



## JOINT-STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT



### **THE QUARTERLY REPORT FOR THE PERIOD I-III 2014, WHICH CONTAINS DATA FOR THE FIRST THREE MONTHS OF THE BUSINESS YEAR**

In accordance with Article 53 of the Capital Market Act (Official Gazette of RS No. 31/2011) and in accordance with the Regulations on the content, form and manner of publication of annual, semi-annual and quarterly reports of public companies (Official Gazette of RS No. 14/2012) published by the Commission for Securities.

# 2014 YEAR







**JSC BELGRADE NIKOLA TESLA AIRPORT**

**11180 BELGRADE 59**

**Register no. 07036540**

**TIN 100000539**

## **FINANCIAL STATEMENTS FOR I-III 2014**

1. BALANCE SHEET ON 31/03/2014
2. INCOME SHEET FOR I-III 2014
3. CASH FLOW STATEMENT FOR I-III 2014
4. STATEMENT ON CHANGES IN CAPITAL FOR I-III 2014
5. NOTES FOR FINANCIAL STATEMENTS FOR I-III 2014

**Belgrade, 30.04.2014**

**BALANCE SHEET on 31.03.2014**

Group of accounts, account	POSITION	ADP	Note No.	in thousand RSD	
				A m o u n t	
				Current year	Previous year
1	2	3	4	5	6
	<b>ASSETS</b>				
	<b>A. NON-CURR. ACT. PROPER. (002+003+004+005+006)</b>	001		<b>21,625,585</b>	<b>21,573,986</b>
0	I. NON-PAID UP SUBSCRIBED CAPITAL	002			
12	II. GOODWILL	003			
01 without 012	III. INTANGIBLE INVESTMENTS	004	17	9,062	9,278
	IV. REAL ESTATES, PLANTS, EQUIPMENT AND BIOLOGICAL AGENCIES (006+007+008)	005	17	21,455,430	21,404,994
020,022,023,026, 027(part), 028(part), 029	1. Property, plants and equipment	006	17	21,434,200	21,383,764
024, 027(part), 028 (part)	2. Investment property	007	17	20,964	20,964
021, 025, 027(part), 028(part)	3. Biological agencies	008	17	266	266
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		161,093	159,714
030 to 032, 039(part)	1. Share in capital	010	18	3	3
033 to 038, 039 (part), minus 037	2. Other long-term financial investments	011	18a	161,090	159,711
	<b>B. TURNOVER PROPERTY ( 013+014+015)</b>	012		<b>2,673,937</b>	<b>2,605,578</b>
10 to 13, 15	I. STOCKS	013	19	168,660	140,585
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		2,505,277	2,464,993
20, 21 and 22 except 223	1. Receivables	016	20	931,176	881,414
223	2. Receivables of amount paid above income-tax	017		113,085	94,656
23 minus 237	3. Short-term financial investments	018	21	524,496	538,172
24	4. Cash and cash equivalents	019	22	903,342	896,778
27 and 28 except 288	5. VAT and prepayments and accrued income	020	23	33,178	53,973
288	V. DEFERRED TAX LIABILITIES	021		-	-
	<b>G. BUSINESS PROPERTY ( 001+012 +021)</b>	022		<b>24,299,522</b>	<b>24,179,564</b>
29	D. LOSS ABOVE CAPITAL AMOUNT	023			
	<b>Dj. TOTAL ASSETS (022+023)</b>	024		<b>24,299,522</b>	<b>24,179,564</b>
88	E. OFF-BALANCE ASSETS	025	35	528,941	566,762
	<b>OBLIGATIONS</b>				
	<b>A. CAPITAL (102+103+104+105+106-107+108-109-110)</b>	101		<b>22,172,873</b>	<b>22,119,154</b>
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	1,529,339	1,529,339
330 and 331	IV. REVALUATION RESERVES	105		-	-
332	V. NON-REALISED INCOMES FROM SECURITIES	106		-	-
333	VI. NON-REALISED LOSSES FROM SECURITIES	107	26	-	-
34	VII. NON-DISTRIBUTED PROFIT	108	27	69,924	16,205
35	VIII. LOSS	109		-	-
037 and 237	IX. REPURCHASED OWN SHARES	110		-	-
	<b>B. LONG-TERM RESERVES AND LIABILITIES (112+113+116)</b>	111		<b>1,693,569</b>	<b>1,624,547</b>
40	I. LONG-TERM RESERVES	112	28	175,393	176,654
41	II. LONG-TERM LIABILITIES (114+115)	113		944,465	938,388
414,415	1. Long-term loans	114	29	944,465	938,388
41 without 414 and 415	2. Other long-term liabilities	115	30	-	-
	III. SHORT-TERM LIABILITIES (117+118+119+120+121+122)	116		573,711	509,505
42 except 427	1. Short term liabilities	117	31	96,099	125,368
427	2. Liabilities from assets intended for sale and assets of operation discontinued	118		-	-
43 and 44	3. Business liabilities	119	32	275,120	319,537
45 and 46	4. Other short-term liabilities	120	33	54,861	2,640
47, 48 except 481 and 49 except 498	5. Liabilities from VAT and other public revenues and accrued costs and deferred revenues	121	34	147,631	61,960
481	6. Liabilities from profit-tax	122		-	-
498	V DEFERRED TAX LIABILITIES	123	36	433,080	435,863
	<b>G. TOTAL OBLIGATIONS (101+111+123)</b>	124		<b>24,299,522</b>	<b>24,179,564</b>
89	D. OFF-BALANCE SHEET LIABILITIES	125	35	528,941	566,762

**INCOME SHEET in the period from 01.01.2014 to 31.03.2014**

Group	POSITION	ADP	Note No.	in thousand RSD	
				Amount	
				I quarter (01.01-31.03. 2014)	I quarter (01.01-31.03. 2013)
1	2	3	4	5	6
<b>A. REVENUES AND EXPENDITURES FOR REGULAR BUSINESS</b>					
<b>I. OPERATING REVENUES (202+203+204-205+206)</b>		201		<b>1,571,762</b>	<b>1,244,620</b>
30 and 61	1. Revenues from sale of goods	202	5	1,436,848	1,135,021
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			
34 and 64	5. Other operating revenues	206	5a	134,914	109,599
<b>II. OPERATING EXPENDITURES (208 to 212)</b>		207		<b>1,220,111</b>	<b>1,115,218</b>
50	1. Purchase value of sold goods	208	6	193,641	90,218
51	2. Costs of materials	209	7	146,350	122,124
52	3. Costs of salaries, salary comp., and other personal exp.	210	8	366,140	296,556
54	4. Costs of amortization and reservations	211	9	179,019	175,895
53 and 54	5. Other operating expenditures	212	10	334,961	430,425
<b>III. BUSINESS REVENUE (201-207)</b>		213		<b>351,651</b>	<b>129,402</b>
<b>IV. BUSINESS LOSS (207-201)</b>		214		-	
66	<b>V. FINANCIAL REVENUES</b>	215	11	66,800	25,235
56	<b>VI. FINANCIAL EXPENDITURES</b>	216	12	30,736	47,658
37 and 66	<b>VII. OTHER REVENUES</b>	217	13	39,203	3,743
57 and 58	<b>VIII. OTHER EXPENDITURES</b>	218	14	366,212	5,777
<b>IX. PROFIT FROM REGULAR OPERATING BEFORE TAX (213-214+215-216+217-218)</b>		219		<b>60,706</b>	<b>104,945</b>
<b>X. LOSS FROM REGULAR OPERATING BEFORE TAX (214-213-215+216-217+218)</b>		220			
69 - 59	<b>XI. NET PROFIT OF OPERATIONS DISCONTINUED</b>	221			
59 - 69	<b>XII. NET LOSS OF OPERATIONS DISCONTINUED</b>	222			
<b>B. PROFIT BEFORE TAX (219-220+221-222)</b>		223	15	<b>60,706</b>	<b>104,945</b>
<b>V. LOSS BEFORE TAX (220-219+222-221)</b>		224			
<b>G. PROFIT TAX</b>					
721	1. Period tax expenditure	225	15	9,770	13,808
722	2. Deferred period tax expenditure	226		-	
722	3. Deferred period tax revenue	227	36	2,783	3,281
723	<b>D. Paid-up personal receiving to employer</b>	228		-	-
<b>Đ. NET PROFIT (223-224-225-226+227-228)</b>		229	27	<b>53,719</b>	<b>94,418</b>
<b>E. NET LOSS (224-223+225+226-227+228)</b>		230			
<b>Ž. NET PROFIT FOR MINORITY INVESTORS</b>		231			
<b>Z. NET PROFIT FOR OWNERS OF PARENT LEGAL ENTITY</b>		232			
<b>I. PROFIT PER SHARE</b>					
	1. Basic profit per share	233	16		
	2. Diluted profit per share	234			
<b>TOTAL REVENUES (201+215+217)</b>				<b>1,677,765</b>	<b>1,273,598</b>
<b>TOTAL EXPENDITURES (207+216+218)</b>				<b>1,617,059</b>	<b>1,168,653</b>

U Beogradu, 30.04.2014.godine

## CASH FLOW STATEMENT in period from 01.01.2014 to 31.03.2014

POSITION	ADP	in thousand RSD	
		I quarter (01.01-31.03. 2014)	I quarter (01.01-31.03. 2013)
1	2	3	4
<b>A. CASH FLOWS FROM BUSINESS ACTIVITY</b>			
<b>I. Cash inflow from business activities (1 to 3)</b>	301	1,421,501	1,129,404
1. Sale and received advance payments	302	1,271,886	1,003,288
2. Interests received from business activity	303	32,482	537
3. Other inflows from regular operations	304	117,133	125,579
<b>II. Cash outflow from business activities (1 to 5)</b>	305	1,134,823	1,027,344
1. Payments for suppliers and given advance payments	306	747,257	718,442
2. Salaries, salary compensations and other personal expenses	307	291,471	264,305
3. Paid interest	308	5,650	8,462
4. Income-tax	309	28,198	18,718
5. Payment from other public revenues	310	62,247	17,417
<b>III. Net cash inflow from business activities (I - II)</b>	311	286,678	102,060
<b>IV. Net cash outflow from business activities (II - I)</b>	312		0
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
<b>I. Cash inflow from investment activity (1 to 5)</b>	313	27,289	251,851
1. Sale of shares and portions (net inflows)	314	0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	315		
3. Other financial investments (net inflows)	316	14,908	231,984
4. Interests received from investment activities	317	12,381	19,867
5. Dividends received	318	0	0
<b>II. Cash outflows from investment activities (1 to 3)</b>	319	281,462	341,011
1. Purchase of shares and portions (net outflows)	320		0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	321	281,462	341,011
3. Other financial investments (net outflows)	322	0	
<b>III. Cash net inflow from investment activities (I - II)</b>	323		
<b>IV. Cash net outflow from investment activities (II - I)</b>	324	254,173	89,160
<b>V. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>I. Cash inflow from financing activities (1 to 3)</b>	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
<b>II. Cash outflow from financing activities (1 to 4)</b>	329	30,345	34,529
1. Redemption of own shares and portions	330		0
2. Long-term and short-term loans and other liabilities (net outflows)	331	11,621	13,157
3. Financial leasing	332	18,724	21,372
4. Paid-up dividends	333		
<b>III. Cash net inflow from financing activities (I - II)</b>	334		0
<b>IV. Cash net outflow from financing activities (II - I)</b>	335	30,345	34,529
<b>G. OVERALL CASH INFLOW (301+313+325)</b>	336	1,448,790	1,381,255
<b>D. OVERALL CASH OUTFLOW ((305+319+329)</b>	337	1,446,630	1,402,884
<b>Ø. NET CASH INFLOW ((336-337)</b>	338	2,160	0
<b>E. NET CASH OUTFLOW (337-336)</b>	339	0	21,629
<b>Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD</b>	340	896,778	214,383
<b>Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION</b>	341	11,501	2,811
<b>I. I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION</b>	342	7,097	2,460
<b>J. CASH AT THE END OF ACCOUNTING PERIOD (338-339+340+341-342)</b>	343	903,342	193,105

In Belgrade, 30.04.2014

STATEMENT ON CHANGES IN CAPITAL in the period from 01/01 till 31/03/2014													
No.	Description	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)	Repurch. own shares and por (037 and 237)	Total (2+3+4+5+6+7 +8-9+10-11-12)
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	Balance on 01/01 of the previous year of 2013	20,573,610	0	0	0	1,297,787	0	0	291	727,657	0	0	22,598,763
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
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
4	Corrected initial balance on January 1st of the previous year of 2013 (1+2-3)	20,573,610	0	0	0	1,297,787	0	0	291	727,657	0	0	22,598,763
5	Total increase in the previous year	0	0	0	0	231,552	0	0	0	16,205			247,757
6	Total decrease in the previous year	0	0	0	0	0	0	0	291	727,657			727,366
7	Balance on 31/12 of the previous year of 2013 (4+5-6)	20,573,610	0	0	0	1,529,339	0	0	0	16,205	0	0	22,119,154
8	Correction of mat.sign. errors and changes of acc. policies in current year-increase	0	0	0	0	0	0	0	0	0	0	0	0
9	Correction of mat.sign. errors and changes of acc. policies in current year-decrease	0	0	0	0	0	0	0	0	0	0	0	0
10	Balance on January 1st of the current year of 2014 (7+8-9)	20,573,610	0	0	0	1,529,339	0	0	0	16,205	0	0	22,119,154
11	Total increase in the current year	0	0	0	0	0	0	0	0	53,719			53,719
12	Total decrease in the current year	0	0	0	0	0	0	0					0
13	Balance on 31/03 of the current year of 2014 (10+11-12)	20,573,610	0	0	0	1,529,339	0	0	0	69,924	0	0	22,172,873

In Belgrade, 30.04.2014



Notes to financial statements on 31.03.2014

JSC Belgrade Nikola Tesla Airport

**JSC BELGRADE NIKOLA TESLA AIRPORT**

**11180 BELGRADE 59**

**Register no. 07036540**

**TIN 100000539**

**NOTES FOR FINANCIAL STATEMENT**

**FOR I-III 2014**

**Belgrade, April 30, 2014**



## 1. FOUNDING AND OPERATION OF THE COMPANY

### 1.1. General data of the company

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

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

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

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

By the Rescript of the Registers Agency no: BD 7651/2011 dated on 24/01/2011, Akcionarsko društvo Aerodrom Nikola Tesla Beograd was registered as an open joint stock company.

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

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

On 31/12/2013 the Company had 481 employees (averagely during 2013 - 468 employees, and on 31/03/2014 483 employees (averagely during the period I-III 2014 - 483 employees).

### 1.2. Management structure

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

The Assembly comprises of the company Shareholders entitled to participate in Assembly work. The Shareholder, in possession of 10% of ordinary shares (34,289 shares) is entitled to participate in Assembly work.

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

The Executive Board has 4 executive directors including the General Director. The Executive directors are assigned by the Supervisory Board of the Company.

### **1.3. Ownership**

After change of legal form into a closed joint stock company, the Central depository and clearing house registered on 07/07/2010, 34,289,350 shares, 100% in ownership of Republic of Serbia.

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

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

On 25/01/2011, based on data of the central depositing and clearing house, the Company had 4,822,137 shareholders and on 31/12/2013 it had 2,913,010 shareholders. The biggest shareholders on 31/12/2013 are Republic of Serbia (83.06%). On 31.03.2014 (11.04.2014) the largest portion of shares is still with the Republic of Serbia (83.06%), then domestic and foreign natural persons (10.47%), domestic and foreign legal entities (3.29%) and custody persons (3.18%).

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

The financial statements for the first quarter of 2014 have been prepared in a manner and in accordance with the legislation which was used in the preparation of annual financial statements for 2013 and is fully specified in Note 2 to the Financial Statements for 2013. The financial statements for the first quarter 2014 are approved at the meeting of the Supervisory Board on 07.05.2014.

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

Significant accounting policies applied on the financial statements, being the subject of these Notes, are primarily based on the Rulebook on accounting and accounting policies of the Company. If certain accounting aspects are not clearly set out in the Rulebook, applied accounting policies are based on applicative legal, professional and internal regulations.

### **3.1 Incomes and outcomes**

Incomes are disclosed according to invoice value, decreased by 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 of performed operations are transferred to buyer. For services that are provided for 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 fixed assets are covered from current incomes.

### **3.2. Costs of borrowings**

Costs of borrowings refer to interests and other costs arising in connection with resource borrowing. According to the relevant provisions of IAS 23, the costs of borrowing that can be directly ascribed to acquisition, assets build-up to be enabled for usage, are included in purchase value or cost value of such assets. Other costs of borrowing are recognized as outcomes of period from which they originate.

### 3.3. Conversion of foreign exchange amount

Incomes and outcomes according to exchange rate differences and effects of currency clause are registered in balance sheet of the relevant period.

Incomes and outcomes from exchange rate differences are established according to two bases as follows:

- during the year on the basis of realised (paid) receivables and liabilities in foreign currency at official middle exchange rate of the National Bank of Serbia, on the date of operation change, as realised positive or negative exchange rate differences or realised effects of currency clause, and
- on the date of balance draw up, as a result of application of exchange rates on balance positions (receivables and liabilities on balance date), disclosed in foreign currency, as non-realised positive or negative exchange rate differences or non-realised effects of currency clause at official middle exchange rate of the National Bank of Serbia, on the date of operation change as follows:

	<u>31/03/2014</u>	<u>31/12/2013</u>
EUR middle exchange rate of NBS	RSD 115.3845	RSD 114.6421
USD middle exchange rate of NBS	RSD 83.8855	RSD 83.1282
CHF middle exchange rate of NBS	RSD 94.5620	RSD 93.5472
GBP middle exchange rate of NBS	RSD 139.5049	RSD 136.9679

Certain liabilities disclosed in foreign currency, are converted into RSD applying contracted exchange rate, effective on operation change date (liabilities for long-term loans from EIB, liabilities for housing loans from Piraeus Bank and liabilities for financial leasing from Hypo leasing).

The indicated outstanding liabilities were also converted per contracted Euro rate, on the balance date, as follows:

	<u>31/03/2014</u>	<u>31/12/2013</u>
For EIB loan and housing loans from Piraeus Bank:	RSD 115.7307	RSD 114.9860
For liabilities of financial leasing from Hypo leasing:	RSD 117.1153	RSD 116.3617

In the period I-III 2014 total positive net effect on business result of the Company is achieved in the amount of RSD 2,507 thousand, based on realised and non-realised exchange rate differences and currency clause as follows:

- Based on realized exchange rate differences, positive net effect is RSD 9,224 thousand and
- Based on non-realized exchange rate differences, negative net effect is RSD 6,717 thousand.

### 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 consists of invoice value of obtained resources increased by all costs incurred up to their utilization. (IAS 16 Properties, plants and equipment).

After initial recognition, properties, 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 (IAS 36 Property value 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 properties, plants and equipment and intangible investments.

In the period I-III 2014 the same amortization rates were applied as in 2013.

Description	31.03.2014
<b>Building facilities</b>	%
Water and electricity facilities	1,50-6,67
Roads, airports and parking lots	2,00-11,11
<b>Equipment</b>	%
New specific equipment	5,00-20,00
Equipment for road traffic	6,67-33,33
Equipment for PTT and TV	11,11
Equipment for air traffic	6,67-20,00
Measuring and control devices and specific devices	5,00-50,00
Laboratory equipment, teaching aids and medical devices	14,29
Electronic, calculating machines and computers	11,11-33,33
Furniture and equipment for general purposes	10,00-50,00
Equipment for road traffic under financial leasing	6,67-25,00
<b>Intangible assets</b>	%
Software and licenses	10,00-50,00

### 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***

Income tax represents amount calculated and paid in accordance with taxing regulations of Republic of Serbia. Final amount of income-tax duty is determined by application of prescribed rate on tax basis determined in tax balance of the Company. Tax basis disclosed in tax balance includes income disclosed in official balance sheet which is corrected for fixed differences defined by taxing regulations of Republic of Serbia. Profit tax rate applied after January 1, 2013 is 15%.

According to the Law on Corporate Income Tax, based on the explanation from the Ministry of Finance on the connection between income tax payer legal entities with Serbia, br.430-00-40/2014-04 of 03.02.2014, the Company conducts a significant number of transactions with related parties. The preparation of a study on transfer pricing is in progress and the same will be incorporated in the income tax balance for 2013, for which for the first time this year the legal submission deadline is June 29, 2014. For the time being effect of transfer pricing on tax liability of the Company is not yet known and it is not possible to predict the effect on the income tax of the Company for the first quarter of 2014.

#### ***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.

Deferred tax resources and liabilities are calculated at the tax rate whose use is expected in the period when the asset is realized or the liability settled. On 31.03.2014, deferred tax resources and liabilities are calculated at the rate of 15% (December 31, 2013: 15%).

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

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

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

### **3.9. Benefits for employees**

#### ***Taxes and contributions for salaries and reimbursements***

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

#### ***Restructuring***

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

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

Based on Art.66 of the Collective Bargaining Agreement (26/03/2012) the Company was obliged to pay to the 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 (Art.67), and
- Jubilee Award for total time spent in employment with the Employer in the amount of the average monthly salary without taxes and contributions paid by the employer for the month preceding the month in which the employee is entitled to jubilee award (Article 72) as follows:

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

Due to obligations under the Collective Agreement 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. Changes in reserves are given in Note 28.

### **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 declared leased equipment in balance sheet at current value of minimal leasing instalments at the beginning of leasing period, according to the provisions of IAS 17- Leasing.

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. All future instalments of financial leasing will not be declared in balance sheet, but in the Note 30 it is disclosed amount of liabilities for interest per financial leasing.

### 3.11. Information on business segments

The Company performs business activity as single business segment, provision of airport services. Accordingly, information relating to sales income per products and services, geographical information on income from sales, represent disclosure at company level (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:
  - Long-term time deposits
  - 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.
  - Share in capital of foreign legal persons, for which correction of the value was carried out in line with the contract
  - 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:
  - Receivables from buyers
  - Short-term financial investments
  - Other receivables (no claims for overpaid tax).
3. Cash and cash equivalents (cash on current 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. Summaries of financial instruments, per structure and risks related to management thereof, are given in the Note 37, concurrently for the current and the previous year.

## **4. SUMMARY 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. The Company carried out value correction of individual uncollected receivables, which were older than 60 days on 31/03/2014 and which were estimated as uncollectible by Management, in total amount of RSD 349,548 thousand. The Summary of receivables older than 60 days is given in Notes 20 and 37 (within the explanation of credit risk).

Collecting of previously corrected receivables is booked in favour of incomes. During the analysed period corrected receivables for goods, services and default interests from previous years are collected in the amount RSD 31,509 thousand and recorded as revenues of the current period. Uncollected receivables are written off according to court decision, pursuant to settlement agreement between contractual parties or according to decision of the relevant body of the Company. 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 payment against final court decision (verdict, court settlement and similar). Due to uncertainty of assessment procedure, real expenses may differ from expenses determined during assessment. Due to that fact the assessments are corrected when the Company reaches new information, mainly with support of internal professional sectors or external advisers. On 31.03.2014 the Company does not consider it necessary to make a correction of existing assessments, nor is necessary to make a new booking. Summary of changes in provisions for litigation in the current year compared to the previous year is shown 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 31/10 of the current year, or several times during the year for certain clients, if there is a need.

<b>5. BUSINESS REVENUES - ADP 202</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
<b><i>Revenues from sale of goods and ser. in domestic market</i></b>		
Revenues from sale of goods in domestic market	326	558
Passenger service	171,700	129,131
Security fee	59,234	34,763
Landing	30,484	13,927
Aircraft handling *	34,283	17,197
Infrastructure	18,824	9,129
Air-bridges	0	0
Lighting	10,460	5,335
Aircraft abode tax	1,233	542
Aircraft de-icing services	11,011	624
Commercial usage of apron *	13,064	13,939
Usage of the CUTE system	4,487	5,131
Service on special request *	4,909	1,255
Renting of advertisement space	5,878	11,798
Public services	15,224	34,865
Cargo-custom services	23,115	21,470
DCS services*	0	0
Lost and found services *	0	0
Income from the use of parking	8,994	8,607
Other services *	4,218	3,215
	<b>417,444</b>	<b>311,486</b>
<b><i>Revenues from sale of goods and ser. in foreign market</i></b>		
Revenues from sale of goods-kerosene (re-export) *	200,991	92,866
Passenger service	286,659	259,732
Security fee	66,759	58,049
Landing	119,553	98,643
Aircraft handling *	146,127	119,113
Infrastructure	75,067	63,124
Air-bridges	27,915	19,999
Lighting	16,694	12,257
Aircraft abode tax	7,084	4,453
Aircraft de-icing services	12,522	38,013
Usage of the CUTE system	16,869	14,758
Service on special request *	5,724	5,180
Renting of advertisement space	0	0
Public services	621	573
Cargo-custom services	7,029	6,818
Consultancy services	11,464	11,372
DCS services*	5,637	4,930
Lost and found services *	2,588	4,336
Other services *	10,101	9,319
	<b>1,019,404</b>	<b>823,535</b>
<b>Total sale revenues</b>	<b>1,436,848</b>	<b>1,135,021</b>

\*revenues from services of Ground Handling Department

Revenues earned by the foreign companies registered in the Republic of Serbia as a "branch" are shown in Note 5 as income from sales of goods and services in foreign markets.

<b>5. BUSINESS REVENUES - ASP 202 (continued)</b>		
<b>a)Rev. from sale of goods and serv. per g. Reg.</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	In thousand RSD	In thousand RSD
Serbia	417,441	311,486
Germany+Eurojet and European	143,342	142,648
Montenegro	108,380	105,892
Austria	62,813	80,921
Switzerland	70,300	75,584
Russia	75,006	40,872
Turkey	167,773	85,128
France	58	22,142
Italy	33,120	32,916
Abu Dhabi	24,521	0
Hungary+Cityline	105,541	86,319
Romania	4,514	7,991
Tunisia	5,026	5,841
Greece+Aegean	11,253	13,965
Norway	7,991	12,812
Poland	8,749	0
Dubai	59,009	62,960
Qatar	13,663	10,836
Slovenia+Solin air	7,141	14,798
Other	111,207	21,910
	<b>1,436,848</b>	<b>1,135,021</b>

<b>b) Revenues from sales of goods and services per customers</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
Air Serbia- Serbia	337,178	212,726
Deutsche Lufthansa-Germany	124,612	121,890
Montenegro Airlines-Montenegro	107,692	105,637
Austrian Airlines Branch-Austria	62,813	75,751
Swis Air-Switzerland	70,300	75,584
Turkish Airlines-Turkey	128,849	56,313
Aeroflot-Russia	75,006	40,873
Adria Airways-Slovenia	2,803	7,936
Alitalia-Italy	33,120	31,422
Air France-France	58	22,142
Germanwings-Germany	8,277	10,625
Norwegian-Norway	7,991	12,812
Niki-Austria	0	5,170
Wizz Air+Branch (Hungary)	103,887	84,749
LOT-Poland	8,749	0
Pegasus-Turkey	27,460	17,444
Tunis Air-Tunisia	5,026	5,841
Fly Dubai-Dubai	59,009	62,960
Branch and Olympic Air - Greece	3,912	13,965
Qatar airways -Qatar	13,663	10,836
Etihad Airways PJSC-Abu Dhabi	24,521	0
NIS AD-Serbia	6,346	10,076
JAT Tehnika - Serbia	9,028	6,360
Parking servis -Serbia	6,775	7,116
Alma Quatro*Air Media-Serbia	3,473	6,532
Dufrydoo Beograd-Serbia	6,896	12,441
Mondial bodrum-consultancy services-Turkey	11,464	11,372
Other domestic customers-Serbia	47,748	56,235
Other foreign customers	140,192	50,213
	<b>1,436,848</b>	<b>1,135,021</b>

<b>5 a. OTHER BUSINESS REVENUES - ADP 206</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
Revenues from prevention from insurance companies	0	0
Revenues from lease to domestic legal persons	131,214	106,002
Revenues from lease to foreign legal persons	3,700	3,597
	<b>134,914</b>	<b>109,599</b>

<b>5 a. OTHER BUSINESS REVENUES - part ADP 206 -continued</b>		
<b>Rental income per customer</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
Dufrydoo Beograd	103,008	78,096
Air Serbia Ground Service	2,129	2,168
Aviogenex	1,833	1,768
Air Serbia ad	1,479	1,427
Other domestic customers	22,765	22,543
Foreign customers	3,700	3,597
	<b>134,914</b>	<b>109,599</b>

6. PURCHASE VALUE OF SOLD GOODS - ADP 208	I-III 2014	I-III 2013
	in thousand RSD	in thousand RSD
Purchase value of sold retail goods	157	152
Purchase value of sold kerosene - re-export	193,484	90,066
	<b>193,641</b>	<b>90,218</b>

7. COSTS OF MATERIALS - ADP 209	I-III 2014	I-III 2013
	in thousand RSD	in thousand RSD
Costs of fixed materials	36,080	30,202
Costs of other materials	20,040	14,093
Costs of fuel	23,515	23,050
Costs of heating oil	14,836	23,936
Costs of electric power	51,879	30,843
	<b>146,350</b>	<b>122,124</b>

8. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EARNINGS - ADP 210	I-III 2014	I-III 2013
	in thousand RSD	in thousand RSD
Gross salaries and salary reimbursements - employees	176,426	165,357
Gross salaries and salary reimbursements - management	9,605	7,722
Taxes and contributions at the cost of employer	33,292	30,981
Costs of reimbursement per service contract and royalties	-	497
Costs of reimbursement for youth organizations (gross earnings of temporary employees)	132,737	73,818
Costs of reimburs. for natural persons -cont.on add.work	347	282
Costs of reimbursements for members of BoD, SB and SA	2,164	2,709
Transport of employees	9,355	11,771
Costs of business trips	1,538	2,008
Terminal wages and jubilee bonuses	20	489
Other personal expenditures	656	922
	<b>366,140</b>	<b>296,556</b>

9. COSTS OF AMORTIZATION AND RESERVING - ADP 211	I-III 2014	I-III 2013
	in thousand RSD	in thousand RSD
Costs of amortization	179,019	174,895
Costs of reserving for reimbursements and other benefits	-	-
Costs of reserving for litigations	-	1,000
	<b>179,019</b>	<b>175,895</b>

<b>10. OTHER BUSINESS EXPENDITURES - ADP 212</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
Costs of services of OZB Komerc employees	181,244	280,571
Costs of forwarding, transport and PTT services and check-in	16,135	16,331
Costs of maintenance services	34,264	31,057
Costs of leasing	16,578	6,956
Costs of advertising and promotion	5,230	18,965
Costs of research	-	-
Costs of water, drainage and public services	6,942	6,741
Costs of other production services	10,591	10,300
Costs of occupational health JAT	2,644	3,242
Costs of facility cleaning services	13,515	13,652
Costs of other non/production services	11,448	8,429
Costs of representation	1,184	1,374
Costs of insurance	7,359	7,336
Costs of payment system	1,423	1,263
Membership fees	2,131	1,326
Property tax and other reimbursements	18,862	18,497
Other intangible costs	5,411	4,385
	<b>334,961</b>	<b>430,425</b>

In the course of the first quarter of 2014 on provision of services by OZB Commerce Ltd. Belgrade there was an average of 641 engaged employees (during the first quarter of 2013, there was an average of 766 engaged employees).

<b>11. FINANCIAL REVENUES - ADP 215</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
Revenues from interest	45,201	18,676
Revenues from realized exchange rate differences	19,233	6,133
Revenues from non-realized exchange rate differences	968	-
Revenues from effects of contracted currency clause-realized	23	426
Revenues from effects of contracted currency clause, non-realized	1,375	-
	<b>66,800</b>	<b>25,235</b>

<b>12. FINANCIAL EXPENDITURES - ADP 216</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
Expenditures from interest	11,644	14,503
Negative exchange rate differences-realized	9,879	32,946
Negative exchange rate differences - non-realized	8,986	-
Expend. from effects of contracted currency clause-realized	153	209
Expend. from effects of contracted currency clause-non-realized	74	-
	<b>30,736</b>	<b>47,658</b>

<b>13. OTHER REVENUES - ADP 217</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
Revenues from sale of equipment and materials	-	-
Revenues of collected, previously corrected receivables	31,509	642
Rev. of coll., prev. corr. receivables from Gold bank in bankrupt	-	1,335
Rev. of cancel. of reserving for litigation and employee benefits	1	146
Revenues from indemnity from legal and natural persons	6,013	1,518
Revenues from collected litigation costs	1,116	
Revenues from the previous years	385	-
Revenues from charged corrected receivables for housing loa	67	-
Other non-mentioned revenues	112	102
	<b>39,203</b>	<b>3,743</b>

<b>14. OTHER EXPENDITURES - ADP 218</b>	<b>I-III 2014</b>	<b>I-III 2013</b>
	in thousand RSD	in thousand RSD
Loss from sale of equipment	-	13
Expenditures from direct write-off of receivable	-	-
Expenses for humanitarian, religion and scientific purposes	12,510	2,860
Other non-mentioned expenditures	4,154	2,148
Costs from value corr. of receivables for services and interest	349,548	-
	<b>366,212</b>	<b>5,777</b>

Management of the Company in the first quarter of 2014, after the assessment of recoverability of receivables decided to correct the accounts receivable in the amount of RSD 349,548 thousand (in I quarter 2013 corrected 756 thousand), where the major part of the correction in the amount of 323,560 thousand relates to airline Air Serbia ad Belgrade (in the first quarter of 2013 estimated 100% recoverability of former Jat Airways).

<b>15. PROFIT TAX - ADP 225, 226 and 227</b>				
<b>a) Components of profit tax</b>				
			<b>I-III 2014</b>	<b>I-III 2013</b>
			in thousand RSD in thousand RSD	
Period tax expenditure ADP 225			9,770	13,808
Deferred period tax expenditure ADP 226			-	-
Deferred period tax revenue ADP 227			2,783	3,281
			<b>6,987</b>	<b>10,527</b>
<b>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</b>				
			<b>I-III 2014</b>	<b>I-III 2013</b>
			in thousand RSD in thousand RSD	
Profit before tax			60,706	104,945
Profit tax calculated at rate of 10% for 2012 and 15% for 2013			9,106	15,742
Tax effect of expenditures not acknowledged in tax balance			5,476	4,867
Tax credit for investment in fixed assets of the current period			-	(6,801)
Tax credit for investment in fixed assets of the previous years			(4,812)	-
Other			-	-
Period tax expenditure ADP 225			<b>9,770</b>	<b>13,808</b>
<b>c) Realized, non-utilized and non-recognized tax credit (TC)</b>				
				in thousand RSD
			Utilized	Outstanding
Year of origination of tax credit	Year of expiry	Amount of transfer. TC	TC	transferred TC
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
2012	2022	156,179	-	156,179
2013	2023	194,539	4,303	190,236
2014	2024	-	4,812	(4,812)
Balance of tax credit (TC)		<b>832,998</b>	<b>12,763</b>	<b>820,235</b>
<b>16. PROFIT PER SHARE - ADP 233</b>				
			<b>I-III 2014</b>	<b>I-III 2013</b>
			in thousand RSD in thousand RSD	
Net profit for owners in RSD thousand			53,719	94,418
Average weighted number of shares			34,289,350	34,289,350
Basic profit per share in RSD			<b>1.57</b>	<b>2.75</b>



17. PROPERTIES, PLANTS, EQUIPMENT AND INTANGIBLE PROPERTY -ADP 004,006,007,008							in thousand RSD
DESCRIPTION	Land	Constructing facilities	Equipment	Current investm. and advancements	Investment property ADP 007	Livestock unit ADP 008	Intangible investments ADP 004
				Total ADP 006			
<b>Purchase value</b>							
Initial balance 01/01/2014	9,034,813	10,403,525	3,416,781	1,252,525	20,964	266	37,235
Correction of initial balance based on assessment	-	-	-	-	-	-	-
<b>Balance after correction 01/01/2014</b>	<b>9,034,813</b>	<b>10,403,525</b>	<b>3,416,781</b>	<b>1,252,525</b>	<b>20,964</b>	<b>266</b>	<b>37,235</b>
Purchase during the year	-	-	-	174,658	-	-	586
Transfer from current investments	-	-	31,133	(31,133)	-	-	-
Alienation, disbursement and sale	-	-	-	-	-	-	-
Other	-	-	-	53,995	-	-	-
<b>Final balance 31/03/2014</b>	<b>9,034,813</b>	<b>10,403,525</b>	<b>3,447,914</b>	<b>1,450,045</b>	<b>20,964</b>	<b>266</b>	<b>37,821</b>
<b>Value correction</b>							
Initial balance 01/01/2014	-	1,559,862	1,151,327	12,691	-	-	27,957
Correction of initial balance based on assessment	-	-	-	-	-	-	-
<b>Balance after correction 01/01/2014</b>	<b>-</b>	<b>1,559,862</b>	<b>1,151,327</b>	<b>12,691</b>	<b>-</b>	<b>-</b>	<b>27,957</b>
Amortization in current year	-	96,374	81,843	-	-	-	802
Alienation, disbursement and sale	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Final balance 31/03/2014</b>	<b>-</b>	<b>1,656,236</b>	<b>1,233,170</b>	<b>12,691</b>	<b>-</b>	<b>-</b>	<b>28,759</b>
<b>Net current value 31/03/2014</b>	<b>9,034,813</b>	<b>8,747,289</b>	<b>2,214,744</b>	<b>1,437,354</b>	<b>20,964</b>	<b>266</b>	<b>9,062</b>
<b>Net current value 31/12/2013</b>	<b>9,034,813</b>	<b>8,843,663</b>	<b>2,265,454</b>	<b>1,239,834</b>	<b>20,964</b>	<b>266</b>	<b>9,278</b>

Investments in progress and advances as on 31.03.2014 in the amount of RSD 1,437,354 thousand, mainly refer to: reconstruction and expansion of finger hall A and C (Phase 1 and 2) in the amount of RSD 720,991 thousand, reconstruction of apron C in the amount of RSD 294,582 thousand, rehabilitation of taxiway in the amount of RSD 95,200 thousand, construction of transformer station T1 in the amount of RSD 82,028 thousand and renovation and construction of a system room with technical block in the amount of RSD 46,919 thousand, prepayments for property, plants and equipment RSD 74,006 thousand and other investments in progress in the amount of RSD 123,628 thousand.

<b>18. PARTICIPATION IN CAPITAL - ADP 010</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<b><i>Participation in capital of banks in bankruptcy</i></b>		
Privredna banka ad Beograd	392	392
<i>Minus:corr.of val.in cap. of banks in bankruptcy</i>	(392)	(392)
	-	-
<b><i>Participation in capital of banks in liquidation</i></b>		
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
	19,693	19,693
Minus:Corr. Of val. Of particip. In capital of banks in liquidation	(19,693)	(19,693)
	-	-
<b><i>Participation in capital of ther foreign legal entities</i></b>		
Mondijal-Bodrum -Turkey	358,598	358,598
Societe International de Telecommunications Aeronautiques Suisse	3	3
Minus: Corr.of val. Of particip. In cap. of Mondijal Bodrum-Turkey	(358,598)	(358,598)
	3	3
	3	3

Due to start of bankruptcy proceedings against the Commercial Bank ad Belgrade, the Company has estimated that on 31.12.2013, there has been an impairment of securities - Equity investments in Commerce Bank Belgrade, because of which it eliminated accumulated unrealized losses on these securities available for sale, at the of income sheet of 2013.

<b>18.a. OTHER LONG-TERM FINANS.INVEST-AOP 011</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	thousand RSD	thousand RSD
Telecommunications Aeronautiques Swisse (SITA)	5,031	4,985
Long-term time deposits	-	-
Long-term loans given to employees	336,636	337,550
Receivables from sold social flats	1,275	1,321
Receivables for repurchase of solidarity flats	3,332	3,475
	346,274	347,331
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	(446)	(442)
Current maturities of long-term time deposits	-	-
Current maturities of long-term loans given to employees	(15,420)	(17,851)
Balancing of long-term loans given to employees to fair values	(169,318)	(169,327)
	<b>161,090</b>	<b>159,711</b>

Long-term loans to employees are stated as on 31.03.2014 in the amount of RSD 341,243 thousand (including the current maturities in the amount of RSD15,420 thousand and the effect of fair value in the amount of RSD169,318 thousand) relate to loans to employees for meeting the housing needs for a period of 20-40 years.

19. STOCKS AND GIVEN LOANS - ADP 013	31.03.2014	31.12.2013
	thousand RSD	thousand RSD
Basic materials	99,308	90,011
Spare parts	8,250	5,898
Tools and small inventory	2,875	2,586
Goods in warehouse	18,368	33,639
Goods in retail trade	46	43
Given advancements	39,875	8,470
Correction of values of stock materials and spare parts	(62)	(62)
	<b>168,660</b>	<b>140,585</b>

20. RECEIVABLES, ADP 016	31.03.2014	31.12.2013
	in 000 RSD	in 000 RSD
Receivables from buyers in the country	5,071,281	4,714,148
Receivables from buyers abroad	429,681	423,705
Receivables from buyer in the country for default interest	40,289	36,718
Receivables from banks for time and a vista funds	8,271	6,758
Receivables from employees	2,354	1,836
Other receivables	5,384	6,301
<b>Total gross receivables</b>	<b>5,557,260</b>	<b>5,189,466</b>
Value corr. of receivables from buyers in the country from prev. years	(4,224,249)	(2,343,699)
Value correction of receivables from buyers in the country current period	(348,523)	(1,911,915)
Value corr. of receivables from foreign buyers from previous years	(14,831)	(9,171)
Exchange rate differences for value corr. foreign buyers prev. years	(103)	29
Value corr. of receiv. from foreign buyers from current period	(20)	(5,703)
Value corr. of receivables from buyers for default interests prev.years	(34,926)	(18,496)
Value corr. of receivables from buyers for default interests current period	(1,005)	(16,670)
Correction of values of other receivables	(2,427)	(2,427)
<b>Total correction of values- impairment</b>	<b>(4,626,084)</b>	<b>(4,308,052)</b>
<b>Net receivables (receivables corrected by correction of value)</b>	<b>931,176</b>	<b>881,414</b>

Receivables on 31.03.2014 in the amount of RSD 5,557,260 thousand include receivables from domestic and foreign customers for goods, services, default interest and other receivables, of which the largest amount relates to receivables from Air Serbia ad Belgrade for services and default interests in the amount of RSD 4,668,255 thousand ..

Balance of the total correction of value of receivables as of 31.12.2013 in the amount of RSD 4,626,084 thousand relates to:

- o Correction of value of receivables from previous years in the amount of RSD 4,276,536 thousand, of which RSD 4,042,316 thousand relates to Air Serbia ad Belgrade,
- o Correction of value of receivables of the current year in the amount of RSD 349,548 thousand, of which RSD 323,560 thousand relates to Air Serbia ad Belgrade.

<b>21. SHORT-TERM FINANCIAL INVESTMENTS ADP 018</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	thousand RSD	thousand RSD
Short-term loans given to employees	24,680	37,200
Short-term time deposits	484,217	483,005
Current maturities of long-term time deposits	-	-
Current maturities of long-term loans given to employees	15,420	17,851
Current Maturities of long-term investment in SITA Swisse (SITA)	446	442
<b>Total short-term investments - gross</b>	<b>524,763</b>	<b>538,498</b>
Balancing of loans given to employees to fair values	(267)	(326)
<b>Net short term invest (corrected for value correction)</b>	<b>524,496</b>	<b>538,172</b>
<i>Display of short-term time deposits from banks</i>	<b>30.06.2013.</b>	<b>31.12.2012.</b>
	thousand RSD	thousand RSD
Komercijalna banka a.d, Belgrade	-	-
Hypo Alpe Adria banka a.d, Belgrade	134,217	133,005
Unicredit banka a.d. Belgrade	350,000	150,000
Piraeus banka a.d. Belgrade	-	200,000
	<b>484,217</b>	<b>483,005</b>

Short-term time deposits as of 31.03.2014 in the amount of RSD 484,217 thousand refer to time foreign currency and RSD deposits with interest rate for foreign currency deposits from 2.50 to 2.97%, and for RSD deposits in the range of 8.14 to 9.58%, for the period of up to six months, which after the expiry are re-deposited in domestic banks.

<b>22. CASH AND CASH EQUIVALENTS - ADP 019</b>	<b>31.03.2013.</b>	<b>31.12.2012.</b>
	thousand RSD	thousand RSD
Current account - RSD	113,478	33,288
Current account - foreign currency	787,309	859,667
Treasury	6	218
Other funds	2,549	3,605
<b>Total cash - gross</b>	<b>903,342</b>	<b>896,778</b>



22a CHANGES ON VALUE CORRECTION until 31.03.2014		RSD thousand				
	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 01/01/2013	58,012	177,079	100	2,393,116	539	2,628,846
Correction at cost of current period	-	-	-	1,934,288	-	1,934,288
Devaluation of long-term financial investments and securities	-	-	-	-	-	-
Charged, corrected receivables	(1,335)	(2,245)	-	(18,221)	(362)	(22,163)
Value reconciliation	-	(2,195)	-	-	161	(2,034)
Writ-off	(56,643)	(3,312)	-	(978)	(12)	(60,945)
Exchange rate differences	(34)	-	-	29	-	(5)
Other	-	-	(38)	(182)	-	(220)
<b>Final balance 31/12/2013</b>	<b>-</b>	<b>169,327</b>	<b>62</b>	<b>4,308,052</b>	<b>326</b>	<b>4,477,767</b>
Correction at cost of current period	-	-	-	349,548	-	349,548
Devaluation of long-term financial investments and securities	-	-	-	-	-	-
Charged, corrected receivables	-	(9)	-	(31,509)	(59)	(31,577)
Value reconciliation	-	-	-	-	-	-
Writ-off	-	-	-	(110)	-	(110)
Exchange rate differences	-	-	-	103	-	103
Other	-	-	-	-	-	-
<b>Final balance 31/03/2014</b>	<b>-</b>	<b>169,318</b>	<b>62</b>	<b>4,626,084</b>	<b>267</b>	<b>4,795,731</b>

<b>23. VAT AND PREPAYMENTS AND ACCRUED INCOME ADP 020</b>		<b>31.03.2014</b>	<b>31.12.2013</b>
		in thousand RSD	in thousand RSD
Deferred VAT + overpaid VAT		15,633	22,149
Costs of insurance paid in advance		9,732	12,622
Reimbursement for constructing land Phases 3 and 4		3,852	11,503
Other accrued costs and deferred revenues		3,961	7,699
		<b>33,178</b>	<b>53,973</b>
<b>24. SHARE CAPITAL - ADP 102</b>			
	<b>Value in RSD thousand</b>	<b>Number of shares</b>	<b>% of participation</b>
<b>Share capital 01/25/2011</b>			
Republic of Serbia	17,107,193	28,511,988	83.15%
Employee and ex-employee of the Company	574,004	956,673	2.79%
Citizens of Republic of Serbia	2,892,413	4,820,689	14.06%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>
	<b>Value in RSD thousand</b>	<b>Number of shares</b>	<b>% of participation</b>
<b>Share capital 31/12/2013</b>			
Republic of Serbia	17,089,007	28,481,679	83.06%
Domestic natural persons	2,177,793	3,629,655	10.59%
Domestic legal entities	132,967	221,612	0.65%
Foreign natural persons	8,789	14,648	0.04%
Foreign legal entities	513,208	855,346	2.49%
Custody entities	651,846	1,086,410	3.17%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>
	<b>Value in RSD thousand</b>	<b>Number of shares</b>	<b>% of participation</b>
<b>Share capital 11.04.2014</b>			
Republic of Serbia	17,089,003	28,481,671	83.06%
Domestic and foreign natural persons	2,154,041	3,590,068	10.47%
Domestic and foreign legal entities	676,236	1,127,060	3.29%
Custody entities	654,331	1,090,551	3.18%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>
<b>25. RESERVES ADP 104</b>		<b>31.03.2014</b>	<b>31.12.2013</b>
		thousand RSD	thousand RSD
Legal reserves		0	0
Statutory reserves		1,529,339	1,529,339
		<b>1,529,339</b>	<b>1,529,339</b>

<b>26. NON-REALISED LOSSES FROM SECURITIES ADP 107</b>		<b>31.03.2014</b>	<b>31.12.2013</b>	
		thousand RSC	thousand RS	
Initial balance on 01/01		0	291	
Increase due to decrease of fair value (shares in PBB)		0	0	
Decrease due to increase of fair value		0	-291	
		-	-	
<b>27. NON-DISTRIBUTED PROFIT - ADP 108</b>		<b>31.03.2014</b>	<b>31.12.2013</b>	
		thousand RSC	thousand RS	
Initial balance on 01/01		16,205	727,657	
Part of the profit distributed to the Establisher (dividend), under Decision of the Shareholders Assembly on profit distribution for 2012 (the Decision no. 21-		-	(363,997)	
Part of the profit distributed to the OTHER SHAREHOLDERS (dividend), under Decision of the Shareholders Assembly on profit distribution for 2012 (the Decision no. 21-13/1 from 27/06/2013)		-	(74,221)	
Part of the profit distributed for reserves of the Company, under Decision of the Shareholders Assembly on profit distribution for 2012 (the Decision no. 21-13/1 from 27/06/2013)		-	(231,551)	
Part of the profit distributed for participation of employees, under Decision of the Shareholders Assembly on profit distribution for 2012 (the Decision no. 21-13/1 from 27/06/2013)		-	(57,888)	
Profit from current operations		53,719	16,205	
<b>Total balance at the end of the considered period</b>		<b>69,924</b>	<b>16,205</b>	
<b>28. LONG-TERM RESERVES ADP 112</b>		<b>31.03.2014</b>	<b>31.12.2013</b>	
		thousand RSC	thousand RS	
employees		48,171	48,501	
Reserves for jubilee bonuses		65,286	66,217	
Reserves for litigations		61,936	61,936	
		<b>175,393</b>	<b>176,654</b>	
			thousand RS	
<b>Changes on reserves</b>	<b>Terminal wages</b>	<b>Jubilee bonuses</b>	<b>Litigations</b>	<b>Total</b>
Balance on 01/01/2013	39,167	55,842	116,699	211,708
Reserves during the year	10,660	15,544	2,080	28,284
Cancellation during the year			-47,502	-47,502
Pay off during the year	(1,326)	(5,169)	(9,341)	(15,836)
<b>Balance on 31/12/2013</b>	<b>48,501</b>	<b>66,217</b>	<b>61,936</b>	<b>176,654</b>
Balance on 01/01/2013	48,501	66,217	61,936	176,654
Reserves during the period I-III 2013	0			0
Cancellation during the year	-	(1)	-	(1)
Pay off during the year	(330)	(930)	-	(1,260)
<b>Balance on 31/03/2014</b>	<b>48,171</b>	<b>65,286</b>	<b>61,936</b>	<b>175,393</b>

<b>29. LONG-TERM LOANS ADP 114</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	thousand RSD	thousand RS
In the country	0	0
Abroad	1,029,070	1,033,947
Current maturities	(84,605)	(95,559)
	<b>944,465</b>	<b>938,388</b>

<i>Receivables from long-term loans</i>	Principal		Non-booked interests	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	thousand	thousand	thousand	thousand
up to one year	84,605	95,559	39,647	44,969
from one year up to two years	96,178	95,559	40,922	40,659
from two years up to three	96,178	95,559	36,584	36,349
from three years up to four	96,178	95,559	32,246	32,038
from four years up to five	96,178	95,559	27,908	27,728
from five years up to ten years	458,489	455,539	69,092	68,647
over ten years	101,264	100,613	10,814	10,744
	<b>1,029,070</b>	<b>1,033,947</b>	<b>257,213</b>	<b>261,134</b>

	Annual interest rate in thousand RSD	Maturity date	Outstanding amount on 31.03.2014 (EUR)	31.03.2014	31.12.2013
				in thousand RSD	in thousand RSD
<b>a) Long-term loans in the country</b>					
Piraeus banka a.d. Belgrade	4.50%	26.05.2013.g.	0	0	0
<b>b) Long-term loans abroad</b>					
European Investment Bank	4,07-5,16%	2025.g.	8,891,935	1,029,070	1,033,947
<b>Total long-term loans(a+b)</b>			<b>8,891,935</b>	<b>1,029,070</b>	<b>1,033,947</b>
<b>Current maturities of long-</b>					
a) in country			0	-	-
b) Abroad				(84,605)	(95,559)
<b>Total curr receiv. of long-term loans(a+b):</b>				<b>(84,605)</b>	<b>(95,559)</b>
				<b>944,465</b>	<b>938,388</b>

Long-term loans abroad are stated as on 31.03.2013 in the amount of RSD 1,029,070 thousand (EUR 8,891,935), relating to the remaining obligations under the Agreement on the financing of the project Emergency Road Repair concluded on 13.12.2001 between the EIB and the Republic of Serbia. By said Agreement, the Company was granted a loan of EUR 13 million for investment and rehabilitation of airport infrastructure. The loan was granted with repayment until 2025, with an interest rate of 5.16% for the first tranche of 3.000.000,00 Euros, 4.85% for the second tranche of 3.000.000,00 EUR and 4,07% for the third tranche of 7.000.000,00 euros. The repayment of the first tranche of the loan shall be made in 31 equal semi-annual installments starting from 05.12.2007; the second tranche is repayable in 30 equal semi-annual installments starting from 20.02.2009.godine, while the third tranche began to be repaid from 20.06.2010 in 32 equal semi-annual installments.



<b>30. OTHER LONG-T. LIABIL, ADP 115</b>	<b>31.03.2013.</b>	<b>31.12.2012.</b>
	thousand	thousand
Liabilities from financial leasing	11,494	29,809
	-	-
	11,494	29,809
Current maturities of other long term liabilities	(11,494)	(29,809)
	-	-

<i>Liabilities from financial leasing</i>	sum of minimal leasing installments		current value of minimal leasing installments	
<i>Due on</i>	<b>31.03.2014</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	11,549	30,056	11,494	29,809
years	-	-	-	-
	11,549	30,056	11,494	29,809
interests	(55)	(247)		
Current value of min. leasing installments	<b>11,494</b>	<b>29,809</b>	<b>11,494</b>	<b>29,809</b>
Current maturities of financial leasing			(11,494)	(29,809)
			<b>0</b>	<b>0</b>

Obligations under finance leases reported as of 31.03.2014 in the amount of RSD 11,494 thousand as a whole applies to the remaining obligations toward Hypo Alpe Adria Leasing, for the procurement of special airport equipment. The above obligation will be settled in full by the end of 2014.

<b>31. SHORT-TERM FINANCIAL LIABILITIES - ADP 117</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<i>Current maturity</i>		
Long-term loans	84,605	95,559
<i>Other long-term liabilities</i>	11,494	29,809
	<b>96,099</b>	<b>125,368</b>

<b>32. BUSINESS LIABILITIES - ADP 119</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<i>Received advance payments</i>	43,241	36,769
Suppliers in country	184,436	152,855
<i>Suppliers abroad</i>	35,466	127,078
Other operating liabilities	11,977	2,835
	<b>275,120</b>	<b>319,537</b>
<b>33. OTHER BUSINESS LIABILITIES - ADP 120</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<i>Liabilities for salaries</i>	43,211	239
Liabilities for interests	-	-
<i>Liabilities for dividend-net</i>	-	-
Liabilities for participation in profit-net	3	3
<i>Other short-term liabilities</i>	11,647	2,398
	<b>54,861</b>	<b>2,640</b>

<b>34. LIABILITIES FOR VAT, OTHER PUBL. EXPENDITURES AND ACCRUED COSTS AND DEFERRED REVENUES ADP 121</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<i>Liabilities for VAT</i>	-	6,691
Liabilities for customs and other duties	860	860
<i>Calculated costs</i>	123,960	37,743
Calculated revenues of future periods	14,348	14,920
<i>Other accrued costs and deferred revenues</i>	-	941
Taxes, contributions and other duties	<b>8,463</b>	<b>805</b>
	<b>147,631</b>	<b>61,960</b>

<b>35. OFF-BALANCE REGISTER ADP 125</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Blank promissory notes received -nos	1,365	1,313
Given promissory notes local-nos	100	182
Received guarantees in RSD	217,805	199,056
Received guarantees-foreign currency	306,021	362,592
Given guarantees- RSD	4,500	4,500
Given guarantees- foreign currency	0	0
Solidarity funds from employee salaries	614	612
<b>Total off-balance assets and liabilities</b>	<b>528,941</b>	<b>566,762</b>

<b>36. DEFERRED TAX LIABILITIES-ADP 123</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Current accounting value of fixed property on balance date	10,992,324	11,139,624
Current value of fixed property for taxing purposes on balance date	8,104,364	8,233,112
<b>Difference between accounting and tax current value of fixed property</b>	<b>2,887,960</b>	<b>2,906,512</b>
PERMANENT DIFFERENCE - for equipment below average gross value on balance date	759	759
<b>Temporary difference on balance date</b>	<b>2,887,201</b>	<b>2,905,753</b>
<b>Deferred tax liability on balance date (15% of temporary differences)</b>	<b>433,080</b>	<b>435,863</b>
Deferred tax liability (15% of security)	0	0
<b>Balance of the account 498000 before booking</b>	<b>435,863</b>	<b>439,429</b>
Difference for accounting on deferr. tax liabilities	-2,783	-3,566
Difference for the booking on deferred resources	0	0
Deferred tax liabilities, booked on result increase/decrease	-2,783	-3,566
Deferred tax resources based on estimation of utilization of tax loan-result increase	0	0
Deferred tax resources based on reserves for terminal wages-result increase	0	0
Deferred tax resources based on unpaid taxes	0	0
	<b>2,783</b>	<b>3,566</b>
<b>Balance of deferred tax liabilities after set off with tax resources</b>	<b>433,080</b>	<b>435,863</b>

Deferred tax liabilities relating to temporary differences between the bases on which property, plant and equipment and investment property are recognized in the tax balance and the amount of those assets reported in the financial statements of the Company (pursuant to the applicable tax rate on profit 15% to the amount of determined difference ).

**37 FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT**

Categories of financial instruments	31.03.2014				31.12.2013			
	total	correction of value	net amount	total	correction of value	net amount	total	net amount
<b>Financial resources</b>								
<b>1 Long-term financial investments</b>	<b>709,094</b>	<b>(548,001)</b>	<b>161,093</b>	<b>707,724</b>	<b>(548,010)</b>	<b>159,714</b>		<b>159,714</b>
-Long-term time deposits	4,585	-	4,585	4,543	-	4,543		4,543
-Participation in bank capital	20,085	(20,085)	0	20,085	(20,085)	0		0
-Participation in capital of foreign legal entities	358,601	(358,598)	3	358,601	(358,598)	3		3
-Long-term housing loans given to employees	325,823	(169,318)	156,505	324,495	(169,327)	155,168		155,168
<b>2 Receivables disclosed at nominal value</b>	<b>6,082,023</b>	<b>(4,626,351)</b>	<b>1,455,672</b>	<b>5,727,964</b>	<b>(4,308,378)</b>	<b>1,419,586</b>		<b>1,419,586</b>
-Receivables from buyers	5,500,962	(4,587,726)	913,236	5,137,853	(4,270,459)	867,394		867,394
-Short-term financial investments	524,763	(267)	524,496	538,498	(326)	538,172		538,172
-Other receivables	48,560	(35,931)	12,629	43,476	(35,166)	8,310		8,310
	7,738	(2,427)	5,311	8,137	(2,427)	5,710		5,710
<b>3 Cash and cash equivalents</b>	<b>903,342</b>	<b>-</b>	<b>903,342</b>	<b>896,778</b>	<b>-</b>	<b>896,778</b>		<b>896,778</b>
	<b>7,694,459</b>	<b>(5,174,352)</b>	<b>2,520,107</b>	<b>7,332,466</b>	<b>(4,856,388)</b>	<b>2,476,078</b>		<b>2,476,078</b>
<b>Financial obligations</b>								
<b>1 -Long-term loans</b>	<b>944,465</b>	<b>0</b>	<b>944,465</b>	<b>938,388</b>	<b>0</b>	<b>938,388</b>		<b>938,388</b>
2 -Financial leasing- long-term part	-	-	0	0	-	0		0
3 -Other long-t. liabilities-Direction for constructing land	0	0	0	0	0	0		0
4 -Current maturities of long-t. loans	84,605	-	84,605	95,559	-	95,559		95,559
5 -Current maturities of long-t. financial leasing	11,494	0	11,494	29,809	0	29,809		29,809
6 -Current maturities of other long-t. liabilities	-	-	0	-	-	0		0
7 -Short-term liabilities	231,879	-	231,879	282,768	-	282,768		282,768
	<b>1,272,443</b>	<b>-</b>	<b>1,272,443</b>	<b>1,346,524</b>	<b>-</b>	<b>1,346,524</b>		<b>1,346,524</b>

Basic financial instruments of the Company cash and cash equivalents, receivables, financial investments arising directly from the Company's business, the Company is exposed to financial risks (market risk, credit risk and liquidity risk).operations, as well as long-term loans, obligations towards suppliers or other liabilities primarily intended to finance current operations. In the normal course of business, the Company is exposed to financial risks (market risk, credit risk and liquidity risk).

JSC Belgrade Nikola Tesla Airport
**Aims of financial risk management**
**I 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 (foreign currency risk)**

The Company is exposed to foreign currency risk through cash and cash equivalents, receivables, liabilities from long-term loans, financial leasing liabilities and liabilities to foreign suppliers.

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

	in 000 RSD					
	<u>Total assets</u>				<u>Total liabilities</u>	
	31.03.2014		31.12.2013		31.03.2014	31.12.2013
	gross	net	gross	net		
EUR	1,212,093	1,027,554	1,287,382	1,102,884	1,049,365	1,153,759
USD	361,119	361,119	351,849	351,849	26,665	37,075
CHF	297	297	296	296	0	0
GBP	8	8	9	9	0	0
RSD and other curr.	1,573,517	1,388,978	1,639,536	1,455,038	1,076,030	1,190,834
<b>Value of assets and liab. in rsd</b>	6,120,942	1,131,129	5,692,930	1,021,040	196,413	155,690
<b>Total</b>	<b>7,694,459</b>	<b>2,520,107</b>	<b>7,332,466</b>	<b>2,476,078 0</b>	<b>1,272,443</b>	<b>1,346,524</b>

The analysis of the currency structure of financial assets and liabilities on 31.03.2014 compared to the balance on 31.12.2013 shows that funds contracted with foreign currency clause are higher than contractual obligations in foreign currency. Financial liabilities contracted in foreign currency are mainly of long-term nature, whence it follows that Company does not operate with high currency risk.

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

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

In thousand RSD								
31.03.2014								
	EUR effect		USD effect		CHF effect		GBP effect	
Changes	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit / loss	16,273	-16,273	33,445	-33,445	30	-30	1	-1

In thousand RSD								
31.12.2013								
	EUR effect		USD effect		CHF effect		GBP effect	
Changes	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit / loss	13,362	-13,362	31,477	-31,477	30	-30	1	-1

#### Risk of interest rate change

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

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.

Variable interest rate is agreed for financial leasing.

Change of interest rates would not materially significantly affect incomes and expenditures of the Company or money flows as the share of obligations contracted with variable interest rate is insignificant in total contracted obligations. Total outstanding interest obligations for financial leasing in the amount of RSD 55 thousand are due by the end of 2014. (Note No.30)

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

	in 000 RSD					
Fin.resources-ne	31.03.2014			31.12.2013		
	total	corr. of value	net amount	total	corr. of value	net amount
<b>no interest</b>						
Participation in capital of other legal entities	378,686	(378,683)	3	378,686	(378,683)	3
receivables from buyers	5,500,962	(4,587,726)	913,236	5,137,853	(4,270,459)	867,394
other receivables	56,298	(38,358)	17,940	51,613	(37,593)	14,020
short-term financial investments	24,680	0	24,680	37,200	0	37,200
cash and cash equivalents	903,342	-	903,342	896,778	-	896,778
<b>No interest-total</b>	<b>6,863,968</b>	<b>(5,004,767)</b>	<b>1,859,201</b>	<b>6,502,130</b>	<b>(4,686,735)</b>	<b>1,815,395</b>
<b>fixed interest rate</b>						
Long-term financial investments	330,408	(169,318)	161,090	329,038	(169,327)	159,711
short-term financial investments	500,083	(267)	499,816	501,298	(326)	500,972
<b>Fixed-total</b>	<b>830,491</b>	<b>(169,585)</b>	<b>660,906</b>	<b>830,336</b>	<b>(169,653)</b>	<b>660,683</b>
	<b>7,694,459</b>	<b>(5,174,352)</b>	<b>2,520,107</b>	<b>7,332,466</b>	<b>(4,856,388)</b>	<b>2,476,078</b>
<b>Financial obligations</b>						
<b>No interest</b>						
Operating liabilities	231,879	0	231,879	282,768	0	282,768
<b>No interest-total</b>	<b>231,879</b>	<b>0</b>	<b>231,879</b>	<b>282,768</b>	<b>0</b>	<b>282,768</b>
<b>Fixed interest rate</b>						
Long term loans	944,465	0	944,465	938,388	0	938,388
Curr.matur. Long term oblig.	84,605	0	84,605	95,559	0	95,559
<b>Fixed-total</b>	<b>1,029,070</b>	<b>0</b>	<b>1,029,070</b>	<b>1,033,947</b>	<b>0</b>	<b>1,033,947</b>
<b>Variable interest rate</b>						
Other long t. liabil	0	0	0	0	0	0
Curr.matur. Long term oblig.	11,494	0	11,494	29,809	0	29,809
<b>Variable-total</b>	<b>11,494</b>	<b>0</b>	<b>11,494</b>	<b>29,809</b>	<b>0</b>	<b>29,809</b>
	<b>1,272,443</b>	<b>0</b>	<b>1,272,443</b>	<b>1,346,524</b>	<b>0</b>	<b>1,346,524</b>

#### a) 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 of all the risks to which financial instruments may be exposed to, the largest is credit risk which is the risk that counterparties will not be able to settle its debts in full and on time, which would result in a financial loss for the Company.

Company has huge receivables of domestic and foreign buyers on 31.03.2014 (5.500.962 thousand RSD), so 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 uncollected receivables.

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

Receivables from domestic buyers for goods and services on 31.03.2014 in the amount of 5,071,281 thousand RSD, participate with 92.19% in total receivables from buyers for goods and services and mostly refer to receivables from Air Serbia a.d., which amount to 4,633,626 thousand RSD, which makes 91.37% of total uncollected receivables from domestic buyers. Considerable participation in uncollected receivables from domestic buyers has also Jat Tehnika with 3.58% or 181.,389 thousand RSD, which together makes 94.95% of totally uncollected receivables from domestic buyers.

Receivables from foreign buyers for goods and services in the amount of 429,681 thousand RSD, which makes 7.81% of total receivables from buyers for goods and services.

Increase in balance of receivables from domestic buyers on 31/03/2014 by 7.58% in comparison to the balance on 31/12/2013, indicates increase in credit risk, especially as most of the increase and largest part of receivables refer to one buyer (Air Serbia a.d., increase of 8.34%).

Out of total receivables for goods and services due over 60 days on 31.03.2014 in the amount of RSD 4,640,221 thousand (and on 31.12.2013 it was 4,329,215 thousand RSD) from which is corrected 98.87% or 4,587,726 thousand of above receivables, and receivables in amount of RSD 52,495 thousand or 1.13% are not corrected as it was estimated that there is certainty for their collection. The amount of RSD 4,239,183 thousand is corrected at the cost of the result of the Company in earlier years and RSD 348,543 thousand at the cost of the result of the Company in current 2014. Air Serbia has the greatest participation in corrected receivables for goods and services, in the amount of RSD 4,331,950 thousand or 94.42%.

Part of the receivables for goods and services, corrected in the previous years (at the cost of the result of previous years), and insignificantly collected in 2014 in the amount of 31,379 thousand RSD was recorded in favour of the result of the company for I quarter 2014. Stated refer to collected corrected receivables from Air Serbia a.d. in the amount of 3,140 thousand RSD, to collected corrected receivables from JAT Tehnika in the amount of 23,726 thousand RSD, and 4,432 thousand RSD from Air Serbia-Catering and to collected and corrected receivables from other buyers.

Summary of receivables and value corrections from current and earlier years, per buyers of goods and services, (for accounts 202 and 203), on 31/03/2014 concurrently with balance on 31/12/2013,



with account of corrected receivables in the period from 01/01/ to 31/03/2014 is given in the following table.



Notes to financial statements on 31.03.2014

JSC Belgrade Nikola Tesla Airport

**Summary of receivables and value corrections per buyers, for accounts 202 and 203, on 31.03.2014 concurrently with balance on 31/12/2013, with account of corrected receivables in the period from 01/01/ to 31/03/2014**

No.	Buyer's name	31.03.2014			31.12.2013			Charging of disputable receivables in period I-III 2014		
		Receivables per buyers in 000 RSD	% Share in total receiv.	Value correction in RSD thousand from prev. years	Value correction in RSD thousand from curren. years	tot. corr. value	Receivables per buyers in 000 RSD		% Share in total receiv.	Value correction in 000 RSD
1	Air Serbia	4,633,626	84.23	4,008,390	323,560	4,331,950	4,277,027	83.25	4,011,530	3,140
2	Jat Tehnika d.o.o.	181,389	3.30	125,120	0	125,120	195,022	3.80	148,846	23,726
3	International OG	41,452	0.75	41,452	0	41,452	41,452	0.81	41,452	0
4	Air Serbia-Katering d.o.o.	25,029	0.45	24,741	0	24,741	29,428	0.57	29,173	4,432
5	Montenegro Airlines	271,130	4.93	0	0	0	35,962	0.70	0	0
6	Alitalia	14,152	0.26	0	0	0	13,078	0.25	0	0
7	Wizz Air+Branch	82,337	1.50	0	0	0	75,744	1.47	0	0
8	Fly Dubai	25,366	0.46	0	0	0	35,885	0.70	0	0
9	Deutsche Lufthansa	45,390	0.83	22	0	22	50,449	0.98	22	0
10	Branch of Austrian Airlines	16,652	0.30	0	0	0	25,442	0.50	0	0
11	Swiss Air	26,051	0.47	0	0	0	25,186	0.49	0	0
12	Turkish Airlines	50,339	0.92	0	0	0	47,018	0.92	0	0
13	Spanair	24	0.00	19	0	19	24	0.00	19	0
14	Other domestic and fore. buyers	88,025	1.60	39,336	24,983	64,319	286,136	5.57	39,417	81
<b>I</b>	<b>TOTAL (ACCOUNT 202+203)</b>	<b>5,500,962</b>	<b>100.00</b>	<b>4,239,080</b>	<b>348,543</b>	<b>4,587,623</b>	<b>5,137,853</b>	<b>100.00</b>	<b>4,270,459</b>	<b>31,379</b>
15	Rating of correction of for. buyers	0		103	0	103	0		0	0
<b>II</b>	<b>Balance 31/03/2014</b>	<b>5,500,962</b>		<b>4,239,183</b>	<b>348,543</b>	<b>4,587,726</b>	<b>5,137,853</b>		<b>4,270,459</b>	<b>31,379</b>
No.	Revision of balance of receivables from dom. and fore. buyers	Amount in RSD thousand on 31/03/2014	% share in total receiv. from buyers	Value corr. for prev. period in RSD thousand	Value corr. for (I-III) 2014 in RSD thousand	Tot.val.corr 31/03/2014 in thousand RSD	Amount in RSD thousand on 31/12/2013	Index	% portion of balance of dom. buyers within total receivables from buyers in domestic market on 31.03.2014	
1	Domestic market buyers	5,071,281	92.19	4,224,249	348,523	4,572,772	4,714,148	107.58	Air Serbia	91.37
2	Foreign market buyers	429,681	7.81	14,934	20	14,954	423,705	101.41	Jat Tehnika	3.58
<b>I</b>	<b>Total buyers of goods and services (1+2)</b>	<b>5,500,962</b>	<b>100.00</b>	<b>4,239,183</b>	<b>348,543</b>	<b>4,587,726</b>	<b>5,137,853</b>	<b>107.07</b>	<b>Amount</b>	<b>94.95</b>
									Other dom.buyers	5.05
									<b>Total. dom. buy</b>	<b>100.00</b>

Age distribution of receivables from buyers for goods and services is given in the following table.

Age pattern of receivables	<b>31.03.2014</b>	<b>share</b>	<b>31.12.2013</b>	<b>share</b>
	in 000 RSD		in 000 RSD	
Undue receivables from buyers	505,992	9.20%	542,208	10.55%
Due receivables, up to 60 days	354,749	6.45%	266,430	5.19%
Due, corrected receivables over 60 days	4,587,726	83.40%	4,270,459	83.12%
Due, non-corrected receivables over 60 days	52,495	0.95%	58,756	1.14%
<b>Total receivables-gross</b>	<b>5,500,962</b>	<b>100.00%</b>	<b>5,137,853</b>	<b>100.00%</b>
Total receivables - net (gross minus correction)	913,236		867,394	

Summary of receivables on 31.12.2013 not older than 60 days

	<b>31.03.2014</b>	<b>share</b>	<b>31.12.2013</b>	<b>share</b>
	In 000 RSD		in 000 RSD	
Air Serbia	254,519	71.75%	208,232	78.16%
Fly Dubai	6,448	1.82%	17,072	6.41%
JAT Tehnika	7,176	2.02%	8,204	3.08%
Montenegro	112	0.03%	2,028	0.76%
Aerofules	4,575	1.29%	0	0.00%
Sita	4,816	1.36%	1	0.00%
Deutsche Lufthansa	0	0.00%	1,893	0.71%
Wizz Air	21,143	5.96%	0	0.00%
Dufry doo	33,332	9.40%	0	0.00%
Ostali	22,628	6.38%	29,000	10.88%
<b>Due receivables up to 60 days, on 31.03.2014</b>	<b>354,749</b>	<b>100.00%</b>	<b>266,430</b>	<b>100.00%</b>

Summary of overdue receivables over 60 days that are not corrected by charging of the Company, based on the assessment of recoverability is performed according to the Regulations on Accounting and the accounting policies of the Company:

	<b>31.03.2014</b>	<b>share</b>	<b>31.12.2013</b>	<b>share</b>
	in 000 RSD		in 000 RSD	
Air Serbia	0	0.00%	0	0.00%
JAT-Tehnika	45,472	86.62%	34,229	58.26%
Montenegro	0	0.00%	0	0.00%
Aviogeneks	0	0.00%	19,883	33.84%
Ostali	7,023	13.38%	4,644	7.90%
<b>Due, non-corrected receivables over 60 days (est. likelihood of charging)</b>	<b>52,495</b>	<b>100.00%</b>	<b>58,756</b>	<b>100.00%</b>

On the day 31.03.2014, the Company has not impaired receivables older than 60 days in the amount of RSD 52,495 thousand.

**Age structure of receivables from AIR SERBIA on 31.03.2014 and on 31.12.2013**

Description	Receivables for services, default interest excluded 31.03.2014	Default interest receivables 31.03.2014	Total receivables, default interest included 31.03.2014	Total receivables, default interest included 31.12.2013
1	2	3	4 (2+3)	5
<b>RECEIVABLES from air Serbia on the balance date</b>	<b>4,633,626</b>	<b>34,629</b>	<b>4,668,255</b>	<b>4,310,952</b>
Undue receivables from Air Serbia	47,157	0	47,157	57,265
Receivables from Air Serbia, due up to 60 days	254,519	703	255,222	208,232
Receivables from Air Serbia, due over 60 days	4,331,950	33,926	4,365,876	4,045,455
<b>Receivables from Air Serbia, due over 60 days-corrected in the current year</b>	<b>323,560</b>	<b>0</b>	<b>323,560</b>	<b>1,927,331</b>
<b>Receivables from Air Serbia, due over 60 days-corrected in previous years</b>	<b>4,008,390</b>	<b>33,926</b>	<b>4,042,316</b>	<b>2,118,124</b>
<b>Total corrected receivables from Air Serbia due over 60 days</b>	<b>4,331,950</b>	<b>33,926</b>	<b>4,365,876</b>	<b>4,045,455</b>
<b>Total non-corrected receiv. from Air Serbia due over 60 days-agree. made with Air Serbia</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Total receivables from Air Serbia on 31.03.2014 amount to 4,668,255 thousand RSD, of which receivables for goods and services are 4,633,626 thousand, and for default interest 34,629 thousand RSD.

Of the total amount of overdue receivables older than 60 days from Air Serbia in the amount of 4,365,876 thousand on 31.03.2014:

- 4,042,316 thousand RSD relates to unpaid corrected receivables for services and default interest from previous years, and
- 323,560 thousand RSD relating to outstanding corrected receivables for services, at the cost of the result for the I quarter of 2014 which refer to current receivables older than 60 days, assessed that there is a certainty of their collection.

**III - LIQUIDITY RISK AND CASH FLOWS**

Liquidity is the ability of the Company to meet its obligations on their maturities.

The ultimate responsibility for liquidity risk management is on the management of the Company, which established a proper system of managing the short-term, medium-term and long-term financing of the Company and liquidity management. By continuous monitoring of projected and actual cash flows, the Company maintains adequate cash reserves, and also maintains an adequate ratio of maturities of assets and liabilities.

<b>Maturity of financial resources</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Up to 30 days	1,840,561	1,443,265
1 - 3 months	508,172	802,701
3-12 months	10,280	70,398
1 - 5 years	161,094	31,241
over 5 years	0	128,473
	<b>2,520,107</b>	<b>2,476,078</b>

<b>Maturity of financial liability</b>	<b>31.03.2014</b>	<b>3.00</b>
	in 000 RSD	in 000 RSD
Up to 30 days	236,773	289,142
1 - 3 months	41,987	23,513
3-12 months	49,218	95,481
1 - 5 years	384,711	382,236
over 5 years	559,754	556,152
	<b>1,272,443</b>	<b>1,346,524</b>

<b>Maturity of receivables for interests per loans</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Up to 30 days	31	81
1 - 3 months	17,580	17,966
1-12 months	22,091	27,169
1 - 5 years	137,660	136,774
over 5 years	79,906	79,391
	<b>257,268</b>	<b>261,381</b>

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. The total financial resources in net amount 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. Within the structure of short-term resources the most important value is of receivables from domestic and foreign customers and short-term investments that are after the cash first by degree of liquidity.

Financial liabilities of long-term character in the amount of RSD 944,465 thousand (long-term loan from EIB) participate with 74.22% in total financial liabilities. Long-term financial liabilities due within 1 to 5 years and over 5 years are higher than financial resources in that period. It is expected that the Company from its future operations generate financial resources that will be, in addition to settlement of current liabilities, sufficient also for settlement of up to now contracted – future long-term liabilities for loans and interests.

Currently the estimated liquidity should be viewed with caution because the analysis was done only based on a balance sheet as on 31.03.2014, not on the basis of future total traffic, which can disrupt the existing balance of liquid assets, if in future business the relationship between the supply of services among customers changes.

In addition to the above, there is a risk of compromising liquidity, and if in the future the collection of receivables from customers who largely participate in the balance of due receivables does not improve.

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 non-distributed profit, the Company also utilizes resources of other persons in the form of 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 period I-III 2014 and at the end of 2013 are the following:

	<u>31.03.2014</u> in 000 RSD	<u>31.12.2013</u> in 000 RSD
<b>1 Indebtedness (AOP 113 + ADP 117)</b>	<b>1,040,564</b>	<b>1,063,756</b>
2 Cash and cash equivalents (ADP 019)	903,342	896,778
<b>I GROSS INDEBTEDNESS (1-2)</b>	<b>137,222</b>	<b>166,978</b>
3 Ratio of indebtedness against capital ( I/5 )	0.0062	0.0075
4 Short-term financial investments (ADP 018)	524,496	538,172
<b>II NET INDEBTEDNESS ( I-5 )</b>	<b>(387,274)</b>	<b>(371,194)</b>
5 Capital (ADP 101)	<b>22,172,873</b>	<b>22,119,154</b>
6 Ratio of indebtedness against capital ( II/5 )	-0.0175	-0.0168

1. Indebtedness includes long-term obligations per loans, other long-term obligations and obligations per financial leasing, as well as short-term maturities based on long-term obligations.
2. The liquid assets I (first) degree in addition to cash and cash equivalents include short-term investments, that the Company may without the risk, in the shortest possible time, convert into the cash;
3. Capital includes share capital, reserves of the Company, non-realised losses per securities and non-distributed profit.

In Belgrade, 30.04.2014

Person responsible for drafting of financial statements

Zorka Latinović



Legal representative

Velimir Radosavljević



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

### **BUSINESS REPORT FOR I-III 2014**

**BELGRADE, APRIL 2014**

## CONTENT

<b>1. GENERAL DATA OF THE COMPANY.....</b>	
<b>2. AIR TRAFFIC TURNOVER .....</b>	
2.1 <i>Air movement turnover</i> .....	
2.2 <i>Passenger turnover</i> .....	
2.3 <i>Cargo turnover</i> .....	
<b>3. REVENUES AND EXPENDITURES .....</b>	
3.1 <i>Revenues</i>	
3.2 <i>Expenditures</i> .....	
3.3 <i>Salaries</i> .....	
3.4 <i>Financial result</i> .....	
<b>4. DESCRIPTION OF ALL IMPORTANT BUSINESS OCCURRENCES FROM THE PERIOD I-III 2014 .....</b>	
<b>5. RISKS AND UNCERTAINTIES FINANCIAL RISK MANAGEMENT OBJECTIVE.....</b>	
5.1 <i>Market risk</i> .....	
5.2 <i>Credit risk</i> .....	
5.3 <i>Liquidity and cash flow risk</i> .....	
<b>6. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PERSONS.....</b>	



## 1. GENERAL DATA OF THE COMPANY

	<b>Business name</b>	<b>JOINT STOCK COMPANY AIRPORT NIKOLA TESLA BELGRADE</b>
<b>1</b>	<b>Head office and address</b>	11180 Belgrade 59
	<b>Register number</b>	07036540
	<b>TIN</b>	100000539
<b>2</b>	<b>web site and e-mail address</b>	<a href="http://www.beg.aero">www.beg.aero</a> ; <a href="mailto:kabinet@beg.aero">kabinet@beg.aero</a>
<b>3</b>	<b>Number and date of the Rescript on Company registration</b>	<b>Number of registration: BD 4874/2005 Date of registration: 15/06/2005</b>
<b>4</b>	<b>Activity (code and description)</b>	5223-Air-traffic services
<b>5</b>	<b>Number of employees</b>	483 employees on 31/03/2014, average for I quarter 483 employees
<b>6</b>	<b>Core capital value</b>	<b>RSD 20,573,610,000 on 31/03/2014</b>
<b>7</b>	<b>Name, head office of auditor who revised the last financial statement</b>	Deloitte d.o.o, No. 8 Terazije St, Belgrade
<b>8</b>	<b>Number of issued shares, ISIN number and CFI code</b>	<b>Number of ordinary shares 34,289,350 (on 31/03/2014) CFI code ESVUFR ISIN number RSANTBE11090</b>
<b>9</b>	<b>Organised exchange market on which the shares are exchanged</b>	Beogradska berza ad Beograd, No. 1 Omladinskih brigada St, 11070 Novi Beograd

## 2. AIR TRAFFIC TURNOVER

In the period I-III 2014 it was achieved total air traffic turnover, as follows:

- 12,060 air movements,
- 785,296 passengers and
- 2,435 tons of cargo and mail.

### 2.1. AIR MOVEMENT TURNOVER

Achieved number of air movements per air traffic type in the period I-III 2014 shown in the table

Air traffic type	Achievem I-III 2013	Plan I-III 2014	Achievem. I- III 2014	Index		Share I-III 2013	Share I-III 2014
				5(4/2)	6(4/3)		
1	2	3	4			7	8
Domestic air traffic	21	24	38	181	158	0.23	0.32
International air traffic-domestic carriers	3,670	6,870	6,110	166	89	41.01	50.66
International air traffic-foreign carriers	5,258	6,296	5,912	112	94	58.76	49.02
<b>TOTAL:</b>	<b>8,949</b>	<b>13,190</b>	<b>12,060</b>	<b>135</b>	<b>91</b>	<b>100.00</b>	<b>100.00</b>

The data from the table indicate that the achieved number of air movements in the period I-III 2014 is higher by 35% in comparison to the same period in 2013 and by 9% lower compared to the number of air movements foreseen by Business Plan I-III 2014.

Within carrier pattern in I-III 2014 domestic carriers in international traffic have dominant role with participation of 50.66%; there are foreign carriers in international air traffic with 49.02% and finally domestic carriers in domestic air traffic with participation of 0.32%.

Compared to the previous year there is an increase of participation of domestic carriers in international air traffic, and decrease of participation of foreign carriers in international air traffic.

**In international air traffic of domestic carriers**, total turnover of 6,110 air movements is achieved which is by 66% higher than in the same period of the previous year and by 11% lower in comparison to the Plan for I-III 2014. Domestic carriers in international air traffic are: Air Serbia and others.

Air Serbia with 95.79% of participation in international air traffic of domestic carriers has a dominant role in the period I-III of 2014.

In the period I-III 2014 Air Serbia had an increase of air movements compared to the same period 2013 by 77% and compared to Business Plan for the same period decrease by 10%. Air Serbia in the period I-III 2014 achieved in international air traffic 5,853 air movements, and in the period I-III 2013 it was 3,307 air movements.

In the first quarter 2014 Air Serbia has services to 11 new destinations: Abu Dhabi, Banja Luka, Budapest, Bucharest, Kaunas, Larnaka, Ljubljana, Prague, Sabiha, Sophia and Zadar.

Other domestic carriers in international air traffic are: Avio Služba, Princ Aviation, Air Pink, Verano Motors and others who had a fall of 29% compared to achievement I-III 2013 and fall compared to Plan I-III 2014 by 31%.

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

Carriers	Achievem I-III 2013	Plan I-III 2014	Achievem I-III 2014	Index	Index	Share I-III 2013	Share I-III 2014
1	2	3	4	5(4/2)	6(4/3)	7	8
Lufthansa	817	852	837	102	98	15.54	14.16
Wizz Air	537	666	677	126	102	10.21	11.45
Montenegro Airlines	590	582	578	98	99	11.22	9.78
Austrian Airlines	578	581	535	93	92	10.99	9.05
Turkish Airlines	260	438	428	165	98	4.94	7.24
Aeroflot	180	360	359	199	100	3.42	6.07
Swiss International	356	390	352	99	90	6.77	5.95
Alitalia	144	256	254	176	99	2.74	4.30
Etihad Airways	0	180	180	0	100	0.00	3.04
Easyjet	0	98	144	0	147	0.00	2.44
Cityline Hungary	126	120	128	102	107	2.40	2.17
Solinar	246	256	123	50	48	4.68	2.08
Qatar Airways	78	94	102	131	109	1.48	1.73
B & H Airlines	4	102	99	2,475	97	0.08	1.67
Flydubai	92	90	92	100	102	1.75	1.56
Pegasus Airlines	68	96	90	132	94	1.29	1.52
Tarom	114	178	86	75	48	2.17	1.45
Aegean Airlines	0	0	84	0	0	0.00	1.42
LOT	0	72	80	0	111	0.00	1.35
Germanwings	64	72	52	81	72	1.22	0.88
Belavia	0	52	52	0	100	0.00	0.88
ČSA	48	50	52	108	104	0.91	0.88
Adria Airways	127	128	48	38	38	2.42	0.81
Olympic Air	152	130	44	29	34	2.89	0.74
Norwegian Air	50	34	34	68	100	0.95	0.58
Tunis Air	28	20	26	93	130	0.53	0.44
Gazprom	8	0	6	75	0	0.15	0.10
Aircairo Company	0	52	4	0	8	0.00	0.07
Air France	120	0	0	0	0	2.28	0.00
Sky Work	58	0	0	0	0	1.10	0.00
Niki Luftfahrt	54	0	0	0	0	1.03	0.00
Air One	8	0	0	0	0	0.15	0.00
Nouvelair Tunisie	4	0	0	0	0	0.08	0.00
Others	347	347	366	105	105	6.60	6.19
<b>TOTAL:</b>	<b>5,258</b>	<b>6,296</b>	<b>5,912</b>	<b>112</b>	<b>94</b>	<b>100.00</b>	<b>100.00</b>

In the period I-III 2014 there were 28 foreign carriers and 1 domestic carriers.

In international air traffic of foreign carriers in the period I-III 2014 it was achieved 5,912 air movements, which is by 12% more in comparison with the previous year and 6% less as compared with the Plan for the analysed period of 2014.

In foreign carrier pattern in the period I- III 2014 Lufthansa with the participation of 14.16% has got the most significant role, than there is Wizz air with 11.45% and Montenegro with 9.78%. These three companies achieved 35.39% of international traffic of foreign carriers.

With participation from 9.05% to 3.04% in this air traffic type there are: Austrian airlines (9.05%), Turkish Airlines (7.24%), Aeroflot (6.07%), Swiss Internacional (5.95%), Alitalia (4.30%) and Etihad Airways (3.04%) with total share of 35.66%.

**Cargo traffic** of express mail is performed by three foreign carriers: Cityline Hungary, Solinair and CSA.

**Low cost carriers** in the period I/III 2014 there are seven of them: Wizz Air on destinations Beauvais-Paris, Brussels Charleroui, Bucharest, Dortmund, Eindhoven, Gothenburg- City, Larnaka, London, Malme, Memingen, Mulhouse, Oslo, Skoplje and Stockholm-Skavsta; EasyJet on destinations Milan, Rome and Geneva; Flydubai on destination Dubai; Pegasus Airlines on destination Sabiha; Germanwings on destination Stuttgart; Aircairo on destination Hurghada and Norwegian Air on destination Oslo.

Considering single participation of carriers (domestic and foreign) in international air traffic, achieved in the period I- III 2014, Air Serbia has the greatest share of 48.69%.

## 2.2. PASSENGER TURNOVER

In period I-III 2014 total passenger turnover of 785,296 pax was achieved, which is 30% more than in the same period of 2013 and 3% more than in the Plan for the period I-III 2014.

Air traffic type	Achievem I-III 2013	Plan I-III 2014	Achievem I-III 2014	Index	Index	Share I-III 2013	Share I-III 2014
1	2	3	4	5(4/2)	6(4/3)	7	8
<b>Domestic air traffic</b>	15	16	45	300	281	0.00	0.01
<b>International air traffic-domestic carriers</b>	224,703	351,323	368,878	164	105	37.22	46.97
<b>International air traffic-foreign carriers</b>	379,006	418,119	416,373	110	100	62.78	53.02
<b>TOTAL:</b>	<b>603,724</b>	<b>769,458</b>	<b>785,296</b>	<b>130</b>	<b>102</b>	<b>100.00</b>	<b>100.00</b>

The greatest participation in passenger turnover per air traffic types in the period I-III of 2014 is 53.02% of foreign carriers in international air traffic, then there are domestic carriers in international air traffic with 46.97%.

The number of passengers transported by foreign carriers in international air traffic in the period I-III 2014 is increased by 10% and at the same level in comparison to the Plan for the same period.

The number of the passengers transported by domestic carriers in international air traffic is increased by 64% compared to achievement in the same period of the previous year and by 5% compared to the Plan for I-III 2014.

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

Ser. No.	Carriers	Achievement I-III 2013	Achievement I-III 2014	Index	Share I-III 2013	Share I-III 2014
1	2	3	4	5(4/3)	6	7
1	<b>Air Serbia</b>	223,959	368,389	164	37.10	46.91
2	<b>Wizz Air</b>	75,482	91,715	122	12.50	11.68
3	<b>Lufthansa</b>	52,889	52,526	99	8.76	6.69
4	<b>Montenegro</b>	43,916	42,007	96	7.27	5.35
5	<b>Turkish airlines</b>	27,558	35,755	130	4.56	4.55
6	<b>Others</b>	179,905	194,859	108	29.80	24.81
	<b>TOTAL:</b>	<b>603,709</b>	<b>785,251</b>	<b>130</b>	<b>100.00</b>	<b>100.00</b>

Total number of transported passengers in international air traffic in the period I-III of 2014 is 785,251 which is by 30% more compared to the same period 2013.

When reviewing carriers Air Serbia has the greatest share with 46.91%, then there are: Wizz Air with participation of 11.68%, Lufthansa with 6.69%, Montenegro Airlines with 5.35% and Turkish Airlines with 4.55%.

**Passenger turnover of Air Serbia in inter. traffic per dest. with highest num. of passengers**

Ser. No.	Destinations	Achievement I-III 2013	Achievement I-III 2014	Index
1	2	3	4	5(4/3)
1	<b>Paris</b>	17,375	29,013	166.98
2	<b>Zurich</b>	15,475	28,346	183.17
3	<b>Moscow</b>	18,004	25,396	141.06
4	<b>Podgorica</b>	18,915	24,897	131.63
5	<b>Vienna</b>	16,399	15,785	96.26

### 2.3. CARGO TURNOVER

In the period I-III 2014 2,435 tons of cargo turnover was achieved, which is 23% more than in the same period of the previous year and the same more than in the Plan for the analysed period of 2014.

Turnover in the period I-III in 2014 in international air transport of domestic carriers increased by 44% compared to the performance in the same period of 2013, and 43% in relation to the Plan for I-III in 2014, while in international air traffic of foreign carriers performance in the period I-III in 2014 is higher by 18% compared to the same period last year and the same in relation to the Plan for I-III in 2014. In domestic air traffic there was no turnover of goods as in the previous year for the same period.

#### Cargo turnover in tons

Air traffic type	Achievem. I-III 2013	Plan I-III 2014	Achievem. I-III 2014	Index	Index	Share I-III 2013	Share I-III 2014
1	2	3	4	5(4/3)	6(4/3)	7	8
Domestic air traffic	0	0	0	0	0	0.00	0.00
International air traffic-domestic carriers	396	397	569	144	143	20.00	23.37
International air traffic-foreign carriers	1,584	1,584	1,866	118	118	80.00	76.63
<b>TOTAL:</b>	<b>1,980</b>	<b>1,981</b>	<b>2,435</b>	<b>123</b>	<b>123</b>	<b>100.00</b>	<b>100.00</b>

**PHYSICAL VOLUME OF TRAFFIC**

Ser. No.	Type of traffic	Achievement I-III 2013		Plan I-III 2014		Achievement I-III 2014		Index	
			Share		Share		Share		
1	2	3		4		5		6(5/3)	7(5/4)
I	Domestic traffic								
	Air movements	21	0	24	0	38	0	181	158
	Passengers	15	0	16	0	45	0	300	281
	Air goods and mail ( tons )	0	0	0	0	0	0	0	0
II	International traffic-domestic carriers								
	Air movements	3,670	41	6,870	52	6,110	51	166	89
	Passengers	224,703	37	351,323	46	368,878	47	164	105
	Air goods and mail ( tons )	396	20	397	20	569	23	144	143
III	International traffic-foreign carriers								
	Air movements	5,258	59	6,296	48	5,912	49	112	94
	Passengers	379,006	63	418,119	54	416,373	53	110	100
	Air goods and mail, air + truck( tons)	1,584	80	1,584	80	1,866	77	118	118
I+II+III	Total								
	Air movements	8,949	100	13,190	100	12,060	100	135	91
	Passengers	603,724	100	769,458	100	785,296	100	130	102
	Air goods and mail, air + truck( tons)	1,980	100	1,981	100	2,435	100	123	123

### 3. REVENUES AND EXPENDITURES

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

#### 3.1. REVENUES

In the period I-III 2014 JSC Airport Nikola Tesla achieved the total revenue in amount of RSD 1,677,765,159.00. Thus achieved total revenue is 32% higher in comparison to the achieved revenues in the same period of the previous year and 3% lower in comparison to the planned figures for the same period previous year.

The pattern of the achieved revenues for I-III 2014 is shown in the table **Revenue pattern per service types**.

In the pattern of achieved revenues in the period I-III of 2014 **Business revenues** have the greatest participation of 94% of the total revenues with RSD 1,571,762,344.00. Thus achieved business revenues are 26% higher than the achieved business revenues for the same period of the previous year and 7% lower than the planned figures for the period I-III 2014.

Within business revenues RSD 487,727,588.00 refers to provision of **air services** which is 29% of totally achieved revenues. These revenues are 34% higher than the same in the same period of the previous year and 2% higher than planned figures in the period I-III 2014.

Revenues from **passenger service and security fees** were achieved in the amount of RSD 584,351,923.00 for I-III 2014, which is 35% of total achieved revenues and are 21% higher than in the same period 2013, while they are 3% lower than planned figures for the same period.

In the period I-III 2014 the revenues from **service rendering in cargo-customs warehouse** were achieved in the amount of RSD 30,143,951.00 and they are 7% higher than the revenues on this basis in the same period in 2013 and by 4% higher than the planned figures for the same period in 2014.

In the period I-III 2014 the revenues from **other services** are 21% lower than in the same period of the previous year, and 24% lower than the planned figures for I-III 2014 and were achieved in the amount of RSD of 133,307,084.00. Decrease of revenues in the first quarter 2014 compared to the previous year is due to reduced revenues based on: utility services (revenue of electricity is not invoiced in the first quarter of 2014, due to delay of bills), advertising space (much less revenue than advertising space for domestic persons), lost and found, and a de-icing of aircraft (significantly less revenue from aircraft de-icing for foreign airlines). The largest share of these revenues are: revenue from aircraft de-icing, revenues from CUTE, utilities, revenue from commercial use of apron, revenues from services on special request- workorder etc.

**The revenues from sales of goods** mainly refer to the revenues from the sale of kerosene. In the period I-III 2014 it was sold 2,232 tons of kerosene, while in the same period of the previous year it was sold 978 tons of kerosene. Achieved revenues from sale of kerosene and goods for the period I-III 2014 are higher by 116% in comparison to the same period of 2013, while in comparison to the planned figures for the period I-III 2014 they had decrease of 21%.

The main reason for the increase in revenues from the sale of kerosene in the period January - March of 2014 compared to the same period of the previous year is the presence of new carriers with a significant amount of supply of kerosene: Turkish Airlines (544 t), Aeroflot (456 t) and Iran Air (185 t).

In the period I-III 2014 revenues from **renting of business facilities** are achieved in the amount of RSD 134,914,555.00, which is 23% higher than in the same period of 2013 and 8% lower than the planned figures for the same period 2014. The greatest portion of these revenues refers to renting of business facilities to Dufry Company.

**Financial revenues** (group 66) in the period I-III 2014 are disclosed in amount of RSD 66,800,257.00 and are higher by 165% in comparison to the same period of the previous year.



In the pattern of financial revenues for I-III 2014 the greatest part refers to interests in amount of RSD 45,201,005.00 (they are higher by 142% compared to the same period previous year and by 89% compared to planned figures for the same period 2014), then to realized exchange rate differences in amount of RSD 19,256,076.00 (they are higher by 194% compared to last year) and non-realized exchange rates in the amount of RSD 2,343,175.

**Other revenues** (group 67 and 68) in the period I-III 2014 were achieved in the amount of RSD 39,202,558.00 and are considerably higher than in the same period 2013 mostly because: collected write-offs from other legal entities (domestic and foreign), and which were in previous years put on value correction of receivables in the amount of RSD 31,508,329 with default interests (in the same period previous year were RSD 641,852), then revenues from compensation of damages from legal periosns in the amount of RSD 4,836,243 (in the same period previous year there were no revenues from compensation of damages from legal entities) and revenues from collected litigation costs in the amount of RSD 1,116,387 (in the same period previous year there were no revenues for collected litigation costs).

The main buyers considering participation in the revenues from sale in the period I-III 2014 are: Air Serbia RSD 337,178 thousand, Deutsch Lufthansa RSD 124,612 thousand and Montenegro Airlines RSD 107.691 thousand.

REVENUE PATTERN

1	Type of service	Description	Realization I-III 2013	Plan I-III 2014	Realization I-III 2014	Index	
						7(6/4)	8(6/5)
2		3	4	5	6	7(6/4)	8(6/5)
	<b>Air services domestic carriers</b>						
	612000+612300	Landing	13,926,356	30,375,944	30,484,485	219	100
	612010+612310	Lighting	5,334,626	9,936,158	10,459,960	196	105
	612030+612330	Handling	17,196,795	36,958,656	34,282,947	199	93
	612040	Infrastructure	9,129,457	12,504,966	18,824,001	206	151
	612050	Air-bridges	0	5,312	0	0	0
	612020+612320	Aircraft abode tax	541,874	649,851	1,236,045	228	190
I	Total air services (domestic carriers):		46,129,107	90,430,889	95,287,439	207	105
	<b>Air services foreign carriers</b>						
	613010+613011	Landing	98,643,316	121,496,800	119,553,462	121	98
	613020+613021	Handling	119,112,580	145,091,764	146,127,536	123	101
	613030+613031	Lighting	12,257,355	13,234,753	16,694,109	136	126
	613040	Infrastructure	63,123,629	75,324,162	75,066,766	119	100
	613060	Air-bridges	19,999,118	27,573,627	27,914,605	140	101
	613000+613001	Aircraft abode tax	4,453,260	5,544,649	7,083,671	159	128
II	Total air services (foreign carriers):		317,589,257	388,265,755	392,440,149	124	101
I+II	Total air services		363,718,364	478,696,643	487,727,588	134	102



3	612130+612131+613072+612370+613071	VIP saloon	1,321,436	1,811,944	833,652	63	46
4	612140+612390+613090	CUTE (dom + foreign)	19,888,761	30,149,742	21,356,048	107	71
5	613080+612380	Lost and found services	4,335,795	4,686,827	2,587,748	60	55
6	6126+613120+613400+613401	Public services	35,496,349	37,004,556	15,845,061	45	43
7	612820+612821+613170	Catering services business class	7,455,930	9,351,930	9,097,109	122	97
8	612870+613810	Advertising space	11,798,009	9,805,384	5,877,541	50	60
9	612883	Commercial usage of apron	13,938,847	19,463,335	13,066,953	94	67
10	612160+613110	Aircraft de-icing service	38,637,790	20,792,737	23,533,480	61	113
11	Other non-mentioned services-dom+foreign		23,678,134	25,642,140	24,839,418	105	97
VI	Other services (1 to 11):		167,916,372	176,424,579	133,307,084	79	76
VII	Total 61-Revenues from sale of services (V+VI)		1,041,597,473	1,286,290,609	1,235,530,546	119	96
VIII	60 Revenues from sale of kerosene + goods		93,423,637	256,479,732	201,317,243	215	78
IX	Total (60++61) REVENUES FROM SALE (VII+VIII)		1,135,021,110	1,542,770,342	1,436,847,789	127	93
X	64 i 65 - Renting of business facilities		109,599,008	146,588,295	134,914,555	123	92

XI	<b>BUSINESS REVENUES (IX+X)</b>	60+61+62+64 +65	1,244,620,118	1,689,358,637	1,571,762,344	126	93
XII	<b>66-FINANCIAL REVENUES</b>		25,234,321	23,886,196	66,800,257	265	280
1	interests		18,675,985	23,886,196	45,201,005	242	189
2	exchange rate differences -realised		6,558,336	0	19,256,076	294	0
3	exchange rate differences -non-realised		0	0	2,343,175	0	0
XIII	<b>67 and 68 OTHER REVENUES</b>		3,743,202	17,208,764	39,202,558	1,047	228
XIV	<b>Total revenues (XI+XII+XIII)</b>		1,273,597,641	1,730,453,597	1,677,765,159	132	97

### 3.2. EXPENDITURES

In the period I-III 2014 **total expenditures** were achieved in the amount of RSD 1,617,059,235. Thus achieved expenditures are 38% higher than the expenditures achieved in the same period of the previous year and at the same level as figures in the Plan for I-III 2014.

**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 193,483,933 or 115% more than in the same period of the previous year and 21% less in comparison to the Plan for I-III 2014. Regarding the fact that the kerosene is registered both on revenues and expenditures, the real revenue of the Company is realised price difference, which amounted for the period I-III 2014 RSD 7,507,297.00. Average difference participation in sale value of kerosene for the period I-III 2014 is 3.74%.

**The costs of materials** (group 51) in the first quarter of 2014 amount to RSD 146,349,764 and participate in total expenditures with 9% and mostly refer to: costs of power supply, spent basic material, gasoline, heating oil, diesel fuel and costs for spare parts for investment maintenance of fixed assets.

Within total expenditures the most part refer to **costs of salaries, reimbursements and other personal earnings** (group 52) which for the period I-III 2014 amount to RSD 366,139,660.00 and it is 23% more than in the same period of the previous year, primarily due to number of employees and increase of salaries (mostly because certain number of persons engaged from OZB Komerc is transferred to temporary and occasional jobs based on agreements). The costs of salaries of employees (gross II - Chambers excluded) of Airport Nikola Tesla Belgrade amount to RSD 219,322,780.00, whereas the costs for persons engaged through Youth organizations amount to RSD 86,424,826.00 (youth organizations: Fan, Beograd, Knez, 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 business trips and joint assistance and jubilee bonuses).

Costs of **amortization and reserves** (group 54) for the period I-III 2014 amount RSD 179,018,953.00 thereof the whole amount refers to amortization.

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 181,244,222.00. Adding this amount to total costs for salaries, reimbursements and other personal earnings of employees (group 52) we come to the amount of RSD 547,383,883.00, which makes 34% of total expenditures of the period I-III 2014.

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 58,686,144.00, the costs of informing and passenger check-in, monthly PTT support for passenger and baggage check-in, PTT costs etc.
- **the costs of maintenance services** are higher by 10% in I-III 2014 in comparison to the same period of the previous year due to increased costs of services on investment maintenance of fixed assets.

- **the costs of other services** mostly referring to the services of OZB Komerc for Security department in the amount of RSD 72,891,765.00, then the costs of Dufry's services, water, drainage and others.

-**costs of leasing** mostly refer to leasing of licences and network and server infrastructure. Costs of leasing are 138% higher in I-III 2014 in comparison to the same period of the previous year mostly due to network and server infrastructure which was an irrelevant amount in the same period last year.

- **costs of advertising** in the period I-III 2014 are 72% lower than in the same period of the previous year due to decreased sponsorship.

Pattern of **the intangible costs** includes:

- **costs of non-production services** where most part refer to: the costs of services of OZB Komerc for the Technical maintenance, Investment, Commercial, Financial and Legal departments in the amount of RSD 49,666,314.00, 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 2014 the realised costs of salaries, reimbursements and other earnings (group 52), the services of OZB Komerc and amortization in total amount of RSD 726,402,835.00 make 45% of total expenditures and 43% of total revenues in I-III 2014 of Airport Nikola Tesla Belgrade is needed to cover them.

**Financial expenditures** (group 56) in the period I-III 2014 are disclosed in the amount of RSD 30,735,682 and are 36% lower than in the same period of the previous year.

Realised exchange rate differences in the period I-III 2014 are achieved in the amount of RSD 10,031,386.00 and they participate in the pattern of total financial expenditures with 33%.

The achieved expenditures realised from interest participate with 38% in the pattern of total financial expenditure and amount to RSD 11,643,906.00 and are 20% 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 and financial leasing).

Non-realised negative exchange rate differences in the first quarter 2014 are achieved in the amount of RSD 9,060,390 while in the same period last year they were not disclosed.

**Other expenditures** (group 57 and 58) in the period I-III 2014 are achieved in the amount of RSD 366,212,568.00 while the same in the same period of the previous year the amount was RSD 5,776,872. The largest parts of these expenditures refer to value correction of domestic buyers, of which the largest part goes to Air Serbia in the amount of RSD 323,559,600.88 (default interest excluded), then donations for humanitarian and medical purposes.

Main suppliers, from the point of turnover in the period I-III 2014 are: Sibex export-import (216,270 thousand RSD), OZB Komerc (151,135 thousand RSD), and Morava In (119,177 thousand RSD).

## EXPENDITURE PATTERN

Account	Account name	Realization I-III 2013	Plan I-III 2014	Realization I-III 2014	INDEX	
					6 (5/3)	7 (5/4)
1	2	3	4	5	6 (5/3)	7 (5/4)
50	<b>PURCHASE VALUE OF SOLD GOODS</b>	<b>90,218,068</b>	<b>246,026,387</b>	<b>193,641,355</b>	<b>215</b>	<b>79</b>
501	PURCHASE VALUE OF SOLD GOODS	90,218,068	246,026,387	193,641,355	215	79
51	<b>COSTS OF MATERIAL</b>	<b>122,124,303</b>	<b>277,185,843</b>	<b>146,349,764</b>	<b>120</b>	<b>53</b>
511	COSTS OF MATERIALS FOR PRODUCTION	30,202,075	85,420,895	36,080,064	119	42
512	COSTS OF OVERHEADS	14,093,604	60,220,092	20,040,055	142	33
513	COSTS OF FUEL AND ENERGY	77,828,624	131,544,856	90,229,645	116	69
52	<b>SALARIES, REIMBURSEMENTS</b>	<b>296,555,967</b>	<b>336,656,965</b>	<b>366,139,660</b>	<b>123</b>	<b>109</b>
520	SALARIES AND REIMBURSEMENTS-GROSS	173,079,015	187,041,187	186,030,799	107	99
521	TAXES AND CONTRIBUTIONS AT THE COST OF EMPLOYER	30,981,222	33,480,586	33,291,981	107	99
522	REIMBURSEMENT FOR SERVICE CONTRACTS	496,988	390,807	0	0	0
524	COSTS OF REIMBUR. PER TEMPORARY AND OCCASIONAL JOBS-GROSS	73,817,721	90,128,614	132,737,247	180	147
525	REIMBURSEMENT FOR NATURAL PERSONS-GROSS	282,003	0	346,759	123	0
526	REIMBURSEMENT MEMBERS OF BoD, SuperRv.B, Assembly-GROSS	2,708,887	2,548,495	2,164,200	80	85
529	OTHER PERSONAL EXPENDITURES	15,190,131	23,067,276	11,568,674	76	50



53	COSTS OF PRODUCTION SERVICES	302,522,939	386,017,959	221,318,843	73	57
531	COSTS OF TRANSPORTATION SERVICES	98,883,053	123,585,631	74,821,024	76	61
532	COSTS OF MAINTENANCE SERVICES	31,057,352	122,275,233	34,264,227	110	28
533	COSTS OF LEASE	6,955,981	14,393,716	16,578,221	238	115
535	COSTS OF ADVERTISING	18,964,893	9,266,000	5,230,392	28	56
536	COSTS OF MARKET RESEARCH	0	300,000	0	0	0
539	COSTS OF OTHER SERVICES	146,661,659	116,197,379	90,424,979	62	78
<b>54</b>	<b>COSTS OF AMORTIZATION AND RESERVES</b>	<b>175,894,972</b>	<b>191,797,471</b>	<b>179,018,953</b>	<b>102</b>	<b>93</b>
540	COSTS OF AMORTISATION	174,894,972	191,797,471	179,018,953	102	93
549	COSTS OF RESERVING FOR LITIGATIONS	1,000,000	0	0	0	0
<b>55</b>	<b>INTANGIBLE COSTS</b>	<b>127,902,416</b>	<b>151,744,733</b>	<b>113,642,411</b>	<b>89</b>	<b>75</b>
550	COSTS OF NON-PRODUCTION SERVICES	93,720,502	105,259,080	77,273,505	82	73
551	COSTS OF REPRESENTATION	1,374,409	2,015,767	1,183,404	86	59
552	INSURANCE PREMIUMS	7,335,938	13,937,954	7,358,594	100	53
553	COSTS OF PAYMENT SYSTEM	1,262,711	1,576,662	1,422,538	113	90
554	COSTS OF MEMBERSHIPS	1,326,399	992,516	2,131,154	161	215
555	COSTS OF TAXES	18,497,255	23,725,468	18,862,132	102	80
559	OTHER INTANGIBLE COSTS	4,385,202	4,237,287	5,411,084	123	128
<b>56</b>	<b>FINANCIAL EXPENDITURES</b>	<b>47,657,420</b>	<b>11,692,584</b>	<b>30,735,682</b>	<b>64</b>	<b>263</b>
562	INTEREST EXPENDITURES	14,502,517	11,692,584	11,643,906	80	100
563	NEGATIVE EXCHANGE RATE DIFFERENCES	32,945,883	0	18,865,210	57	0

564	EXPENDITURE OF EXCHANGE CLAUSE RISK	209,020	0	226,566	108	0
<b>57</b>	<b>OTHER EXPENDITURES</b>	<b>5,020,939</b>	<b>9,393,986</b>	<b>16,664,934</b>	<b>332</b>	<b>177</b>
570	LOSS FROM EXPENDITURES	13,000	92,890	0	0	0
575	CONTRACTED PROTECTION FROM RISK	1,510	434	1,086	72	0
576	DIRECT WRITE-OFF OF RECEIVABLES	0	12,948	0	#DIV/0!	0
579	OTHER NON-MENTIONED EXPENDITURES	5,006,430	9,287,714	16,663,848	333	179
<b>58</b>	<b>EXPENDITURES FROM PROPERTY DEVALORIZATION</b>	<b>755,932</b>	<b>0</b>	<b>349,547,634</b>	<b>46,241</b>	<b>0</b>
585	IMPAIRMENT OF RECEIVABLES AND SHORT-TERM FIN. INVESTMENTS	755,932	0	349,547,634	46,241	0
	<b>TOTAL EXPENDITURES</b>	<b>1,168,652,956</b>	<b>1,610,515,927</b>	<b>1,617,059,235</b>	<b>138</b>	<b>100</b>

### 3.3. SALARIES

In the period I-III 2014 the total sum paid for salaries amounted RSD 186,030,799.00 (gross I), which is 7% higher than in the same period of 2013 and 1% lower than planned figures for the first quarter of 2014.

#### SALARIES GROSS I

Month	Achievement 2012	Revised Plan 2013	Achievement 2013	Index	
				5 (4/2)	6 (4/3)
1	2	3	4	5 (4/2)	6 (4/3)
January	55,655,824	59,499,367	58,763,373	106	99
January-Christmas bonus	11,657,998	12,218,472	0	0	0
February	53,560,252	57,499,367	58,526,830	109	102
February-Christmas bonus	0	0	12,094,150	0	0
March	52,204,941	57,824,335	56,646,446	109	98
<b>Total salaries</b>	<b>161,421,017</b>	<b>174,823,069</b>	<b>173,936,649</b>	<b>108</b>	<b>99</b>
<b>Total bonuses</b>	<b>11,657,998</b>	<b>12,218,472</b>	<b>12,094,150</b>	<b>104</b>	<b>99</b>
<b>Total salaries+ bonus</b>	<b>173,079,015</b>	<b>187,041,541</b>	<b>186,030,799</b>	<b>107</b>	<b>99</b>

We can see in the table that in the period I-III 2014 there were paid out salaries to employees according to individual work contracts and for Christmas bonus, to each employee, as a single payment and in the same amount of RSD 18,000.00 net.

In the period I-III of the current year average gross salary I with the Christmas bonus in the Company amounted to RSD 130,571.00 and is 5% higher than the same for the previous year. Average net salary with the Christmas bonus in the Company amounted to RSD 92,649.00.

#### AVERAGE SALARY GROSS I

Month	JSC ANT
January	124,059
February	148,081
March	119,572
<b>Average I-III 2014</b>	<b>130,571</b>

#### AVERAGE SALARY NET

Month	JSC ANT
January	88,078
February	104,935
March	84,935
<b>Average I-III 2014</b>	<b>92,649</b>

It is important to mention that in the first quarter of 2014 net salaries of employees over RSD 60,000.00 were reduced in accordance with the Law on reduction of net income of persons in public sector (Official Gazette of RS No.108/13).

### 3.4. FINANCIAL RESULT IN I-III 2014

In the period I-III 2014 **gross profit** of the company was disclosed in the amount of RSD 60,705,924.00. It is lower by 42% than gross profit in the same period last year.

#### FINANCIAL RESULT

Ser. No.	POSITION	Realisation	Plan	Realisation	Index	
		I-III 2013	I-III 2014	I-III 2014	6 (5/3)	7 (5/4)
1	2	3	4	5	6 (5/3)	7 (5/4)
1	Business revenues	1,244,620,118	1,689,358,637	1,571,762,344	126	93
2	Business expenditures	1,115,218,665	1,589,429,358	1,220,110,986	109	77
<b>3</b>	<b>Business profit (1-2)</b>	<b>129,401,453</b>	<b>99,929,279</b>	<b>351,651,358</b>	<b>272</b>	<b>352</b>
4	Financial revenues	25,234,321	23,886,196	66,800,257	265	280
5	Financial expenditures	47,657,420	11,692,584	30,735,682	64	263
<b>6</b>	<b>Financial profit (4-5)</b>		<b>12,193,612</b>	<b>36,064,575</b>	<b>0</b>	<b>296</b>
<b>6a</b>	<b>Financial loss (5-4)</b>	<b>22,423,099</b>			<b>0</b>	<b>0</b>
7	Other revenues	3,743,202	17,208,764	39,202,558	1,047	228
8	Other expenditures	5,776,871	9,393,986	366,212,568	6,339	3,898
<b>9</b>	<b>Other profit (7-8)</b>		<b>7,814,778</b>		<b>0</b>	<b>0</b>
<b>9a</b>	<b>Other loss (8-7)</b>	<b>2,033,669</b>		<b>327,010,010</b>	<b>16,080</b>	<b>0</b>
<b>10</b>	<b>Total revenues (1+4+7)</b>	<b>1,273,597,641</b>	<b>1,730,453,597</b>	<b>1,677,765,159</b>	<b>132</b>	<b>97</b>
<b>11</b>	<b>Total expenditures (2+5+8)</b>	<b>1,168,652,956</b>	<b>1,610,515,928</b>	<b>1,617,059,235</b>	<b>138</b>	<b>100</b>
<b>12</b>	<b>Total gross profit (10-11)</b>	<b>104,944,685</b>	<b>119,937,669</b>	<b>60,705,924</b>	<b>58</b>	<b>51</b>

At disclosure of operating results for the first quarter of 2014 the amount receivable from Air Serbia in the amount of RSD 323,559,600.88 was corrected (excluding default interest) and this correction is contained in a position other expenditures.

By adding the corrected receivables from Air Serbia in the amount of RSD 323,559,601 (excluding default interest) to the reported gross profit for the first quarter of 2014 amounting to RSD 60,705,924 we would come to the amount of gross profit of RSD 384,265,525.

For the same period the previous year the value correction for JAT Airways (now Air Serbia) was not made, because Commercial Department estimated recoverability of this amount.

#### **4. DESCRIPTION OF ALL INPORTANT BUSINESS OCCURRANCES FROM THE PERIOD I-III 2014**

##### *Second phase of reconstruction and extension of the A and C waiting rooms and finger halls*

JSC Belgrade Nikola Tesla Airport has concluded on 17/09/2013 with the consortium whose leading member is Company Morava from Krusevac, public procurement contract number 17-09/2013 for execution of the works on the second phase of reconstruction and extension of A and C waiting rooms and finger halls. Contract value of the works is RSD 227,744,401.55 VAT excluded. The contractor has been introduced into business on 07.10.2013. The contractual deadline for completion is 180 days from the date of introduction into the business. Expert supervision granted an extension of time for execution of works for an additional 54 days.

The second of the four stages of reconstruction and extension of terminal areas is an integral part of a wider project and includes execution of works on extension and modernization of waiting rooms and finger hall C. The technical documentation provided for extension of new space between the gate C4 and gate C5, area of 311.32 m<sup>2</sup>, and the reconstruction of the existing surface area of 2304.12 m<sup>2</sup>. Due to the increased volume of traffic, a new gate C7 will be formed for dispatch of passengers to open parking positions. The expansion of the waiting rooms and finger halls A and C will increase terminal capacity and quality of service to passengers. Also it will provide additional space for commercial facilities and conditions for additional non-aeronautical revenues.

Works on the second phase of the reconstruction of the A and C waiting rooms and finger halls are performed in the two respective sub-phases. The first sub-phases includes a waiting room with Gate C5, C6 and C7, and most of finger hall C, while the second sub-phases includes a waiting room with gates C3 and C4 and the smaller part finger hall C.

In the first quarter of 2014 works are done on the first sub-phase. The expected completion date of the first sub-phase is 05/05/2014, after which the auditors of the Civil Aviation Directorate will inspect the completed works. After receiving the decision of the of Civil Aviation Directorate it is planned to continue the execution of the works in the second sub-phase. It is expected that construction will be completed in the first half of June.

With completion of works on the second phase of reconstruction and extension of the A and C waiting rooms and finger halls the conceptual architectural arrangement of finger hall C will be completed.

##### *Waiting rooms A4a - A4b for dispatch of passengers to open positions*

JSC Belgrade Nikola Tesla Airport has on 17/09/2013 with Company Morava from Krusevac, concluded the Agreement on Public Procurement No.17-5/2014 for works on adaptation of waiting rooms A4a - A4b for exit to open positions. Contracted value of works is RSD 27,879,931.60 VAT excluded.

The contractor has been introduced into business on 16/01/2014. The contractual deadline for completion was 28 days after introduction into the business. Contracted deadline for execution of works is 28 days.

Due to the increasing number of passengers, investment projects (the second phase of reconstruction of the waiting room and finger halls A and C and replacing of air bridges A1-A5) and the scheduled timetable of "Air Serbia", for the smooth flow of traffic during peak hours it was necessary to provide additional gates.

In the first quarter of 2014 works were completed on adaptation of waiting rooms A4a and A4b, area of 450 m<sup>2</sup>, for dispatch of passengers to open parking positions. It is anticipated that the passengers at the level of the first floor of Terminal 2 go through the existing customs and passport control. After entering the restricted area, passengers are directed by signposts to waiting rooms A4a and A4b. After the X-ray and boarding control at the exit of the waiting rooms, passengers are transported by bus to the aircraft parked at remote positions.

Works on adaptation of waiting rooms for exit to open positions A4a - A4b are executed according to the solution with technical description and the bill of quantities of a certified designer. The works include:

- Architecture and construction and finishing works on refurbishment and modernization of the interior
- Repair, replacement and maintenance of all installations (strong and weak electricity, water and sewage, ventilation, air conditioning)
- Reconditioning of elevator and escalators

The works were carried out within the agreed timeframe. The final value of the works is RSD 26,709,882.50. Auditors of Civil Aviation Directorate of the Republic of Serbia inspected executed works and issued a decision approving the use of waiting room for exit to open positions A4a-A4b.

#### *Works on the expansion of the apron C*

JSC Belgrade „Nikola Tesla" Airport on 04.03.2014, concluded public procurement contract with the consortium, which leading member is the company Planum from Belgrade, No. 17-59/2014 for execution of works for expansion of apron C. Contracted value of works amounts to 11,691,002.80 RSD, VAT excluded. The contractor has been introduced into business on 25.03.2014. The contractual deadline for completion of works is 30 days.

Additional work on expanding the C apron include excess works per basic contract and work on setting up a fence around part of the extended apron C. The contract envisages setting up a new fence length of 296 m, in order to meet the requirements for the provision for securing airport complex. The fence of the airport complex, in addition to security (preventing unauthorized access) and technology functions (preventing the passage of animals that can threaten aircraft movement), also formally represents the state border line.

#### *The construction of the new route of heating pipeline*

JSC Belgrade Nikola Tesla Airport has concluded on 04.09.2013 with consortium with a leading member, Company Konvar d.o.o. from Belgrade, Contract on public procurement No. 17-45/2013 for execution of works on the new route of heating pipeline. Value of contracted works is RSD 44,201,880.75. Contracted deadline for execution of works is 110 days.

The works include the construction of a new route of heating pipeline and reconstruction of the part of existing one. Length of new primary branche of heating pipeline is 750 m in diameter  $\Phi$  300 mm. Relocation of the route of primary pipeline that runs under the concrete apron has for its essential purpose to prevent adverse events that may occur due to pipeline breaks, which would result in the suspension of traffic due to necessary intervention. In addition, it is envisaged to expand the capacity of hot water network, which creates the possibility of a subsequent connection of new facilities to be built in the plan period. The construction of a new heating system will reduce heat loss in the network, as well as the loss of hot water, which will lead to less consumption of water, fuel oil and electricity (and thus will reduce the pollution of the environment).

The Contractor is introduced into business on 23.09.2013. Works are executed on construction of heating pipeline along new route to the boiler room, by the edge of the complex and around cargo warehouse. Further works are suspended due to beginning of heating season.

On 05.12.2013 Annex I to Contract was concluded specifying that works will not be in progress during heating season and that the remaining term for completion of works is 68 days. During March 2014 preparatory activities were done for continuation of works starting upon the end of heating season.

#### *The first phase of reconstruction of the waiting room and hallway fingerskih A and C*

The Ministry of Construction and Urbanism is on 13. 02.2014 made a Decision approving use of executed works on the first phase of reconstruction and extension of A and C waiting rooms and finger halls. The procedure of takeover of executed works started.

#### *Transformer station Terminal 1*

The Ministry of Construction and Urbanism is on 24.03.2014 made a Decision approving use of executed works on construction of transformer Terminal 1.

#### *Works on rehabilitation of Taxiway "A" (TWY A km 0 +724 - km 3 +000) and connection "E"*

In the first quarter of 2014 were carried out all necessary preparations for the commencement of work on the rehabilitation of taxiway "A" (TWY A km 0 +724 - km 3 +000) and connection "E".

Preparatory activities carried out by the beginning of the works were:

- Development of traffic flow technology during execution of works
- Making of risk assessment in accordance with international recommendations and practice at international airports
- Training of all people engaged by the contractor on general and special rules of movement and stay in the maneuvering areas.
- Timely notification of the competent ministry, all the institutions and users of Airport Nikola Tesla Belgrade.

At the end of the first quarter of 2014, namely on 24.03.2014 started the works on rehabilitation.

This rehabilitation envisaged making of a new layer of asphalt on the surface of 60,700 m<sup>2</sup>. Repair of the basic track of taxiway will also be carried out according to ICAO recommendations - making of stabilized green area of 8,000 m<sup>2</sup> along the edge of the

pavement, as well as the rehabilitation of the existing lighting system of taxiway A and connection E - replacing 240 bases with lights. The total project cost is RSD 122,575,932.90, of which construction work amounted to 87,966,560.84 RSD and electrical and installation works 34,609,372.06 RSD. The contractor is a consortium of "GP Planum" ad Belgrade - Zemun, "Minelinženjering Ewing" doo Beograd. The contractual deadline for completion is 05.11.2014.

#### Replacement of lights SSO PAPI 12

JSC Belgrade Nikola Tesla Airport on 01/09/2014 with ELGRA VISION Ltd. Belgrade concluded the Agreement on Public Procurement 17-7/2014 for the execution of works on replacement of SSO PAPI 12 lights. Contracted value of works is RSD 5.975.600.00 VAT excluded. The contractor has been introduced into the business by signing a contract. The contractual deadline for completion is 75 days.

Works on replacement of SSO PAPI 12 lights were completed entirely on 18/02/2014. Instead of the old PAPI lights ALSTOM TO 737 that were in use for more than twenty years, the new PAPI lights ERNI type EL-219-PAPI are built in. New lights have better optics and are easier to adjust the angle of radiation.

Light pointer of approach angle of PAPI lights are very important assistance to the pilot in the final stages of landing on the runway. Functional correctness and precision setting of PAPI lights is essential to the safety of the aircraft during landing.

#### Winter Maintenance

On 01 April 2014 are completed all activities of the Airport Winter Maintenance for the winter season 2013/ 2014. In Stock remained 105 tons of urea and about 45,000 lit of runway anti-icing liquid that will be used for the next winter season. Activities have started to overhaul winter machinery and prepare them for the next season.

Procedure was carried out and signed contract for the supply of special socket for cleaning of runway maneuvering areas and other surfaces for movement of aircraft so that the runway sweeper Overassen RS 400 will be engaged throughout the year. Contract No. 17-79/2014 is signed with the company Europlast on 08/04/2014, expected delivery and installation of equipment in the period 01.06 - 15.06.2014. This means that the special socket will be operational during the peak season.

#### Maintenance of company fleet

Maintenance of Airport company fleet is conducted according to planned schedule of service intervals for routine maintenance and the corresponding requirements for corrective maintenance.

#### Execution of contract for procurement and installation of Visual Docking Guidance System-VDGS

JSC Belgrade Nikola Tesla Airport concluded on 06.01.2014 concluded contract for procurement No. 17-3/2014 with the renowned Swedish company FMT for the supply of goods, "Visual Docking Guidance System- VDGS" in the amount of € 339,699.00. The contract provides for procurement of 11 devices for aircraft visual docking guidance for parking positions C1 - C6 and A1 -A5 , as well as software that will connect all the devices to Airport Dispatch Centre. Using these devices in aircraft parking will completely eliminate



the human factor as a possible cause of error and increase the accuracy and reliability of the guidance.

By the end of March 2014 device supports and signal and power cables are installed. Currently engineers from Sweden are working on device settings and a test period of the system will start soon.

#### Rehabilitation and modernization of air bridges C1-C5

Between 06/03/2014 and 07.04.2014 a tender for the rehabilitation and modernization of air bridges C1 and C5 was published. The Committee has carried out opening of tenders, reviewed them, and prepared an expert report. It is expected that a decision on the award of the contract is made, and later on the signing of the contract.

#### Flat plate baggage carousels

In the first quarter of this year two flat plate baggage carousels were made as per contract No.17-79/2013 in the Chinese company CIMC TIANDA. In April these two carousels were sent to Belgrade and their delivery is expected in May when they will be installed. The contractual deadline for commissioning of both carousels is 180 days from the date of signing the contract.

## **5. RISKS AND UNCERTAINTIES**

### **FINANCIAL RISK MANAGEMENT OBJECTIVES**

#### **5.1 MARKET RISK**

When analyzing the impact of the market on financial instruments, the Company recognizes if there is a risk from changes in foreign exchange rates (currency risk), changes in interest rates and changes of price.

##### a) Currency risk

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

By analysis of the currency structure of financial assets and liabilities as of 31.03.2014, along with the balance as of 31/12/2013, it can be concluded that the Company operates with low currency risk. Financial liabilities contracted in foreign currency are generally of long-term nature.

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

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

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

Variable interest rates are contracted in financial leasing.

Changes in interest rates would not materially affect the revenues and expenditures of the Company or cash flows as a share of liabilities with a variable interest rate is insignificant in the total contractual obligations.

##### c) Risk of price change

The company estimates that there is no risk of price changes as categories of financial instruments that the Company uses are not subject to price changes in the market.

Company on a small scale operates in securities that are subject to changes in market prices of securities. In addition, the Company has no turnover of goods that are subject to price changes. The largest item of goods turnover is of kerosene, which is treated as goods in transit.

#### **5.2 CREDIT RISK**

The Company estimates that of all risks financial instruments may be exposed to, the largest is credit risk which is the risk that debtors will not be able to settle their debts in full and on time, which would result in a financial loss to the Company.

The company has large receivables from domestic and foreign customers on 31.03.2014 (RSD 5,500,962 thousand), so that the credit risk is constantly there. To reduce this risk, the Company regularly monitors the implementation of the collection, analyzes the value of collection achieved within the agreed period, collection with exceeded agreed payment term and uncollected receivables.

The greater the percentage of individual buyers in total receivables is the higher credit risk is, especially if those customers have unstable liquidity which results in exceeding the agreed payment term.

Receivables from buyers relate to a large number of clients, of which the largest portion relates to receivables from Air Serbia.

### 5.3 LIQUIDITY RISK AND CASH FLOW

Liquidity risk management requires special attention of management of the Company that has set the policies that are largely based on funding from its own resources. Loans are generally of long-term nature, and short-term liabilities can be covered by short-term receivables. However, despite the foregoing, there is a risk of compromising liquidity, if in the future collection of receivables from buyers who largely participate in balance of due receivables is not improved.

### 6. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

According to the Ministry of Finance, related parties of JSC Belgrade Nikola Tesla Airport are all legal entities in which equity, or whose management bodies the Republic of Serbia has a share of at least 25%.

Belgrade, April 2014

Director General

  
Velimir Radosavljević



Executive Director

  
Violeta Jovanović

Executive Director

  
Dejan Milovanović

Executive Director

  
Zoran Stojković

# Poslovni kabinet

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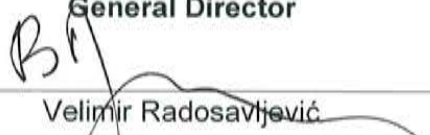
TRANSLATION

## STATEMENT


Hereby we state that, according to our best knowledge, the quarterly report for the thirist quarter, which contains data for the first three months of the business 2014 is drafted in line with appropriate international standards of financial reporting and that it shows true and impartial data on property, obligations, financial position and operating, profits and losses, cash flows and changes on the capital of the Company.

Signed by:

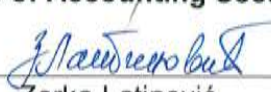
**General Director**

  
Velimir Radosavljević

**Financial Director**

  
Ljiljana Simonović

**Head of Accounting Sector**

  
Zorka Latinović

