with 40.34% and at the end, domestic air traffic with participation of 0.29%.

In comparison to the previous year, we score fall in participation of domestic carriers in international air traffic and growth in participation of foreign carriers in international air carrier and domestic carriers in domestic air traffic.

In international air traffic of domestic carriers total turnover of 3,933 air movements was achieved, which is the score 5% lower as compared with the same period of the previous year and 8% lower in comparison to the Plan for I-III 2012. Other carriers in international air traffic are: Jat Airways, Internacional CG and others.

Jat Airways with 89.62% of participation in international air traffic of domestic carriers has a dominant role.

That company has scored 4% decrease in air movements in the first quarter of 2012 as compared with the same period of 2011 and 8% decrease in comparison with the Business plan for the period.

In the period I-III 2012 Jat Airways achieved 3,525 air movements in international air traffic and 3,686 air movements in the period I-III 2011.

In the first quarter of 2012 Jat Airways carried out flights to new destinations, such as: Sochi and Geneva.

Aviogenex – International CG achieved 5 air movements in the first quarter of 2012, while it had performed 21 air movements in the same period of the previous year.

Other carriers in international air traffic are: Avio Služba, Princ Aviation, Air Pink, Verano Motors, Neonukleon and under name of YU Others, who scored decrease of 4% in comparison to the achievement in the period of I-III 2011 and decrease of 6% in comparison to the Plan for I-III 2012.

Number of air movements of foreign carriers in international traffic

Carriers	Achievement I-III 2011	Plan I-III 2012	Achievement I-III 2012	Index	Index	Participation I-III 2011	Participation I-III 2012
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Lufthansa	872	860	829	95	96	16.09	14.32
Montenegro Airlines	556	624	584	105	94	10.26	10.09
Austrian Airlines	396	592	579	146	98	7.31	10.00
Wizz Air	265	562	548	207	98	4.89	9.47
Swiss International	360	364	362	101	99	6.64	6.25
Niki Luftfahrt	154	312	310	201	99	2.84	5.36
Solnair	239	260	234	98	90	4.41	4.04
Adria Airways	118	208	226	192	109	2.18	3.90
Turkish Airlines	178	182	182	102	100	3.29	3.14
Aeroflot	178	182	180	101	99	3.29	3.11
Air France	180	182	178	99	98	3.32	3.08
Olympic Airways	10	182	172	1.720	95	0.18	2.97
Alitalia	156	158	158	101	100	2.88	2.73
Tarom	118	178	138	117	78	2.18	2.38
Cityline Hungary	130	130	128	98	98	2.40	2.21
Flydubai	0	104	108	0	104	0.00	1.87
Germanwings	154	156	104	68	67	2.84	1.80
LOT	80	78	82	103	105	1.48	1.42
Norwegian Air Shuttle	52	52	55	106	106	0.96	0.95
Sky Work	0	52	52	0	100	0.00	0.90
Malev	132	132	48	36	36	2.44	0.83
ČSA	278	0	36	13	0	5.13	0.62
Tunis Air	16	26	30	188	115	0.30	0.52
Spanair	68	52	8	12	15	1.26	0.14
Cimber Sterling	52	0	6	12	0	0.96	0.10
Pegasus Airlines	0	0	4	0	0	0.00	0.07
B & H Airlines	56	0	3	5	0	1.03	0.05
Aegean Airlines	0	0	2	0	0	0.00	0.03
Gazprom	20	0	0	0	0	0.37	0.00
Aerosvit Airlines	76	0	0	0	0	1.40	0.00
Air Memphis	0	52	0	0	0	0.00	0.00
Other	524	493	442	84	90	9.67	7.64
TOTAL:	5.418	6.173	5.788	107	94	100.00	100.00

In the first quarter of 2012 there were 28 foreign air carriers and 2 domestic air carriers.

In international air traffic of foreign carriers in the period I-III 2012 it was achieved 5,788 air movements, which is 7% higher score in comparison with the previous year and 6% as compared with the Business plan for I-III 2012.

In foreign carrier pattern in the period I-III 2012 Lufthansa with the participation of 14.32% has got the most significant role, than Montenegro Airlines with 10.09% and Austrian Airlines with 10.00%. These three companies achieved 34.41% of international traffic of foreign carriers.

There are few carriers with the participation in this type of traffic in the range from 9.47 to -3.90, such as: Wizz Air, Swiss International, Niki Luftfahrt, Solinair and Adria Airways.

Cargo traffic of express mail is carried out by two carriers: Cityline Hungary and Solinair.

Low cost carriers in the period I-III 2012 were the following: Germanwings to Cologne and Stuttgart, Norwegian Air Shuttle to Oslo and Stockholm, Nikki Luftfahrt to Vienna, Wizz Air to London, Rome, Dortmund, Malmo, Brussels Charleroi, Budapest, Göteborg, Eindhoven, Memmingen and Stockholm-Skavsta and Flydubai to Dubai.

If international air traffic is considered as a whole (domestic and foreign carriers), Jat Airways has a dominant role amid all air-carriers with participation of 36.26%.

2.2. PASSENGER TURNOVER

Total passenger turnover of 604,210 was achieved in the first quarter of 2012, which is 14% higher than the achievement in the same period of 2011 and 4% higher in comparison with the Business plan for I-III 2012.

Passenger turnover per traffic types

Air traffic type	Achievement I-III 2011	Plan I-III 2012	Achievement I-III 2012	Index	Index	Participation I-III 2011	Participation I-III 2012
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Domestic air traffic	32	35	40	125	114	0.01	0.01
International air traffic-domestic carriers	221.998	244.201	224.243	101	92	41.86	37.11
International air traffic-foreign carriers	308.341	339.172	379.927	123	112	58.13	62.88
TOTAL:	530.371	583.408	604.210	114	104	100.00	100.00

The greatest participation in passenger turnover per air traffic types in the period I-III of 2012 is 62.88% of foreign carriers in international air traffic, then there are domestic carriers in international air traffic with 37.11%, while domestic traffic participates with 0.01%.

The number of the passengers transported by foreign carriers in the first quarter of 2012 is 23% higher as compared with the previous year and 12% higher in comparison with the Business plan for 2012 for the same period.

The number of the passengers transported by domestic carriers in international air traffic is 1% higher in comparison with the same period of the previous year and also 8% lower in comparison to the Business plan for I-III 2012.

Passenger turnover in international air traffic per carriers with the highest number of passengers

No.	Carriers	Achievement I-III 2011	Achievement I-III 2012	Index	Participation I-III 2011	Participation I-III 2012
1	2	3	4	5 (4/3)	6	7
1	Jat Airways	219.448	222.994	102	41.38	36.91
2	Wizz Air	32.015	72.511	226	6.04	12.00
3	Lufthansa	58.921	54.960	93	11.11	9.10
4	Montenegro	39.757	43.697	110	7.50	7.23
5	Swiss International	35.491	37.033	104	6.69	6.13
6	Other	144.707	172.975	120	27.29	28.63
	TOTAL:	530.339	604.170	114	100.00	100.00

The total number of passengers in international air traffic in the period I-III of 2012 is 604,170, which is 14% higher than in the same period of 2011.

Jat Airways is the leading carrier with the greatest number of passengers in international air carrier and it had 36.91% and there are the following: Wizz Air with participation of 12.00%, Lufthansa with 9.10%, Montenegro Airlines with 7.23% and Swiss International with 6.13%.

Passenger turnover of Jat Airways in international air traffic per destinations with the greatest number of passengers

No.	Destinations	Achievement I-III 2011	Achievement I-III 2012	Index
1	2	3	4	5 (4/3)
1	Podgorica	20.753	19.096	92
2	Zurich	16.272	17.166	105
3	London-Heathrow	12.574	16.166	129
4	Moscow	15.632	15.106	97
5	Paris	14.713	14.671	100

2.3. CARGO TURNOVER

In period I-III 2012 2,277 tons of cargo turnover was achieved, which is 3% more than in the same period of the previous year and 2% more than in the Business plan for the period I-III 2012.

Cargo turnover in the period I-III 2012 in international air traffic of domestic carriers fell by 18% in comparison to the achievement in the same period of 2011 and 22% in comparison to the Plan for I-III 2012, while in international air traffic of foreign carriers the achievement in the period I-III 2012 is increased by 10% in comparison to the same period of the previous year and 5% in comparison to the Plan for I-III 2012. Cargo turnover in domestic air traffic was not carried out, as in the same period of the previous year.

Cargo turnover in tons

Air traffic type	Achievement I-III 2011	Plan I-III 2012	Achievement I-III 2012	Index	Index	Participation I-III 2011	Participation I-III 2012
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5 (4/2)</i>	<i>6 (4/3)</i>	<i>7</i>	<i>8</i>
Domestic air traffic	0	0	0	0	0	0.00	0.00
International air traffic-domestic carriers	548	574	448	82	78	24.81	19.68
International air traffic-foreign carriers	1.661	1.744	1.829	110	105	75.19	80.32
TOTAL:	2.209	2.318	2.277	103	98	100.00	100.00

AD Aerodrom "NIKOLA TESLA"

PHYSICAL TRAFFIC VOLUME

No.	Traffic types	Achievement III 2011		Business plan I-III 2012		Achievement III 2012		Index	
		Participation	I-	Participation	I-III	Participation	I-III	Participation	I-III
1	2	3		4		5		6 (5/3)	7 (5/4)
I	Domestic air traffic								
	Air movements	23	0	23	0	28	0	122	122
	Passengers	32	0	35	0	40	0	125	114
	Cargo and air mail (tons)	0	0	0	0	0	0	0	0
II	International air traffic-domestic carriers								
	Air movements	4,126	43	4,270	41	3,933	40	95	92
	Passengers	221,998	42	244,201	42	224,243	37	101	92
	Cargo and air mail (tons)	548	25	574	25	448	20	82	78
III	International air traffic-foreign carriers								
	Air movements	5,418	57	6,173	59	5,788	59	107	94
	Passengers	308,341	58	339,172	58	379,927	63	123	112
	Cargo and air mail + trucks (tons)	1,661	75	1,744	75	1,829	80	110	105
I+II+III	Total								
	Air movements	9,567	100	10,466	100	9,749	100	102	93
	Passengers	530,371	100	583,408	100	604,210	100	114	104
	Cargo and air mail + trucks (tons)	2,209	100	2,318	100	2,277	100	103	98

3. REVENUES AND EXPENDITURES

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

3.1. REVENUES

In the period I-III 2012 AD Aerodrom "Nikola Tesla" achieved the total revenue in amount of RSD 1,414,463,074.69. Thus achieved total revenue is 10% higher in comparison to the achieved revenues in the same period of the previous year and 2% lower in comparison to the planned figures for that period.

The pattern of the achieved revenues for I-III 2012 is shown in the table **Revenue pattern per service types**.

In the pattern of achieved revenues in the period I-III of 2012 **Business revenues** have the greatest participation of 92% of the total revenues with RSD 1,301,668,247.20. Thus achieved revenues are 5% higher than the same in the same period of the previous year and 6% lower than the planned figures for I-III 2012.

Within business revenues, the amount of RSD 391,116,883.58, which is 28% of total achieved revenues, regards to air services. These revenues are 3% lower than the same in the same period of the previous year and 15% lower than the planned figures in the period I-III 2012.

Revenues from **passenger service and security fees** were achieved in the amount of RSD 488,383,710.37 for I-III 2012, which is 35% of the total, achieved revenues and as compared with the revenues from passenger service in the same period of the previous year, these revenues are 13% higher and 2% higher than the planned figures for the same period.

In the period I-III 2012 the revenues from **service rendering in cargo-customs warehouse** were achieved in the amount of RSD 35,132,084.64 and they are 2% lower than the revenues on this basis in the same period in 2011 and by 5% less than the planned figures for the same period.

In the period I-III 2012 the revenues from **other services** are 23% higher than in the same period of the previous year, 34% higher than the planned figures for I-III 2012 and were achieved in the amount of RSD of 204,753,615.00 The greatest participation in these revenues refers to: revenues from aircraft de-icing service, revenues from public services, revenues from CUTE system, revenues for commercial usage of apron, revenues from work order services.

The revenues from sales of goods mainly refer to the revenues from the sale of kerosene. In the period I-III 2012 it was sold 903 tons of kerosene, while in the same period of the previous year it was sold 1,483 tons of kerosene. Achieved revenues from sale of kerosene and goods for the period I-III 2012 are lower by 24% in comparison to the same period of 2011, while in comparison to the planned figures for the period I-III 2012 they also had decrease of 42%.

In the period I-III 2012 revenues from renting of **business facilities** are achieved in the amount of RSD 96,718,645.90, which is 10% higher than in the same period of 2011 and 19% lower than the planned figures for the same period. The greatest portion of these revenues refers to renting of business facilities to Dufry Company.

Financial revenues (group 66) in the period I-III are disclosed in the amount of RSD 104,488,410.91 and are 2.3 times higher than in the same period of the previous year.

In the pattern of financial revenues for I-III 2012 the greatest part refers to realised exchange rate differences in amount of RSD 71.880.398,71 and interests in amount of RSD 32.608.012,20.

Other revenues (group 67 and 68) in the period I-III 2012 were achieved in the amount of RSD 8,306,416.58 and are by 78% higher in comparison to the same period in 2011.

Other revenues in the period I-III 2012 mostly refer to revenues from charged written-off receivables from other legal entities.

Major buyers, from the point of participation in revenues from sale in i-III 2012 are: Jat Airways RSD 246,430 thousand, Montenegro Airlines RSD 144,934 thousand and Deutsche Lufthansa RSD 125,888 thousand.

REVENUE PATTERN

No.	Service type	Service description	Achievement I-III	Plan I-III	Achievement I-III	Index	
			2011	2012	2012		
	2	3	4	5	6	7 (6/4)	8 (6/5)
I	Air services domestic carriers						
	612000+612300	Landing	26,162,839.02	30,260,429.17	20,776,107.40	79	69
	612010+612310	Lighting	5,554,895.51	5,207,044.71	4,527,183.86	81	87
	612030+612330	Handling	26,458,777.99	32,312,572.29	24,040,980.03	91	74
	612040	Infrastructure	15,900,270.38	18,706,385.10	13,637,134.57	86	73
	612050	Air-bridges	6,190,340.31	3,714,597.75	15,606.98	0	0
	612020+612320	Aircraft abode tax	1,230,869.84	1,215,721.62	824,948.56	67	68
	Total air services (domestic carriers):		81,497,993.05	91,416,750.63	63,821,961.40	78	70
	Air services foreign carriers						
	613010+613011	Landing	110,213,574.66	125,080,323.50	105,042,275.74	95	84
	613020+613021	Handling	109,780,097.41	128,190,903.72	119,667,604.32	109	93
	613030+613031	Lighting	9,997,260.30	8,932,289.66	10,902,943.25	109	122
	613040	Infrastructure	66,380,674.76	74,497,684.43	67,326,766.51	101	90
	613060	Air-bridges	21,297,884.72	25,134,650.43	20,045,370.92	94	80
	613000+613001	Aircraft abode tax	4,475,451.11	4,863,536.10	4,309,961.44	96	89
	Total air services (foreign carriers):		322,144,942.96	366,699,387.84	327,294,922.18	102	89
	Total air services		403,642,936.01	458,116,138.47	391,116,883.58	97	85
	Passenger service						
	612400 - domestic carriers - domestic traffic	Passenger service dom. carr/dom traff	17,248.06	7,663.20	9,116.26	53	119
	612410 - domestic carriers - international traffic	Passenger service dom. carr/intl traff	143,194,363.28	157,634,599.07	137,598,741.49	96	87
	613200 (foreign carriers)	Passenger service intl carr	211,063,252.63	232,179,570.08	259,566,126.78	123	112
	612420+612430+612330-security fees		77,146,198.47	88,544,154.31	91,209,725.84	118	103
	Total passenger service		431,421,062.44	478,365,986.66	488,383,710.37	113	102
III	CCW services						
	612500+612510	CCW services dom.market	32,141,256.07	32,912,202.78	29,828,501.38	93	91
	613300 +613310 (foreign)	CCW services foreign	3,690,080.80	4,237,795.65	5,303,583.26	144	125
IV	Total CCW services		35,831,336.87	37,149,998.43	35,132,084.64	98	95
V	Total services in air traffic (I to IV):		870,895,335.32	973,632,123.56	914,632,678.59	105	94

No.	Service type	Service description	Achievement I-III 2011	Plan I-III 2012	Achievement I-III 2012	Index
1	2	3	4	5	6	7 (6/4) 8 (6/5)
	Other services					
1	612100+612360+613100	DCS services	3,490,411.82	6,755,318.39	5,140,346.26	147
2	612110+612170+612180+613891+613892+613893+613895	Workorder	12,355,767.41	10,714,439.47	11,703,906.05	95
3	612130+612131+613072+612370+613071	VIP saloon	857,907.63	1,233,823.21	1,053,791.25	123
4	612140+612390+613090	CUJTE (dom + foreign)	14,887,907.87	22,420,896.73	19,321,136.25	130
5	613080+612380	Lost and found services	3,875,771.66	4,930,437.22	3,571,225.50	92
6	6126+613120+613400+613401	Public services	32,488,383.69	33,102,128.79	36,376,639.48	112
		Catering services business class				
7	612820+612821+613170	Advertising space	2,426,947.66	2,936,222.82	5,917,894.09	244
8	612870+613810		15,494,531.63	16,528,755.94	15,317,138.47	99
		Commercial usage of apron				
9	612883	Aircraft de-icing service	11,719,798.80	15,724,533.85	15,508,872.82	132
10	612160+613110		41,926,117.37	13,426,278.64	56,488,620.77	135
11	Other non-mentioned services-dom+foreign		26,872,480.67	24,596,850.58	34,353,044.06	128
VI	Other services (1 to 11):		166,396,026.21	152,369,685.64	204,753,615.00	123
VII	Total 61-Revenues from sale of services (V+VI)		1,037,291,361.53	1,126,001,809.20	1,119,386,293.59	108
		Revenues from sale of goods:				
VIII	60-Revenues from sale of kerosene + goods		112,887,681.27	146,423,025.02	85,563,307.71	76
IX	Total (60++61) REVENUES FROM SALE (VII+VIII)		1,150,179,042.80	1,272,424,834.22	1,204,949,601.30	105
X	64 i 65 - Renting of business facilities		87,691,305.44	119,123,414.17	96,718,645.90	110
XI	BUSINESS REVENUES (IX+X)	60+61+62+64+65	1,237,870,348.24	1,391,548,248.39	1,301,668,247.20	105
XII	66-FINANCIAL REVENUES					
1	interests		44,333,863.13	38,576,653.14	104,488,410.91	236
2	exchange rate differences -realised		35,666,143.52	38,576,653.14	32,608,012.20	91
3	exchange rate differences -non-realised		8,667,719.61	0.00	71,880,398.71	829
XIII	67 and 68 OTHER REVENUES		0.00	0.00	0.00	0
			4,653,835.51	9,675,146.01	8,306,416.58	178
XIV	Total revenues (XI+XII+XIII)		1,286,658,046.88	1,439,800,047.53	1,414,463,074.69	110

3.2. EXPENDITURES

In the period I-III 2012 **total expenditures** were achieved in the amount of RSD 1,008,091,636.80. Thus achieved expenditures are 9% higher than the expenditures achieved in the same period of the previous year and 10% lower than the figures in the Plan for I-III 2012.

The purchase value of sold goods (group 50) almost completely refers to the purchase value of the sold kerosene. For **purchase value of sold kerosene** it was spent RSD 76,345,496.31 or 27% less than in the same period of the previous year and 45% more in comparison to the Plan for I-III 2012. Regarding the fact that the kerosene is also registered both on revenues and expenditures, the real revenue of the Company is realised price difference, which amounted for the period I-III 2012 RSD 8.741.713,78. Average participation of price difference in sale value of kerosene for the period I-III 2012 is 10.27%.

The costs of materials (group 51) participates in total expenditures with 14% and mostly refer to: costs of basic material, costs of electrical power, costs of fuel, fuel oil for heating, as well as cost of spare parts for investment maintenance of working devices. Achieved costs of materials in the first quarter of 2012 are 34% higher than in the same period of the previous year, due to increased costs for procurement of baggage trays and higher costs for aircraft de-icing agents, urea, gasoline, diesel fuel and heating oil, due to bad weather conditions during winter season.

Within total expenditures the most part refer to costs of salaries, reimbursements and other personal earnings (group 52) which amount RSD 262,588,577.90 for the period I-III 2012 and it is 24% higher than in the same period of the previous year, primarily due to increase of salaries and number of employees. The costs of salaries of employees (gross II membership fees to Chambers excluded) of Aerodrom "Nikola Tesla" Beograd amount RSD 180,739,728.97, whereas the costs for persons engaged through Youth organizations amount RSD 65,644,582.86 (youth organizations Fan, Beograd, Knez, Milenijum, Medijator and Europa). Apart from salaries in the group 52 there are also included reimbursements per contracts (service contracts), reimbursements per temporary and occasional jobs, part-time work contracts, reimbursements for the members of the Board of Directors and the Supervisory board and members of the Assembly of Shareholders and other personal expenditures (transport, business trip wages, costs of trips and joint assistance).

The costs of **amortization and reserving** (group 54) for the period I-III 2011 amounted RSD 157.273.494,53, which is net cost of amortisation.

The most of the **costs of production services** (group 53) and **intangible costs** (group 55) refers to the **costs of services** of OZB Komerc RSD 209,396,444.26. Adding this amount to total costs for salaries, reimbursements and other personal earnings of employees (group 52) we come to the amount of RSD 471,985,022.16, which makes 46.82% of total expenditures of the period.

Pattern of **the costs of production services** includes:

- **the costs of transport services**, where the most part refers to the costs of services of OZB Komerc for Ground-handling department in the amount of RSD 70,482,033.67, the costs of informing and passenger check-in-SITA, Air France, then the costs of monthly support to the CUTE system per contract, the costs of postal services and others.
- **the costs of maintenance services** are higher by 63% in the first quarter of 2012 in comparison to the same period of the previous year due to increased costs of investment services for maintenance of basic resources.

- **the costs of other services** mostly referring to the services of OZB Komerc for Security department in the amount of RSD 82,166,468.35, then the costs of water, drainage, the costs of Dufry's services and others,
- **costs of leasing** mostly refer to leasing of licences and business facilities. Costs of leasing are 6.5 times higher in the first quarter of 2012 in comparison to the same period, primarily due to leasing of Microsoft licence, which we did not have in the same period of the previous year.
- **costs of advertising** in the period I-III 2012 is 79% higher than in the same period of the previous year, due to increased costs of sponsorship-advertising.

Pattern of **the intangible costs** includes:

- **the costs of non-production services**, where the most part refers to the costs of services of OZB Komerc for the Technical maintenance, Investment, Commercial, Financial and Legal departments in the amount of RSD 56,747,942.24, then the cleaning services, costs of occupational health-JAT, the services of newly-incorporated company – agricultural operative, advocacy services, the costs of advanced trainings and others.

The costs of insurance premiums

Taxing costs

The costs of payment operations

The costs of membership fees

The representational costs and

Other intangible costs

In the period I-III 2012 the realised costs of salaries, reimbursements and other earnings (group 52), the services of OZB Komerc and amortization in total amount of RSD 629,258,516.69 make 62.42% of total expenditures and 44.49% of total revenues of AD Aerodrom "Nikola Tesla" Beograd is needed to cover them.

Financial expenditures (group 56) in the period I-III 2012 are disclosed in the amount of RSD 23,306,042.10 and are 55% lower than in the same period of the previous year.

In the pattern of financial expenditures, expenditures realised from interest participate with 74.78%, amount RSD 17,428,488.06 and are 5% lower than in the same period of the previous year. The mentioned expenditures from interest refer to the interests for long-term liabilities per loans (EIB – reconstruction of the Terminal, housing loans and financial leasing).

Realised negative exchange rate differences were achieved in the amount of RSD 5,877,554.04 and participate with 25.22% in the pattern of financial expenditures.

Other revenues (group 57 and 58) in the period I-III 2012 were achieved in the amount of RSD 7,199,859.87 and are by 19% lower in comparison to the same period of the previous year. The most of these expenditures refer to donations for humanitarian and health purposes and costs of labour union

Main suppliers, from the point of turnover in the period I-III 2012 are: OZB Komerc (RSD 168,939 thousand), Europlast (RSD 61,050 thousand) and Okta Crude Oil Refinery, ad - Skopje (RSD 59,048 thousand).

EXPENDITURES

Account	Account name	Achievement I-III		Plan I-III 2012	Achievement I-III 2012	INDEX	
		2011	2012			6 (5/3)	7 (5/4)
1	2	3	4	5	6 (5/3)	7 (5/4)	
50	PURCHASE VALUE OF SOLD GOODS	105,343,102.78	137,890,203.04	77,878,014.77	74	56	
501	PURCHASE VALUE OF SOLD GOODS	105,343,102.78	137,890,203.04	77,878,014.77	74	56	
51	COSTS OF MATERIALS	105,622,160.41	125,489,119.64	141,711,798.72	134	113	
511	COSTS OF MATERIALS FOR PRODUCTION	34,532,770.84	37,923,595.00	55,445,468.28	161	146	
512	COSTS OF OVERHEADS	8,546,314.04	31,570,000.00	7,708,563.76	90	24	
513	COSTS OF FUEL AND ENERGY	62,543,075.53	55,995,524.64	78,557,766.68	126	140	
52	SALARIES, REIMBURSEMENTS	212,491,189.30	271,840,749.34	262,588,577.90	124	97	
520	SALARIES AND REIMBURSEMENTS-GROSS	128,705,875.98	154,329,474.03	153,331,514.97	119	99	
521	TAX AND CONTRIBUTIONS-EMPLOYER	22,954,219.00	27,539,860.08	27,408,214.00	119	100	
522	COSTS OF REIMBURSEMENTS PER CONTRACTS	496,988.65	338,547.79	343,156.60	69	101	
524	COSTS OF REIMBURS. PER TEMP. AND OCCAS. JOBS-GROSS	52,615,474.29	72,993,117.52	66,137,822.86	126	91	
525	REIMBURSEMENT FOR NATURAL PERSONS-GROSS	166,945.83	95,702.25	108,289.15	65	113	
526	REIMB. FOR MEMB. OF BOJ AND SUPERVIS. B. AND ASSEM. OF SHAREHOLDERS-GROSS	2,382,769.34	3,256,823.80	3,210,582.27	135	99	
529	OTHER PERSONAL EXPENDITURES	5,168,916.21	13,287,223.87	12,048,998.05	233	91	
53	COSTS OF PRODUCTION SERVICES	179,536,222.61	273,521,663.20	224,334,303.90	125	82	
531	COSTS OF TRANSPORTATION SERVICES	81,502,219.57	99,484,034.14	86,920,698.92	107	87	
532	COSTS OF MAINTENANCE SERVICES	12,514,492.75	68,559,150.00	20,364,454.39	163	30	
533	COSTS OF LEASE	1,094,596.07	927,561.23	7,181,188.37	656	774	
535	COSTS OF ADVERTISING	7,736,796.83	8,750,000.00	13,863,694.72	179	158	
536	COSTS OF MARKET RESEARCH	0.00	0.00	0.00	0	#DIV/0!	
539	COSTS OF OTHER SERVICES	76,688,117.39	95,800,917.83	96,004,267.50	125	100	
54	COSTS OF AMORTIZATION AND RESERVES	160,127,331.52	175,000,000.00	157,273,494.53	98	90	
540	COSTS OF AMORTISATION	160,127,331.52	175,000,000.00	157,273,494.53	98	90	
55	INTANGIBLE COSTS	101,395,533.07	114,897,064.47	113,799,545.01	112	99	
550	COSTS OF NON-PRODUCTION SERVICES	66,202,733.19	78,533,961.97	80,249,707.76	121	102	
551	COSTS OF REPRESENTATION	1,448,546.17	1,311,637.13	1,044,790.58	72	80	
552	INSURANCE PREMIUMS	5,306,565.28	8,336,238.15	5,774,827.17	109	69	
553	COSTS OF PAYMENT SYSTEM	1,611,846.04	1,775,038.24	1,393,331.04	86	78	
554	COSTS OF MEMBERSHIPS	1,090,380.12	848,510.59	912,931.00	84	108	
555	COSTS OF TAXES	18,462,789.54	19,406,555.16	18,656,415.64	101	96	
559	OTHER INTANGIBLE COSTS	7,272,672.73	4,685,123.24	5,767,541.82	79	123	
56	FINANCIAL EXPENDITURES	51,291,506.45	17,166,501.94	23,306,042.10	45	136	
562	INTEREST EXPENDITURES	18,265,965.88	17,166,501.94	17,428,488.06	95	102	
563	NEGATIVE EXCHANGE RATE DIFFERENCES	33,003,324.63	0.00	5,259,366.59	16	0	
564	EXPENDITURE OF EXCHANGE CLAUSE RISK	22,215.94	0.00	618,187.45	2,783	0	
57	OTHER EXPENDITURES	8,894,743.25	9,080,046.37	7,199,859.87	81	79	
570	LOSS FROM EXPENDITURES	1,095,205.48	477,481.60	0.00	0	0	
575	CONTRACTED PROTECTION FROM RISKS	0.00	0.00	722.04			
579	OTHER NON-MENTIONED EXPENDITURES	7,799,537.77	8,602,564.77	7,199,137.83	92	84	
	TOTAL EXPENDITURES	924,701,789.39	1,124,885,348.00	1,008,091,636.80	109	90	

3.3. SALARIES

In the period I-III 2012 the total sum paid for salaries amounted RSD 153,331,514.97 (gross I), which is 19% higher than in the same period of 2011 and 1% less than the planned amount for the same period of 2012.

In the period I-III 2012 there were paid out salaries to employees according to individual work contracts as well as single payments, as Christmas bonuses, to each employee, in the same net amount of RSD 15,000.00.

In the period I-III of the current year average gross salary with the Christmas bonus in the Company amounted RSD 115,252.00 and is 12% higher than the same for the previous year. Average net salary with the Christmas bonus in the Company amounted RSD 81,747.00.

3.4. FINANCIAL RESULT IN I-III 2012

In the period I-III 2012 **gross profit** of the company was disclosed in the amount of RSD 406,371,437.89. Thus disclosed gross profit is 12% higher than the profit in the same period of the previous year.

FINANCIAL RESULT

No.	POSITION	Achievement I-III 2011	Plan I-III 2012	Achievement I-III 2012	RSD	
					Index	
1	2	3	4	5	6 (5/3)	7 (5/4)
1	Business revenues	1,237,870,348.24	1,391,548,248.39	1,301,668,247.20	105	94
2	Business expenditures	864,515,539.69	1,098,638,799.69	977,585,734.83	113	89
3	Business profit (1-2)	373,354,808.55	292,909,448.70	324,082,512.37	87	111
4	Financial revenues	44,333,863.13	38,576,653.14	104,488,410.91	236	271
5	Financial expenditures	51,291,506.45	17,166,501.94	23,306,042.10	45	136
6	Financial profit (4-5)		21,410,151.20	81,182,368.81	0	379
6a	Financial loss (5-4)	6,957,643.32				
7	Other revenues	4,653,835.51	9,675,146.01	8,306,416.58	178	86
8	Other expenditures	8,894,743.25	9,080,046.37	7,199,859.87	81	79
9	Other profit (7-8)		595,099.64	1,106,556.71	0	186
9a	Other loss (8-7)	4,240,907.74				
10	Total revenues (1+4+7)	1,286,858,046.88	1,439,800,047.54	1,414,463,074.69	110	98
11	Total expenditures (2+5+8)	924,701,789.39	1,124,885,348.00	1,008,091,636.80	109	90
12	Total gross profit (10-11)	362,156,257.49	314,914,699.54	406,371,437.89	112	129

4. DESCRIPTION OF ALL IMPORTANT BUSINESS OCCURENCES FROM THE FIRST QUARTER OF 2012

On February 27, 2012 the Government of the Republic of Serbia made the Conclusion no. 023--1413--2012, by which it gave a consent that the part of the debt of JAT Airways a.d. Beograd to the Company will be reconciled and the outstanding debt will be settled by a Protocol on rescheduling of debts.

According to the Conclusion of the Government on the Company and JAT Airways a.d. Beograd, two Deeds of partial arrangement were concluded, where the subject of reconciliation is on the one party's behalf, fixed property of JAT Airways a.d Beograd on the complex of Aerodrom "Nikola Tesla" Beograd, and on the other party's behalf, the part of the receivables of the Company from JAT Airways a.d. Beograd in the amount of RSD 593.286 thousand.

The fixed property, being the subject of the Deeds of arrangement, are:

- building "Training centre", with total area of 3,936 m², whereon Jat Airways is registered as a beneficiary, of estimated value of EUR 3,755,497;
- building "Flight operations", with total area of 2,224 m², whereon Jat Airways is registered as a holder, of estimated value of EUR 1,868,160;

The procedure according to the Conclusion of the Government of RS is pending.

On 12/31/2011, the management of the Company estimated that the receivables from JAT in the amount of RSD 49,418 thousand can be recovered and value correction of these receivables with purpose of bringing to recoverable value, was not performed. During 2012 the Company recovered th whole amount out of RSD 49,418 thousand up to 05/04/2012.

5. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Due to market risks, which influence on financial instruments, the management of the Company vigilantly monitors risky developments and take precautionary measures for risk management.

5.1. MARKET RISK

a) Currency risk

By analysis of financial resources and liabilities on 03/31/2012 and on 12/31/2011, we can conclude that the Company operates with low currency risk. It is due to the fact that almost all long-term receivables are contracted with currency clause.

b) Risk of interest rate change

Risk of change of interest rate does not represent significant risk for the Company. Financial instruments with contracted interest are mainly defined with fixed interest rate. Therefore, change of interest rate will not considerably influence revenues and expenditures of the Company

5.2. CREDIT RISK

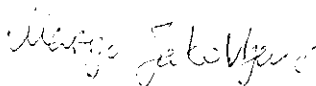
The Company estimates that the greatest of the risks affecting financial instruments is credit risk. The Company has huge receivables of domestic and foreign buyers and the credit risk permanently exists. In order to diminish this risk, the Company monitors charging realisation on regular basis. It analyses value of recovery in contracted term, payment default and non-recovered receivables.

Receivables from buyers refer to many clients, whereof the greatest part refers to receivables from JAT Airways.

5.3. LIQUIDITY RISK AND CASH FLOW

Management of liquidity risk demands special attention of the Management of the Company. Therefore the Management has established business policy mostly based on financing from own resources. Outside funds are mostly long-term resources. In support of the fact that there is no liquidity risk, we have to mention that the Company has unemployed funds, deposited in banks as short-term investments, mainly for financing of future capital expenditures.

Translated by: Marija Jakovljević



General Director

Velimir Radosavljević

STATEMENT

Hereby we state that, according to our best knowledge, the statement for the first quarter of 2012 is drafted in line with appropriate international standards of financial reporting and that it shows true and impartial data on property, obligations, financial position and operating, profits and losses, cash flows and changes on the capital of the Company.

General Director

Prof. Velimir Radosavljević, PhD ME

Director of Financial Department

Ljiljana Simonović

Head of Accounting Sector

Zorka Latinović

Translated by: Marija Jakovljević

Marija Jakovljević