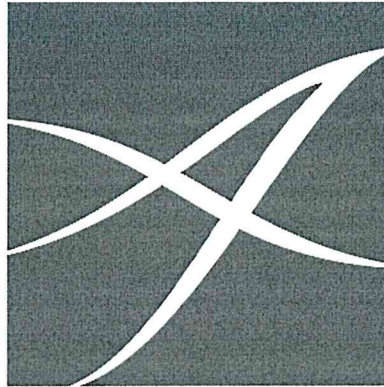


# JSC BELGRADE NIKOLA TESLA AIRPORT



## ANNUAL BUSINESS REPORT

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 and 5/2015) published by the Commission for Securities.

# 2014



## **Content of the report:**

### 1. Financial statements

- Balance Sheet,
- Report on other results,
- Income Sheet,
- Statement on changes in capital,
- Cash Flow Statement,
- Notes to the financial statements.

### 2. Independent Auditor's Report;

### 3. Report on company operations;

### 4. Statement

### 5. Note



АКЦИОНАРСКО ДРУШТВО  
АЕРОДРОМ "НИКОЛА ТЕСЛА"  
БЕОГРАД  
09 Бр. 2967/1  
23. 04. 2015 год.

**FINANCIAL STATEMENTS for 2014**

1. INCOME SHEET for 2014
2. REPORT ON OTHER RESULTS for 2014
3. BALANCE SHEET on 31 December, 2014
4. STATEMENT ON CHANGES IN CAPITAL for 2014
5. CASH FLOW STATEMENT for 2014
6. NOTES TO THE FINANCIAL STATEMENTS on 31 December 2014

**INCOME SHEET**  
**In the period from 1 January to 31 December 2014**  
**(in thousand RSD)**

INCOME SHEET					
for the period from 01.01.2014 to 31.12.2014					
- in thousand RSD -					
Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>REVENUES OF REGULAR BUSINESS</b>				
60 to 65, except 62 and 63	<b>A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)</b>	1001		8,157,945	6,640,441
60	<b>I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)</b>	1002		624,610	703,801
600	1. Revenues from sale of goods to parent companies and subsidiaries in domestic market	1003			
601	2. Revenues from sale of goods to parent companies and subsidiaries in foreign markets	1004			
602	3. Revenues from sale of goods to other related parties in domestic market	1005			
603	4. Revenue from sale of goods to other related parties in foreign markets	1006			
604	5. Revenues from sale of goods in domestic market	1007		4,082	3,354
605	6. Revenue from sale of goods in foreign market	1008	5	620,528	700,447
61	<b>II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)</b>	1009	7; 8; 9	6,776,851	5,374,749
610	1. Revenues from sale of products and services to parent com. and subsidiaries in domestic market	1010			
611	2. Revenues from sale of products and services to parent companies and subsidiaries in foreign market	1011			
612	3. Revenues from sale of products and services to other related parties in domestic market	1012			
613	4. Revenues from sale of products and services to other related parties in foreign market	1013			
614	5. Revenues from sale of products and services in domestic market	1014	6	2,585,379	1,978,381
615	6. Revenues from sale of products and services in foreign market	1015	7	4,191,472	3,396,368
64	<b>III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.</b>	1016		0	868
65	<b>IV OTHER OPERATING REVENUES</b>	1017	10	756,484	561,023

INCOME SHEET (continued)  
 In the period from 1 January to 31 December 2014  
 (in thousand RSD)

	EXPENDITURES OF REGULAR BUSINESS				
50 to 55, 62 and 63	B. OPERATING EXPENSITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		4,690,213	4,771,053
50	I. PURCHASE VALUE OF SOLD GOODS	1019	11	595,349	680,166
62	II. REVENUES FROM ACTIVATION OF USE OF OWN PRODUCTS AND GOODS	1020		0	83
630	III. INCREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021			
631	IV. DECREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022			
51 except 513	V. COSTS OF MATERIAL	1023	12	204,813	172,182
513	VI. COSTS OF FUEL AND ENERGY	1024	13	286,278	253,435
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	14	1,460,936	1,200,771
53	VIII. COSTS OF PRODUCTION SERVICES	1026	15	833,147	1,165,454
540	IX. AMORTIZATION COSTS	1027		817,036	729,133
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	54,148	28,284
55	XI. INTANGIBLE COSTS	1029	17	438,506	541,711
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		3,467,732	1,869,388
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		277,947	167,461
66, except 662, 663 and 664	I. FINANCIAL REVENUES FROM RELATED PARTIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial revenues from parent companies and subsidiaries	1034			
661	2. Financial revenues from other related parties	1035			
665	3. Revenue from participation in profit of associated legal entities and joint ventures	1036			
669	4. Other financial revenues	1037			
662	II. INCOME REVENUE (FROM THIRD PARTIES)	1038	18	92,703	95,022
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	185,244	72,439



INCOME SHEET (continued)					
In the period from 1 January to 31 December 2014					
(in thousand RSD)					
56	DJ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		149,435	139,655
56, except 562, 563 and 564	I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN. EXPENDITURES (1042 + 1043 + 1044 + 1045)	1041		0	0
560	1. Financial expenditures from relation with parent companies and subsidiaries	1042			
561	2. Financial expenditures from relation with other related parties	1043			
565	3. Expenditures from participation in the loss of associated legal entities and joint ventures	1044			
566 and 569	4. Other financial expenditures	1045			
562	II. INCOME EXPENDITURES (TOWARD THIRD PARTIES)	1046	20	65,625	54,111
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	83,810	85,544
	E. PROFIT FROM FINANCING (1032 – 1040)	1048		128,512	27,806
	Ž. LOSS FROM FINANCING (1040 – 1032)	1049		0	0
683 and 685	3. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	22	20,161	8,776
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	23	605,438	1,940,702
67 and 68, exc. 683 and 685	J. OTHER REVENUES	1052	24	2,338,849	88,625
57 and 58, exc. 583 and 585	K. OTHER EXPENDITURES	1053	25	1,587,111	32,518
	L. PROFIT FROM REGULAR OPERATING BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		3,762,705	21,375
	LJ. LOSS FROM REGULAR OPERATING BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055			
69-59	M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1056			
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057			
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058		3,762,705	21,375
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059			

INCOME SHEET (continued)  
 In the period from 1 January to 31 December 2014  
 (in thousand RSD)

	P. PROFIT TAX				
721	I. PERIOD TAX EXPENDITURE	1060	26; 47	597,105	11,620
part 722	II. DEFERRED PERIOD TAX EXPENDITURE	1061			
part 722	III. DEFERRED PERIOD TAX REVENUE	1062	26; 47	252,384	3,566
723	R. PAID UP PERSONAL RECEIVING TO EMPLOYER	1063			
	S. NET PROFIT				
	(1058 – 1059 – 1060 – 1061 + 1062)	1064		3,417,984	13,321
	T. NET LOSS				
	(1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET PROFIT FOR MINORITY INVESTORS	1066			
	II NET PROFIT FOR MAJORITY OWNER	1067			
	III PROFIT PER SHARE				
	1. Basic profit per share in RSD	1068	27	99.68	0.39
	2. Reduced (diluted) profit per share	1069			

**STATEMENT ON OTHER COMPREHENSIVE RESULT**  
**In the period from 1 January to 31 December 2014**  
**(in thousand RSD)**

STATEMENT ON OTHER COMPREHENSIVE RESULT					
for period from 01.01.2014 to 31.12.2014					
- in thousand RSD -					
Group of accounts, account	POSITION	ADP	Notes No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET RESULTS FROM OPERATIONS				
	I. NET PROFIT (ADP 1064)	2001	27; 47	3,417,984	13,321
	II. NET LOSS (ADP 1065)	2002			
	B. OTHER COMPREHENSIVE PROFITS AND LOSS				
	a) Items that will not be reclassified in income sheet in future periods				
	1. Changes in the revaluation of intangible assets, property, plant and equipment				
330	a) increase in revaluation reserves	2003	45	174,787	0
	b) decrease in revaluation reserves	2004			
	2. Actuarial gains and losses on defined benefit plans				
331	a) gains	2005	46	6,090	0
	b) losses	2006			
	3. Gains or losses on investments in equity capital instruments				
332	a) gains	2007			
	b) losses	2008			
	4. Gains or losses on shares in other comprehensive profit or loss of associated companies				
333	a) gains	2009			
	b) losses	2010			
	b) Items that can subsequently be reclassified in income sheet in future periods				
	1. Gains or losses based on recalculation of financial statements of foreign operations				
334	a) gains	2011			
	b) losses	2012			
	2. Gains or losses on hedging instruments of net investment in a foreign operation				
335	a) gains	2013			
	b) losses	2014			
	3. Gains or losses on risk hedging instruments of cash flow				
336	a) gains	2015			
	b) losses	2016			
	4. Gains or losses on securities available for sale				
337	a) gains	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE PROFIT				
	(2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		180,877	0
	II. OTHER GROSS COMPREHENSIVE LOSS				
	(2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021	45;46	27,131	
	IV. NET OTHER COMPREHENSIVE PROFIT	2022	45;46	153,746	0
	(2019 – 2020 – 2021) ≥ 0				



STATEMENT ON OTHER COMPREHENSIVE RESULT (cont'd)  
 In the period from 1 January to 31 December 2014  
 (in thousand RSD)

V. NET OTHER COMPREHENSIVE LOSS (2020 – 2019 + 2021) ≥ 0	2023		
<b>B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD</b>			
I. TOTAL NET COMPREHENSIVE PROFIT (2001 – 2002 + 2022 – 2023) ≥ 0	2024	3,571,730	13,321
II. TOTAL NET COMPREHENSIVE LOSS (2002 – 2001 + 2023 – 2022) ≥ 0	2025	0	
G. TOTAL NET COMPREHENSIVE PROFIT OR LOSSY (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0	2026	0	0
1. Attributable to majority owners of capital	2027		
2. Attributable to owners who do not have control	2028		

**BALANCE SHEET**  
**On 31 December 2014**  
**(in thousand RSD)**

BALANCE SHEET							
on 31.12. 2014							
- in thousand RSD -							
Group of accounts- account	POSITION	ADP	Note No.	Amount			
				Current year	Previous year		
					Final balance 31.12.2013	Initial balance 01.01.2013	
1	2	3	4	5	6	7	
	<b>ASSETS</b>						
0	A. NON-PAID UP SUBSCRIBED CAPITAL	1					
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		21,714,561	21,573,986	0	
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3	28	25,923	9,278	0	
010 & part 019	1. Investments in development	4					
011, 012 & part 019	2. Concessions, patents, licences, trade marks, software and other rights	5	28	25,923	9,278		
013 & part 019	3. Goodwill	6					
014 & part 019	4. Other intangible assets	7					
015 & part 019	5. Intangible assets in progress	8					
016 & part 019	6. Advances for intangible assets	9					
2	II. REAL ESTATE, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	28	21,585,698	21,404,728	0	
020, 021 & part 029	1. Land	11	28	9,120,668	9,034,813		
022 & part 029	2. Buildings	12	28	10,102,565	8,843,664		
023 & part 029	3. Plants and equipment	13	28	2,316,158	2,261,834		
024 & part 029	4. Investment property	14	28	21,467	20,963		
025 & part 029	5. Other property, plants and equipment	15	28	3,619	3,619		
026 & part 029	6. Property, plants and equipment in progress	16	28	5,768	1,219,824		
027 & part 029	7. Investments in some. else's property, plant and equipment	17					
028 & part 029	8. Advances for property, plants and equipment	18	28	15,453	20,011		
3	III. BIOLOGICAL AGENCIES (0020 + 0021 + 0022 + 0023)	19		165	266	0	
030, 031 & part 039	1. Forests and perannial plants	20					
032 & part 039	2. Livestock unit	21	28	165	266		
037 & part 039	3. Biological agencies in progress	22					
038 & part 039	4. Advances for biological agencies	23					
04. except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		102,775	159,714	0	
040 & part 049	1. Shares in subsidiaries	25					
041 & part 049	2. Shares in associated companies and joint ventures	26					
042 & part 049	3. Shares in other legal entities and other securities available for sale	27	29	1	3		
part 043, part 044 & part 049	4. Long-term investments to parent companies and subsidiaries	28					
part 043, part 044 & part 049	5. Long-term investments to other related parties	29					
part 045 & part 049	6. Long-term investments in the country	30					
part 045 & part 049	7. Long-term investments abroad	31					
046 & part 049	8. Securities hold to maturity	32					
048 & part 049	9. Other long-term financial investments	33	30	102,774	159,711		

BALANCE SHEET (cont'd.)  
On 31 December 2014  
(in thousand RSD)

5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		0	0	0
050 & part 059	1. Receivables from parent company and subsidiaries	35				
051 & part 059	2. Receivables from other related parties	36				
052 & part 059	3. Receivables from sale on trade credit	37				
053 & part 059	4. Receivables from sale per contracts on financial leasing	38				
054 & part 059	5. Receivables based on guarantees	39				
055 & part 059	6. Disputed and doubtful receivables	40				
056 & part 059	7. Other long-term receivables	41				
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER PROPERTY (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		6,201,901	2,602,694	0
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		131,446	140,585	0
10	1. Material, spare parts, tools and small inventory	45	31	109,808	98,433	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	32	20,612	33,682	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	33	1,026	8,470	
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1,144,824	867,394	0
200 & part 209	1. Buyers in the country – parent companies and subsidiaries	52				
201 & part 209	2. Buyers abroad – parent companies and subsidiaries	53				
202 & part 209	3. Buyers in the country – other related parties	54				
203 & part 209	4. Buyers abroad – other related parties	55				
204 & part 209	5. Buyers in the country	56	34	676,715	458,534	
205 & part 209	6. Buyers abroad	57	35	468,109	408,860	
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	36	45,124	105,792	
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 and 237	VI SHORT-TERM INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		2,031,124	538,172	0
230 & part 239	1. Short-term loans and invest. – parent com. and subsidiaries	63				
231 & part 239	2. Short-term loans and investments – other related parties	64				
232 & part 239	3. Short-term credits and loans in the country	65	37	34,818	37,200	
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	38; 39	1,996,306	500,972	
24	VII CASH AND CASH EQUIVALENTS	68	41	2,803,851	896,778	
27	VIII VALUE ADDED TAX	69			0	
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	45,532	53,973	
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		27,916,462	24,176,680	0
88	Ђ. OFF-BALANCE SHEET ASSETS	72	62	511,663	566,762	
	LIABILITIES					
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401		24,957,293	22,116,270	0

BALANCE SHEET (cont'd.)  
On 31 December 2014  
(in thousand RSD)

30	I CORE CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402		20,573,610	20,573,610	
300	1. Share capital	403	43	20,573,610	20,573,610	
301	2. Shares of limited liability companies	404				
302	3. Stakes	405				
303	4. State capital	406				
304	5. Social capital	407				
305	6. Cooperative shares	408				
306	7. Share issue premium	409				
309	8. Other core capital	410				
31	II NON-PAID SUBSCRIBED CAPITAL	411				
047 & 237	III REPURCHASED OWN SHARES	412				
32	IV RESERVES	413	44	1,534,430	1,529,339	
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLES, PROPERTY, PLANTS AND EQUIPMENT	414	45	148,569		
33 except 330	VI. NON-REALISED INCOMES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance of group account 33 except 330)	415	46	5,177		
33 except 330	VII. NON-REALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (debit balance of group account 33 except 330)	416				
34	VIII NON-DISTRIBUTED PROFIT (0418 + 0419)	417		2,695,507	13,321	0
340	1. Non-distributed profit of previous years	418				
341	2. Non-distributed profit of the current year	419	47	2,695,507	13,321	
	IX. SHARE WITHOUT RIGHT OF CONTROL	420				
35	X.LOSS (0422 + 0423)	421		0	0	0
350	1. Loss of previous years	422				
351	2. Loss of the current year	423				
	B. LONG-TERM RESERVES AND LIABILITIES (0425 + 0432)	424		1,074,592	1,115,042	0
40	I LONG-TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	48	185,327	176,654	0
400	1. Reserves for costs within guarantee period	426				
401	2. Reserves for restoration of natural resources	427				
403	3. Reserves for restructuring costs	428				
404	4. Reserves for retirement and other employee benefits	429	49	111,237	114,718	
405	5. Reserves for litigations	430	49	74,090	61,936	
402 & 409	6. Other long-term reserves	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		889,265	938,388	0
410	1. Liabilities that may be converted into capital	433				
411	2. Liabilities toward parent companies and subsidiaries	434				
412	3. Liabilities toward other related parties	435				
413	4. Liabilities from securities for a period longer than one year	436				
414	5. Long-term credits and loans in the country	437				
415	6. Long-term credits and loans abroad	438	50	889,265	938,388	



BALANCE SHEET (cont'd.)  
On 31 December 2014  
(in thousand RSD)

416	7. Liabilities base on financial leasing	439				
419	8. Other long-term liabilities	440	51	0	0	
498	V. DEFERRED TAX LIABILITIES	441	26	210,610	435,863	
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,673,967	509,505	0
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		100,824	125,368	0
420	1. Short-term loans from parent companies and subsidiaries	444				
421	2. Short-term loans from other related parties	445				
422	3. Short-term credits and loans in the country	446				
423	4. Short-term credits and loans abroad	447				
427	5. Liabilities on fixed assets and assets from discontinued operations intended for sale	448				
424, 425, 426 and 429	6. Other short-term financial obligations	449	52	100,824	125,368	
430	II RECEIVED PRIPAYMENT, DEPOSITS AND BAILS	450	53	47,432	36,768	
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		172,638	282,769	0
431	1. Suppliers – parent com. and subsidiaries in the country	452				
432	2. Suppliers – parent com. and subsidiaries abroad	453				
433	3. Suppliers – other related parties in the country	454				
434	4. Suppliers – other related parties abroad	455				
435	5. Suppliers in the country	456	54	132,746	152,856	
436	6. Suppliers abroad	457	55	32,649	127,078	
439	7. Other business liabilities	458	56	7,243	2,835	
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	733,787	2,640	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	66,619	6,691	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59; 60	463,726	1,508	
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	88,941	53,761	
	D. LOSS OVER CAPITAL (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) ≥ 0	463				
	DJ. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 – 0463) ≥ 0	464		27,916,462	24,176,680	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	511,663	566,762	







**CASH FLOW STATEMENT**  
**In the period from 1. January to 31 December 2014**  
**(in thousand RSD)**

CASH FLOW STATEMENT				
in the period from 01.01.2014 to 31.12.2014				
- in thousand RSD-				
Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
<b>A. CASH FLOWS FROM BUSINESS ACTIVITY</b>				
I. Cash inflow from business activities (1 to 3)	3001		9,137,534	6,134,762
1. Sale and received advance payments	3002	65	8,211,506	5,442,570
2. Interests received from business activity	3003	66	50,140	7,310
3. Other inflows from regular operations	3004	67	875,888	684,882
II. Cash outflow from business activities (1 to 5)	3005		4,784,947	4,833,682
1. Payments for suppliers and given advance payments	3006	68	2,741,305	3,215,259
2. Salaries, salary compensations and other personal expenses	3007	69	1,469,359	1,211,491
3. Paid interest	3008	70	46,614	54,601
4. Income-tax	3009	71	46,997	77,149
5. Payment from other public revenues	3010	72	480,672	275,182
III. Net cash inflow from business activities ( I - II )	3011		4,352,587	1,301,080
IV. Net cash outflow from business activities ( II - I )	3012			0
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
I. Cash inflow from investment activity (1 to 5)	3013		50,716	1,241,620
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015	73	762	650
3. Other financial investments (net inflows)	3016	74	0	1,163,898
4. Interests received from investment activities	3017	75	49,954	77,072
5. Dividends received	3018		0	0
II. Cash outflows from investment activities (1 to 3)	3019		2,436,023	1,174,299
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021	76	1,008,471	1,174,299
3. Other financial investments (net outflows)	3022	77	1,427,552	
III. Cash net inflow from investment activities ( I - II )	3023		0	67,321
IV. Cash net outflow from investment activities ( II - I )	3024		2,385,307	0
<b>V. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
I. Cash inflow from financing activities (1 to 5)	3025		0	0
1. Core capital increase	3026		0	0
2. Long-term loans (net inflows)	3027		0	0
3. Short-term loans (net inflows)	3028		0	0
4. Other long-term liabilities	3029		0	0
5. Other short-term liabilities	3030		0	0

CASH FLOW STATEMENT (cont'd.)  
 In the period from 1. January to 31 December 2014  
 (in thousand RSD)

II. Cash outflow from financing activities (1 to 6)	3031		135,486	685,006
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033	78	98,612	98,760
3. Short-term loans (outflows)	3034		0	0
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036	79	30,038	90,140
6. Paid-up dividends	3037	80	6,836	496,106
III. Net cash inflow from financing activities (I-II)	3038			0
IV. Net cash outflow from financing activities (II-I)	3039		135,486	685,006
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)	3040		9,188,250	7,376,382
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)	3041		7,356,456	6,692,987
DJ. NET CASH INFLOW (3040 – 3041)	3042		1,831,794	683,395
E. NET CASH OUTFLOW (3041 – 3040)	3043		0	0
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		896,778	214,383
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3045		83,780	13,585
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3046		8,501	14,585
J. CASH AT THE END OF ACCOUNTING PERIOD (3042 – 3043 + 3044 + 3045 – 3046)	3047		2,803,851	896,778

**JSC BELGRADE NIKOLA TESLA AIRPORT**  
**FINANCIAL STATEMENTS 31 December 2014**

**JSC BELGRADE NIKOLA TESLA AIRPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 December 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 of rendering airport services, the Company, as side activities, provides other services at airport complex, satisfying the needs of service users, domestic and foreign air carriers.

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

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

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

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

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

---

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

---

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

### 1.2. Number of employees and engaged persons

On Balance Sheet date on 31.12.2014 the Company had 1.682 engaged persons (of which 475 refer to permanent employees (on 31. December 2014 it was 1.699 engaged workers, of which 481 permanent employees).

### 1.3. Management structure

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

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

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

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

### 1.4. Ownership structure

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

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

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

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

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

Financial statements for I-XII 2014 have been prepared in accordance legislation and approved at the meeting of the Supervisory Board on 17.04.2015.

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

Decision of the Ministry of 13 March 2014, which was published in the Official Gazette No. 35 of 27 March 2014 (hereinafter "the Decision on establishing the translations") determined and published translations of the basic texts of IAS and IFRS conceptual framework for financial reporting ("Conceptual Framework"), approved by the Board, as well as related IFRIC interpretations. Those translations published in the Decision on establishing the translation does not include the basis for conclusions, illustrative examples, guidelines, comments, opposing opinions, developed examples and other supplementary explaining material that can be adopted in relation to standards or interpretations, unless expressly stated that the material is an integral part of these standards or interpretations. Based on Decision on establishing translation the conceptual framework, IAS, IFRS, IFRIC and related interpretations that are translated are in the application from the financial statements that are prepared as of 31 December 2014. Revised or issued IFRS and standard interpretations, after this date, have not been translated and published, and therefore are not applied in the preparation of these financial statements.

However, to the date of these financial statements, not all amendments to IAS / IFRS and IFRIC interpretations were translated that were effective for annual periods beginning on or after 1 January 2014. In addition, certain laws and subordinate legislation prescribes the accounting procedures, evaluation and disclosure which in some cases differ from the requirements of IAS / IFRS and IFRIC interpretations.

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

- Deviations from IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, plant and equipment" in the treatment and recording the effects of equity valuation and whose main part is the valuation of property and equipment and investment property. Namely, in accordance with Article 27 of the Independent Members Law on Amendments and Supplements to the Law on right to free shares and financial compensation realized by the citizens in the privatization procedure ("Official Gazette" no. 30/2010) the founder of the Company was required to ensure that until June 30, 2010, the Company changes its legal form and expresses its capital in shares of certain par value based on the adjusted book value of equity. Accordingly, after the capital valuation was performed posting of estimated values of assets and liabilities in favour of the



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

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

revaluation reserves. Based on the decision of the Board of Directors of the Company No. 04-100 /1 of 31 May 2010 on the capital increase, and the Decision of the Government of the Republic of Serbia number 023-4175/2010 of 4 June 2010 on the approval of the aforementioned decision on the increase of capital from their own funds by converting the reserves and retained earnings into core capital of JP Aerodrom Nikola Tesla, the Company in its business books made accounting records of increase of the state capital as of 1 January 2010, adjusting the opening balance by reduction of other capital, reserves, revaluation reserves and retained earnings. The aforementioned accounting treatment departs from IAS 16 "Property, plant and equipment", according to which: 1) the result of the revaluation attributed directly to equity, in line item revaluation reserve or recognized as revenue in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense, as well as in the area where 2) revaluation reserves that are part of capital related to property, plant and equipment may be transferred directly to retained earnings when the asset ceases to be recognized. Due to the above mentioned recognition of valuation in the accompanying financial statements in accordance with the mentioned acts are not in accordance with IAS 1 either "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment".

- Deviations from IAS 12 "Income Taxes" - the interpretation of SIC -21 "Income Taxes - Recovery of revalued assets" based on which deferred tax liability or asset arising from the revaluation of assets which are not amortized in accordance with IAS 16 "Property, plant and equipment" are recognized and measures based on the tax consequences that would follow from recovery of the book value of that asset through sale, regardless of the basis for measuring the book value of the asset. Due to the inability of a clear interpretation of the regulations concerning the purchase value of the land, then the determination of rights to dispose of land and ownership of the Company, and due to specific activities and business regulation of airports in the Republic of Serbia, as well as special provisions of Independent Articles of the Law on Amendments and Supplements to the Law on the Right to Free shares and financial compensation realized by the citizens in the privatization procedure ("Official Gazette" no. 30/2010), it is considered that these SIC -21 "Income tax - refund of revalued assets" can not be applied in the circumstances. Deferred tax liabilities arising from revaluation of land would amount to 735.072 thousand, the requirements of interpretation SIC -21 "Income tax - refund of revalued assets." are applied.

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

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

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

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

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

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

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

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments improving disclosure of the fair value and liquidity risk (as revised in March 2009, effective for annual periods beginning on or after January 1, 2009.)

- Amendments to IFRS 1 "First-time Adoption of IFRS" - Additional Exemptions for First-time Adopters Amendments relating to the assets in the oil and gas industry and determining whether an arrangement contains a lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010.)
- Amendments to various standards and interpretations resulting from the annual improvement project of IFRS published on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with a view to removing inconsistencies and clarifying wording (amendments are effective for annual periods beginning on or after January 1, 2010., and the amendment to IFRIC on or after 1 July 2009),
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after July 1, 2009.)
- Amendments to IFRS 2 "Share-based Payment": Amendments resulting from the annual improvement project of IFRS (revised April 2009., Effective for annual periods beginning on or after July 1, 2009.) And amendments relating to payment transactions actions of groups based on cash (revised in June 2009., effective for annual periods beginning on or after January 1, 2010.)
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods beginning on or after 1 July 2009. and IAS 39 "Financial Instruments: Recognition and Measurement" - Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009.)
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009.)
- "Conceptual Framework for Financial Reporting 2010 "being an amendment to the" Framework for the Preparation and Presentation of Financial Statements "(effective date on or after September 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Limited Exemption from Comparative disclosures prescribed in IFRS 7 of first-time Adopters (effective for annual periods beginning on or after 1 July 2010.)
- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for persons under the (significant) control or influence government and clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010.)
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May, 2010. (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2011.)
- Amendments to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" Prepaid Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011.).
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011.)
- Amendments to IFRS 7 "Financial Instruments: Disclosures"-Transfers of Financial Assets (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets for tax (effective for annual periods beginning on or after 1 January 2012.)



- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013)

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

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

- Amendments to IAS 32 "Financial Instruments : Presentation" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate Financial Statements" - Exemption depends from consolidation according to IFRS 10 (effective for annual periods beginning on or after 1 . January 2014).
- Amendments to IAS 36 - "Property value depreciation" Disclosure of the recoverable amount of non financial assets (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IAS 39 "Financial instruments " -restoring products and continued hedge accounting (effective for annual periods beginning on or after January 1, 2014).
- IFRIC 21 " tax" (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IAS 19 "Employee Benefits" - Defined benefit plans: contributions for employees (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period from 2010 to 2012, which are the result of the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period from 2011 to 2013, which are the result of the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014).

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

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

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

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

- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisitions of businesses make joint Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).

- IFRS 14 "Accounts regulatory accrual" - effective for annual periods beginning on or after 1 January 2016.
- IFRS 15 "Revenue from contracts with customers", which defines the framework for the recognition of revenue. IFRS 15 supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programmes", IFRIC15 "Agreements for the construction of real estate" and IFRIC18 "Transfers of assets from customers". IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of the accepted methods of amortization Clarification of Acceptable Methods of Depreciation and Amortization (effective for annual periods beginning on or after 1 January 2016) .
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture - industrial plants Agriculture - Bearer Plants (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 27 "Separate Financial Statements" - the equity method in the individual financial statements Equity Method and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or transfer of assets between investors and its associated entities or joint ventures - Sale or Contribution of Assets between an Investor and its associate or joint venture (effective for annual periods beginning on or after 1 January 2016).

### **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**

Sales revenue is recognized when the risks and benefits associated with the right of ownership is transferred to the customer, and that includes the date of delivery to the customer. Revenue is measured at the fair value of the consideration received or to be received, in the net amount after deducting the discounts and value added tax.

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

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

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

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

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

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



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

#### 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 in collection of receivables and payment of liabilities in foreign currency at the official exchange rate of the National Bank of Serbia, which occur as a result of differences in the exchange rate on the date of purchase and the exchange rate on the date of payment, as realized positive or negative exchange rate differences, 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 balance sheet as follows:

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

	31.12.2014	31.12.2013
EUR	120.9583	114.6421
USD	99.4641	83.1282
CHF	100.5472	93.5472
GBP	154.3650	136.9679

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

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

Agreed rate:	Value in RSD	
EUR - for EIB loan	121.3212	114.9860
EUR - for Hypo leasing	122.7727	116.3617

#### 3.4. Real estates, plants, equipment, biological resources

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

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

The Company has engaged a certified appraiser - the Company for financial engineering and consulting - Servo Mihalj - Agroekonomik to assess the value of property, plant and equipment as at 31.12.2014. On the basis of the assessment report, the assessment of land, building structures, housing and equipment for general purpose, adopted a market-based method, while the other buildings specific plant and equipment, the methods adopted replacement cost net of amortization degree.

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

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

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

#### 3.5 Intangible investments

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

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

Depreciation of property, plant and equipment is calculated using straight-line method over the estimated useful life. The depreciation rates that were used in the 2014 business year, as well as the rate of amortization calculated based on the useful life of the assets according to the evaluation report, which will be applied in future periods are reported in the following table:

DESCRIPTION	31.12.2014 after evaluation	31.12.2014 before estimated fair value
<b>Building facilities</b>	%	%
Water and electricity facilities	2,27 - 7,14	1,50 - 10,00
Roads, airports and parking lots	2,22 - 20,00	2,00 - 12,5
Other building facilities	5,00 - 20,00	5,00 - 20,00
Flats given to employees for use	1.49	1.42
<b>Equipment</b>	%	%
New specific equipment	5,26 - 50,00	5,00 - 33,33
Equipment for road traffic	9,00 - 33,33	6,67 - 33,33
Equipment for PTT and TV	11,11 - 50,00	10,00 - 33,33
Equipment for air traffic	8,33 - 25,00	6,67 - 20,00
Measuring and control devices and specific devices	5,00 - 25,00	5,00 - 50,00
Laboratory equipment, teaching aids and medical devices	25,00 - 33,33	14.29
Electronic, calculating machines and computers	16,67 - 25,00	11,11 - 33,33
Furniture and equipment for general purposes	11,00 - 25,00	10,00 - 50,00
Equipment for road traffic under financial leasing	12,50 - 25,00	6,67 - 25,00
Equipment and plants	20,00 - 25,00	5,00 - 50,00
Tools and inventory	33,00 - 100,00	33,00 - 100,00
<b>Intangible investments</b>	%	%
Software and licenses	10,00 - 50,00	10,00 - 50,00

#### 3.7. Investment property

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

The Company has engaged a certified appraiser - Institute for Economic Research Belgrade, to assess the value of investment property as on 31.12.2014. In the assessment report fair value of investment property is determined as probability of estimated value using the replacement cost method and the yield method.



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

#### **3.8. Impairment**

At each balance sheet date the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that there has been a loss due to the impairment of such assets. If any such indication exists, the recoverable amount of assets is estimated so that the extent of the impairment loss could be determined. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit, to which the asset belongs.

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

If the estimated recoverable amount of the asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Losses from impairment are recognized as an expense immediately, unless the relevant asset is land or buildings that are not used as investment property carried at a revalued amount, in which case the impairment loss is treated as a reduction in the value of revaluation.

With the subsequent reversal of the impairment, the carrying amount of the asset (cash generating unit) is increased to the revised estimated recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined in previous years if there were no losses recognized in this asset (cash generating unit) due to impairment. A reversal of an impairment loss is recognized immediately in income, unless the relevant asset is carried at appraised value, in which case the reversal of the impairment loss is treated as an increase due to revaluation.

On December 31, 2014, based on the Company's management estimates there are no indications that the value of the assets is impaired.

#### **3.9. Stocks**

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

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

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

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

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

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

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

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

The Law on Corporate Income Tax of the Republic of Serbia do not envisage that any tax losses of the current period be used to recover taxes paid in previous years. However, losses which are

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

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

included in the tax balance until 2009, can be used to reduce the tax base in future periods over the next ten years from the vesting date, and the losses realized and recognized in the tax statement for 2010 and beyond, can be used to reduce the tax base in future periods, but not longer than five years.

The Law on Corporate Income Tax of the Republic of Serbia in the part of tax credit provides that taxpayers who have until December 31, 2013 were entitled to a tax incentive under Art. 48. The previous law, and expressed the information in the tax return and the tax return for 2013, cannot be entitled to use up to the deadline and in the manner prescribed by the earlier law. According to Art.48 Paragraph 5 of the previous law, "unused tax credits can be offset against income tax in future periods up to the prescribed limit of 33% (for large and medium-sized enterprises), but not longer than ten (10) years that you apply as of the tax balance sheet for the year 2003 ". In determining the income tax for 2014, the earliest previous tax period from which they can use unused tax credit is the tax account or PK form in 2004. Transferred tax credit is used in the order of investment.

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

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

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

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

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

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

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

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

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

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

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

- Terminal wage for retirement in amount of 4 average month salaries without tax and contributions paid at the employer's in the very month before payment of terminal wage



- Jubilee awards for total time spent in employment with the employer in the amount of the average monthly salary without tax and contributions paid by the employer for the month preceding the month in which the employee is entitled to jubilee awards as follows:

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

#### 3.11. Benefits for employees

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

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

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

#### 3.12. Leasing

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

##### The Company as lessor

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

##### The Company as lessee

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

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

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

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

#### 3.13. Information on business segments

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

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

#### 3.14. Financial instruments

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

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

##### *Long term investments*

Long-term investments after initially are measured by:

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

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

Long-term loans granted to employees are measured at fair value discounted by applying market interest rates.

##### *Short-term receivables and investments*

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

Receivables from sales of goods and services are measured by the cost of the original invoice. Invoiced interest related to the sale of goods and services are recognized as other receivables and are recorded in income in the period in which they arise.

Other receivables and investments originated by the company are measured at amortized cost.

Any difference between the carrying amount and subsequent measurement is recognized as a gain or loss in the period in which incurred.

##### *Devaluation of funds*

At each balance date, objective evidences of the value of assets are evaluated, by analysis of expected net cash inflows.

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand.

##### *Financial liabilities*

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

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



#### **4. SUMMARY OF IMPORTANT ACCOUNTING EVALUATIONS**

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

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

##### **4.1. Amortisation and amortisation rate**

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

In addition, due to the significance of fixed assets in the total assets of the Company, any change in the aforementioned assumptions may lead to material effects on the financial position of the Company as well as the financial result. As an example, if the Company shorten the average useful life by 10%, this would result in additional amortization charges for the year ended on 31 December 2014 for about RSD 81.125 thousand (year ended on 31 December 2013: RSD 72.913 thousand).

##### **4.2. Correction of values of uncollectible receivables**

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

##### **4.3 Litigations**

Overall, provisions have largely been subject to estimates. The Company assesses the likelihood of adverse cases may occur as a result of past events and assesses the amount required to settle the obligation. Assessment of potential liabilities arising from legal disputes is carried out by internal expert services or external advisors.

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

##### **4.4. Fair value**

The fair value for the purposes of disclosure under the requirements of IFRS 13 is defined as the price that would be received for the sale of assets, or paid to transfer obligations in a regular transaction between market participants on the measurement date.

Business policy of the Company is to disclose information about the fair (fair) value of assets and liabilities for which official market information exist and when fair value is materially different from the carrying value. In the Republic of Serbia there is no sufficient market experience, stability and liquidity for the purchase and sale of receivables and other financial assets or liabilities, given that published market information is not readily available. Hence, fair value can not be reliably determined in the absence of an active market. The Company's management assesses risk and when it estimates that the value of assets stated in its books may not be realized, it makes value corrections. In the opinion of the company management, the amounts in these financial statements reflect the value that is, in the circumstances, the most valid and useful for reporting purposes.

## **4. SUMMARY OF IMPORTANT ACCOUNTING EVALUATIONS**

### **4.4. Fair value**

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

Valuation techniques that are applied for measuring fair value, should make maximum use of relevant observable inputs and minimize the use of unobservable inputs.

To increase consistency and comparability in fair value measurements and related disclosures the fair value hierarchy shall be determined, which classifies into three levels inputs for valuation techniques that are used in determining the fair value according to the structure below:

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

Inputs Level 2 - inputs that are not quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include the following: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs that are not quoted prices, if they are visible for assets or liabilities and inputs supported by market.

Inputs Level 3 - unobservable inputs for the asset or liability that entity develops using the best information available in the circumstances. So, all reasonably available information about the market participants assumptions are considered. Unobservable inputs are considered market participant assumptions and meet the objective of fair value measurement.



5. REVENUES FROM SALE OF GOODS IN FOREIGN MARKET	I-XII 2014	I-XII 2013
	in 000 RSD	in 000 RSD
Revenues from sale of goods-kerosene (re-export)*	620,416	700,447
Revenues from sale of fuel in foreign market	112	0
	<b>620,528</b>	<b>700,447</b>

6. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET	I-XII 2014			I-XII 2013		
	Revenues with foreign buyer branches	Revenues from foreign buyer branches	Revenues w/o foreign buyer branches	Revenues with foreign buyer branches	Revenues from foreign buyer branches	Revenues w/o foreign buyer branches
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service	1,097,241	101,385	995,856	833,415	133,222	700,193
Security fee	393,194	20,724	372,470	243,088	27,176	215,912
Landing	198,565	37,848	160,717	125,998	42,540	83,458
Aircraft handling *	227,789	55,796	171,993	161,231	59,063	102,168
Infrastructure	126,078	31,554	94,524	88,195	33,333	54,862
Air-bridges	9,343	9,343	0	11,039	11,016	23
Lighting	56,071	2,714	53,357	32,094	3,219	28,875
Aircraft abode tax	6,684	929	5,755	4,072	1,403	2,669
Aircraft de-icing services	24,064	936	23,128	23,542	6,865	16,677
Com. usage of apron *	58,869	0	58,869	75,356	0	75,356
Usage of the CUTE system	18,698	5,187	13,511	37,649	5,777	31,872
Service on special request *	26,977	768	26,209	11,073	825	10,248
Renting of advertisement space	25,859	0	25,859	33,936	0	33,936
Public services	134,283	1,364	132,919	139,875	790	139,085
Cargo-custom services	117,832	53	117,779	98,473	2	98,471
DCS services*	0	0	0	45	0	45
Lost and found services *	1,262	1,262	0	1,613	1,613	0
Use of parking	36,424	0	36,424	35,707	86	35,621
Other services *	26,146	4,390	21,756	21,980	5,003	16,977
	<b>2,585,379</b>	<b>274,253</b>	<b>2,311,126</b>	<b>1,978,381</b>	<b>331,933</b>	<b>1,646,448</b>

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

7. REVENUES FROM SALE OF SERVICES IN FOREIGN MARKET	I-XII 2014			I-XII 2013		
	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches
	000 RSD	000 RSD	000 RSD	000 RSD	000 RSD	000 RSD
Passenger service	1,514,117	101,385	1,615,502	1,286,584	133,222	1,419,806
Security fee	342,446	20,724	363,170	300,775	27,176	327,951
Landing	612,834	37,848	650,682	470,316	42,540	512,856
Aircraft handling *	729,985	55,796	785,781	554,312	59,063	613,375
Infrastructure	405,850	31,554	437,404	284,773	33,333	318,106
Air-bridges	175,973	9,343	185,316	106,547	11,016	117,563
Lighting	73,196	2,714	75,910	53,568	3,219	56,787
Aircraft abode tax	31,032	929	31,961	22,511	1,403	23,914
Aircraft de-icing services	19,195	936	20,131	50,981	6,865	57,846
Usage of the CUTE system	92,457	5,187	92,457	77,778	5,777	83,555
Service on special request *	29,061	768	29,829	26,290	825	27,115
Renting of advert. space	18	0	18	0	0	0
Public services	3,574	1,364	4,938	1,666	790	2,456
Cargo-custom services	25,106	53	25,159	30,571	2	30,573
Rev. from consultancy ser.	46,466	0	46,466	45,445	0	45,445
DCS services*	33,213	0	33,213	30,829	0	30,829
Lost and found services *	18,851	1,262	20,113	15,158	1,613	16,771
Other services*	38,098	4,390	47,675	38,239	5,114	43,353
	<b>4,191,472</b>	<b>274,253</b>	<b>4,465,725</b>	<b>3,396,368</b>	<b>331,958</b>	<b>3,728,301</b>
<b>Total revenues from sale of products and services</b>	<b>6,776,851</b>		<b>6,776,851</b>	<b>5,374,749</b>		<b>5,374,749</b>

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

8. Revenues from sale of services per geographic region	I-XII 2014	I-XII 2013
	in 000 RSD	in 000 RSD
Serbia	2,311,126	1,646,448
Germany (Lufthansa + Germanwings + European)	642,350	676,604
Montenegro (Montenegro +other buyers MN)	473,887	363,175
Austria (Austrian Airlines branch +Niki)	270,968	310,770
Switzerland (Swiss Air)	362,199	323,010
Russia (Aeroflot)	331,236	265,559
Turkey (Turkish +Pegasus + Mondial)	503,957	422,826
France (Air France)	911	22,480
Italy (Al Italia+ Air one)	161,883	147,259
Abu Dhabi (Etihad Air branch +Etihad Air)	127,047	52,400
Hungary (Wiz air + Cityline)	609,701	485,171
Romania (Tarom)	31,108	42,042
Tunisia (Tunis Air)	50,922	50,388
Greece (Olympic +Olympic branch+Aegean)	68,396	50,550
England (Easyjet)	155,854	37,179
Norway (Norwegian)	68,789	84,580
Polland (Polskie linie)	68,954	42,042
Dubai (Fly Dubai)	66,862	68,422
Qatar (Qatar Airways)	61,033	47,501
Slovenia (Adria Airways + Solin Air)	22,506	60,009
<b>Other foreign buyers</b>	<b>387,162</b>	<b>176,334</b>
	<b>6,776,851</b>	<b>5,374,749</b>



<b>9. Revenues from sale of services per buyers</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
-	in 000 RSD	in 000 RSD
Air Serbia-Serbia	1,797,688	1,145,905
Deutsche Lufthansa-Germany	577,957	602,973
Montenegro Airlines-Montenegro	470,245	361,562
Branch Austrian Airlines-Austria	270,968	304,191
Swiss Air-Switzerland	362,199	323,010
Turkish Airlines-Turkey	379,810	282,978
Aeroflot-Russia	331,236	265,559
Adria Airways-Slovenia	3,713	33,799
Alitalia-Italy	161,883	145,765
Air France-France	911	22,480
German wings-Germany	45,146	54,797
Norwegian-Norway	68,789	84,580
EasyJet-England	155,854	37,179
Wiz Air+ branch (Hungary)	607,116	479,115
Tarom-Romania	31,108	42,042
Pegasus- Turkey	77,681	94,403
Tunis Air- Tunisia	50,922	50,388
Fly Dubai-Dubai	66,862	68,422
Greece – Olympic +branch	4,136	50,440
Iran Air-Iran	24,724	3,117
Qatar airways-Qatar	61,033	47,501
Etihad Airways PJSC-Abu Dhabi	127,047	52,400
NIS AD-Serbia	36,231	53,136
JAT Tehnika -Serbia	42,009	33,418
Parking service-Serbia	28,536	28,376
Alma Quatro *Air Media-Serbia	15,158	16,654
Dufry doo Beograd-Serbia	29,573	52,554
Mondial Bodrum-for consultancy services-Turkey	46,466	45,445
Other domestic buyers- Serbia	361,931	316,405
Other foreign buyers	539,919	326,595
	<b>6,776,851</b>	<b>5,374,749</b>

<b>10. OTHER BUSINESS REVENUES</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
-	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	748,805	551,980
Revenues from lease to foreign legal persons	7,679	9,043
	<b>756,484</b>	<b>561,023</b>

<b>11. PURCHASE VALUE OF SOLD GOODS</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	682	807
Purchase value of sold kerosene - re-export	594,667	679,359
	<b>595,349</b>	<b>680,166</b>

<b>12. COSTS OF MATERIAL</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of basic material	100,235	91,692
Overhead costs of material (office material)	21,539	13,696
Costs of spare parts	59,886	54,095
Costs of tools and inventory	23,153	12,699
	<b>204,813</b>	<b>172,182</b>

<b>13. COSTS OF FUEL AND ENERGY</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of gasoline and diesel fuel	88,373	91,220
Costs of oil fuel for heating	26,060	38,699
Costs of electric energy	171,845	123,516
	<b>286,278</b>	<b>253,435</b>

<b>14. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Gross salaries and salary reimbursements - employees	683,205	655,688
Gross salaries and salary reimburs. - management	30,365	32,598
Taxes and contributions at the cost of employer	127,721	123,201
Costs of reimburs. per service contract and royalties	1,317	1,563
Costs of reimbursement for youth organizations etc.	544,353	317,773
Costs of reimburs. for natural persons -cont.on add.work	395	677
Costs of reimburs. for members of SB,SA, rev.committee	8,232	9,902
Transport of employees	37,371	39,100
Costs of business trips	5,400	9,946
Terminal wages and jubilee bonuses	590	3,809
Other personal expenditures	21,987	6,514
	<b>1,460,936</b>	<b>1,200,771</b>

The cost benefits to youth cooperatives and other forms of engagement presented in the business year 2014 in the amount of RSD 544.353 thousand, in the largest amount of RSD 342.852 thousand, relate to employee involvement through youth organizations and engagement under contract for temporary and occasional jobs in the amount of RSD 201.501 thousand, according to the needs and requirements of increasing volume of services.

<b>15. COSTS OF PRODUCTION SERVICES</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of engaging youth organizations for:		
- aircraft ground handling	225,054	319,487
- guarding etc.	273,124	480,361
IT services on passenger and baggage check-in	41,949	44,527
Costs of phone and other PTT services	27,833	29,563
Costs of maintenance services	134,422	140,073
Lease costs	30,430	26,838
Advertising costs	16,538	36,279
The cost of catering services of tenants - (re-invoiced to airlines)	43,214	33,412
Costs of utilities	29,114	34,020
Costs of other production services	11,469	20,894
	<b>833,147</b>	<b>1,165,454</b>



<b>16. COSTS OF LONG-TERM RESERVING</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of reserving for terminal wages	10,910	10,660
Costs of reserving for jubilee bonuses	4,308	15,544
Costs of reserving for litigations	38,930	2,080
	<b>54,148</b>	<b>28,284</b>

<b>17. INTANGIBLE COSTS</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of occupational health JAT/ Air Serbia	10,577	13,481
Costs of cleaning services	53,626	54,272
Costs of engagement of youth organizations for:		
- technical support maintenance	63,102	123,290
- administration jobs (economic and legal)	111,354	148,885
Costs of other non-production services	66,348	57,461
Costs of representation	4,203	12,787
Costs of insurance	21,578	30,104
Costs of payment system	5,889	6,080
Membership	5,056	4,919
Property tax and other reimbursements	77,221	75,223
Other intangible costs	19,552	15,209
	<b>438,506</b>	<b>541,711</b>

<b>18. INTEREST INCOME</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Interest in term deposits in RSD	16,954	5,475
Interest for RSD deposits in current accounts	7,818	12,255
Interest in term deposits in foreign currency	14,210	41,004
Interest for foreign currency in current accounts	18,650	8,464
Interest on housing loans	1,470	1,317
Interest on court decisions	30,814	29
Default interest for late payment by buyers	2,726	26,428
Other interests	61	50
	<b>92,703</b>	<b>95,022</b>

<b>19. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECT OF CURRENCY CLAUSE</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Revenues from realized exchange rate differences	125,517	68,613
Revenues from non-realized exchange rate differences	48,039	1,201
Revenues from effects of contracted currency clause	11,688	2,625
	<b>185,244</b>	<b>72,439</b>



<b>20. INTEREST EXPENDITURES</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Interest for long-term EIB loan	46,092	48,365
Interest for financial leasing	249	5,490
Default interest in the country	6,265	123
Interest of untimely paid public revenues	13,019	83
Interest for housing loan	-	50
	<b>65,625</b>	<b>54,111</b>

<b>21. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Negative exchange rate differences-realized	28,058	73,111
Negative exchange rate differences- non-realized	55,236	11,790
Expenditures from effects of contracted currency clause	516	643
	<b>83,810</b>	<b>85,544</b>

<b>22. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Valuation adjustment of receivables:		
- from buyers	11,914	-
- for interest	30	-
- for housing loans	6,819	6,045
Other unmentioned income	1,398	2,731
	<b>20,161</b>	<b>8,776</b>

<b>23. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Impairment of receivables for housing loans	52,310	6,021
Value correction of doubtful and disputed receivables	552,340	1,934,288
Other impairment expenditures	788	393
	<b>605,438</b>	<b>1,940,702</b>

Impairment of receivables for housing loans presented in the business year 2014 in the amount of RSD 52,310 thousand for the most part, in the amount of RSD 49,379 thousand represent an effect of adjustment to fair value of housing loans.

Value correction of receivables recognized in the business year 2014 in the amount of RSD 552.340 thousand mainly relate to value correction of receivables from the company Air Serbia ad Belgrade in the amount of RSD 514.301 thousand.

24. OTHER REVENUES	I-XII 2014	I-XII 2013
	In 000 RSD.	In 000 RSD.
Revenues from sale of equipment and materials	1,535	2,015
Revenues of collected, corrected receivables from buyers	2,178,011	18,221
Revenues of collected, corrected receivables from Gold Bank	-	1,335
Revenues from cancel. of reser. for litigations & emp. benefits	1,132	47,503
Revenues from indemnity from legal and natural persons	10,077	7,877
Revenue from charged court costs	2,250	112
Revenues of previous years	3,209	2,179
Positive effects of contracted revaluation	2	2,509
Revenue from revaluation of property and equipment	40,240	-
Revenue from value adjustment of investment property "Borik"	504	169
Other non-mentioned revenues	101,889	6,705
	<b>2,338,849</b>	<b>88,625</b>

Income from collection of previously corrected receivables in the business year 2014 in the amount of RSD 2,178,011 thousand in largest part amounting to RSD 2,145,319 thousand refer to the receivables collected from Public Debt Administration of the Republic of Serbia. Namely, under the Law on taking over liabilities of the company Air Serbia toward legal and physical entities for provided services and delivered goods and conversion of liabilities into public debt of the Republic of Serbia (Official Gazette of the RS142 / 2014 of 25.12.2014), the debt was taken over in the amount of RSD 4,290,638 thousand. On 29 December 2014, the Public Debt Administration of the Republic of Serbia has carried out settlement of liabilities of Air Serbia in the amount of RSD 2,145,319 thousand.

Other reported revenues in the business year 2014 in the amount of RSD 101.889 thousand in the largest part, in the amount of RSD 101.436 thousand, relate to calculated and invoiced revenues on the basis of the variable part of a lease, caused by the effects of the minimum annual lease fee for change of retail price growth in Germany. Given the requirements of the tax regulations of the Republic of Serbia and bearing in mind that these accounts were not reconciled with the tenant, the Company records these revenues in the current period although they are calculated for the period from the beginning of the contractual relationship.

25. OTHER EXPENDITURES	I-XII 2014	I-XII 2013
	in 000 RSD.	in 000 RSD.
Loss from sale and write-off of equipment	3,340	1,602
Costs from disclosed deficits	-	157
Expenditures from direct write-off of receivable	1,517,335	45
Cost of material per inventory	2,963	25
Litigation expenses	6,127	1,332
Costs for humanitarian, health and scientific purposes	29,382	20,786
Expenditures of previous years	9,022	1,061
Other non-mentioned expenditures	9,773	2,658
Impairment of property and equipment	120	-
Impairment of livestock	101	71
Losses on impairment of advances	4,148	-
Expenditures for trade unions	4,800	4,781
	<b>1,587,111</b>	<b>32,518</b>

Losses on the direct write-off receivables in the business year 2014 in the amount of RSD 1,517,335 thousand entirely relate to the write-off of receivables from Air Serbia doo, Beograd. Namely; based on the decision of the Supervisory Board on the write-off of receivables for services rendered to the Company for Air Transportation Air Serbia, adopted at the Conclusion of the Government of RS 05 No. 40-15095 / 2014-1 write off was made toward Air Serbia for services performed in the period from 1 January 2014 to 30 September 2014 at the expense of the results of the current period.



<b>26. PROFIT TAX</b>		
<b>a) Components of profit tax</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Period tax expenditure	597,105	8,736
Period tax expenditure correction due to transfer pricing	-	2,884
<b>Period tax expenditure after correction</b>	<b>597,105</b>	<b>11,620</b>
Deferred period tax expenditure	-	-
<b>Deferred period tax revenue</b>	<b>252,384</b>	<b>3,566</b>
	<b>344,721</b>	<b>8,054</b>

<b>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Profit before tax	3,762,705	21,375
Profit tax calculated at rate of 15%	564,406	3,206
Tax effect of expenditures not acknowledged in tax balance	326,795	9,833
Tax credit for investment in fixed assets of the current period	-	(4,303)
Tax credit for investment in fixed assets of the previous years	(294,096)	-
Other-effect of differences in the transfer pricing on income tax	-	2,884
<b>Period tax expenditure</b>	<b>597,105</b>	<b>11,620</b>

Account of deferred tax liabilities and assets in 2014 and 2013 is shown in the following table:

<b>v) Table of changes in deferred tax assets and tax liabilities</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
<b>Deferred tax assets</b>		
Balance on 1 January	-	-
Subsequently recognized deferred tax credits	237,201	-
Deferred tax assets for terminal wages	7,952	-
Deferred tax assets for unpaid taxes	665	-
<b>Balance on 31 December</b>	<b>245,818</b>	<b>-</b>
<b>Deferred tax liabilities</b>		
Balance on 1 January	435,863	439,429
Effects arising from valuation of fixed assets	26,218	-
Effects based on assessment of actuarial gains	913	-
Temporary differences between tax and accounting amortization	(6,566)	(3,566)
<b>Balance on 31 December</b>	<b>456,428</b>	<b>435,863</b>
<b>Deferred tax liabilities - net</b>	<b>210,610</b>	<b>435,863</b>

The effects of changes in deferred tax assets are recorded through equity components in the amount of RSD 27,131 thousand and in the income statement in the amount of RSD 252,384 thousand.



## 26. PROFIT TAX (cont'd.)

	Year of expiry	Amount of transfer. TC	Utilized TC	Outstanding transferred TC
Year of origination of profit tax		from 2013	in 2014	31.12.2014
2004	2014	121,717	121,717	-
2005	2015	106,634	106,634	-
2006	2016	159,464	65,745	93,719
2007	2017	33,154	-	33,154
2008	2018	57,663	-	57,663
2012	2022	156,179	-	156,179
2013	2023	188,815	-	188,815
2014		-	-	-
Unrecognised deferred tax credits		(292,329)		(292,329)
<b>Balance of tax credit ( TC )</b>		<b>531,297</b>	<b>294,096</b>	<b>237,201</b>

<b>27. PROFIT PER SHARE</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Net profit for owners	3,417,984	16,205
Net profit correction	-	(2,884)
<b>Net profit after correction</b>	<b>3,417,984</b>	<b>13,321</b>
Average weighted number of shares	34,289,350	34,289,350
Basic profit per share in RSD	<b>99.68</b>	<b>0.39</b>

in 000 RSD.

## 28. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL RESOURCES

DESCRIPTION	Intangible assets	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Investments in progress	Advances	Total property, plants and equipment	Biological resources - livestock
<b>Purchase value</b>										
Initial balance, 01.01.2013	32,642	9,034,813	10,403,814	2,790,253	20,794	3,619	745,537	26,930	23,025,760	350
Purchase during the year	4,592	-	-	632,456	-	-	1,106,743	-	1,106,743	-
Transfer from current investments	-	-	-	632,456	-	-	(632,456)	-	-	-
Alienation, disbursement and sale	-	-	(288)	(9,548)	-	-	-	-	(9,836)	-
Other	-	-	-	169	-	-	-	5,772	5,941	-
Negative effects of assessment	-	-	-	-	-	-	-	-	-	(84)
<b>Final balance, 31.12.2013</b>	<b>37,234</b>	<b>9,034,813</b>	<b>10,403,526</b>	<b>3,413,161</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>32,702</b>	<b>24,128,608</b>	<b>266</b>
<b>Value correction</b>										
Initial balance, 01.01.2013	24,919	-	1,169,118	824,127	-	-	-	12,691	2,005,936	-
Amortization in current year	3,037	-	390,872	335,224	-	-	-	-	726,096	-
Alienation, disbursement and sale	-	-	(128)	(8,024)	-	-	-	-	(8,152)	-
<b>Final balance, 31.12.2013</b>	<b>27,956</b>	<b>-</b>	<b>1,559,862</b>	<b>1,151,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,691</b>	<b>2,723,880</b>	<b>-</b>
<b>Net correct value, 31.12.2013</b>	<b>9,278</b>	<b>9,034,813</b>	<b>8,843,664</b>	<b>2,261,834</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>20,011</b>	<b>21,404,728</b>	<b>266</b>
<b>Net correct value, 31.12.2012</b>	<b>7,723</b>	<b>9,034,813</b>	<b>9,234,696</b>	<b>1,966,126</b>	<b>20,794</b>	<b>3,619</b>	<b>745,537</b>	<b>14,239</b>	<b>21,019,824</b>	<b>350</b>
<b>Purchase value</b>										
Initial balance, 01.01.2014	37,234	9,034,813	10,403,526	3,413,161	20,963	3,619	1,219,824	32,702	24,128,608	266
Purchase during the year	22,428	-	-	3,413,161	-	-	784,858	-	784,858	-
Transfer from current investments	-	-	1,677,540	321,374	-	-	(1,998,914)	-	-	-
Alienation, disbursement and sale	(24,373)	-	(7,693)	(7,043)	-	-	-	-	(14,736)	-
Positive effects of assessment	-	85,855	39,441	89,732	504	-	-	-	215,532	-
Negative effects of assessment	-	-	(86)	(34)	-	-	-	-	(120)	(101)
Decrease of current value by accum.amort.	-	-	(2,010,163)	(1,496,764)	-	-	-	-	(3,506,927)	-
<b>Final balance, 31.12.2014</b>	<b>35,289</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,320,426</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>32,702</b>	<b>21,607,215</b>	<b>165</b>
<b>Value correction</b>										
Initial balance, 01.01.2014	27,956	-	1,559,862	1,151,327	-	-	-	12,691	2,723,880	-
Amortization in current year	5,783	-	454,858	356,395	-	-	-	-	811,253	-
Alienation, disbursement and sale	(24,373)	-	(4,557)	(6,690)	-	-	-	-	(11,247)	-
Cancellation of v.c. as per assessm. report	-	-	(2,010,163)	(1,496,764)	-	-	-	-	(3,506,927)	-
Advance value correction	-	-	-	-	-	-	-	3,121	3,121	-
<b>Final balance, 31.12.2014</b>	<b>9,366</b>	<b>-</b>	<b>-</b>	<b>4,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>20,080</b>	<b>-</b>
<b>Net correct value, 31.12.2014</b>	<b>25,923</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,316,158</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>16,890</b>	<b>21,587,135</b>	<b>165</b>
<b>Net correct value, 31.12.2013</b>	<b>9,278</b>	<b>9,034,813</b>	<b>8,843,664</b>	<b>2,261,834</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>20,011</b>	<b>21,404,728</b>	<b>266</b>

## 28. INTANGIBLE ASSETS, PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL RESOURCES (continued)

On the basis of the assessment report, conducted by a certified appraiser, total net present value of fixed assets amounted to RSD 21,585,698 thousand. As an assessment method is used the market and depreciated replacement cost method.

The total negative effects of assessment in the amount of RSD 120 thousand were recorded as expense of the current period. Positive effects are estimated to be RSD 215.532 thousand and are recorded in the revaluation reserve in the amount of RSD 148.569 thousand, after reduction of deferred taxes effects of RSD 26,218 thousand, and the remaining amount of RSD 40,744 thousand is credited to the income of the current period (funds for which as per previous estimate negative assessment effect was charged to expenses), Note No. 24.

Purchase value of completely written off fixed assets on 31 December 2014 amounted to RSD 54,221 thousand.

29. PARTICIPATION IN CAPITAL OF OTHER LIGAL ENTITIES AND OTHER SECURITIES	31.12.2014.	31.12.2013.
	in 000 RSD	in 000 RSD
Privredna banka a.d. Beograd	392	392
<i>Minus: value correc. of partic. in capital of banks in bankruptcy</i>	<i>(392)</i>	<i>(392)</i>
	-	-
<b><i>Participation in capital of banks in liquidation</i></b>		
Union banka a.d. Beograd- in liquidation	667	667
Beogradska banka a.d. Beograd-in liquidation	18,988	18,988
Beobanka a.d. Beograd-in liquidation	38	38
	19,693	19,693
<i>Minus: value correc. of partic. in capital of banks in liquidation</i>	<i>(19,693)</i>	<i>(19,693)</i>
	-	-
<b><i>Participation in capital of foreign legal entities</i></b>		
Mondial Milas Bodrum -Turkey	358,598	358,598
Societe International de Telecom. Aeronautiques Swisse (SITA)	1	3
<i>Minus: value corr.of participation in capital of Mondial Milas Bodrum-Turkey</i>	<i>(358,598)</i>	<i>(358,598)</i>
	1	3
	1	3



<b>30. OTHER LONG-TERM FINANCIAL INVESTMENTS</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	In 000 RSD	In 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	5,750	4,985
Long-term loans to employees	318,796	337,550
Receivables for sold socially owned housing	1,250	1,321
Receivables for purchase of solidarity housing	3,038	3,475
	<b>323,084</b>	<b>342,346</b>
<b>Total gross</b>	<b>328,834</b>	<b>347,331</b>
Current maturities of long-term investments in Societe International de Telecom. Aeronautiques Swisse (SITA)	(521)	(442)
Current maturities of long-term loans to employees	(15,371)	(17,851)
Adjustment to fair value of long-term loans to employees	(210,168)	(169,327)
	<b>102,774</b>	<b>159,711</b>

Long-term loans granted to employees are presented as of 31.12.2014 in the amount of RSD 323,084 thousand (including current maturities in the amount of RSD 15,371 thousand and the effects of adjustment to fair value in the amount of RSD 210,168 thousand) relate to loans granted to employees for meeting the housing needs for a period of 20-40 years. The estimate of the fair value of housing loans as of 31.12.2014 are performed by the Institute for Economic Research Belgrade, by projection of future cash flows from collection of receivables for housing loans using discount rates (built-up method): from 10% to 20% depending on whether and in what intervals housing Loans are revalued or contracted with currency clause, whether they have contracted interest rate or are contracted without interest rate.

<b>31. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Basic material	91,990	90,011
Spare parts	15,117	5,898
Tools and supplies	2,763	2,586
Value correction of material and spare parts stock	(62)	(62)
	<b>109,808</b>	<b>98,433</b>

<b>32. GOODS</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Goods in warehouse - kerosene	20,585	33,639
Goods in retail trade	27	43
	<b>20,612</b>	<b>33,682</b>

<b>33. ADVANCES FOR SUPPLIES AND SERVICES - ADP 0050</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Advances for services in the country	1,470	8,605
Advances for foreign services	635	620
Advance value correction	(1,079)	(755)
	<b>1,026</b>	<b>8,470</b>

<b>34. BUYERS IN THE COUNTRY</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Total balance of receivables from buyers in the country	<b>3,293,944</b>	<b>4,714,148</b>
Value correction of receivables from buyers in the country		
- of previous period	(2,066,369)	(2,343,699)
- of current period	(550,860)	(1,911,915)
	<b>(2,617,229)</b>	<b>(4,255,614)</b>
	<b>676,715</b>	<b>458,534</b>

Receivables from the buyers in the country on 31.12.2014 in the amount of RSD 3,293,944 thousand for the most part, in the amount of RSD 2,145,319 thousand, include receivables from the Public Debt Administration of the Republic of Serbia on the basis of the "Law on undertaking liabilities of the company Air Serbia toward legal and natural entities for provided services and delivered goods and conversion of these liabilities into public debt of the Republic of Serbia, "Official Gazette RS142 / 2014" of 25.12.2014. These receivables, according to the Law are due for payment on 31 March 2015. In addition to receivables from buyers they contain receivables from Air Serbia in the amount of RSD 514.301 thousand which relate to services performed in the period 01.10.2014- 31.12. 2014.

In the financial statements for 2014, the Company has not recognized any income from cancellation of value correction of receivables from Air Serbia from Public Debt Administration of the Republic of Serbia in the amount of RSD 1,897,107 thousand, with maturity 31.03.2015. The management of the Company, in the evaluation procedures of taken over receivables from the new creditor (the Administration), considered that value correction of taken over receivables from Air Serbia in the amount of RSD 1,897,107 thousand mainly relate to the period from 2008 to 2013, and to recognize said correction recognized as income upon collection of receivables.

<b>35. BUYERS ABROAD</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Total balance of receivables from foreign buyers-gross	<b>483,711</b>	<b>423,705</b>
Value correction of receivables from foreign buyers		
- of previous years	(14,761)	(9,142)
- of current period	(841)	(5,703)
	<b>(15,602)</b>	<b>(14,845)</b>
	<b>468,109</b>	<b>408,860</b>

<b>36. OTHER RECEIVABLES</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Receivables from buyers in the country for default interest	21,100	36,718
Receivables for interest on term deposits	24,780	6,758
Receivables from employees	1,043	1,836
Other receivables	19,493	6,301
Receivables for overpaid income tax	-	91,772
	<b>66,416</b>	<b>143,385</b>
Value correction of receivables:		
- from buyers for default interest of previous years	(17,413)	(18,496)
- from buyers for default interest of the current year	(639)	(16,670)
- from employees of the current period	(788)	-
- other receivables	(2,452)	(2,427)
	<b>(21,292)</b>	<b>(37,593)</b>
	<b>45,124</b>	<b>105,792</b>

<b>37. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Short-term loans to employees (winter stores, heating means - 6 month)	34,818	37,200
	<b>34,818</b>	<b>37,200</b>

<b>38. OTHER SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Short-term deposits	1,981,061	483,005
Current maturities of loans given to employees	15,371	17,851
Current maturities of long-term investments in Societe International de Telecomm. Aeronautiques Swisse (SITA)	521	442
	<b>1,996,953</b>	<b>501,298</b>
Adjustment to fair value of loans given to employees	(647)	(326)
	<b>1,996,306</b>	<b>500,972</b>

<b>39. SHORT-TERM DEPOSITS BY BANKS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Hypo Alpe Adria Bank a.d., Beograd	952,916	133,005
Komercijalna banka Beograd	362,875	-
Unicredit bank a.d. Beograd	-	150,000
Piraeus bank a.d. Beograd	362,875	200,000
Aik bank	302,395	-
	<b>1,981,061</b>	<b>483,005</b>

Short-term deposits as of 31.12.2014 disclosed in the amount of RSD 1,981,061 thousand relate to foreign currency deposits, the deposit period of up to six months, with interest rate for EUR of 2% - 2.75% and for USD – starting from 2,9 %.



40. CHANGES ON VALUE CORRECTION till 31.12.2014

in 000 RSD

Description of changes on value correction	Cash and cash equivalents (Note 41)	Other long-term financial investments (Note 30)	Stock of material and spare parts (Note 31)	Advances for material and services (Note 33)	Receivables from buyers for goods, services and default interest (Notes 34,35,36)	Short-term financial investments (Note 38)	Total
Initial balance 01.01.2013	58,012	177,079	100	755	2,393,116	539	2,629,601
Correction at cost of current period	-	6,021	-	-	1,934,288	-	1,940,309
Devaluation of long-term finan. invest. and securities	-	-	-	-	-	-	-
Charged corrected receivables	(1,335)	-	-	-	(18,221)	-	(19,556)
Value reconciliation	-	(2,195)	-	-	-	161	(2,034)
Write-off	(56,643)	(3,312)	-	-	(978)	(12)	(60,945)
Exchange rate differences	(34)	-	-	-	29	-	(5)
Other	-	(8,266)	(38)	-	(182)	(362)	(8,848)
<b>Final balance 31.12.2013</b>	<b>-</b>	<b>169,327</b>	<b>62</b>	<b>755</b>	<b>4,308,052</b>	<b>326</b>	<b>4,478,522</b>
Correction at cost of current period	-	52,310	-	-	552,340	-	604,650
Charged corrected receivables	-	-	-	-	(2,178,011)	-	(2,178,011)
Value reconciliation	-	-	-	-	-	788	788
Cancellation of corrections - write off	-	(6,787)	-	(755)	(18,243)	(32)	(25,817)
Exchange rate differences	-	-	-	-	1,116	-	1,116
Other	-	(4,682)	-	1,079	(11,131)	(435)	(15,169)
<b>Final balance 31.12.2014</b>	<b>-</b>	<b>210,168</b>	<b>62</b>	<b>1,079</b>	<b>2,654,123</b>	<b>647</b>	<b>2,866,079</b>

<b>41. CASH AND CASH EQUIVALENTS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Current account - in RSD	2,118,809	33,288
Current account - in foreign currency	680,987	859,667
Treasury	1,767	218
Other funds	2,288	3,605
	<b>2,803,851</b>	<b>896,778</b>

<b>42. PREPAYMENTS AND ACCRUED INCOME</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	16,165	22,149
Prepaid insurance costs for the future period	8,801	12,622
Prepaid other costs for the future period	8,738	11,503
Calculated and non-invoiced income for the current period	11,828	5,243
Pre-calculated costs	-	2,456
	<b>45,532</b>	<b>53,973</b>

### 43. SHARE CAPITAL

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

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

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

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

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

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



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

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

<b><u>Share capital 25.01.2011 (transition to open joint-stock company)</u></b>	<b>Value in RSD thousand</b>	<b>Number of shares</b>	<b>% of particip.</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>

The capital structure on 31.12.2014 was the following:

<b>Shareholder</b>	<b>31.12.2014</b>			<b>31.12.2013</b>		
	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% particip.</b>	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% particip.</b>
Republic of Serbia	17,106,316	28,510,526	83.15%	17,089,007	28,481,679	83.06%
Domestic natur. persons	2,068,142	3,446,904	10.05%	2,177,793	3,629,655	10.59%
Domestic legal entities	97,147	161,912	0.47%	132,967	221,612	0.65%
Foreign natural persons	30,262	50,436	0.15%	8,789	14,648	0.04%
Foreign legal entities	577,060	961,767	2.80%	513,208	855,346	2.49%
Custody entities	694,683	1,157,805	3.38%	651,846	1,086,410	3.17%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>

<b>44. RESERVES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>in 000 RSD</b>	<b>in 000 RSD</b>
Legal reserves	0	0
Statutory reserves	1,534,430	1,529,339
	<b>1,534,430</b>	<b>1,529,339</b>

<b>45. REVALUATION RESERVES BASED ON THE REVALUATION OF PROPERTY, PLANT AND EQUIPMENT-ADP 414</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>in 000 RSD</b>	<b>in 000 RSD</b>
Revaluation reserves for land	85,855	-
Recognition of DTL charged to revaluation reserves	(12,878)	-
Revaluation reserves for buildings	35,890	-
Recognition of DTL charged to revaluation reserves	(5,384)	-
Revaluation reserves for equipment	53,042	-
Recognition of DTL charged to revaluation reserves	(7,956)	-
<b>Total revaluation reserves</b>	<b>174,787</b>	-
<b>Total recognition of DTL charged to revaluation reserves</b>	<b>(26,218)</b>	-
<b>Total net revaluation reserves</b>	<b>148,569</b>	-



<b>46. ACTUARIAL GAINS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Actuarial gains on reserves for retirement benefits	6,090	
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	(913)	
	<b>5,177</b>	<b>0</b>

<b>47. NON-DISTRIBUTED PROFIT</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<b>Initial balance 01.01.</b>	<b>16,205</b>	<b>727,657</b>
Initial balance correction	(2,884)	-
<b>Corrected initial balance 01.01.</b>	<b>13,321</b>	<b>727,657</b>
Distribution of profit	(8,230)	(438,218)
Transfer to statutory reserves	(5,091)	(231,551)
Participation of employees in profit distribution	-	(57,888)
Profit of the current period	3,417,984	16,205
Decision on distribution of interim dividend	722,477	-
	<b>2,695,507</b>	<b>16,205</b>

At the meeting of the Supervisory Board held on 18 December 2014, a decision was made on the distribution of interim dividend No. 05-193 / 1, in the amount of RSD 722.477 thousand, based on interim financial statements for the period from January to October 2014. Interim dividend is paid to shareholders during 2015.

<b>48. LONG-TERM RESERVES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Reserves for terminal pays for employees	46,924	48,501
Reserves for jubilee bonuses	64,313	66,217
Reserves for litigations	74,090	61,936
	<b>185,327</b>	<b>176,654</b>

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

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in 2013 and 2014 are shown in the following table:

	<b>Terminal wages</b>	<b>Jubilee bonuses</b>	<b>Total</b>	<b>Litigations</b>
Balance on 01.01.2013	39,167	55,842	95,009	116,699
Reserves during the year	10,660	15,544	26,204	2,080
Cancellation during the year			0	(47,502)
Pay off during the year	(1,326)	(5,169)	(6,495)	(9,341)
<b>Balance on 31.12.2013</b>	<b>48,501</b>	<b>66,217</b>	<b>114,718</b>	<b>61,936</b>
Balance on 01.01.2014	48,501	66,217	114,718	61,936
Reserves during the current year	10,910	4,308	15,218	38,930
Actuarial gains	(6,090)	-	(6,090)	-
Cancellations during the current year	-	(1)	(1)	(1,132)
Pay off during the year	(6,397)	(6,211)	(12,608)	(25,644)
<b>Balance on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>	<b>111,237</b>	<b>74,090</b>

<b>49a. The assumptions used when making calculation of reserves for retirement benefits</b>	<b>2014</b>	<b>2013</b>
Discount rate	8.00%	5.21%
Estimated growth rate of average earnings	2.00%	0.00%
Fluctuation percentage	2.00%	1.50%
Amount of average net earning in XI/2014	81,020	85,156
Total number of employees on 31.12.	475	481
Number of retired workers who received terminal pay at retirement	20	5

<b>49 b. The calculation of the reserves for employee benefits as of 31.12.2014</b>	in 000 RSD	
	Retirement benefits	Jubilee bonuses
	in 000 RSD	in 000 RSD
<b>1. Reserves on 31.12.2013 in the business books of the Company</b>	<b>48,501</b>	<b>66,217</b>
2. Adjusted reserves for retirement benefits on 31.12.2013 due to change of benefit plan	50,282	-
3. Reserves on 31.12.2013 applying assumptions valid at the date of the previous calculation	53,014	56,743
4. Cancellation of provisions during 2014 in the business books of the Company	(6,397)	6212
<b>5. Reserves on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>
6. Interest expense	4,022	4,800
7. The cost of current work	(1,290)	8,062
8. The cost of past work	8,178	-
9. Actuarial (gain) /loss	(6,090)	7,569
<b>10. The total net change in the amount reserved</b>	<b>4,820</b>	<b>4,308</b>

<b>50. LONG-TERM LOANS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Abroad	990,089	1,033,947
Current maturities	(100,824)	(95,559)
	<b>889,265</b>	<b>938,388</b>

	Annual interest rate	Date of maturity	Remaining amount 31.12.2014 (EUR)	31.12.2014 in 000 RSD	31.12.2013 in 000 RSD
<u>Long-term loans abroad</u>					
European Investment Bank	4,07-5,16%	2025	8,160,887	990,089	1,033,947
Current maturities of long-term loans:			(831,048)	(100,824)	(95,559)
			<b>7,329,839</b>	<b>889,265</b>	<b>938,388</b>



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

Long-term loans abroad reported on 31.12.2014 in the amount of RSD 990,089 (EUR 8,160,887), relate to the remaining obligations under the Agreement on financing the project of urgent rehabilitation of transport concluded 13.12.2001 between the EIB and the Republic of Serbia. The said contract, the Company was granted a loan in the amount of 13,000,000 euros for investment and rehabilitation of airport infrastructure. The loan was granted with a repayment period up to 2025, with an interest rate of 5.16% for the first tranche of 3,000,000.00 EUR, 4.85% for the second tranche of 3,000,000.00 Euros and 4.07% for the third tranche of 7,000,000.00 EUR. Repayment of the first tranche of the loan shall be made in 31 equal semi-annual instalments starting from 05.12.2007; the second tranche is repayable in 30 equal semi-annual instalments starting from 20.02.2009, while the third tranche began to be repaid from 20.06.2010 in 32 instalments.

<i>Receivables from long-term loans</i>	Principle		Non-booked interest	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	100,824	95,559	42,899	44,969
from one year up to two years	100,824	95,559	38,351	40,659
from two years up to three	100,824	95,559	33,804	36,349
from three years up to four	100,824	95,559	29,256	32,038
from four years up to five	100,824	95,559	24,708	27,728
from five years up to ten years	432,891	455,539	57,438	68,647
over ten years	53,078	100,613	1,620	10,744
	<b>990,089</b>	<b>1,033,947</b>	<b>228,076</b>	<b>261,134</b>

51. OTHER LONG-TERM LIABILITIES	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Liabilities from financial leasing	-	29,809
	-	-
	-	29,809
Current maturities of other long-term liabilities	-	(29,809)
	-	-

<i>Liabilities from financial leasing</i>	Sum of the minimum leasing instalments		Current value of minimum leasing instalments	
<i>Due for payment</i>	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	-	30,056	-	29,809
from one to three years	-	-	-	-
	0	30,056	0	29,809
Future costs of financing - interests		(247)		
Current value of min. leasing installments	0	29,809	0	29,809
Current maturities of financial leasing				(29,809)
			<b>0</b>	<b>0</b>

Liabilities based on financial leasing for the purchase of special airport equipment were fully settled.



<b>52. OTHER SHORT-TERM FINANCIAL LIABILITIES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<i>Current maturity</i>		
Long-term loan EIB	100,824	95,559
<i>Other long-term liabilities-financial leasing</i>	-	29,809
	<b>100,824</b>	<b>125,368</b>

<b>53. RECEIVED ADVANCES, DEPOSITS AND SECURITY</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	16,784	20,257
Advances received from foreign buyers	14,129	12,102
Subscriptions from domestic buyers	5,933	26
Subscriptions from foreign buyers	10,586	4,383
	<b>47,432</b>	<b>36,768</b>

<b>54. SUPPLIERS IN THE COUNTRY</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	66,953	89,473
Suppliers in the country-for investments in progress	58,095	62,273
Suppliers in the country-for equipment	7,698	1,110
	<b>132,746</b>	<b>152,856</b>

<b>55. SUPPLIERS ABROAD</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	21,879	58,063
Suppliers abroad-for equipment	10,770	69,015
	<b>32,649</b>	<b>127,078</b>

<b>56. OTHER LIABILITIES FROM OPERATION</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Other liabilities from operation-for charged purch. on behalf of com	6,504	2,802
Other liabilities from operation	739	33
	<b>7,243</b>	<b>2,835</b>

<b>57. OTHER SHORT-TERM LIABILITIES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Liabilities for salaries	-	239
Liabilities for dividend from 2013	1,394	-
Liabilities for dividend from 2014	722,477	-
Liabilities arising from participation in the profits-net	3	3
Other short-term liabilities	9,913	2,398
	<b>733,787</b>	<b>2,640</b>

<b>58. LIABILITIES FOR VAT</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Liabilities for VAT	66,619	6,691
	<b>66,619</b>	<b>6,691</b>

<b>59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Liabilities for income tax	458,336	-
Liabilities for taxes, customs duty and other fees	4,523	860
Taxes, contributions and other fees	867	648
	<b>463,726</b>	<b>1,508</b>

<b>60. LIABILITIES FOR INCOME TAX</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Specified income tax liabilities for 2014	597,105	-
Receivables for overpaid income taxes (note 36)	(91,772)	-
Advances paid in 2014	(46,997)	-
	<b>458,336</b>	<b>-</b>

<b>61. ACCRUALS AND DEFERRED INCOME</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Accrued expenses for the period	55,072	37,743
Calculated revenues for the future period	24,345	14,920
Other accruals and deferred income	9,524	941
Taxes, contributions and other duties	-	157
	<b>88,941</b>	<b>53,761</b>

<b>62. OFF-BALANCE REGISTER</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Received blank bills - pieces	1,471	1,313
Given blank bills domestic- pieces	50	182
Received guarantees - RSD	261,592	199,056
Received guarantees – foreign currency	244,950	362,592
Given guarantees - RSD	4,500	4,500
Solidarity funds from employee salaries	620	612
	<b>511,663</b>	<b>566,762</b>

Dinar received guarantees in the amount of RSD 261.592 thousand mainly relate to guarantees received from suppliers for good performance or a guarantee of fault repair within the warranty period.

Received foreign currency guarantees in the amount of RSD 244.950 thousand mainly relate to guarantees received from foreign suppliers for good performance, for fault repair within the warranty period or for reimbursement of advance payments as well as from buyers for the safety and timeliness in payment of services.

63. FAIR VALUE OF ASSETS				
ASSETS	Accounting value in 000 RSD	Fair value in 000 RSD	The hierarchy of fair value - Level	Valuation techniques and inputs
Fixed assets	21,543,010	21,543,010	Level 3	Evaluation of a certified appraiser
Investment property	21,467	21,467	Level 3	Evaluation of a certified appraiser
Shares in capital of other legal entities	1	1	Level 2	Management estimates that they are not recoverable- the banks in bankruptcy
Long-term and short-term financial investments- housing loans	112,268	112,268	Level 3	Discounting the cash flows as follows: 20% for housing loans which are not revalued; 11.5% for housing loans that are revalued annually and have an interest rate of 0.5%, 10% for housing loans with foreign currency clause and interest rate of 0.5%; 11.9% for housing loans which are revalued every six months and 12% for housing loans that are revalued annually
Receivables from buyers	1,144,824	1,144,824	Level 3	Management's estimates of the recoverability in acc. with IAS 39
Other receivables	45,124	45,124	Level 3	Management's estimates of the recoverability in acc. with IAS 39

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



64 FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT							in 000 RSD
Categories of financial instruments		31.12.2014			31.12.2013		
Financial resources	total	value corr.	net amount	total	value corr.	net amount	
<b>1 Long-term financial investments</b>	<b>691,626</b>	<b>(588,851)</b>	<b>102,775</b>	<b>707,724</b>	<b>(548,010)</b>	<b>159,714</b>	
-Long-term time deposits	5,229	-	5,229	4,543	-	4,543	
-Participation in bank capital	20,085	(20,085)	0	20,085	(20,085)	0	
-Participation in capital of foreign legal entities	358,599	(358,598)	1	358,601	(358,598)	3	
-Long-term housing loans given to employees	307,713	(210,168)	97,545	324,495	(169,327)	155,168	
<b>2 Receivables</b>	<b>5,875,842</b>	<b>(2,654,770)</b>	<b>3,221,072</b>	<b>5,727,964</b>	<b>(4,308,378)</b>	<b>1,419,586</b>	
- Receivables from buyers	3,777,655	(2,632,831)	1,144,824	5,137,853	(4,270,459)	867,394	
- Short-term financial investments	2,031,771	(647)	2,031,124	538,498	(326)	538,172	
- Interest receivables	46,092	(18,052)	28,040	43,476	(35,166)	8,310	
- Other receivables	20,324	(3,240)	17,084	8,137	(2,427)	5,710	
<b>3 Cash and cash equivalents</b>	<b>2,803,851</b>	<b>-</b>	<b>2,803,851</b>	<b>896,778</b>	<b>-</b>	<b>896,778</b>	
	<b>9,371,319</b>	<b>(3,243,621)</b>	<b>6,127,698</b>	<b>7,332,466</b>	<b>(4,856,388)</b>	<b>2,476,078</b>	
<b>Financial liabilities</b>							
1 - Long-term loans	889,265	0	889,265	938,388	0	938,388	
2 - Financial leasing -long-term part	-	-	0	-	-	0	
3 -Other long t. liab.-Land development agency	0	0	0	0	0	0	
4 - Current maturities of long-term loans	100,824	-	100,824	95,559	-	95,559	
5 Current maturities of Long t.fin. Leasing	0	0	0	29,809	0	29,809	
6 - Current maturities of other long-t. Obligations	-	-	0	-	-	0	
7 -Short-term liabilities	172,638	-	172,638	282,769	-	282,769	
	<b>1,162,727</b>	<b>-</b>	<b>1,162,727</b>	<b>1,346,525</b>	<b>-</b>	<b>1,346,525</b>	

Basic financial instruments of the Company are cash and cash equivalents, accounts receivables, financial investments arising directly from the Company's business, as well as long-term borrowings, accounts payable to suppliers or other liabilities mainly 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).

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

### Financial risk management objectives

#### I MARKET RISK

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

##### a) Currency risk (foreign exchange risk)

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

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

	<b>Total assets</b>				<b>Total liabilities</b>	
	<b>31.12.2014</b>		<b>31.12.2013</b>		<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>gross</b>	<b>net</b>	<b>gross</b>	<b>net</b>		
<b>EUR</b>	2,969,310	2,742,893	1,287,382	1,102,884	1,012,030	1,153,759
<b>USD</b>	425,678	425,678	351,849	351,849	9,953	37,075
<b>CHF</b>	318	318	296	296	0	0
<b>GBP</b>	10	10	9	9	0	0
	<b>3,395,316</b>	<b>3,168,899</b>	<b>1,639,536</b>	<b>1,455,038</b>	<b>1,021,983</b>	<b>1,190,834</b>

By the analysis of the currency structure of financial assets and liabilities as of 31.12.2014, along with the balance as of 31/12/2013, it can be concluded that the funds contracted with currency clause indexed higher than the contracted financial liabilities in foreign currencies. Financial liabilities contracted in foreign currency are generally of long-term nature.

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

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

in 000 RSD								
<b>31.12.2014</b>								
Changes	EUR effect		USD effect		CHF effect		BGP effect	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit/(loss)	173,086	(173,086)	41,573	(41,573)	32	(32)	1	(1)

in 000 RSD								
<b>31.12.2013</b>								
Changes	EUR effect		USD effect		CHF effect		BGP effect	
	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)



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

### b) Risk of interest rate change

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

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

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

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 liabilities with a variable interest rate are fully settled during the business year.

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

in 000 RSD						
Financial resources-net	31.12.2014			31.12.2013		
	total	value corr.	net amount	total	value corr.	net amount
<b>No interest</b>						
Partic. in capital of other legal entities	378,684	(378,683)	1	378,686	(378,683)	3
Receivables from buyers	3,777,655	(2,632,831)	1,144,824	5,137,853	(4,270,459)	867,394
Interest receivables and other receiv.	66,416	(21,292)	45,124	51,613	(37,593)	14,020
Short-term fin.investments	34,818	-	34,818	37,200	-	37,200
<b>No interest-total</b>	<b>4,257,573</b>	<b>(3,032,806)</b>	<b>1,224,767</b>	<b>5,605,352</b>	<b>(4,686,735)</b>	<b>918,617</b>
<b>Fixed interest rate</b>						
Long-term fin.investments	312,942	(210,168)	102,774	329,038	(169,327)	159,711
Short-term fin.investments	1,996,953	(647)	1,996,306	501,298	(326)	500,972
<b>Fixed-total</b>	<b>2,309,895</b>	<b>(210,815)</b>	<b>2,099,080</b>	<b>830,336</b>	<b>(169,653)</b>	<b>660,683</b>
<b>Variable interest rate</b>						
Cash and cash equivalents	2,803,851	-	2,803,851	896,778	-	896,778
<b>Variable-total</b>	<b>2,803,851</b>	<b>0</b>	<b>2,803,851</b>	<b>896,778</b>	<b>0</b>	<b>896,778</b>
	<b>9,371,319</b>	<b>(3,243,621)</b>	<b>6,127,698</b>	<b>7,332,466</b>	<b>(4,856,388)</b>	<b>2,476,078</b>
<b>Financial liabilities</b>						
<b>No interest</b>						
Liabilities from operation	172,638	0	172,638	282,769	0	282,769
<b>No interest-total</b>	<b>172,638</b>	<b>0</b>	<b>172,638</b>	<b>282,769</b>	<b>0</b>	<b>282,769</b>
<b>Fixed interest rate</b>						
Long-term loans	889,265	0	889,265	938,388	0	938,388
Current matur. of long-term liabilities	100,824	0	100,824	95,559	0	95,559
<b>Fixed-total</b>	<b>990,089</b>	<b>0</b>	<b>990,089</b>	<b>1,033,947</b>	<b>0</b>	<b>1,033,947</b>
<b>Variable interest rate</b>						
Current matur. of long-term liabilities	0	0	0	29,809	0	29,809
<b>Variable-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,809</b>	<b>0</b>	<b>29,809</b>
	<b>1,162,727</b>	<b>0</b>	<b>1,162,727</b>	<b>1,346,525</b>	<b>0</b>	<b>1,346,525</b>



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

### v) Risk of price change

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

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

## II CREDIT RISK

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

Company has huge receivables of domestic and foreign buyers on 31.12.2014 (RSD 3,777,655 thousand), and the credit risk permanently exists. In order to decrease this risk the Company regularly monitors charging, analyses charging value realised in due period, charging after due date and 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 31.12.2014 in the amount of 3,293,944 thousand RSD, participate with 87.20% in total receivables from buyers for goods and services and mostly refer to receivables from Air Serbia a.d., which amount to 514,301 thousand RSD, Public Debt Administration in the amount of RSD 2,128,877 thousand, Jat Tehnika in the amount of RSD 203,602 thousand, Dufry doo in the amount of RSD 219,660 thousand. Total value correction of receivables from domestic buyers amount to RS 2,617,229 thousand, so that net value of receivables from domestic buyers amount to RSD 676,715 thousand.

Receivables from foreign buyers for goods and services amount to 483,711 thousand RSD, which makes 12.80% of total receivables from buyers for goods and services. Total value correction of receivables from foreign buyers amount to RS 15,602 thousand, so that net value of receivables from foreign buyers amount to RSD 468,109 thousand.

	<b>31.12.2014</b>	<b>share</b>	<b>31.12.2013</b>	<b>share</b>
	in 000 RSD		in 000 RSD	
Undue receivables from buyers - uncorrected	1,005,838	26.63%	542,208	10.55%
Undue receivables from buyers - corrected	1,964,412	52.00%	-	0.00%
<b>Total undue receivables</b>	<b>2,970,250</b>	<b>78.63%</b>	<b>542,208</b>	<b>10.55%</b>
Due receivables - uncorrected	138,986	3.68%	325,186	6.33%
Due receivables - corrected	<b>668,419</b>	<b>17.69%</b>	<b>4,270,459</b>	<b>83.12%</b>
<b>Total due receivables</b>	<b>807,405</b>	<b>21.37%</b>	<b>4,595,645</b>	<b>89.45%</b>
<b>Total receivables - gross</b>	<b>3,777,655</b>	<b>100.00%</b>	<b>5,137,853</b>	<b>100.00%</b>
<b>Total value correction</b>	<b>2,632,831</b>		<b>4,270,459</b>	
<b>Total receivables - net (gross - correction)</b>	<b>1,144,824</b>		<b>867,394</b>	

## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

### v) Risk of price change (cont'd.)

Undue receivables from domestic and foreign customers for goods and services on the day of 31.12.2014, amount to RSD 2,970,250 thousand (and on 31.12.2013 amounted to RSD 542,208 thousand), of which to receivables value correction of the current period are put undue receivables of Air Serbia in the amount of RSD 83,747 thousand, and on the value corrections from previous years are receivables from Air Serbia in the amount of RSD 1,880,665 thousand, which was taken over by RS - Public Debt Administration.

Due receivables from domestic and foreign buyers for goods and services on the day of 31.12.2014, amount to RSD 807,405 thousand (and on 31.12.2013 they amounted to RSD 4,595,645 thousand), of which to receivables value correction of the current period are put RSD 668,419 thousand.

The age structure of due uncorrected receivables is presented in the following table:

	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	IN 000 RSD
Less than 30 days	88,620	163,349
31 - 60 days	22,359	103,081
61 - 90 days	3,282	4,487
91 - 180 days	4,855	12,412
over 180 days	19,870	41,857
	<b>138,986</b>	<b>325,186</b>

## III - LIQUIDITY RISK AND CASH FLOW

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

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

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

<b>Maturity of financial resources</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Up to 30 days	3,548,725	1,443,265
1 - 3 months	379,418	802,701
3-12 months	1,976,228	70,398
1 - 5 years	120,405	31,241
over 5 years	102,922	128,473
	<b>6,127,698</b>	<b>2,476,078</b>

<b>Interest maturity</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Up to 30 days	22,398	42,549
1 - 3 months	0	811
3-12 months	23,694	346
	<b>46,092</b>	<b>43,706</b>



## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

### III - LIQUIDITY RISK AND CASH FLOW (cont'd.)

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

Maturities of financial liabilities	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Up to 30 days	172,638	289,143
1 - 3 months	12,132	23,513
3-12 months	88,692	95,481
1 - 5 years	403,295	382,236
over 5 years	485,970	556,152
	<b>1,162,727</b>	<b>1,346,525</b>

Maturities of interest (for loans and financial leasing)	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Up to 30 days	0	81
1 - 3 months	5,296	17,966
3-12 months	37,603	27,169
1 - 5 years	126,119	136,774
over 5 years	59,058	79,391
	<b>228,076</b>	<b>261,381</b>

The average time of collection of receivables in 2014 is 170 days (2013: 177 days).

Average time of settlement of obligations to suppliers during 2014 was 31 days (during 2013: 28 days).

Based on the age structure the liabilities are mainly due up to 60 days.

#### Capital risk management

The aim of capital risk management is provision of such a structure of capital that will secure safety in operating, liquidity and solvency, at the same time maximizing profit increase of the owner, through the optimization of debt and equity. In addition to its own capital, which consists of core capital, reserves and undistributed profit, the Company uses the borrowed funds in the form of long-term loans and financial leasing. Free cash flow from current accounts, the Company invests in the form of short-term deposits.

Indicators of indebtedness of the Company as at the end of the observed current period of 2014 and the end of 2013 are as follows:

	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
<b>1 Indebtedness (ADP 432 + ADP 443)</b>	<b>990,089</b>	<b>1,063,756</b>
2 Cash and cash equivalents (ADP 068)	2,803,851	896,778
<b>I GROSS INDEBTEDNESS (1-2)</b>	<b>(1,813,762)</b>	<b>166,978</b>
3 Ratio of indebtedness against capital ( I/5 )	-0.0727	0.0076
4 Short-term financial investments (ADP 062)	2,031,124	538,172
<b>II NET INDEBTEDNESS ( I-5 )</b>	<b>(3,844,886)</b>	<b>(371,194)</b>
5 Capital (ADP 401)	<b>24,957,293</b>	<b>22,116,270</b>
6 Ratio of indebtedness against capital ( II/5 )	-0.1541	-0.0168



## 65. MANAGEMENT EARNINGS

The Company paid remuneration to key management, including members of the Supervisory Board, the Audit Commission and the General Assembly of Shareholders and directors and other managers (2014: total number of 24; 2013: 24) in the gross amount of RSD 39,914 thousand (2013: RSD 43,531 thousand).

	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Management		
Earnings	30,365	32,598
Participation in distribution	1,317	1,031
	<b>31,682</b>	<b>33,629</b>
Remuneration to members of Supervisory Board	6,626	7,786
Remuneration to members of Audit Commission	336	405
Remun. to members of Shareholders Assembly	1,270	1,711
	<b>39,914</b>	<b>43,531</b>

## 66. TAX RISKS

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

## 67. LITIGATION

On December 31, 2014, against the Company there are litigations in the amount of RSD 120.025 thousand (excluding the effects of default interest). Amounts of final losses on litigations can be increased on the basis of default interest up to the completion of the settlement, or until the date of final payment by disputes. On 31 December 2014 the Company has made provisions for potential losses on these litigations in the amount of RSD 74,090 thousand (Note 48). According to the assessment of the Company's management on this basis they do not expect additional significant losses in the future period.

## 68. EVENTS AFTER THE REPORTING PERIOD

Based on the decision of the Supervisory Board, on the distribution of interim dividend No. 05-193 / 1 dated 12.18.2014, the Executive Board has made on 23.02.2015 the decision to pay interim dividends for 2014 in the amount of RSD 600,717 thousand. Payment of interim dividend was made on 26.02.2015 from the account of the Company.

On 31.03.2015 the Public Debt Administration of the Republic of Serbia paid the Company the amount of RSD 2,145,319 thousand on the basis of the second instalment of taken over commitments from the company Air Serbia, Belgrade for services rendered and goods delivered (Official Gazette RS142/2014 of 12.25.2014).

Dufry d.o.o. Belgrade has paid on 02.04.2015 the amount of RSD 166,005 thousand for invoices relating to accounting of differences on the harmonization of MGN.

In Belgrade, 17 April 2015



Legal representative

С.О.

БЕОГРАД		ПРИЛОГА
АРХ.ОЗН.	БРОЈ	
09	3170	
	2	

Deloitte д.о.о.  
Теразије 8  
11000 Београд  
Србија

ПИБ 100048772  
МБ 07770413

Тел: +381 11 3812 100; +381 11 3812 200  
Факс: +381 11 3812 101; +381 11 3812 201  
www.deloitte.com/rs

*Translation of the Auditors' Report issued in the Serbian language*

**INDEPENDENT AUDITORS' REPORT**

**To the Assembly and Supervisory Board of NIKOLA TESLA AIRPORT Shareholding Company, Belgrade**

We have audited the accompanying financial statements (pages 3 to 64) of Nikola Tesla Airport Shareholding Company, Belgrade (Serbian: Aerodrom "Nikola Tesla" a.d., Beograd, hereinafter the "Company"), which comprise the balance sheet as of December 31, 2014, and the related income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Basis for Qualified Opinion*

As disclosed in Note 28 to the financial statements, the Company's property, plant and equipment as of December 31, 2014 were stated at a revalued amount of RSD 21,585,698 thousand, based on the appraisal of these assets performed by an independent certified appraiser using depreciated cost replacement method and comparative market approach. Based on the procedures performed, we were unable to satisfy ourselves as to whether the aforesaid appraisal methods were adequate for certain categories of property, plant and equipment or as to the completeness of disclosures and documentation of supporting information used in application of these appraisal methods. Accordingly, we were unable to estimate the effects that these matters may have on the reported values of property, plant and equipment, revaluation reserves and deferred tax liabilities as of December 31, 2014.

(Continued)



INDEPENDENT AUDITORS' REPORT

To the Assembly and Supervisory Board of NIKOLA TESLA AIRPORT Shareholding Company, Belgrade  
(Continued)

*Basis for Qualified Opinion (Continued)*

As disclosed in Note 34 to the financial statements, domestic trade receivables totaling RSD 3,293,944 thousand (before impairment allowance of RSD 2,617,229 thousand) include receivables due from the Republic of Serbia Public Debt Directorate in the amount of RSD 2,145,319 thousand (before impairment allowance of RSD 1,897,107 thousand). The aforesaid receivables arose from the assumption of debt owed by Air Serbia d.o.o., Beograd to the Company, pursuant to the Law on Assumption of Liabilities of the Company Air Serbia to Legal Entities and Private Individuals for Services Rendered and Goods Delivered and Conversion Thereof into Public Debt of the Republic of Serbia (the "Law"). As at the financial statements preparation date the Company did not perform subsequent measurement of receivables from the new debtor, as required by IAS 39 "Financial Instruments: recognition and Measurement." Moreover, the Company did not make adjustments to the financial statements for the year 2014 due to the events that occurred after the reporting period, as required by IAS 10 "Events After the Reporting Period" although the aforesaid receivables were collected in full as of March 31, 2015, as stipulated by the Law. In accordance with the aforesaid, the Company's trade receivables as of December 31, 2014 and other income as well as profit before taxes for the year then ended ought to be increased by RSD 1,897,107 thousand.

*Qualified Opinion*

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* paragraphs on the financial statements, the accompanying financial statements present fairly, in all material respects, the financial position of Nikola Tesla Airport Shareholding Company, Belgrade as of December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with the accounting regulations of the Republic of Serbia.

*Report on Other Legal and Regulatory Requirements*

Management is responsible for the preparation of the annual business report in accordance with the requirements of the Law on Accounting of the Republic of Serbia, which is not an integral part of the accompanying financial statements. In accordance with the Law on Audit of the Republic of Serbia, our responsibility is to express an opinion on the compliance of the annual business report for the year 2014 with the financial statements for the same financial year. In our opinion, the financial information disclosed in the annual business report for 2014 is consistent with the audited financial statements of the Company for the year ended December 31, 2014.

Belgrade, April 20, 2015

   
Aleksandar Đurđević  
Certified Auditor



**INCOME SHEET**  
**In the period from 1 January to 31 December 2014**  
**(in thousand RSD)**

INCOME SHEET					
for the period from 01.01.2014 to 31.12.2014					
- in thousand RSD -					
Group of accounts, account	POSITION	ADP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>REVENUES OF REGULAR BUSINESS</b>				
60 to 65, except 62 and 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		8,157,945	6,640,441
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002		624,610	703,801
600	1. Revenues from sale of goods to parent companies and subsidiaries in domestic market	1003			
601	2. Revenues from sale of goods to parent companies and subsidiaries in foreign markets	1004			
602	3. Revenues from sale of goods to other related parties in domestic market	1005			
603	4. Revenue from sale of goods to other related parties in foreign markets	1006			
604	5. Revenues from sale of goods in domestic market	1007		4,082	3,354
605	6. Revenue from sale of goods in foreign market	1008	5	620,528	700,447
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	7; 8; 9	6,776,851	5,374,749
610	1. Revenues from sale of products and services to parent com. and subsidiaries in domestic market	1010			
611	2. Revenues from sale of products and services to parent companies and subsidiaries in foreign market	1011			
612	3. Revenues from sale of products and services to other related parties in domestic market	1012			
613	4. Revenues from sale of products and services to other related parties in foreign market	1013			
614	5. Revenues from sale of products and services in domestic market	1014	6	2,585,379	1,978,381
615	6. Revenues from sale of products and services in foreign market	1015	7	4,191,472	3,396,368
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	868
65	IV OTHER OPERATING REVENUES	1017	10	756,484	561,023

INCOME SHEET (continued)  
 In the period from 1 January to 31 December 2014  
 (in thousand RSD)

	EXPENDITURES OF REGULAR BUSINESS				
50 to 55, 62 and 63	B. OPERATING EXPENSITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		4,690,213	4,771,053
50	I. PURCHASE VALUE OF SOLD GOODS	1019	11	595,349	680,166
62	II. REVENUES FROM ACTIVATION OF USE OF OWN PRODUCTS AND GOODS	1020		0	83
630	III. INCREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021			
631	IV. DECREASE OF STOCK VALUE OF UNFINISHED AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022			
51 except 513	V. COSTS OF MATERIAL	1023	12	204,813	172,182
513	VI. COSTS OF FUEL AND ENERGY	1024	13	286,278	253,435
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	14	1,460,936	1,200,771
53	VIII. COSTS OF PRODUCTION SERVICES	1026	15	833,147	1,165,454
540	IX. AMORTIZATION COSTS	1027		817,036	729,133
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	54,148	28,284
55	XI. INTANGIBLE COSTS	1029	17	438,506	541,711
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		3,467,732	1,869,388
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031			
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		277,947	167,461
66, except 662, 663 and 664	I. FINANCIAL REVENUES FROM RELATED PARTIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0
660	1. Financial revenues from parent companies and subsidiaries	1034			
661	2. Financial revenues from other related parties	1035			
665	3. Revenue from participation in profit of associated legal entities and joint ventures	1036			
669	4. Other financial revenues	1037			
662	II. INCOME REVENUE (FROM THIRD PARTIES)	1038	18	92,703	95,022
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	185,244	72,439



## INCOME SHEET (continued)

In the period from 1 January to 31 December 2014  
(in thousand RSD)

56	DJ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		149,435	139,655
56, except 562, 563 and 564	I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN. EXPENDITURES (1042 + 1043 + 1044 + 1045)	1041		0	0
560	1. Financial expenditures from relation with parent companies and subsidiaries	1042			
561	2. Financial expenditures from relation with other related parties	1043			
565	3. Expenditures from participation in the loss of associated legal entities and joint ventures	1044			
566 and 569	4. Other financial expenditures	1045			
562	II. INCOME EXPENDITURES (TOWARD THIRD PARTIES)	1046	20	65,625	54,111
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21	83,810	85,544
	E. PROFIT FROM FINANCING (1032 – 1040)	1048		128,512	27,806
	Ž. LOSS FROM FINANCING (1040 – 1032)	1049		0	0
683 and 685	3. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	22	20,161	8,776
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	23	605,438	1,940,702
67 and 68, exc. 683 and 685	J. OTHER REVENUES	1052	24	2,338,849	88,625
57 and 58, exc. 583 and 585	K. OTHER EXPENDITURES	1053	25	1,587,111	32,518
	L. PROFIT FROM REGULAR OPERATING BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		3,762,705	21,375
	LJ. LOSS FROM REGULAR OPERATING BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055			
69-59	M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1056			
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057			
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058		3,762,705	21,375
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059			

INCOME SHEET (continued)  
 In the period from 1 January to 31 December 2014  
 (in thousand RSD)

	P. PROFIT TAX				
721	I. PERIOD TAX EXPENDITURE	1060	26; 47	597,105	11,620
part 722	II. DEFERRED PERIOD TAX EXPENDITURE	1061			
part 722	III. DEFERRED PERIOD TAX REVENUE	1062	26; 47	252,384	3,566
723	R. PAID UP PERSONAL RECEIVING TO EMPLOYER	1063			
	S. NET PROFIT				
	(1058 – 1059 – 1060 – 1061 + 1062)	1064		3,417,984	13,321
	T. NET LOSS				
	(1059 – 1058 + 1060 + 1061 – 1062)	1065			
	I NET PROFIT FOR MINORITY INVESTORS	1066			
	II NET PROFIT FOR MAJORITY OWNER	1067			
	III PROFIT PER SHARE				
	1. Basic profit per share in RSD	1068	27	99.68	0.39
	2. Reduced (diluted) profit per share	1069			



**STATEMENT ON OTHER COMPREHENSIVE RESULT**  
**In the period from 1 January to 31 December 2014**  
**(in thousand RSD)**

STATEMENT ON OTHER COMPREHENSIVE RESULT					
for period from 01.01.2014 to 31.12.2014					
- in thousand RSD -					
Group of accounts, account	POSITION	ADP	Notes No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. NET RESULTS FROM OPERATIONS</b>				
	<b>I. NET PROFIT (ADP 1064)</b>	2001	27; 47	3,417,984	13,321
	<b>II. NET LOSS (ADP 1065)</b>	2002			
	<b>B. OTHER COMPREHENSIVE PROFITS AND LOSS</b>				
	<b>a) Items that will not be reclassified in income sheet in future periods</b>				
	<b>1. Changes in the revaluation of intangible assets, property, plant and equipment</b>				
330	a) increase in revaluation reserves	2003	45	174,787	0
	b) decrease in revaluation reserves	2004			
	<b>2. Actuarial gains and losses on defined benefit plans</b>				
331	a) gains	2005	46	6,090	0
	b) losses	2006			
	<b>3. Gains or losses on investments in equity capital instruments</b>				
332	a) gains	2007			
	b) losses	2008			
	<b>4. Gains or losses on shares in other comprehensive profit or loss of associated companies</b>				
333	a) gains	2009			
	b) losses	2010			
	<b>b) Items that can subsequently be reclassified in income sheet in future periods</b>				
	<b>1. Gains or losses based on recalculation of financial statements of foreign operations</b>				
334	a) gains	2011			
	b) losses	2012			
	<b>2. Gains or losses on hedging instruments of net investment in a foreign operation</b>				
335	a) gains	2013			
	b) losses	2014			
	<b>3. Gains or losses on risk hedging instruments of cash flow</b>				
336	a) gains	2015			
	b) losses	2016			
	<b>4. Gains or losses on securities available for sale</b>				
337	a) gains	2017			
	b) losses	2018			
	<b>I. OTHER GROSS COMPREHENSIVE PROFIT</b>				
	(2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) – (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		180,877	0
	<b>II. OTHER GROSS COMPREHENSIVE LOSS</b>				
	(2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) – (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			
	<b>III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD</b>	2021	45;46	27,131	
	<b>IV. NET OTHER COMPREHENSIVE PROFIT</b>	2022	45;46	153,746	0
	(2019 – 2020 – 2021) ≥ 0				

STATEMENT ON OTHER COMPREHENSIVE RESULT (cont'd)  
 In the period from 1 January to 31 December 2014  
 (in thousand RSD)

V. NET OTHER COMPREHENSIVE LOSS (2020 – 2019 + 2021) ≥ 0	2023			
<b>B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD</b>				
I. TOTAL NET COMPREHENSIVE PROFIT (2001 – 2002 + 2022 – 2023) ≥ 0	2024	3,571,730		13,321
II. TOTAL NET COMPREHENSIVE LOSS (2002 – 2001 + 2023 – 2022) ≥ 0	2025	0		
G. TOTAL NET COMPREHENSIVE PROFIT OR LOSSY (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0	2026	0		0
1. Attributable to majority owners of capital	2027			
2. Attributable to owners who do not have control	2028			

**BALANCE SHEET**  
**On 31 December 2014**  
**(in thousand RSD)**

BALANCE SHEET						
on 31.12. 2014						
- in thousand RSD -						
Group of accounts-account	POSITION	ADP	Note No.	Amount		
				Current year	Previous year	
1	2	3	4	5	6 Final balance 31.12.2013	7 Initial balance 01.01.2013
	<b>ASSETS</b>					
0	A. NON-PAID UP SUBSCRIBED CAPITAL	1				
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		21,714,561	21,573,986	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	3	28	25,923	9,278	0
010 & part 019	1. Investments in development	4				
011, 012 & part 019	2. Concessions, patents, licences, trade marks, software and other rights	5	28	25,923	9,278	
013 & part 019	3. Goodwill	6				
014 & part 019	4. Other intangible assets	7				
015 & part 019	5. Intangible assets in progress	8				
016 & part 019	6. Advances for intangible assets	9				
2	II. REAL ESTATE, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	28	21,585,698	21,404,728	0
020, 021 & part 029	1. Land	11	28	9,120,668	9,034,813	
022 & part 029	2. Buildings	12	28	10,102,565	8,843,664	
023 & part 029	3. Plants and equipment	13	28	2,316,158	2,261,834	
024 & part 029	4. Investment property	14	28	21,467	20,963	
025 & part 029	5. Other property, plants and equipment	15	28	3,619	3,619	
026 & part 029	6. Property, plants and equipment in progress	16	28	5,768	1,219,824	
027 & part 029	7. Investments in some. else's property, plant and equipment	17				
028 & part 029	8. Advances for property, plants and equipment	18	28	15,453	20,011	
3	III. BIOLOGICAL AGENCIES (0020 + 0021 + 0022 + 0023)	19		165	266	0
030, 031 & part 039	1. Forests and perannial plants	20				
032 & part 039	2. Livestock unit	21	28	165	266	
037 & part 039	3. Biological agencies in progress	22				
038 & part 039	4. Advances for biological agencies	23				
04. except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		102,775	159,714	0
040 & part 049	1. Shares in subsidiaries	25				
041 & part 049	2. Shares in associated companies and joint ventures	26				
042 & part 049	3. Shares in other legal entities and other securities available for sale	27	29	1	3	
part 043, part 044 & part 049	4. Long-term investments to parent companies and subsidiaries	28				
part 043, part 044 & part 049	5. Long-term investments to other related parties	29				
part 045 & part 049	6. Long-term investments in the country	30				
part 045 & part 049	7. Long-term investments abroad	31				
046 & part 049	8. Securities hold to maturity	32				
048 & part 049	9. Other long-term financial investments	33	30	102,774	159,711	



BALANCE SHEET (cont'd.)  
On 31 December 2014  
(in thousand RSD)

5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		0	0	0
050 & part 059	1. Receivables from parent company and subsidiaries	35				
051 & part 059	2. Receivables from other related parties	36				
052 & part 059	3. Receivables from sale on trade credit	37				
053 & part 059	4. Receivables from sale per contracts on financial leasing	38				
054 & part 059	5. Receivables based on guarantees	39				
055 & part 059	6. Disputed and doubtful receivables	40				
056 & part 059	7. Other long-term receivables	41				
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER PROPERTY	43		6,201,901	2,602,694	0
	(0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)					
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		131,446	140,585	0
10	1. Material, spare parts, tools and small inventory	45	31	109,808	98,433	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	32	20,612	33,682	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	33	1,026	8,470	
20	II RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1,144,824	867,394	0
200 & part 209	1. Buyers in the country – parent companies and subsidiaries	52				
201 & part 209	2. Buyers abroad – parent companies and subsidiaries	53				
202 & part 209	3. Buyers in the country – other related parties	54				
203 & part 209	4. Buyers abroad – other related parties	55				
204 & part 209	5. Buyers in the country	56	34	676,715	458,534	
205 & part 209	6. Buyers abroad	57	35	468,109	408,860	
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	36	45,124	105,792	
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 and 237	VI SHORT-TERM INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	62		2,031,124	538,172	0
230 & part 239	1. Short-term loans and invest. – parent com. and subsidiaries	63				
231 & part 239	2. Short-term loans and investments – other related parties	64				
232 & part 239	3. Short-term credits and loans in the country	65	37	34,818	37,200	
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	38; 39	1,996,306	500,972	
24	VII CASH AND CASH EQUIVALENTS	68	41	2,803,851	896,778	
27	VIII VALUE ADDED TAX	69			0	
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	45,532	53,973	
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		27,916,462	24,176,680	0
88	Ђ. OFF-BALANCE SHEET ASSETS	72	62	511,663	566,762	
	LIABILITIES					
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401		24,957,293	22,116,270	0

BALANCE SHEET (cont'd.)  
On 31 December 2014  
(in thousand RSD)

30	I CORE CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402		20,573,610	20,573,610	
300	1. Share capital	403	43	20,573,610	20,573,610	
301	2. Shares of limited liability companies	404				
302	3. Stakes	405				
303	4. State capital	406				
304	5. Social capital	407				
305	6. Cooperative shares	408				
306	7. Share issue premium	409				
309	8. Other core capital	410				
31	II NON-PAID SUBSCRIBED CAPITAL	411				
047 & 237	III REPURCHASED OWN SHARES	412				
32	IV RESERVES	413	44	1,534,430	1,529,339	
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLES, PROPERTY, PLANTS AND EQUIPMENT	414	45	148,569		
33 except 330	VI. NON-REALISED INCOMES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance of group account 33 except 330)	415	46	5,177		
33 except 330	VII. NON-REALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (debit balance of group account 33 except 330)	416				
34	VIII NON-DISTRIBUTED PROFIT (0418 + 0419)	417		2,695,507	13,321	0
340	1. Non-distributed profit of previous years	418				
341	2. Non-distributed profit of the current year	419	47	2,695,507	13,321	
	IX. SHARE WITHOUT RIGHT OF CONTROL	420				
35	X.LOSS (0422 + 0423)	421		0	0	0
350	1. Loss of previous years	422				
351	2. Loss of the current year	423				
	B. LONG-TERM RESERVES AND LIABILITIES (0425 + 0432)	424		1,074,592	1,115,042	0
40	I LONG-TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	48	185,327	176,654	0
400	1. Reserves for costs within guarantee period	426				
401	2. Reserves for restoration of natural resources	427				
403	3. Reserves for restructuring costs	428				
404	4. Reserves for retirement and other employee benefits	429	49	111,237	114,718	
405	5. Reserves for litigations	430	49	74,090	61,936	
402 & 409	6. Other long-term reserves	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		889,265	938,388	0
410	1. Liabilities that may be converted into capital	433				
411	2. Liabilities toward parent companies and subsidiaries	434				
412	3. Liabilities toward other related parties	435				
413	4. Liabilities from securities for a period longer than one year	436				
414	5. Long-term credits and loans in the country	437				
415	6. Long-term credits and loans abroad	438	50	889,265	938,388	

BALANCE SHEET (cont'd.)  
On 31 December 2014  
(in thousand RSD)

416	7. Liabilities base on financial leasing	439				
419	8. Other long-term liabilities	440	51	0	0	
498	V. DEFERRED TAX LIABILITIES	441	26	210,610	435,863	
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,673,967	509,505	0
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		100,824	125,368	0
420	1.Short-term loans from parent companies and subsidiaries	444				
421	2. Short-term loans from other related parties	445				
422	3. Short-term credits and loans in the country	446				
423	4. Short-term credits and loans abroad	447				
427	5. Liabilities on fixed assets and assets from discontinued operations intended for sale	448				
424, 425, 426 and 429	6. Other short-term financial obligations	449	52	100,824	125,368	
430	II RECEIVED PRIPAYMENT, DEPOSITS AND BAILS	450	53	47,432	36,768	
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		172,638	282,769	0
431	1. Suppliers – parent com. and subsidiaries in the country	452				
432	2. Suppliers – parent com. and subsidiaries abroad	453				
433	3. Suppliers – other related parties in the country	454				
434	4. Suppliers – other related parties abroad	455				
435	5. Suppliers in the country	456	54	132,746	152,856	
436	6. Suppliers abroad	457	55	32,649	127,078	
439	7. Other business liabilities	458	56	7,243	2,835	
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	733,787	2,640	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	66,619	6,691	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59; 60	463,726	1,508	
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	88,941	53,761	
	D. LOSS OVER CAPITAL (0412 + 0416 + 0421 – 0420 – 0417 – 0415 – 0414 – 0413 – 0411 – 0402) ≥ 0 = (0441 + 0424 + 0442 – 0071) ≥ 0	463				
	DJ. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 – 0463) ≥ 0	464		27,916,462	24,176,680	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	511,663	566,762	



**STATEMENT ON CHANGES IN CAPITAL**  
**in the period from 1 January to 31 December 2014**  
**(in thousand RSD)**

STATEMENT ON CHANGES IN CAPITAL in the period from 01.01. to 31.12.2014

Serial No.	DESCRIPTION	Capital components										Components of other result							Total capital at the end of the reporting period (19 + 2) (low col. 19) ± 0 (col. 19) ± 0													
		30	31	32	35	ADP	Loss	Reserves	ADP	Repurchases and own Shares	ADP	Non-distributed profit	ADP	Revaluation on reserves	ADP	330	331	332		333	334	335	ADP	356	357	ADP	18					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17																
	Opening balance on 01.01.2013		0			0																										
1	a) debit balance of account	4001	4019	4037	4055	4073	4091	4109	4127	4145	4163	4181	4199	4217	4235	0	4244															
	b) credit balance of account	4002	20,573,610	4020	0	4038	1,297,787	4056	0	4074	0	4092	727,657	4110	0	4128	0	4146	0	4164	0	4182	0	4200	0	4218	0	22,596,054	0			
	Correction of materially significant errors and changes of accounting policies		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
2	a) corrections on the debit side of the account	4003	0	4021	0	4039	0	4057	0	4075	0	4093	0	4111	0	4129	0	4147	0	4165	0	4183	0	4201	0	4219	0	4236	0	4245	0	
	b) corrections on the credit side of the account	4004	0	4022	0	4040	0	4058	0	4076	0	4094	0	4112	0	4130	0	4148	0	4166	0	4184	0	4202	0	4220	0	4237	0	4246	0	
	Updating of opening balance on 01.01.2013		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
3	a) corrected debit balance of account (1a + 2a - 2b) ≥ 0	4005	0	4023	0	4041	0	4059	0	4077	0	4095	0	4113	0	4131	0	4149	0	4167	0	4185	0	4203	0	4221	0	4238	0	4246	0	
	b) corrected credit balance of account (1b - 2a + 2b) ≥ 0	4006	20,573,610	4024	0	4042	1,297,787	4060	0	4078	0	4096	727,657	4114	0	4132	0	4150	0	4168	0	4186	0	4204	0	4222	0	22,596,054	0	231,552	0	
	Changes in the previous 2013		0	0	231,552	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	231,552	0	0	0		
4	a) Turnover on the debit side of the account	4007	0	4025	0	4043	0	4061	0	4079	0	4097	727,657	4115	0	4133	0	4151	0	4169	0	4187	0	4205	0	4223	0	4240	0	4247	0	0
	b) Turnover on the credit side of the account	4008	0	4026	0	4044	231,552	4062	0	4080	0	4098	16,205	4116	0	4134	0	4152	0	4170	0	4188	0	4206	0	4224	0	24,737	0	0	0	0
	Balance at the end of the previous year on 31.12.2013		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	a) debit balance of account (3a + 4a - 4b) ≥ 0	4009	0	4027	0	4045	0	4063	0	4081	0	4099	0	4117	0	4135	0	4153	0	4171	0	4189	0	4207	0	4225	0	4242	0	4248	0	0
	b) credit balance of account (3b - 4a + 4b) ≥ 0	4010	20,573,610	4028	0	4046	1,529,339	4064	0	4082	0	4100	16,205	4118	0	4136	0	4154	0	4172	0	4190	0	4208	0	4226	0	22,119,154	0	22,119,154	0	0



**CASH FLOW STATEMENT**  
**In the period from 1. January to 31 December 2014**  
**(in thousand RSD)**

CASH FLOW STATEMENT				
in the period from 01.01.2014 to 31.12.2014				
- in thousand RSD-				
Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
<b>A. CASH FLOWS FROM BUSINESS ACTIVITY</b>				
I. Cash inflow from business activities (1 to 3)	3001		9,137,534	6,134,762
1. Sale and received advance payments	3002	65	8,211,506	5,442,570
2. Interests received from business activity	3003	66	50,140	7,310
3. Other inflows from regular operations	3004	67	875,888	684,882
II. Cash outflow from business activities (1 to 5)	3005		4,784,947	4,833,682
1. Payments for suppliers and given advance payments	3006	68	2,741,305	3,215,259
2. Salaries, salary compensations and other personal expenses	3007	69	1,469,359	1,211,491
3. Paid interest	3008	70	46,614	54,601
4. Income-tax	3009	71	46,997	77,149
5. Payment from other public revenues	3010	72	480,672	275,182
III. Net cash inflow from business activities ( I - II )	3011		4,352,587	1,301,080
IV. Net cash outflow from business activities ( II - I )	3012			0
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
I. Cash inflow from investment activity (1 to 5)	3013		50,716	1,241,620
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015	73	762	650
3. Other financial investments (net inflows)	3016	74	0	1,163,898
4. Interests received from investment activities	3017	75	49,954	77,072
5. Dividends received	3018		0	0
II. Cash outflows from investment activities (1 to 3)	3019		2,436,023	1,174,299
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021	76	1,008,471	1,174,299
3. Other financial investments (net outflows)	3022	77	1,427,552	
III. Cash net inflow from investment activities ( I - II )	3023		0	67,321
IV. Cash net outflow from investment activities (II - I)	3024		2,385,307	0
<b>V. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
I. Cash inflow from financing activities (1 to 5)	3025		0	0
1. Core capital increase	3026		0	0
2. Long-term loans (net inflows)	3027		0	0
3. Short-term loans (net inflows)	3028		0	0
4. Other long-term liabilities	3029		0	0
5. Other short-term liabilities	3030		0	0



CASH FLOW STATEMENT (cont'd.)  
 In the period from 1. January to 31 December 2014  
 (in thousand RSD)

II. Bash outflow form financing activities (1 to 6)	3031		135,486	685,006
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033	78	98,612	98,760
3. Short-term loans (outflows)	3034		0	0
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036	79	30,038	90,140
6. Paid-up dividends	3037	80	6,836	496,106
III. Net cash inflow from financing activities (I-II)	3038			0
IV. Net cash outflow from financing activities (II-I)	3039		135,486	685,006
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)	3040		9,188,250	7,376,382
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)	3041		7,356,456	6,692,987
DJ. NET CASH INFLOW (3040 – 3041)	3042		1,831,794	683,395
E. NET CASH OUTFLOW (3041 – 3040)	3043		0	0
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		896,778	214,383
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3045		83,780	13,585
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3046		8,501	14,585
J. CASH AT THE END OF ACCOUNTING PERIOD (3042 – 3043 + 3044 + 3045 – 3046)	3047		2,803,851	896,778

**JSC BELGRADE NIKOLA TESLA AIRPORT**  
**FINANCIAL STATEMENTS 31 December 2014**

**JSC BELGRADE NIKOLA TESLA AIRPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 December 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 of rendering airport services, the Company, as side activities, provides other services at airport complex, satisfying the needs of service users, domestic and foreign air carriers.

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

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

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

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

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

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

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

### 1.2. Number of employees and engaged persons

On Balance Sheet date on 31.12.2014 the Company had 1.682 engaged persons (of which 475 refer to permanent employees (on 31. December 2014 it was 1.699 engaged workers, of which 481 permanent employees).

### 1.3. Management structure

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

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

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

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

### 1.4. Ownership structure

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



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

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

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

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

Financial statements for I-XII 2014 have been prepared in accordance legislation and approved at the meeting of the Supervisory Board on 17.04.2015.

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

Decision of the Ministry of 13 March 2014, which was published in the Official Gazette No. 35 of 27 March 2014 (hereinafter "the Decision on establishing the translations") determined and published translations of the basic texts of IAS and IFRS conceptual framework for financial reporting ("Conceptual Framework"), approved by the Board, as well as related IFRIC interpretations. Those translations published in the Decision on establishing the translation does not include the basis for conclusions, illustrative examples, guidelines, comments, opposing opinions, developed examples and other supplementary explaining material that can be adopted in relation to standards or interpretations, unless expressly stated that the material is an integral part of these standards or interpretations. Based on Decision on establishing translation the conceptual framework, IAS, IFRS, IFRIC and related interpretations that are translated are in the application from the financial statements that are prepared as of 31 December 2014. Revised or issued IFRS and standard interpretations, after this date, have not been translated and published, and therefore are not applied in the preparation of these financial statements.

However, to the date of these financial statements, not all amendments to IAS / IFRS and IFRIC interpretations were translated that were effective for annual periods beginning on or after 1 January 2014. In addition, certain laws and subordinate legislation prescribes the accounting procedures, evaluation and disclosure which in some cases differ from the requirements of IAS / IFRS and IFRIC interpretations.

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

- Deviations from IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, plant and equipment" in the treatment and recording the effects of equity valuation and whose main part is the valuation of property and equipment and investment property. Namely, in accordance with Article 27 of the Independent Members Law on Amendments and Supplements to the Law on right to free shares and financial compensation realized by the citizens in the privatization procedure ("Official Gazette" no. 30/2010) the founder of the Company was required to ensure that until June 30, 2010, the Company changes its legal form and expresses its capital in shares of certain par value based on the adjusted book value of equity. Accordingly, after the capital valuation was performed posting of estimated values of assets and liabilities in favour of the



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

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

revaluation reserves. Based on the decision of the Board of Directors of the Company No. 04-100 /1 of 31 May 2010 on the capital increase, and the Decision of the Government of the Republic of Serbia number 023-4175/2010 of 4 June 2010 on the approval of the aforementioned decision on the increase of capital from their own funds by converting the reserves and retained earnings into core capital of JP Aerodrom Nikola Tesla, the Company in its business books made accounting records of increase of the state capital as of 1 January 2010, adjusting the opening balance by reduction of other capital, reserves, revaluation reserves and retained earnings. The aforementioned accounting treatment departs from IAS 16 "Property, plant and equipment", according to which: 1) the result of the revaluation attributed directly to equity, in line item revaluation reserve or recognized as revenue in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense, as well as in the area where 2) revaluation reserves that are part of capital related to property, plant and equipment may be transferred directly to retained earnings when the asset ceases to be recognized. Due to the above mentioned recognition of valuation in the accompanying financial statements in accordance with the mentioned acts are not in accordance with IAS 1 either "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment".

- Deviations from IAS 12 "Income Taxes" - the interpretation of SIC -21 "Income Taxes - Recovery of revalued assets" based on which deferred tax liability or asset arising from the revaluation of assets which are not amortized in accordance with IAS 16 "Property, plant and equipment" are recognized and measures based on the tax consequences that would follow from recovery of the book value of that asset through sale, regardless of the basis for measuring the book value of the asset. Due to the inability of a clear interpretation of the regulations concerning the purchase value of the land, then the determination of rights to dispose of land and ownership of the Company, and due to specific activities and business regulation of airports in the Republic of Serbia, as well as special provisions of Independent Articles of the Law on Amendments and Supplements to the Law on the Right to Free shares and financial compensation realized by the citizens in the privatization procedure ("Official Gazette" no. 30/2010), it is considered that these SIC -21 "Income tax - refund of revalued assets" can not be applied in the circumstances. Deferred tax liabilities arising from revaluation of land would amount to 735.072 thousand, the requirements of interpretation SIC -21 "Income tax - refund of revalued assets." are applied.

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

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

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

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

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

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

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

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments improving disclosure of the fair value and liquidity risk (as revised in March 2009, effective for annual periods beginning on or after January 1, 2009.)

- Amendments to IFRS 1 "First-time Adoption of IFRS" - Additional Exemptions for First-time Adopters Amendments relating to the assets in the oil and gas industry and determining whether an arrangement contains a lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010.)
- Amendments to various standards and interpretations resulting from the annual improvement project of IFRS published on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with a view to removing inconsistencies and clarifying wording (amendments are effective for annual periods beginning on or after January 1, 2010., and the amendment to IFRIC on or after 1 July 2009),
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after July 1, 2009.)
- Amendments to IFRS 2 "Share-based Payment": Amendments resulting from the annual improvement project of IFRS (revised April 2009., Effective for annual periods beginning on or after July 1, 2009.) And amendments relating to payment transactions actions of groups based on cash (revised in June 2009., effective for annual periods beginning on or after January 1, 2010.)
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods beginning on or after 1 July 2009. and IAS 39 "Financial Instruments: Recognition and Measurement" - Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009.)
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009.)
- "Conceptual Framework for Financial Reporting 2010 "being an amendment to the" Framework for the Preparation and Presentation of Financial Statements "(effective date on or after September 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Limited Exemption from Comparative disclosures prescribed in IFRS 7 of first-time Adopters (effective for annual periods beginning on or after 1 July 2010.)
- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for persons under the (significant) control or influence government and clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010.)
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May, 2010. (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2011.)
- Amendments to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" Prepaid Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011.).
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011.)
- Amendments to IFRS 7 "Financial Instruments: Disclosures"-Transfers of Financial Assets (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets for tax (effective for annual periods beginning on or after 1 January 2012.)



- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013)

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

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

- Amendments to IAS 32 "Financial Instruments : Presentation" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate Financial Statements" - Exemption dependents from consolidation according to IFRS 10 (effective for annual periods beginning on or after 1 . January 2014).
- Amendments to IAS 36 - "Property value depreciation" Disclosure of the recoverable amount of non financial assets (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IAS 39 "Financial instruments " -restoring products and continued hedge accounting (effective for annual periods beginning on or after January 1, 2014).
- IFRIC 21 " tax" (effective for annual periods beginning on or after January 1, 2014).
- Amendments to IAS 19 "Employee Benefits" - Defined benefit plans: contributions for employees (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period from 2010 to 2012, which are the result of the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014).
- Annual improvements for the period from 2011 to 2013, which are the result of the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) for removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014).

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

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

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

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

- Amendments to IFRS 11 "Joint Arrangements" - Accounting for acquisitions of businesses make joint Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).

- IFRS 14 "Accounts regulatory accrual" - effective for annual periods beginning on or after 1 January 2016.
- IFRS 15 "Revenue from contracts with customers", which defines the framework for the recognition of revenue. IFRS 15 supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", IFRIC13 "Customer Loyalty Programmes", IFRIC15 "Agreements for the construction of real estate" and IFRIC18 "Transfers of assets from customers". IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Interpretation of the accepted methods of amortization Clarification of Acceptable Methods of Depreciation and Amortization (effective for annual periods beginning on or after 1 January 2016) .
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture - Industrial plants Agriculture - Bearer Plants (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 27 "Separate Financial Statements" - the equity method in the individual financial statements Equity Method and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or transfer of assets between investors and its associated entities or joint ventures - Sale or Contribution of Assets between an Investor and its associate or joint venture (effective for annual periods beginning on or after 1 January 2016).

### **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**

Sales revenue is recognized when the risks and benefits associated with the right of ownership is transferred to the customer, and that includes the date of delivery to the customer. Revenue is measured at the fair value of the consideration received or to be received, in the net amount after deducting the discounts and value added tax.

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

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

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

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

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

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



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

#### 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 in collection of receivables and payment of liabilities in foreign currency at the official exchange rate of the National Bank of Serbia, which occur as a result of differences in the exchange rate on the date of purchase and the exchange rate on the date of payment, as realized positive or negative exchange rate differences, 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 balance sheet as follows:

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

	31.12.2014	31.12.2013
EUR	120.9583	114.6421
USD	99.4641	83.1282
CHF	100.5472	93.5472
GBP	154.3650	136.9679

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

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

Agreed rate:	Value in RSD	
EUR - for EIB loan	121.3212	114.9860
EUR - for Hypo leasing	122.7727	116.3617

#### 3.4. Real estates, plants, equipment, biological resources

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

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

The Company has engaged a certified appraiser - the Company for financial engineering and consulting - Servo Mihalj - Agroekonomik to assess the value of property, plant and equipment as at 31.12.2014. On the basis of the assessment report, the assessment of land, building structures, housing and equipment for general purpose, adopted a market-based method, while the other buildings specific plant and equipment, the methods adopted replacement cost net of amortization degree.

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



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

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

#### 3.5 Intangible investments

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

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

Depreciation of property, plant and equipment is calculated using straight-line method over the estimated useful life. The depreciation rates that were used in the 2014 business year, as well as the rate of amortization calculated based on the useful life of the assets according to the evaluation report, which will be applied in future periods are reported in the following table:

DESCRIPTION	31.12.2014 after evaluation	31.12.2014 before estimated fair value
Building facilities	%	%
Water and electricity facilities	2,27 - 7,14	1,50 - 10,00
Roads, airports and parking lots	2,22 - 20,00	2,00 - 12,5
Other building facilities	5,00 - 20,00	5,00 - 20,00
Flats given to employees for use	1.49	1.42
<b>Equipment</b>	%	%
New specific equipment	5,26 - 50,00	5,00 - 33,33
Equipment for road traffic	9,00 - 33,33	6,67 - 33,33
Equipment for PTT and TV	11,11 - 50,00	10,00 - 33,33
Equipment for air traffic	8,33 - 25,00	6,67 - 20,00
Measuring and control devices and specific devices	5,00 - 25,00	5,00 - 50,00
Laboratory equipment, teaching aids and medical devices	25,00 - 33,33	14.29
Electronic, calculating machines and computers	16,67 - 25,00	11,11 - 33,33
Furniture and equipment for general purposes	11,00 - 25,00	10,00 - 50,00
Equipment for road traffic under financial leasing	12,50 - 25,00	6,67 - 25,00
Equipment and plants	20,00 - 25,00	5,00 - 50,00
Tools and inventory	33,00 - 100,00	33,00 - 100,00
<b>Intangible investments</b>	%	%
Software and licenses	10,00 - 50,00	10,00 - 50,00

#### 3.7. Investment property

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

The Company has engaged a certified appraiser - Institute for Economic Research Belgrade, to assess the value of investment property as on 31.12.2014. In the assessment report fair value of investment property is determined as probability of estimated value using the replacement cost method and the yield method.

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

#### **3.8. Impairment**

At each balance sheet date the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that there has been a loss due to the impairment of such assets. If any such indication exists, the recoverable amount of assets is estimated so that the extent of the impairment loss could be determined. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit, to which the asset belongs.

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

If the estimated recoverable amount of the asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Losses from impairment are recognized as an expense immediately, unless the relevant asset is land or buildings that are not used as investment property carried at a revalued amount, in which case the impairment loss is treated as a reduction in the value of revaluation.

With the subsequent reversal of the impairment, the carrying amount of the asset (cash generating unit) is increased to the revised estimated recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined in previous years if there were no losses recognized in this asset (cash generating unit) due to impairment. A reversal of an impairment loss is recognized immediately in income, unless the relevant asset is carried at appraised value, in which case the reversal of the impairment loss is treated as an increase due to revaluation.

On December 31, 2014, based on the Company's management estimates there are no indications that the value of the assets is impaired.

#### **3.9. Stocks**

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

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

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

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

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

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

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

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

The Law on Corporate Income Tax of the Republic of Serbia do not envisage that any tax losses of the current period be used to recover taxes paid in previous years. However, losses which are



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

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

included in the tax balance until 2009, can be used to reduce the tax base in future periods over the next ten years from the vesting date, and the losses realized and recognized in the tax statement for 2010 and beyond, can be used to reduce the tax base in future periods, but not longer than five years.

The Law on Corporate Income Tax of the Republic of Serbia in the part of tax credit provides that taxpayers who have until December 31, 2013 were entitled to a tax incentive under Art. 48. The previous law, and expressed the information in the tax return and the tax return for 2013, cannot be entitled to use up to the deadline and in the manner prescribed by the earlier law. According to Art.48 Paragraph 5 of the previous law, "unused tax credits can be offset against income tax in future periods up to the prescribed limit of 33% (for large and medium-sized enterprises), but not longer than ten (10) years that you apply as of the tax balance sheet for the year 2003 ". In determining the income tax for 2014, the earliest previous tax period from which they can use unused tax credit is the tax account or PK form in 2004. Transferred tax credit is used in the order of investment.

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

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

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

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

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

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

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

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

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

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

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

- Terminal wage for retirement in amount of 4 average month salaries without tax and contributions paid at the employer's in the very month before payment of terminal wage



- Jubilee awards for total time spent in employment with the employer in the amount of the average monthly salary without tax and contributions paid by the employer for the month preceding the month in which the employee is entitled to jubilee awards as follows:

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

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

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

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

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

#### **3.12. Leasing**

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

##### *The Company as lessor*

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

##### *The Company as lessee*

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

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

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

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

#### **3.13. Information on business segments**

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

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

#### 3.14. Financial instruments

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

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

##### *Long term investments*

Long-term investments after initially are measured by:

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

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

Long-term loans granted to employees are measured at fair value discounted by applying market interest rates.

##### *Short-term receivables and investments*

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

Receivables from sales of goods and services are measured by the cost of the original invoice. Invoiced interest related to the sale of goods and services are recognized as other receivables and are recorded in income in the period in which they arise.

Other receivables and investments originated by the company are measured at amortized cost.

Any difference between the carrying amount and subsequent measurement is recognized as a gain or loss in the period in which incurred.

##### *Devaluation of funds*

At each balance date, objective evidences of the value of assets are evaluated, by analysis of expected net cash inflows.

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand.

##### *Financial liabilities*

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

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



#### **4. SUMMARY OF IMPORTANT ACCOUNTING EVALUATIONS**

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

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

##### **4.1. Amortisation and amortisation rate**

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

In addition, due to the significance of fixed assets in the total assets of the Company, any change in the aforementioned assumptions may lead to material effects on the financial position of the Company as well as the financial result. As an example, if the Company shorten the average useful life by 10%, this would result in additional amortization charges for the year ended on 31 December 2014 for about RSD 81.125 thousand (year ended on 31 December 2013: RSD 72.913 thousand).

##### **4.2. Correction of values of uncollectible receivables**

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

##### **4.3 Litigations**

Overall, provisions have largely been subject to estimates. The Company assesses the likelihood of adverse cases may occur as a result of past events and assesses the amount required to settle the obligation. Assessment of potential liabilities arising from legal disputes is carried out by internal expert services or external advisors.

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

##### **4.4. Fair value**

The fair value for the purposes of disclosure under the requirements of IFRS 13 is defined as the price that would be received for the sale of assets, or paid to transfer obligations in a regular transaction between market participants on the measurement date.

Business policy of the Company is to disclose information about the fair (fair) value of assets and liabilities for which official market information exist and when fair value is materially different from the carrying value. In the Republic of Serbia there is no sufficient market experience, stability and liquidity for the purchase and sale of receivables and other financial assets or liabilities, given that published market information is not readily available. Hence, fair value can not be reliably determined in the absence of an active market. The Company's management assesses risk and when it estimates that the value of assets stated in its books may not be realized, it makes value corrections. In the opinion of the company management, the amounts in these financial statements reflect the value that is, in the circumstances, the most valid and useful for reporting purposes.



## **4. SUMMARY OF IMPORTANT ACCOUNTING EVALUATIONS**

### **4.4. Fair value**

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

Valuation techniques that are applied for measuring fair value, should make maximum use of relevant observable inputs and minimize the use of unobservable inputs.

To increase consistency and comparability in fair value measurements and related disclosures the fair value hierarchy shall be determined, which classifies into three levels inputs for valuation techniques that are used in determining the fair value according to the structure below:

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

Inputs Level 2 - inputs that are not quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include the following: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs that are not quoted prices, if they are visible for assets or liabilities and inputs supported by market.

Inputs Level 3 - unobservable inputs for the asset or liability that entity develops using the best information available in the circumstances. So, all reasonably available information about the market participants assumptions are considered. Unobservable inputs are considered market participant assumptions and meet the objective of fair value measurement.

5. REVENUES FROM SALE OF GOODS IN FOREIGN MARKET	I-XII 2014	I-XII 2013
	in 000	in 000
	RSD	RSD
Revenues from sale of goods-kerosene (re-export)*	620,416	700,447
Revenues from sale of fuel in foreign market	112	0
	<b>620,528</b>	<b>700,447</b>

6. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET	I-XII 2014			I-XII 2013		
	Revenues with foreign buyer branches	Revenues from foreign buyer branches	Revenues w/o foreign buyer branches	Revenues with foreign buyer branches	Revenues from foreign buyer branches	Revenues w/o foreign buyer branches
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service	1,097,241	101,385	995,856	833,415	133,222	700,193
Security fee	393,194	20,724	372,470	243,088	27,176	215,912
Landing	198,565	37,848	160,717	125,998	42,540	83,458
Aircraft handling *	227,789	55,796	171,993	161,231	59,063	102,168
Infrastructure	126,078	31,554	94,524	88,195	33,333	54,862
Air-bridges	9,343	9,343	0	11,039	11,016	23
Lighting	56,071	2,714	53,357	32,094	3,219	28,875
Aircraft abode tax	6,684	929	5,755	4,072	1,403	2,669
Aircraft de-icing services	24,064	936	23,128	23,542	6,865	16,677
Com. usage of apron *	58,869	0	58,869	75,356	0	75,356
Usage of the CUTE system	18,698	5,187	13,511	37,649	5,777	31,872
Service on special request *	26,977	768	26,209	11,073	825	10,248
Renting of advertisement space	25,859	0	25,859	33,936	0	33,936
Public services	134,283	1,364	132,919	139,875	790	139,085
Cargo-custom services	117,832	53	117,779	98,473	2	98,471
DCS services*	0	0	0	45	0	45
Lost and found services *	1,262	1,262	0	1,613	1,613	0
Use of parking	36,424	0	36,424	35,707	86	35,621
Other services *	26,146	4,390	21,756	21,980	5,003	16,977
	<b>2,585,379</b>	<b>274,253</b>	<b>2,311,126</b>	<b>1,978,381</b>	<b>331,933</b>	<b>1,646,448</b>

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



7. REVENUES FROM SALE OF SERVICES IN FOREIGN MARKET	I-XII 2014			I-XII 2013		
	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches	Revenues w/o for. buyer branches	Revenues from for. buyer branches	Revenues with for. buyer branches
-	000 RSD	000 RSD	000 RSD	000 RSD	000 RSD	000 RSD
Passenger service	1,514,117	101,385	1,615,502	1,286,584	133,222	1,419,806
Security fee	342,446	20,724	363,170	300,775	27,176	327,951
Landing	612,834	37,848	650,682	470,316	42,540	512,856
Aircraft handling *	729,985	55,796	785,781	554,312	59,063	613,375
Infrastructure	405,850	31,554	437,404	284,773	33,333	318,106
Air-bridges	175,973	9,343	185,316	106,547	11,016	117,563
Lighting	73,196	2,714	75,910	53,568	3,219	56,787
Aircraft abode tax	31,032	929	31,961	22,511	1,403	23,914
Aircraft de-icing services	19,195	936	20,131	50,981	6,865	57,846
Usage of the CUTE system	92,457	5,187	92,457	77,778	5,777	83,555
Service on special request *	29,061	768	29,829	26,290	825	27,115
Renting of advert. space	18	0	18	0	0	0
Public services	3,574	1,364	4,938	1,666	790	2,456
Cargo-custom services	25,106	53	25,159	30,571	2	30,573
Rev. from consultancy ser.	46,466	0	46,466	45,445	0	45,445
DCS services*	33,213	0	33,213	30,829	0	30,829
Lost and found services *	18,851	1,262	20,113	15,158	1,613	16,771
Other services*	38,098	4,390	47,675	38,239	5,114	43,353
	<b>4,191,472</b>	<b>274,253</b>	<b>4,465,725</b>	<b>3,396,368</b>	<b>331,958</b>	<b>3,728,301</b>
<b>Total revenues from sale of products and services</b>	<b>6,776,851</b>		<b>6,776,851</b>	<b>5,374,749</b>		<b>5,374,749</b>

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

8. Revenues from sale of services per geographic region	I-XII 2014	I-XII 2013
-	in 000 RSD	in 000 RSD
Serbia	2,311,126	1,646,448
Germany (Lufthansa + Germanwings + European)	642,350	676,604
Montenegro (Montenegro +other buyers MN)	473,887	363,175
Austria (Austrian Airlines branch +Niki)	270,968	310,770
Switzerland (Swiss Air)	362,199	323,010
Russia (Aeroflot)	331,236	265,559
Turkey (Turkish +Pegasus + Mondial)	503,957	422,826
France (Air France)	911	22,480
Italy (Al Italia+ Air one)	161,883	147,259
Abu Dhabi (Etihad Air branch +Etihad Air)	127,047	52,400
Hungary (Wiz air + Cityline)	609,701	485,171
Romania (Tarom)	31,108	42,042
Tunisia (Tunis Air)	50,922	50,388
Greece (Olympic +Olympic branch+Aegean)	68,396	50,550
England (Easyjet)	155,854	37,179
Norway (Norwegian)	68,789	84,580
Polland (Polskie linie)	68,954	42,042
Dubai (Fly Dubai)	66,862	68,422
Qatar (Qatar Airways)	61,033	47,501
Slovenia (Adria Airways + Solin Air)	22,506	60,009
<b>Other foreign buyers</b>	<b>387,162</b>	<b>176,334</b>
	<b>6,776,851</b>	<b>5,374,749</b>



<b>9. Revenues from sale of services per buyers</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
-	in 000 RSD	in 000 RSD
Air Serbia-Serbia	1,797,688	1,145,905
Deutsche Lufthansa-Germany	577,957	602,973
Montenegro Airlines-Montenegro	470,245	361,562
Branch Austrian Airlines-Austria	270,968	304,191
Swiss Air-Switzerland	362,199	323,010
Turkish Airlines-Turkey	379,810	282,978
Aeroflot-Russia	331,236	265,559
Adria Airways-Slovenia	3,713	33,799
Alitalia-Italy	161,883	145,765
Air France-France	911	22,480
German wings-Germany	45,146	54,797
Norwegian-Norway	68,789	84,580
EasyJet-England	155,854	37,179
Wiz Air+ branch (Hungary)	607,116	479,115
Tarom-Romania	31,108	42,042
Pegasus- Turkey	77,681	94,403
Tunis Air- Tunisia	50,922	50,388
Fly Dubai-Dubai	66,862	68,422
Greece – Olympic +branch	4,136	50,440
Iran Air-Iran	24,724	3,117
Qatar airways-Qatar	61,033	47,501
Etihad Airways PJSC-Abu Dhabi	127,047	52,400
NIS AD-Serbia	36,231	53,136
JAT Tehnika -Serbia	42,009	33,418
Parking service-Serbia	28,536	28,376
Alma Quatro *Air Media-Serbia	15,158	16,654
Dufry doo Beograd-Serbia	29,573	52,554
Mondial Bodrum-for consultancy services-Turkey	46,466	45,445
Other domestic buyers- Serbia	361,931	316,405
Other foreign buyers	539,919	326,595
	<b>6,776,851</b>	<b>5,374,749</b>

<b>10. OTHER BUSINESS REVENUES</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
-	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	748,805	551,980
Revenues from lease to foreign legal persons	7,679	9,043
	<b>756,484</b>	<b>561,023</b>

<b>11. PURCHASE VALUE OF SOLD GOODS</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
-	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	682	807
Purchase value of sold kerosene - re-export	594,667	679,359
	<b>595,349</b>	<b>680,166</b>

<b>12. COSTS OF MATERIAL</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of basic material	100,235	91,692
Overhead costs of material (office material)	21,539	13,696
Costs of spare parts	59,886	54,095
Costs of tools and inventory	23,153	12,699
	<b>204,813</b>	<b>172,182</b>

<b>13. COSTS OF FUEL AND ENERGY</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of gasoline and diesel fuel	88,373	91,220
Costs of oil fuel for heating	26,060	38,699
Costs of electric energy	171,845	123,516
	<b>286,278</b>	<b>253,435</b>

<b>14. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Gross salaries and salary reimbursements - employees	683,205	655,688
Gross salaries and salary reimburs. - management	30,365	32,598
Taxes and contributions at the cost of employer	127,721	123,201
Costs of reimburs. per service contract and royalties	1,317	1,563
Costs of reimbursement for youth organizations etc.	544,353	317,773
Costs of reimburs. for natural persons -cont.on add.work	395	677
Costs of reimburs. for members of SB,SA, rev.committee	8,232	9,902
Transport of employees	37,371	39,100
Costs of business trips	5,400	9,946
Terminal wages and jubilee bonuses	590	3,809
Other personal expenditures	21,987	6,514
	<b>1,460,936</b>	<b>1,200,771</b>

The cost benefits to youth cooperatives and other forms of engagement presented in the business year 2014 in the amount of RSD 544.353 thousand, in the largest amount of RSD 342.852 thousand, relate to employee involvement through youth organizations and engagement under contract for temporary and occasional jobs in the amount of RSD 201.501 thousand, according to the needs and requirements of increasing volume of services.

<b>15. COSTS OF PRODUCTION SERVICES</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of engaging youth organizations for:		
- aircraft ground handling	225,054	319,487
- guarding etc.	273,124	480,361
IT services on passenger and baggage check-in	41,949	44,527
Costs of phone and other PTT services	27,833	29,563
Costs of maintenance services	134,422	140,073
Lease costs	30,430	26,838
Advertising costs	16,538	36,279
The cost of catering services of tenants - (re-invoiced to airlines)	43,214	33,412
Costs of utilities	29,114	34,020
Costs of other production services	11,469	20,894
	<b>833,147</b>	<b>1,165,454</b>



<b>16. COSTS OF LONG-TERM RESERVING</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of reserving for terminal wages	10,910	10,660
Costs of reserving for jubilee bonuses	4,308	15,544
Costs of reserving for litigations	38,930	2,080
	<b>54,148</b>	<b>28,284</b>

<b>17. INTANGIBLE COSTS</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Costs of occupational health JAT/ Air Serbia	10,577	13,481
Costs of cleaning services	53,626	54,272
Costs of engagement of youth organizations for:		
- technical support maintenance	63,102	123,290
- administration jobs (economic and legal)	111,354	148,885
Costs of other non-production services	66,348	57,461
Costs of representation	4,203	12,787
Costs of insurance	21,578	30,104
Costs of payment system	5,889	6,080
Membership	5,056	4,919
Property tax and other reimbursements	77,221	75,223
Other intangible costs	19,552	15,209
	<b>438,506</b>	<b>541,711</b>

<b>18. INTEREST INCOME</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Interest in term deposits in RSD	16,954	5,475
Interest for RSD deposits in current accounts	7,818	12,255
Interest in term deposits in foreign currency	14,210	41,004
Interest for foreign currency in current accounts	18,650	8,464
Interest on housing loans	1,470	1,317
Interest on court decisions	30,814	29
Default interest for late payment by buyers	2,726	26,428
Other interests	61	50
	<b>92,703</b>	<b>95,022</b>

<b>19. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECT OF CURRENCY CLAUSE</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Revenues from realized exchange rate differences	125,517	68,613
Revenues from non-realized exchange rate differences	48,039	1,201
Revenues from effects of contracted currency clause	11,688	2,625
	<b>185,244</b>	<b>72,439</b>



20. INTEREST EXPENDITURES	I-XII 2014	I-XII 2013
	in 000 RSD.	in 000 RSD.
Interest for long-term EIB loan	46,092	48,365
Interest for financial leasing	249	5,490
Default interest in the country	6,265	123
Interest of untimely paid public revenues	13,019	83
Interest for housing loan	-	50
	<b>65,625</b>	<b>54,111</b>

21. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	I-XII 2014	I-XII 2013
	in 000 RSD.	in 000 RSD.
Negative exchange rate differences-realized	28,058	73,111
Negative exchange rate differences- non-realized	55,236	11,790
Ecpenditures from effects of contracted currency clause	516	643
	<b>83,810</b>	<b>85,544</b>

22. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS	I-XII 2014	I-XII 2013
	in 000 RSD.	in 000 RSD.
Valuation adjustment of receivables:		
- from buyers	11,914	-
- for interest	30	-
- for housing loans	6,819	6,045
Other unmentioned income	1,398	2,731
	<b>20,161</b>	<b>8,776</b>

23. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS	I-XII 2014	I-XII 2013
	in 000 RSD.	in 000 RSD.
Impairment of receivables for housing loans	52,310	6,021
Value correction of doubtful and disputed receivables	552,340	1,934,288
Other impairment expenditures	788	393
	<b>605,438</b>	<b>1,940,702</b>

Impairment of receivables for housing loans presented in the business year 2014 in the amount of RSD 52,310 thousand for the most part, in the amount of RSD 49,379 thousand represent an effect of adjustment to fair value of housing loans.

Value correction of receivables recognized in the business year 2014 in the amount of RSD 552.340 thousand mainly relate to value correction of receivables from the company Air Serbia ad Belgrade in the amount of RSD 514.301 thousand.

24. OTHER REVENUES	I-XII 2014	I-XII 2013
	In 000 RSD.	In 000 RSD.
Revenues from sale of equipment and materials	1,535	2,015
Revenues of collected, corrected receivables from buyers	2,178,011	18,221
Revenues of collected, corrected receivables from Gold Bank	-	1,335
Revenues from cancel. of reser. for litigations & emp. benefits	1,132	47,503
Revenues from indemnity from legal and natural persons	10,077	7,877
Revenue from charged court costs	2,250	112
Revenues of previous years	3,209	2,179
Positive effects of contracted revaluation	2	2,509
Revenue from revaluation of property and equipment	40,240	-
Revenue from value adjustment of investment property "Borik"	504	169
Other non-mentioned revenues	101,889	6,705
	<b>2,338,849</b>	<b>88,625</b>

Income from collection of previously corrected receivables in the business year 2014 in the amount of RSD 2,178,011 thousand in largest part amounting to RSD 2,145,319 thousand refer to the receivables collected from Public Debt Administration of the Republic of Serbia. Namely, under the Law on taking over liabilities of the company Air Serbia toward legal and physical entities for provided services and delivered goods and conversion of liabilities into public debt of the Republic of Serbia (Official Gazette of the RS142 / 2014 of 25.12.2014), the debt was taken over in the amount of RSD 4,290,638 thousand. On 29 December 2014, the Public Debt Administration of the Republic of Serbia has carried out settlement of liabilities of Air Serbia in the amount of RSD 2,145,319 thousand.

Other reported revenues in the business year 2014 in the amount of RSD 101.889 thousand in the largest part, in the amount of RSD 101.436 thousand, relate to calculated and invoiced revenues on the basis of the variable part of a lease, caused by the effects of the minimum annual lease fee for change of retail price growth in Germany. Given the requirements of the tax regulations of the Republic of Serbia and bearing in mind that these accounts were not reconciled with the tenant, the Company records these revenues in the current period although they are calculated for the period from the beginning of the contractual relationship.

25. OTHER EXPENDITURES	I-XII 2014	I-XII 2013
	in 000 RSD.	in 000 RSD.
Loss from sale and write-off of equipment	3,340	1,602
Costs from disclosed deficits	-	157
Expenditures from direct write-off of receivable	1,517,335	45
Cost of material per inventory	2,963	25
Litigation expenses	6,127	1,332
Costs for humanitarian, health and scientific purposes	29,382	20,786
Expenditures of previous years	9,022	1,061
Other non-mentioned expenditures	9,773	2,658
Impairment of property and equipment	120	-
Impairment of livestock	101	71
Losses on impairment of advances	4,148	-
Expenditures for trade unions	4,800	4,781
	<b>1,587,111</b>	<b>32,518</b>

Losses on the direct write-off receivables in the business year 2014 in the amount of RSD 1,517,335 thousand entirely relate to the write-off of receivables from Air Serbia doo, Beograd. Namely; based on the decision of the Supervisory Board on the write-off of receivables for services rendered to the Company for Air Transportation Air Serbia, adopted at the Conclusion of the Government of RS 05 No. 40-15095 / 2014-1 write off was made toward Air Serbia for services performed in the period from 1 January 2014 to 30 September 2014 at the expense of the results of the current period.



<b>26. PROFIT TAX</b>		
<b>a) Components of profit tax</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Period tax expenditure	597,105	8,736
Period tax expenditure correction due to transfer pricing	-	2,884
<b>Period tax expenditure after correction</b>	<b>597,105</b>	<b>11,620</b>
Deferred period tax expenditure	-	-
<b>Deferred period tax revenue</b>	<b>252,384</b>	<b>3,566</b>
	<u>344,721</u>	<u>8,054</u>

<b>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Profit before tax	3,762,705	21,375
Profit tax calculated at rate of 15%	564,406	3,206
Tax effect of expenditures not acknowledged in tax balance	326,795	9,833
Tax credit for investment in fixed assets of the current period	-	(4,303)
Tax credit for investment in fixed assets of the previous years	(294,096)	-
Other-effect of differences in the transfer pricing on income tax	-	2,884
<b>Period tax expenditure</b>	<b>597,105</b>	<b>11,620</b>

Account of deferred tax liabilities and assets in 2014 and 2013 is shown in the following table:

<b>v) Table of changes in deferred tax assets and tax liabilities</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
<b>Deferred tax assets</b>		
Balance on 1 January	-	-
Subsequently recognized deferred tax credits	237,201	-
Deferred tax assets for terminal wages	7,952	-
Deferred tax assets for unpaid taxes	665	-
Balance on 31 December	<u>245,818</u>	<u>-</u>
<b>Deferred tax liabilities</b>		
Balance on 1 January	435,863	439,429
Effects arising from valuation of fixed assets	26,218	-
Effects based on assessment of actuarial gains	913	-
Temporary differences between tax and accounting amortization	(6,566)	(3,566)
Balance on 31 December	<u>456,428</u>	<u>435,863</u>
<b>Deferred tax liabilities - net</b>	<b><u>210,610</u></b>	<b><u>435,863</u></b>

The effects of changes in deferred tax assets are recorded through equity components in the amount of RSD 27,131 thousand and in the income statement in the amount of RSD252,384 thousand.



## 26. PROFIT TAX (cont'd.)

	Year of expiry	Amount of transfer. TC	Utilized TC	Outstanding transferred TC
Year of origination of profit tax		from 2013	in 2014	31.12.2014
2004	2014	121,717	121,717	-
2005	2015	106,634	106,634	-
2006	2016	159,464	65,745	93,719
2007	2017	33,154	-	33,154
2008	2018	57,663	-	57,663
2012	2022	156,179	-	156,179
2013	2023	188,815	-	188,815
2014		-	-	-
Unrecognised deferred tax credits		(292,329)		(292,329)
<b>Balance of tax credit ( TC )</b>		<b>531,297</b>	<b>294,096</b>	<b>237,201</b>

<b>27. PROFIT PER SHARE</b>	<b>I-XII 2014</b>	<b>I-XII 2013</b>
	in 000 RSD.	in 000 RSD.
Net profit for owners	3,417,984	16,205
Net profit correction	-	(2,884)
<b>Net profit after correction</b>	<b>3,417,984</b>	<b>13,321</b>
Average weighted number of shares	34,289,350	34,289,350
Basic profit per share in RSD	<b>99.68</b>	<b>0.39</b>

28. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL RESOURCES

in 000 RSD.

DESCRIPTION	Intangible assets	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Investments in progress	Advances	Total property, plants and equipment	Biological resources - livestock
<b>Purchase value</b>										
Initial balance, 01.01.2013	32,642	9,034,813	10,403,814	2,790,253	20,794	3,619	745,537	26,930	23,025,760	350
Purchase during the year	4,592	-	-	632,456	-	-	1,106,743	-	1,106,743	-
Transfer from current investments	-	-	-	(9,548)	-	-	(632,456)	-	-	-
Alienation, disbursement and sale	-	-	(288)	-	-	-	-	5,772	(9,836)	-
Other	-	-	-	-	169	-	-	-	5,941	(84)
Negative effects of assessment	-	-	-	-	-	-	-	-	-	-
<b>Final balance, 31.12.2013</b>	<b>37,234</b>	<b>9,034,813</b>	<b>10,403,526</b>	<b>3,413,161</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>32,702</b>	<b>24,128,608</b>	<b>266</b>
<b>Value correction</b>										
Initial balance, 01.01.2013	24,919	-	1,169,118	824,127	-	-	-	12,691	2,005,936	-
Amortization in current year	3,037	-	390,872	335,224	-	-	-	-	726,096	-
Alienation, disbursement and sale	-	-	(128)	(8,024)	-	-	-	-	(8,152)	-
<b>Final balance, 31.12.2013</b>	<b>27,956</b>	<b>-</b>	<b>1,559,862</b>	<b>1,151,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,691</b>	<b>2,723,880</b>	<b>-</b>
<b>Net correct value, 31.12.2013</b>	<b>9,278</b>	<b>9,034,813</b>	<b>8,843,664</b>	<b>2,261,834</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>20,011</b>	<b>21,404,728</b>	<b>266</b>
<b>Net correct value, 31.12.2012</b>	<b>7,723</b>	<b>9,034,813</b>	<b>9,234,696</b>	<b>1,966,126</b>	<b>20,794</b>	<b>3,619</b>	<b>745,537</b>	<b>14,239</b>	<b>21,019,824</b>	<b>350</b>
<b>Purchase value</b>										
Initial balance, 01.01.2014	37,234	9,034,813	10,403,526	3,413,161	20,963	3,619	1,219,824	32,702	24,128,608	266
Purchase during the year	22,428	-	-	-	-	-	784,858	-	784,858	-
Transfer from current investments	-	-	1,677,540	321,374	-	-	(1,998,914)	-	-	-
Alienation, disbursement and sale	(24,373)	-	(7,693)	(7,043)	-	-	-	-	(14,736)	-
Positive effects of assessment	-	85,855	39,441	89,732	504	-	-	-	215,532	(101)
Negative effects of assessment	-	-	(86)	(34)	-	-	-	-	(120)	-
Decrease of current value by accum.amort.	-	-	(2,010,163)	(1,496,764)	-	-	-	-	(3,506,927)	-
<b>Final balance, 31.12.2014</b>	<b>35,289</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,320,426</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>32,702</b>	<b>21,607,215</b>	<b>165</b>
<b>Value correction</b>										
Initial balance, 01.01.2014	27,956	-	1,559,862	1,151,327	-	-	-	12,691	2,723,880	-
Amortization in current year	5,783	-	454,858	356,395	-	-	-	-	811,253	-
Alienation, disbursement and sale	(24,373)	-	(4,557)	(6,690)	-	-	-	-	(11,247)	-
Cancellation of v.c. as per assessm. report	-	-	(2,010,163)	(1,496,764)	-	-	-	-	(3,506,927)	-
Advance value correction	-	-	-	-	-	-	-	3,121	3,121	-
<b>Final balance, 31.12.2014</b>	<b>9,366</b>	<b>-</b>	<b>-</b>	<b>4,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,812</b>	<b>20,080</b>	<b>-</b>
<b>Net correct value, 31.12.2014</b>	<b>25,923</b>	<b>9,120,668</b>	<b>10,102,565</b>	<b>2,316,158</b>	<b>21,467</b>	<b>3,619</b>	<b>5,768</b>	<b>16,890</b>	<b>21,587,135</b>	<b>165</b>
<b>Net correct value, 31.12.2013</b>	<b>9,278</b>	<b>9,034,813</b>	<b>8,843,664</b>	<b>2,261,834</b>	<b>20,963</b>	<b>3,619</b>	<b>1,219,824</b>	<b>20,011</b>	<b>21,404,728</b>	<b>266</b>

**28. INTANGIBLE ASSETS, PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL RESOURCES  
(continued)**

On the basis of the assessment report, conducted by a certified appraiser, total net present value of fixed assets amounted to RSD 21,585,698 thousand. As an assessment method is used the market and depreciated replacement cost method.

The total negative effects of assessment in the amount of RSD 120 thousand were recorded as expense of the current period. Positive effects are estimated to be RSD 215.532 thousand and are recorded in the revaluation reserve in the amount of RSD 148.569 thousand, after reduction of deferred taxes effects of RSD 26,218 thousand, and the remaining amount of RSD 40,744 thousand is credited to the income of the current period (funds for which as per previous estimate negative assessment effect was charged to expenses), Note No. 24.

Purchase value of completely written off fixed assets on 31 December 2014 amounted to RSD 54,221 thousand.

<b>29. PARTICIPATION IN CAPITAL OF OTHER LIGAL ENTITIES AND OTHER SECURITIES</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Privredna banka a.d. Beograd	392	392
<i>Minus: value correc. of partic. in capital of banks in bankruptcy</i>	<i>(392)</i>	<i>(392)</i>
	-	-
<b><i>Participation in capital of banks in liquidation</i></b>		
Union banka a.d. Beograd- in liquidation	667	667
Beogradska banka a.d. Beograd-in liquidation	18,988	18,988
Beobanka a.d. Beograd-in liquidation	38	38
	19,693	19,693
Minus: value correc. of partic. in capital of banks in liquidation	(19,693)	(19,693)
	-	-
<b><i>Participation in capital of foreign legal entities</i></b>		
Mondial Milas Bodrum -Turkey	358,598	358,598
Societe International de Telecom. Aeronautiques Swisse (SITA)	1	3
Minus: value corr.of participation in capital of Mondial Milas Bodrum-Turkey	<i>(358,598)</i>	<i>(358,598)</i>
	1	3
	<b>1</b>	<b>3</b>



<b>30. OTHER LONG-TERM FINANCIAL INVESTMENTS</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	In 000 RSD	In 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	5,750	4,985
Long-term loans to employees	318,796	337,550
Receivables for sold socially owned housing	1,250	1,321
Receivables for purchase of solidarity housing	3,038	3,475
	<b>323,084</b>	<b>342,346</b>
<b>Total gross</b>	<b>328,834</b>	<b>347,331</b>
Current maturities of long-term investments in Societe International de Telecom. Aeronautiques Swisse (SITA)	(521)	(442)
Current maturities of long-term loans to employees	(15,371)	(17,851)
Adjustment to fair value of long-term loans to employees	(210,168)	(169,327)
	<b>102,774</b>	<b>159,711</b>

Long-term loans granted to employees are presented as of 31.12.2014 in the amount of RSD 323,084 thousand (including current maturities in the amount of RSD 15,371 thousand and the effects of adjustment to fair value in the amount of RSD 210,168 thousand) relate to loans granted to employees for meeting the housing needs for a period of 20-40 years. The estimate of the fair value of housing loans as of 31.12.2014 are performed by the Institute for Economic Research Belgrade, by projection of future cash flows from collection of receivables for housing loans using discount rates (built-up method): from 10% to 20% depending on whether and in what intervals housing Loans are revalued or contracted with currency clause, whether they have contracted interest rate or are contracted without interest rate.

<b>31. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Basic material	91,990	90,011
Spare parts	15,117	5,898
Tools and supplies	2,763	2,586
Value correction of material and spare parts stock	(62)	(62)
	<b>109,808</b>	<b>98,433</b>

<b>32. GOODS</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Goods in warehouse - kerosene	20,585	33,639
Goods in retail trade	27	43
	<b>20,612</b>	<b>33,682</b>

<b>33. ADVANCES FOR SUPPLIES AND SERVICES - ADP 0050</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Advances for services in the country	1,470	8,605
Advances for foreign services	635	620
Advance value correction	(1,079)	(755)
	<b>1,026</b>	<b>8,470</b>

<b>34. BUYERS IN THE COUNTRY</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Total balance of receivables from buyers in the country	<b>3,293,944</b>	<b>4,714,148</b>
Value correction of receivables from buyers in the country		
- of previous period	(2,066,369)	(2,343,699)
- of current period	(550,860)	(1,911,915)
	<b>(2,617,229)</b>	<b>(4,255,614)</b>
	<b>676,715</b>	<b>458,534</b>

Receivables from the buyers in the country on 31.12.2014 in the amount of RSD 3,293,944 thousand for the most part, in the amount of RSD 2,145,319 thousand, include receivables from the Public Debt Administration of the Republic of Serbia on the basis of the "Law on undertaking liabilities of the company Air Serbia toward legal and natural entities for provided services and delivered goods and conversion of these liabilities into public debt of the Republic of Serbia, "Official Gazette RS142 / 2014" of 25.12.2014. These receivables, according to the Law are due for payment on 31 March 2015. In addition to receivables from buyers they contain receivables from Air Serbia in the amount of RSD 514.301 thousand which relate to services performed in the period 01.10.2014- 31.12. 2014.

In the financial statements for 2014, the Company has not recognized any income from cancellation of value correction of receivables from Air Serbia from Public Debt Administration of the Republic of Serbia in the amount of RSD 1,897,107 thousand, with maturity 31.03.2015. The management of the Company, in the evaluation procedures of taken over receivables from the new creditor (the Administration), considered that value correction of taken over receivables from Air Serbia in the amount of RSD 1,897,107 thousand mainly relate to the period from 2008 to 2013, and to recognize said correction recognized as income upon collection of receivables.

<b>35. BUYERS ABROAD</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Total balance of receivables from foreign buyers-gross	<b>483,711</b>	<b>423,705</b>
Value correction of receivables from foreign buyers		
- of previous years	(14,761)	(9,142)
- of current period	(841)	(5,703)
	<b>(15,602)</b>	<b>(14,845)</b>
	<b>468,109</b>	<b>408,860</b>

<b>36. OTHER RECEIVABLES</b>	<b>31.12.2014.</b>	<b>31.12.2013.</b>
	in 000 RSD	in 000 RSD
Receivables from buyers in the country for default interest	21,100	36,718
Receivables for interest on term deposits	24,780	6,758
Receivables from employees	1,043	1,836
Other receivables	19,493	6,301
Receivables for overpaid income tax	-	91,772
	<b>66,416</b>	<b>143,385</b>
Value correction of receivables:		
- from buyers for default interest of previous years	(17,413)	(18,496)
- from buyers for default interest of the current year	(639)	(16,670)
- from employees of the current period	(788)	-
- other receivables	(2,452)	(2,427)
	<b>(21,292)</b>	<b>(37,593)</b>
	<b>45,124</b>	<b>105,792</b>

<b>37. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Short-term loans to employees (winter stores, heating means - 6 month)	34,818	37,200
	<b>34,818</b>	<b>37,200</b>

<b>38. OTHER SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Short-term deposits	1,981,061	483,005
Current maturities of loans given to employees	15,371	17,851
Current maturities of long-term investments in Societe International de Telecomm. Aeronautiques Suisse (SITA)	521	442
	<b>1,996,953</b>	<b>501,298</b>
Adjustment to fair value of loans given to employees	(647)	(326)
	<b>1,996,306</b>	<b>500,972</b>

<b>39. SHORT-TERM DEPOSITS BY BANKS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Hypo Alpe Adria Bank a.d., Beograd	952,916	133,005
Komercijalna banka Beograd	362,875	-
Unicredit bank a.d. Beograd	-	150,000
Piraeus bank a.d. Beograd	362,875	200,000
Aik bank	302,395	-
	<b>1,981,061</b>	<b>483,005</b>

Short-term deposits as of 31.12.2014 disclosed in the amount of RSD 1,981,061 thousand relate to foreign currency deposits, the deposit period of up to six months, with interest rate for EUR of 2% - 2.75% and for USD – starting from 2,9 %.



40. CHANGES ON VALUE CORRECTION till 31.12.2014

in 000 RSD

Description of changes on value correction	Cash and cash equivalents (Note 41)	Other long-term financial investments (Note 30)	Stock of material and spare parts (Note 31)	Advances for material and services (Note 33)	Receivables from buyers for goods, services and default interest (Notes 34,35,36)	Short-term financial investments (Note 38)	Total
Initial balance 01.01.2013	58,012	177,079	100	755	2,393,116	539	2,629,601
Correction at cost of current period	-	6,021	-	-	1,934,288	-	1,940,309
Devaluation of long-term finan. invest. and securities	-	-	-	-	-	-	-
Charged corrected receivables	(1,335)	-	-	-	(18,221)	-	(19,556)
Value reconciliation	-	(2,195)	-	-	-	161	(2,034)
Write-off	(56,643)	(3,312)	-	-	(978)	(12)	(60,945)
Exchange rate differences	(34)	-	-	-	29	-	(5)
Other	-	(8,266)	(38)	-	(182)	(362)	(8,848)
<b>Final balance 31.12.2013</b>	-	<b>169,327</b>	<b>62</b>	<b>755</b>	<b>4,308,052</b>	<b>326</b>	<b>4,478,522</b>
Correction at cost of current period	-	52,310	-	-	552,340	-	604,650
Charged corrected receivables	-	-	-	-	(2,178,011)	-	(2,178,011)
Value reconciliation	-	-	-	-	-	788	788
Cancellation of corrections - write off	-	(6,787)	-	(755)	(18,243)	(32)	(25,817)
Exchange rate differences	-	-	-	-	1,116	-	1,116
Other	-	(4,682)	-	1,079	(11,131)	(435)	(15,169)
<b>Final balance 31.12.2014</b>	-	<b>210,168</b>	<b>62</b>	<b>1,079</b>	<b>2,654,123</b>	<b>647</b>	<b>2,866,079</b>

<b>41. CASH AND CASH EQUIVALENTS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Current account - in RSD	2,118,809	33,288
Current account - in foreign currency	680,987	859,667
Treasury	1,767	218
Other funds	2,288	3,605
	<b>2,803,851</b>	<b>896,778</b>

<b>42. PREPAYMENTS AND ACCRUED INCOME</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	16,165	22,149
Prepaid insurance costs for the future period	8,801	12,622
Prepaid other costs for the future period	8,738	11,503
Calculated and non-invoiced income for the current period	11,828	5,243
Pre-calculated costs	-	2,456
	<b>45,532</b>	<b>53,973</b>

### 43. SHARE CAPITAL

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

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

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

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

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

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

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

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

<b><i>Share capital 25.01.2011 (transition to open joint-stock company)</i></b>	<b>Value in RSD thousand</b>	<b>Number of shares</b>	<b>% of particip.</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>

The capital structure on 31.12.2014 was the following:

<b>Shareholder</b>	<b>31.12.2014</b>			<b>31.12.2013</b>		
	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% particip.</b>	<b>Value in 000 RSD</b>	<b>Number of shares</b>	<b>% particip.</b>
Republic of Serbia	17,106,316	28,510,526	83.15%	17,089,007	28,481,679	83.06%
Domestic natur. persons	2,068,142	3,446,904	10.05%	2,177,793	3,629,655	10.59%
Domestic legal entities	97,147	161,912	0.47%	132,967	221,612	0.65%
Foreign natural persons	30,262	50,436	0.15%	8,789	14,648	0.04%
Foreign legal entities	577,060	961,767	2.80%	513,208	855,346	2.49%
Custody entities	694,683	1,157,805	3.38%	651,846	1,086,410	3.17%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>

<b>44. RESERVES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>in 000 RSD</b>	<b>in 000 RSD</b>
Legal reserves	0	0
Statutory reserves	1,534,430	1,529,339
	<b>1,534,430</b>	<b>1,529,339</b>

<b>45. REVALUATION RESERVES BASED ON THE REVALUATION OF PROPERTY, PLANT AND EQUIPMENT-ADP 414</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>in 000 RSD</b>	<b>in 000 RSD</b>
Revaluation reserves for land	85,855	-
Recognition of DTL charged to revaluation reserves	(12,878)	-
Revaluation reserves for buildings	35,890	-
Recognition of DTL charged to revaluation reserves	(5,384)	-
Revaluation reserves for equipment	53,042	-
Recognition of DTL charged to revaluation reserves	(7,956)	-
<b>Total revaluation reserves</b>	<b>174,787</b>	-
<b>Total recognition of DTL charged to revaluation reserves</b>	<b>(26,218)</b>	-
<b>Total net revaluation reserves</b>	<b>148,569</b>	-



46. ACTUARIAL GAINS	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Actuarial gains on reserves for retirement benefits	6,090	
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	(913)	
	<b>5,177</b>	<b>0</b>

47. NON-DISTRIBUTED PROFIT	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
<b>Initial balance 01.01.</b>	<b>16,205</b>	<b>727,657</b>
Initial balance correction	(2,884)	-
<b>Corrected initial balance 01.01.</b>	<b>13,321</b>	<b>727,657</b>
Distribution of profit	(8,230)	(438,218)
Transfer to statutory reserves	(5,091)	(231,551)
Participation of employees in profit distribution	-	(57,888)
Profit of the current period	3,417,984	16,205
Decision on distribution of interim dividend	722,477	-
	<b>2,695,507</b>	<b>16,205</b>

At the meeting of the Supervisory Board held on 18 December 2014, a decision was made on the distribution of interim dividend No. 05-193 / 1, in the amount of RSD 722.477 thousand, based on interim financial statements for the period from January to October 2014. Interim dividend is paid to shareholders during 2015.

48. LONG-TERM RESERVES	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Reserves for terminal pays for employees	46,924	48,501
Reserves for jubilee bonuses	64,313	66,217
Reserves for litigations	74,090	61,936
	<b>185,327</b>	<b>176,654</b>

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

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in 2013 and 2014 are shown in the following table:

	Terminal wages	Jubilee bonuses	Total	Litigations
Balance on 01.01.2013	39,167	55,842	95,009	116,699
Reserves during the year	10,660	15,544	26,204	2,080
Cancellation during the year			0	(47,502)
Pay off during the year	(1,326)	(5,169)	(6,495)	(9,341)
<b>Balance on 31.12.2013</b>	<b>48,501</b>	<b>66,217</b>	<b>114,718</b>	<b>61,936</b>
Balance on 01.01.2014	48,501	66,217	114,718	61,936
Reserves during the current year	10,910	4,308	15,218	38,930
Actuarial gains	(6,090)	-	(6,090)	-
Cancellations during the current year	-	(1)	(1)	(1,132)
Pay off during the year	(6,397)	(6,211)	(12,608)	(25,644)
<b>Balance on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>	<b>111,237</b>	<b>74,090</b>

<b>49a. The assumptions used when making calculation of reserves for retirement benefits</b>	<b>2014</b>	<b>2013</b>
Discount rate	8.00%	5.21%
Estimated growth rate of average earnings	2.00%	0.00%
Fluctuation percentage	2.00%	1.50%
Amount of average net earning in XI/2014	81,020	85,156
Total number of employees on 31.12.	475	481
Number of retired workers who received terminal pay at retirement	20	5

<b>49 b. The calculation of the reserves for employee benefits as of 31.12.2014</b>	in 000 RSD	
	Retirement benefits	Jubilee bonuses
	in 000 RSD	in 000 RSD
<b>1. Reserves on 31.12.2013 in the business books of the Company</b>	<b>48,501</b>	<b>66,217</b>
2. Adjusted reserves for retirement benefits on 31.12.2013 due to change of benefit plan	50,282	-
3. Reserves on 31.12.2013 applying assumptions valid at the date of the previous calculation	53,014	56,743
4. Cancellation of provisions during 2014 in the business books of the Company	(6,397)	6212
<b>5. Reserves on 31.12.2014</b>	<b>46,924</b>	<b>64,313</b>
6. Interest expense	4,022	4,800
7. The cost of current work	(1,290)	8,062
8. The cost of past work	8,178	-
9. Actuarial (gain) /loss	(6,090)	7,569
<b>10. The total net change in the amount reserved</b>	<b>4,820</b>	<b>4,308</b>

<b>50. LONG-TERM LOANS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Abroad	990,089	1,033,947
Current maturities	(100,824)	(95,559)
	<b>889,265</b>	<b>938,388</b>

	Annual interest rate	Date of maturity	Remaining amount 31.12.2014 (EUR)	31.12.2014 in 000 RSD	31.12.2013 in 000 RSD
<b>Long-term loans abroad</b>					
European Investment Bank	4,07-5,16%	2025	8,160,887	990,089	1,033,947
Current maturities of long-term loans:			(831,048)	(100,824)	(95,559)
			<b>7,329,839</b>	<b>889,265</b>	<b>938,388</b>



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

Long-term loans abroad reported on 31.12.2014 in the amount of RSD 990,089 (EUR 8,160,887), relate to the remaining obligations under the Agreement on financing the project of urgent rehabilitation of transport concluded 13.12.2001 between the EIB and the Republic of Serbia. The said contract, the Company was granted a loan in the amount of 13,000,000 euros for investment and rehabilitation of airport infrastructure. The loan was granted with a repayment period up to 2025, with an interest rate of 5.16% for the first tranche of 3,000,000.00 EUR, 4.85% for the second tranche of 3,000,000.00 Euros and 4.07% for the third tranche of 7,000,000.00 EUR. Repayment of the first tranche of the loan shall be made in 31 equal semi-annual instalments starting from 05.12.2007; the second tranche is repayable in 30 equal semi-annual instalments starting from 20.02.2009, while the third tranche began to be repaid from 20.06.2010 in 32 instalments.

<i>Receivables from long-term loans</i>	Principle		Non-booked interest	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	100,824	95,559	42,899	44,969
from one year up to two years	100,824	95,559	38,351	40,659
from two years up to three	100,824	95,559	33,804	36,349
from three years up to four	100,824	95,559	29,256	32,038
from four years up to five	100,824	95,559	24,708	27,728
from five years up to ten years	432,891	455,539	57,438	68,647
over ten years	53,078	100,613	1,620	10,744
	<b>990,089</b>	<b>1,033,947</b>	<b>228,076</b>	<b>261,134</b>

51. OTHER LONG-TERM LIABILITIES	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Liabilities from financial leasing		29,809
	-	-
	-	29,809
Current maturities of other long-term liabilities		(29,809)
	-	-

<i>Liabilities from financial leasing</i>	Sum of the minimum leasing instalments		Current value of minimum leasing instalments	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<i>Due for payment</i>	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year		30,056		29,809
from one to three years	-	-	-	-
	0	30,056	0	29,809
Future costs of financing - interests		(247)		
Current value of min. leasing installments	0	29,809	0	29,809
Current maturities of financial leasing				(29,809)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Liabilities based on financial leasing for the purchase of special airport equipment were fully settled.



<b>52. OTHER SHORT-TERM FINANCIAL LIABILITIES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<i>Current maturity</i>		
Long-term loan EIB	100,824	95,559
<i>Other long-term liabilities-financial leasing</i>	-	29,809
	<b>100,824</b>	<b>125,368</b>

<b>53. RECEIVED ADVANCES, DEPOSITS AND SECURITY</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	16,784	20,257
Advances received from foreign buyers	14,129	12102
Subscriptions from domestic buyers	5,933	26
Subscriptions from foreign buyers	10,586	4383
	<b>47,432</b>	<b>36,768</b>

<b>54.SUPPLIERS IN THE COUNTRY</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	66,953	89,473
Suppliers in the country-for investments in progress	58,095	62,273
Suppliers in the country-for equipment	7,698	1,110
	<b>132,746</b>	<b>152,856</b>

<b>55. SUPPLIERS ABROAD</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	21,879	58,063
Suppliers abroad-for equipment	10,770	69,015
	<b>32,649</b>	<b>127,078</b>

<b>56. OTHER LIABILITIES FROM OPERATION</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Other liabilities from operation-for charged purch. on behalf of com	6,504	2,802
Other liabilities from operation	739	33
	<b>7,243</b>	<b>2,835</b>

<b>57. OTHER SHORT-TERM LIABILITIES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Liabilities for salaries	-	239
Liabilities for dividend from 2013	1,394	-
Liabilities for dividend from 2014	722,477	-
Liabilities arising from participation in the profits-net	3	3
Other short-term liabilities	9,913	2,398
	<b>733,787</b>	<b>2,640</b>

<b>58. LIABILITIES FOR VAT</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Liabilities for VAT	66,619	6,691
	<b>66,619</b>	<b>6,691</b>

<b>59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Liabilities for income tax	458,336	-
Liabilities for taxes, customs duty and other fees	4,523	860
Taxes, contributions and other fees	867	648
	<b>463,726</b>	<b>1,508</b>

<b>60. LIABILITIES FOR INCOME TAX</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Specified income tax liabilities for 2014	597,105	-
Receivables for overpaid income taxes (note 36)	(91,772)	-
Advances paid in 2014	(46,997)	-
	<b>458,336</b>	<b>-</b>

<b>61. ACCRUALS AND DEFERRED INCOME</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Accrued expenses for the period	55,072	37,743
Calculated revenues for the future period	24,345	14,920
Other accruals and deferred income	9,524	941
Taxes, contributions and other duties	-	157
	<b>88,941</b>	<b>53,761</b>

<b>62. OFF-BALANCE REGISTER</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Received blank bills - pieces	1,471	1,313
Given blank bills domestic- pieces	50	182
Received guarantees - RSD	261,592	199,056
Received guarantees – foreign currency	244,950	362,592
Given guarantees - RSD	4,500	4,500
Solidarity funds from employee salaries	620	612
	<b>511,663</b>	<b>566,762</b>

Dinar received guarantees in the amount of RSD 261.592 thousand mainly relate to guarantees received from suppliers for good performance or a guarantee of fault repair within the warranty period.

Received foreign currency guarantees in the amount of RSD 244.950 thousand mainly relate to guarantees received from foreign suppliers for good performance, for fault repair within the warranty period or for reimbursement of advance payments as well as from buyers for the safety and timeliness in payment of services.

63. FAIR VALUE OF ASSETS				
ASSETS	Accounting value in 000 RSD	Fair value in 000 RSD	The hierarchy of fair value - Level	Valuation techniques and inputs
Fixed assets	21,543,010	21,543,010	Level 3	Evaluation of a certified appraiser
Investment property	21,467	21,467	Level 3	Evaluation of a certified appraiser
Shares in capital of other legal entities	1	1	Level 2	Management estimates that they are not recoverable- the banks in bankruptcy
Long-term and short-term financial investments- housing loans	112,268	112,268	Level 3	Discounting the cash flows as follows: 20% for housing loans which are not revalued; 11.5% for housing loans that are revalued annually and have an interest rate of 0.5%, 10% for housing loans with foreign currency clause and interest rate of 0.5%; 11.9% for housing loans which are revalued every six months and 12% for housing loans that are revalued annually
Receivables from buyers	1,144,824	1,144,824	Level 3	Management's estimates of the recoverability in acc. with IAS 39
Other receivables	45,124	45,124	Level 3	Management's estimates of the recoverability in acc. with IAS 39

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



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

in 000 RSD

Categories of financial instruments	31.12.2014			31.12.2013		
	total	value corr.	net amount	total	value corr.	net amount
<b>Financial resources</b>	<b>691,626</b>	<b>(588,851)</b>	<b>102,775</b>	<b>707,724</b>	<b>(548,010)</b>	<b>159,714</b>
<b>1 Long-term financial investments</b>						
-Long-term time deposits	5,229	-	5,229	4,543	-	4,543
-Participation in bank capital	20,085	(20,085)	0	20,085	(20,085)	0
-Participation in capital of foreign legal entities	358,599	(358,598)	1	358,601	(358,598)	3
-Long-term housing loans given to employees	307,713	(210,168)	97,545	324,495	(169,327)	155,168
<b>2 Receivables</b>	<b>5,875,842</b>	<b>(2,654,770)</b>	<b>3,221,072</b>	<b>5,727,964</b>	<b>(4,308,378)</b>	<b>1,419,586</b>
- Receivables from buyers	3,777,655	(2,632,831)	1,144,824	5,137,853	(4,270,459)	867,394
- Short-term financial investments	2,031,771	(647)	2,031,124	538,498	(326)	538,172
- Interest receivables	46,092	(18,052)	28,040	43,476	(35,166)	8,310
- Other receivables	20,324	(3,240)	17,084	8,137	(2,427)	5,710
<b>3 Cash and cash equivalents</b>	<b>2,803,851</b>	<b>-</b>	<b>2,803,851</b>	<b>896,778</b>	<b>-</b>	<b>896,778</b>
	<b>9,371,319</b>	<b>(3,243,621)</b>	<b>6,127,698</b>	<b>7,332,466</b>	<b>(4,856,388)</b>	<b>2,476,078</b>
<b>Financial liabilities</b>						
1 - Long-term loans	889,265	0	889,265	938,388	0	938,388
2 - Financial leasing -long-term part	-	-	0	-	-	0
3 -Other long t. liab.-Land development agency	0	0	0	0	0	0
4 - Current maturities of long-term loans	100,824	-	100,824	95,559	-	95,559
5 Current maturities of Long t.fin. Leasing	0	0	0	29,809	0	29,809
6 - Current maturities of other long-t. Obligations	-	-	0	-	-	0
7 -Short-term liabilities	172,638	-	172,638	282,769	-	282,769
	<b>1,162,727</b>	<b>-</b>	<b>1,162,727</b>	<b>1,346,525</b>	<b>-</b>	<b>1,346,525</b>

Basic financial instruments of the Company are cash and cash equivalents, accounts receivables, financial investments arising directly from the Company's business, as well as long-term borrowings, accounts payable to suppliers or other liabilities mainly 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).

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

### Financial risk management objectives

#### I MARKET RISK

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

##### a) Currency risk (foreign exchange risk)

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

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

	Total assets				Total liabilities	
	31.12.2014		31.12.2013		31.12.2014	31.12.2013
	gross	net	gross	net		
EUR	2,969,310	2,742,893	1,287,382	1,102,884	1,012,030	1,153,759
USD	425,678	425,678	351,849	351,849	9,953	37,075
CHF	318	318	296	296	0	0
GBP	10	10	9	9	0	0
	<b>3,395,316</b>	<b>3,168,899</b>	<b>1,639,536</b>	<b>1,455,038</b>	<b>1,021,983</b>	<b>1,190,834</b>

By the analysis of the currency structure of financial assets and liabilities as of 31.12.2014, along with the balance as of 31/12/2013, it can be concluded that the funds contracted with currency clause indexed higher than the contracted financial liabilities in foreign currencies. Financial liabilities contracted in foreign currency are generally of long-term nature.

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

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

in 000 RSD								
<b>31.12.2014</b>								
Changes	EUR effect		USD effect		CHF effect		BGP effect	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
Profit/(loss)	173,086	(173,086)	41,573	(41,573)	32	(32)	1	(1)

in 000 RSD								
<b>31.12.2013</b>								
Changes	EUR effect		USD effect		CHF effect		BGP effect	
	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)



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

### b) Risk of interest rate change

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

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

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

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 liabilities with a variable interest rate are fully settled during the business year.

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

Financial resources-net	31.12.2014			31.12.2013		
	total	value corr.	net amount	total	value corr.	net amount
in 000 RSD						
<b>No interest</b>						
Partic. in capital of other legal entities	378,684	(378,683)	1	378,686	(378,683)	3
Receivables from buyers	3,777,655	(2,632,831)	1,144,824	5,137,853	(4,270,459)	867,394
Interest receivables and other receiv.	66,416	(21,292)	45,124	51,613	(37,593)	14,020
Short-term fin.investments	34,818	-	34,818	37,200	-	37,200
<b>No interest-total</b>	<b>4,257,573</b>	<b>(3,032,806)</b>	<b>1,224,767</b>	<b>5,605,352</b>	<b>(4,686,735)</b>	<b>918,617</b>
<b>Fixed interest rate</b>						
Long-term fin.investments	312,942	(210,168)	102,774	329,038	(169,327)	159,711
Short-term fin.investments	1,996,953	(647)	1,996,306	501,298	(326)	500,972
<b>Fixed-total</b>	<b>2,309,895</b>	<b>(210,815)</b>	<b>2,099,080</b>	<b>830,336</b>	<b>(169,653)</b>	<b>660,683</b>
<b>Variable interest rate</b>						
Cash and cash equivalents	2,803,851	-	2,803,851	896,778	-	896,778
<b>Variable-total</b>	<b>2,803,851</b>	<b>0</b>	<b>2,803,851</b>	<b>896,778</b>	<b>0</b>	<b>896,778</b>
	<b>9,371,319</b>	<b>(3,243,621)</b>	<b>6,127,698</b>	<b>7,332,466</b>	<b>(4,856,388)</b>	<b>2,476,078</b>
<b>Financial liabilities</b>						
<b>No interest</b>						
Liabilities from operation	172,638	0	172,638	282,769	0	282,769
<b>No interest-total</b>	<b>172,638</b>	<b>0</b>	<b>172,638</b>	<b>282,769</b>	<b>0</b>	<b>282,769</b>
<b>Fixed interest rate</b>						
Long-term loans	889,265	0	889,265	938,388	0	938,388
Current matur. of long-term liabilities	100,824	0	100,824	95,559	0	95,559
<b>Fixed-total</b>	<b>990,089</b>	<b>0</b>	<b>990,089</b>	<b>1,033,947</b>	<b>0</b>	<b>1,033,947</b>
<b>Variable interest rate</b>						
Current matur. of long-term liabilities	0	0	0	29,809	0	29,809
<b>Variable-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,809</b>	<b>0</b>	<b>29,809</b>
	<b>1,162,727</b>	<b>0</b>	<b>1,162,727</b>	<b>1,346,525</b>	<b>0</b>	<b>1,346,525</b>



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

### v) Risk of price change

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

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

## II CREDIT RISK

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

Company has huge receivables of domestic and foreign buyers on 31.12.2014 (RSD 3,777,655 thousand), and the credit risk permanently exists. In order to decrease this risk the Company regularly monitors charging, analyses charging value realised in due period, charging after due date and 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 31.12.2014 in the amount of 3,293,944 thousand RSD, participate with 87.20% in total receivables from buyers for goods and services and mostly refer to receivables from Air Serbia a.d., which amount to 514,301 thousand RSD, Public Debt Administration in the amount of RSD 2,128,877 thousand, Jat Tehnika in the amount of RSD 203,602 thousand, Dufry doo in the amount of RSD 219,660 thousand. Total value correction of receivables from domestic buyers amount to RS 2,617,229 thousand, so that net value of receivables from domestic buyers amount to RSD 676,715 thousand.

Receivables from foreign buyers for goods and services amount to 483,711 thousand RSD, which makes 12.80% of total receivables from buyers for goods and services. Total value correction of receivables from foreign buyers amount to RS 15,602 thousand, so that net value of receivables from foreign buyers amount to RSD 468,109 thousand.

	<b>31.12.2014</b>	<b>share</b>	<b>31.12.2013</b>	<b>share</b>
	in 000 RSD		in 000 RSD	
Undue receivables from buyers - uncorrected	1,005,838	26.63%	542,208	10.55%
Undue receivables from buyers - corrected	1,964,412	52.00%	-	0.00%
<b>Total undue receivables</b>	<b>2,970,250</b>	<b>78.63%</b>	<b>542,208</b>	<b>10.55%</b>
Due receivables - uncorrected	138,986	3.68%	325,186	6.33%
Due receivables - corrected	<b>668,419</b>	<b>17.69%</b>	<b>4,270,459</b>	<b>83.12%</b>
<b>Total due receivables</b>	<b>807,405</b>	<b>21.37%</b>	<b>4,595,645</b>	<b>89.45%</b>
<b>Total receivables - gross</b>	<b>3,777,655</b>	<b>100.00%</b>	<b>5,137,853</b>	<b>100.00%</b>
<b>Total value correction</b>	<b>2,632,831</b>		<b>4,270,459</b>	
<b>Total receivables - net (gross - correction)</b>	<b>1,144,824</b>		<b>867,394</b>	

## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

### v) Risk of price change (cont'd.)

Undue receivables from domestic and foreign customers for goods and services on the day of 31.12.2014, amount to RSD 2,970,250 thousand (and on 31.12.2013 amounted to RSD 542,208 thousand), of which to receivables value correction of the current period are put undue receivables of Air Serbia in the amount of RSD 83,747 thousand, and on the value corrections from previous years are receivables from Air Serbia in the amount of RSD 1,880,665 thousand, which was taken over by RS - Public Debt Administration.

Due receivables from domestic and foreign buyers for goods and services on the day of 31.12.2014, amount to RSD 807,405 thousand (and on 31.12.2013 they amounted to RSD 4,595,645 thousand), of which to receivables value correction of the current period are put RSD 668,419 thousand.

The age structure of due uncorrected receivables is presented in the following table:

	31.12.2014	31.12.2013
	in 000 RSD	IN 000 RSD
Less than 30 days	88,620	163,349
31 - 60 days	22,359	103,081
61 - 90 days	3,282	4,487
91 - 180 days	4,855	12,412
over 180 days	19,870	41,857
	<b>138,986</b>	<b>325,186</b>

## III - LIQUIDITY RISK AND CASH FLOW

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

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

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

Maturity of financial resources	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Up to 30 days	3,548,725	1,443,265
1 - 3 months	379,418	802,701
3-12 months	1,976,228	70,398
1 - 5 years	120,405	31,241
over 5 years	102,922	128,473
	<b>6,127,698</b>	<b>2,476,078</b>

Interest maturity	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Up to 30 days	22,398	42,549
1 - 3 months	0	811
3-12 months	23,694	346
	<b>46,092</b>	<b>43,706</b>



## 64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

### III - LIQUIDITY RISK AND CASH FLOW (cont'd.)

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

Maturities of financial liabilities	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Up to 30 days	172,638	289,143
1 - 3 months	12,132	23,513
3-12 months	88,692	95,481
1 - 5 years	403,295	382,236
over 5 years	485,970	556,152
	<b>1,162,727</b>	<b>1,346,525</b>

Maturities of interest (for loans and financial leasing)	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
Up to 30 days	0	81
1 - 3 months	5,296	17,966
3-12 months	37,603	27,169
1 - 5 years	126,119	136,774
over 5 years	59,058	79,391
	<b>228,076</b>	<b>261,381</b>

The average time of collection of receivables in 2014 is 170 days (2013: 177 days).

Average time of settlement of obligations to suppliers during 2014 was 31 days (during 2013: 28 days).

Based on the age structure the liabilities are mainly due up to 60 days.

### Capital risk management

The aim of capital risk management is provision of such a structure of capital that will secure safety in operating, liquidity and solvency, at the same time maximizing profit increase of the owner, through the optimization of debt and equity. In addition to its own capital, which consists of core capital, reserves and undistributed profit, the Company uses the borrowed funds in the form of long-term loans and financial leasing. Free cash flow from current accounts, the Company invests in the form of short-term deposits.

Indicators of indebtedness of the Company as at the end of the observed current period of 2014 and the end of 2013 are as follows:

	31.12.2014	31.12.2013
	in 000 RSD	in 000 RSD
<b>1 Indebtedness (ADP 432 + ADP 443)</b>	<b>990,089</b>	<b>1,063,756</b>
2 Cash and cash equivalents (ADP 068)	2,803,851	896,778
<b>I GROSS INDEBTEDNESS (1-2)</b>	<b>(1,813,762)</b>	<b>166,978</b>
3 Ratio of indebtedness against capital ( I/5 )	-0.0727	0.0076
4 Short-term financial investments (ADP 062)	2,031,124	538,172
<b>II NET INDEBTEDNESS ( I-5 )</b>	<b>(3,844,886)</b>	<b>(371,194)</b>
5 Capital (ADP 401)	<b>24,957,293</b>	<b>22,116,270</b>
6 Ratio of indebtedness against capital ( II/5 )	-0.1541	-0.0168



## 65. MANAGEMENT EARNINGS

The Company paid remuneration to key management, including members of the Supervisory Board, the Audit Commission and the General Assembly of Shareholders and directors and other managers (2014: total number of 24; 2013: 24) in the gross amount of RSD 39,914 thousand (2013: RSD 43,531 thousand).

	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Management		
Earnings	30,365	32,598
Participation in distribution	1,317	1,031
	<b>31,682</b>	<b>33,629</b>
Remuneration to members of Supervisory Board	6,626	7,786
Remuneration to members of Audit Commission	336	405
Remun. to members of Shareholders Assembly	1,270	1,711
	<b>39,914</b>	<b>43,531</b>

## 66. TAX RISKS

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

## 67. LITIGATION

On December 31, 2014, against the Company there are litigations in the amount of RSD 120.025 thousand (excluding the effects of default interest). Amounts of final losses on litigations can be increased on the basis of default interest up to the completion of the settlement, or until the date of final payment by disputes. On 31 December 2014 the Company has made provisions for potential losses on these litigations in the amount of RSD 74,090 thousand (Note 48). According to the assessment of the Company's management on this basis they does not expect additional significant losses in the future period.

## 68. EVENTS AFTER THE REPORTING PERIOD

Based on the decision of the Supervisory Board, on the distribution of interim dividend No. 05-193 / 1 dated 12.18.2014, the Executive Board has made on 23.02.2015 the decision to pay interim dividends for 2014 in the amount of RSD 600,717 thousand. Payment of interim dividend was made on 26.02.2015 from the account of the Company.

On 31.03.2015 the Public Debt Administration of the Republic of Serbia paid the Company the amount of RSD 2,145,319 thousand on the basis of the second instalment of taken over commitments from the company Air Serbia, Belgrade for services rendered and goods delivered (Official Gazette RS142/2014 of 12.25.2014).

Dufry d.o.o. Belgrade has paid on 02.04.2015 the amount of RSD 166,005 thousand for invoices relating to accounting of differences on the harmonization of MGN.

In Belgrade, 17 April 2015



Legal representative

C. O.

АКЦИОНАРСКО ДРУШТВО  
АЕРОДРОМ "НИКОЛА ТЕСЛА"  
БЕОГРАД  
09 Бр. 3098  
28. 04. 2015 год.

**BUSINESS REPORT  
I-XII 2014**

**BELGRADE, APRIL 2015**

## CONTENTS

<b>1. GENERAL DATA OF THE COMPANY</b> .....	<b>3</b>
<b>2. MANAGEMENT DATA</b> .....	<b>5</b>
<b>3. AIR TRAFFIC TURNOVER</b> .....	<b>7</b>
3.1 <i>Air movement turnover</i> .....	7
3.2 <i>Passenger turnover</i> .....	10
3.3 <i>Cargo turnover</i> .....	12
<b>4. REVENUES AND EXPENDITURES</b> .....	<b>14</b>
4.1 <i>Revenues</i> .....	14
4.2 <i>Expenditures</i> .....	17
4.3 <i>Salaries</i> .....	20
4.4 <i>Data on development and results of the Company</i> .....	22
<b>5. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES AFTER EXPIRY OF THE REPORTED BUSINESS YEAR</b> .....	<b>24</b>
<b>6. DESCRIPTION OF EXPECTED DEVELOPMENT OF THE COMPANY IN THE FOLLOWING PERIOD, CHANGES IN BUSINESS POLICIES OF THE COMPANY, AS WELL AS MAIN RISKS AND THREATS THE COMPANY IS EXPOSED TO</b> .....	<b>26</b>
<b>7. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT</b> .....	<b>30</b>
7.1 <i>Market risk</i> .....	30
7.2 <i>Credit risk</i> .....	30
7.3 <i>Liquidity and cash flow risk</i> .....	31
7.4. <i>Economic indicators of business operations</i> .....	32
<b>8. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES</b> .....	<b>33</b>
<b>9. ACTIVITIES OF THE COMPANY IN THE FIELD OF RESEARCH AND DEVELOPMENT</b> .....	<b>33</b>
<b>10. POSSESSION OF THE COMPANY'S SHARES</b> ... ..	<b>36</b>



## 1. GENERAL DATA OF THE COMPANY

<b>1</b>	<b>Business name</b>	<b>AD AERODROM "NIKOLA TESLA" BEOGRAD</b>
	<b>Head office and address</b>	11180 Belgrade 59
	<b>Register number</b>	07036540
	<b>TIN</b>	100000539
<b>2</b>	<b>web site and e-mail address</b>	www.beg.aero; kabinet@beg.aero
<b>3</b>	<b>Number and date of the Rescript on Company registration</b>	<p><b>Registration number: BD 4874/2005</b> <b>Date of registration: 15.16.2005</b></p> <p><b>Registration number: BD91540/2012</b> <b>Date of registration: 09.07.2012</b></p> <p><b>Registration number: BD100187/2012</b> <b>Date of registration: 20.07.2012</b></p> <p><i>Note: Completed alignment with the Companies Law</i></p>
<b>4</b>	<b>Activity (code and description)</b>	5223-Air-traffic services
<b>5</b>	<b>Number of employees</b>	473 employees on 31.12.2014
<b>6</b>	<b>Core capital value</b>	<b>RSD 20,573,610,000 on 31.12.2014</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 31.12.2014)</b> <b>CFI code ESVUFR</b> <b>ISIN number RSANTBE11090</b>
<b>9</b>	<b>Organised exchange market on which the shares are exchanged</b>	Beogradaska berza ad Beograd, Omladinskih brigada 1, 11070 Novi Beograd

**Ten largest shareholders on 31.12.2014**

<b>No.</b>	<b>Name of shareholder</b>	<b>Number of shares</b>	<b>% of participation</b>
1)	THE REPUBLIC OF SERBIA	28,510,526	83.15
2)	KJK FUND II SICAV SIF	441,137	1.29
3)	RAIFFEISEN BANK AD BEOGRAD– custody account KS	389,286	1.14
4)	EAST CAPITAL (LUX)-BALKAN FUND	183,881	0.54
5)	RAIFFEISEN BANK AD BEOGRAD– custody account KS	171,992	0.50
6)	SOCIETE GENERALE BANKA SRBIJA– custody account-FO	126,066	0.37
7)	UNICREDIT BANK SRBIJA AD– custody account - KS	118,624	0.35
8)	DANSKE INVST TRANS-BALKAN FUN	95,754	0.28
9)	POLUNIN DISCOVERY FUNDS	70,516	0.21
10)	DAN.INV.SICAV – SIF – E.AND FR.M.	65,044	0.19

## 2. MANAGEMENT DATA:

Management members on 31.12.2014

<b>The Supervisory Board</b>		
<b>No.</b>	<b>Name, surname and place of residence</b>	<b>Education, permanent employment (business name of the company and work position)</b>
1	Snežana Paunović Peć	Finance specialist, Director of pharmacies in Peć
2	Darko Glišić, Ub	Geodetic Engineer, President of Municipality of Ub
3	Jovan Vorkapić, Beograd	Bachelor of Law, Director of the Directorate for Property of the Republic of Serbia
4	Aleksandar Marković, Beograd	Bachelor of Economy, member of the Belgrade City Hall
5	Goran Mirković, Beograd	Economist, Senior Associate for completion of documentation and coordination of monitoring implementation of the contracts in the Institute for Manufacturing Banknotes and Coins
6	Petar Jarić, Beograd	Bachelor of Economy, Director of "PE Office Space Zemun"
7	Dragoslav Stanković, Doljevac	Economist, Jugoistok, Niš

Members of the Supervisory Board hold no shares of the Company and do not participate in other supervisory boards of other companies except for the member, Dragoslav Stankovic, who is the chairman of the Supervisory Board of the Institute for Standardization of Serbia.

<b>The Executive Board</b>		
<b>No.</b>	<b>Name, surname and place of residence</b>	<b>Education, permanent employment (business name of the company and work position)</b>
1	Saša Vlaisavljević, Belgrade	BSc. Traffic Engineer, JSC Belgrade Nikola Tesla Airport, Chairman of the Executive Board, acting Director General
2	Tatjana Jovanović, Belgrade	Master Politicologist, JSC Belgrade Nikola Tesla Airport, Executive Director
3	Dejan Milovanović, Prokuplje	Specialist Professional Engineer of Agriculture, JSC Belgrade Nikola Tesla Airport, Executive Director
4	Zoran Stanković, Belgrade	Bachelor of Law, JSC Belgrade Nikola Tesla Airport, Executive Director
5	Raša Ristivojević	Bachelor of Economy, JSC Belgrade Nikola Tesla Airport, Executive Director

Members of the Executive Board hold no shares of the Company and concerning participation in other management bodies of other legal entities: Rasa Ristivojević is a member of the Supervisory Board of the Company Corridors of Serbia, and Sasa Vlaisavljević is a member of the Board of Directors of the Chamber of Commerce of Serbia and Belgrade Chamber of Commerce free of charge (volunteering).



Data on the number of shares held by members of management are contained in the book of shareholders, as the official document issued by the Central Securities Depository and Clearing House.

JSC Belgrade Nikola Tesla Airport, as a member of the Serbian Chamber of Commerce, has accepted the Code of Corporate Governance that was published in the Official Gazette of the Republic of Serbia, No. 99/2012, as well as on the website of the Company [www.beg.aero](http://www.beg.aero).

### **Important events in connection with the management bodies**

Regular 55th session of the Supervisory Board of JSC Belgrade Nikola Tesla Airport was held on 31.07.2014, in the small hall of Lounge Beograd - Surčin, at the complex JSC Belgrade Nikola Tesla Airport, starting at 16:00h. At this session the Supervisory Board of JSC Belgrade Nikola Tesla Airport, on the Conclusion of the RS Government 24 No: 119-8309/2014 of 28.07.2014, resolved the Executive Director in its Executive Board who is a member and Chairman of the Executive Board of JSC Belgrade Nikola Tesla Airport, Velimir Radosavljevic from Belgrade.

Also, at the same session of the Supervisory Board of JSC Belgrade Nikola Tesla Airport, on the Conclusion of the RS Government 24 No: 119-8309/2014 of 28.07.2014, was appointed executive director of JSC Belgrade Nikola Tesla Airport, Sasa Vlajsavljević from Belgrade.

Regular 56th session of the Supervisory Board of JSC Belgrade Nikola Tesla Airport was held on 07.08.2014, in the small hall of the Lounge Beograd, Belgrade - Surčin, on the complex of JSC Belgrade Nikola Tesla Airport, starting at 16:00h.

At this session of the Supervisory Board of JSC Belgrade Nikola Tesla Airport, on the Conclusion of the RS Government 24 No.119-8578/2014-1 of 08.05.2014 was appointed Acting Director General, Chairman of the Executive Board of JSC Belgrade Nikola Tesla Airport: Sasa Vlajsavljević from Belgrade.

At the 61st session of the Supervisory Board held on 03.10.2014 in the small hall of Lounge Beograd at the JSC Belgrade Nikola Tesla Airport, on the Conclusion of the RS Government a 24 No. 119-11548/2014 of 02.10.2014, by Decision of Supervisory Board No. 05-150/1 of 03.10.2014 Tatjana Jovanovic was appointed Executive Director of JSC Belgrade Nikola Tesla Airport.

At the 64th session of Supervisory Board of JSC Belgrade Nikola Tesla Airport held on 13.11.2014 in the small hall of Lounge Beograd at JSC Belgrade Nikola Tesla Airport, based on Conclusion of the Government of RS 24 number 119-13931/2014 of 05.11.2014, by Decision of the Supervisory Board No. 05-168/1 of 13.11.2014, Rasa Ristivojević was appointed Executive Director of JSC Belgrade Nikola Tesla Airport.

### 3. AIR TRAFFIC TURNOVER

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

- 58,695 air movements,
- 4,638,577 passengers and
- 12,367 tons of cargo and mail.

#### 3.1. AIR MOVEMENT TURNOVER

In the period from I-XII 2014 it was achieved the following number of air movements per traffic types:

Number of air movements per traffic types

Traffic types	Achiev. 2013	Plan 2014	Achiev. 2014	Index	Index	Particip. 2013	Particip. 2014
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air traffic	89	94	88	99	94	0.19	0.15
International air traffic- domestic carriers	20,810	34,566	31,392	151	91	44.44	53.48
International air traffic- foreign carriers	25,929	27,800	27,215	105	98	55.37	46.37
<b>TOTAL:</b>	<b>46,828</b>	<b>62,460</b>	<b>58,695</b>	<b>125</b>	<b>94</b>	<b>100.00</b>	<b>100.00</b>

The data from the table indicate total physical air traffic volume in the period from I-XII 2014, which is by 25% higher compared to period I – XII 2013 and by 6% lower than number of air movements forecasted in the Business plan for 2014. Planned number of air movements is established based on official timetable.

Within carrier pattern of the total traffic in 2014 domestic carriers have dominant role in international air traffic with participation of 53.48%; then there are foreign carriers in international air traffic with 46.37% and at the end, domestic air traffic with participation of 0.15%.

Realization in the period I - XII 2014 compared to the previous year shows that there is a growth in the share of domestic carriers in international air traffic from 44.44% to 53.48% and decline of foreign carriers in international air traffic from 55.37 % to 46.37%.

In international air traffic of domestic carriers total turnover of 31,392 air movements was achieved, which is by 51% higher compared to the previous year and 9% lower in comparison to the Plan for 2014.

Domestic carriers in international traffic are: Air Serbia and other domestic carriers – general aviation.

Dominant role in international air traffic of domestic carriers is of Air Serbia with 95.43%.

Air Serbia in 2014, in international air traffic has scored 29,957 air movements which is higher by 57% than in the previous year and lower by 8% in comparison with the Business plan for 2014.

In 2014 Air Serbia carried out flights to new destinations, such as: Baku, Beirut, Yerevan, Granada, Kalamanta, Madrid, Mykonos, Riga, Sofia, Tirana, Sofia, Warsaw, Zadar and Geneva.

Other carriers in international air traffic are: Princ Aviation, Pelikan, Air Pink, Verano Motors, Neonukleon and Avio Služba, with realized 1,435 air movements in 2014, and they participated with 4.57% in the total international air traffic of domestic carriers and had decrease of 16% in comparison to achievement in the previous year and 24% in comparison to the Business plan for 2014.



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

Air carriers		Achiev. 2013	Plan 2014	Achiev. 2014	Index	Index	Partic. 2013	Partic. 2014
1		2	3	4	5(4/2)	6(4/3)	7	8
1	Montenegro Airlines	2,972	2,946	3,053	103	104	11.46	11.22
2	Lufthansa	3,493	3,548	2,963	85	84	13.47	10.89
3	Wizz Air	3,141	3,412	2,799	89	82	12.11	10.28
4	Austrian Airlines	2,347	2,374	2,152	92	91	9.05	7.91
5	Turkish Airlines	1,378	1,971	1,776	129	90	5.31	6.53
6	Swiss International	1,421	1,463	1,577	111	108	5.48	5.79
7	Aeroflot	1225	1,461	1,459	119	100	4.72	5.36
8	Alitalia	746	858	1,036	139	121	2.88	3.81
9	Easyjet	234	314	842	360	268	0.90	3.09
10	Etihad Airways	402	730	728	181	100	1.55	2.67
11	B & H Airlines	16	410	586	3,663	143	0.06	2.15
12	LOT	376	434	574	153	132	1.45	2.11
13	Solinair	927	1,017	569	61	56	3.58	2.09
14	Tarom	514	604	546	106	90	1.98	2.01
15	Aegean Airlines	4	0	514	12,850	0	0.02	1.89
16	Qatar Airways	340	356	422	124	119	1.31	1.55
17	Pegasus	532	542	386	73	71	2.05	1.42
18	Flydubai	366	364	340	93	93	1.41	1.25
19	Raf Avia	0	0	326	0	0	0.00	1.20
20	Norwegian Air Shuttle	358	308	262	73	85	1.38	0.96
21	Tunis Air	260	230	254	98	110	1.00	0.93
22	Germanwings	294	288	228	78	79	1.13	0.84
23	Cityline Hungary	522	498	218	42	44	2.01	0.80
24	Belavia	62	208	212	342	102	0.24	0.78
25	CSA	194	202	196	101	97	0.75	0.72
26	Aircairo Company	76	154	172	226	112	0.29	0.63
27	Swiftair Aviation	0	0	164	0	0	0.00	0.60
28	Darwin Airlines	0	0	152	0	0	0.00	0.56
29	Onur Air	0	0	140	0	0	0.00	0.51
30	Tap Portugal	0	0	122	0	0	0.00	0.45
31	Freebird Airlines	100	100	120	120	120	0.39	0.44
32	Nesma Airlines	68	68	116	171	171	0.26	0.43
33	Croatia Airlines	79	79	114	144	144	0.30	0.42
34	Vueling Airlines	0	0	88	0	0	0.00	0.32
35	Adria Airways	530	537	58	11	11	2.04	0.21
36	Olympic Air	544	522	44	8	8	2.10	0.16
37	Gazpromavia	32	0	16	50	0	0.12	0.06
38	Air France	120	0	0	0	0	0.46	0.00
39	Niki Luffahrt	60	0	0	0	0	0.23	0.00
40	Sky Work	60	0	0	0	0	0.23	0.00
41	Atlas Jet	48	48	0	0	0	0.19	0.00
42	Sky Airlines	10	0	0	0	0	0.04	0.00
43	Air One	8	0	0	0	0	0.03	0.00
44	Nouvel Air Tunisie	4	0	0	0	0	0.02	0.00
45	Air Baltic	2	0	0	0	0	0.01	0.00
46	Others	2,064	1,754	1,891	92	108	7.96	6.95
<b>TOTAL:</b>		<b>25,929</b>	<b>27,800</b>	<b>27,215</b>	<b>105</b>	<b>98</b>	<b>100.00</b>	<b>100.00</b>

In 2014 there were 37 foreign air carriers and 1 domestic air carrier.

In international traffic of foreign carriers it was achieved 27,215 air movements, which is by 5% higher score in comparison with the previous year and by 2% lower compared to Business plan for 2014.

New foreign carriers which started to operate in 2014 are: Onur Air (Antalya, Dusseldorf and Istanbul), Darwin Airlines (Geneva), Swiftair Aviation (Cologne and Sofia), Vueling Airlines (Barcelona) and Tap Portugal (Budapest and Lisbon).

In foreign carrier pattern in 2014 Montenegro Airlines with the participation of 11.22% has the most significant role, than Lufthansa with 10.89% and Wizz Air with 10.28%. These three companies achieved 32.39% of international traffic of foreign carriers. There are few carriers with the participation in this type of traffic in the range from 7.91 to 5.36%, such as: Austrian Airlines(7.91%), Turkish Airlines (6.53%), Swiss International (5.79%) and Aeroflot (5.36%).

**Cargo traffic** of express mail in 2014 was carried out by four carriers: Cityline Hungary, Solinair, CSA and Raf Avia.

**Low Cost carriers** in 2014, there are six of them: **EasyJet** on destination Milan, Rome and Geneva, **Fly Dubai** on route Dubai, **Germanwings** on destination Stuttgart, **Norwegian Air Shuttle** on destinations Oslo and Stockholm, **Wizz Air** on destinations Beauvais – Paris, Brussels Charleroi, Dortmund, Eindhoven, Goteborg, Larnaka, London, Malmo, Memmingen, Mulhouse, Oslo and Stockholm-Skavsta, **Pegasus Airlines** Sabiha.

If international air traffic is considered as a whole (domestic and foreign carriers), Air Serbia has a dominant role amid all air-carriers with participation of 51.12%.

### 3.2. PASSENGER TURNOVER

Total passenger turnover of 4,638,577 was achieved in 2014, which is by 31% higher than the achievement in 2013 and 2% in comparison with the Business plan for 2014.

Passenger turnover per traffic types

Traffic type	Achiev. 2013	Plan 2014	Achiev. 2014	Index	Index	Particip. 2013	Particip. 2014
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air traffic	128	141	84	66	60	0.00	0.00
International air traffic-domestic carriers	1,402,698	2,178,000	2,350,804	168	108	39.59	50.68
International air traffic-foreign carriers	2,140,368	2,357,500	2,287,689	107	97	60.41	49.32
<b>TOTAL:</b>	<b>3,543,194</b>	<b>4,535,641</b>	<b>4,638,577</b>	<b>131</b>	<b>102</b>	<b>100.00</b>	<b>100.00</b>

The greatest participation in passenger turnover per air traffic types in 2014 is of domestic carriers in international air traffic with 50.68%, then foreign carriers in international air traffic with 49.32%.

The number of the passengers transported by domestic carriers in international air traffic in 2014 is 68% higher compared to the previous year and 8% in comparison with the Business plan for 2014.

The number of the passengers transported by foreign carriers in international air traffic in 2014 is 7% higher compared to the previous year and 3% lower in comparison to the Business plan in 2014.



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

Air carriers		2013	2014	Index	Particip. 2013	Particip. 2014
1		2	3	4(3/2)	5	6
1	<b>Air Serbia</b>	1,397,921	2,347,923	168	39.46	50.62
2	<b>Wizz Air</b>	461,332	415,590	90	13.02	8.96
3	<b>Lufthansa</b>	301,151	283,867	94	8.50	6.12
4	<b>Montenegro</b>	254,073	258,841	102	7.17	5.58
5	<b>Swiss International</b>	185,804	203,518	110	5.24	4.39
6	<b>Others</b>	942,785	1,128,754	120	26.61	24.33
<b>TOTAL:</b>		<b>3,543,066</b>	<b>4,638,493</b>	<b>131</b>	<b>100.00</b>	<b>100.00</b>

The total number of passengers in international air traffic in 2014 is 4,638,493 which is 31% higher than in 2013.

In respect of air carriers Air Serbia is the leading carrier by number of transported passengers in international air traffic with 50.62% and is followed by: Wizz Air with 8.96%, Lufthansa with 6.12%, Montenegro Airlines with 5.58% and Swiss International with 4.39%.

Passenger turnover of Air Serbi in international air traffic per destinations with the greatest number of passengers

Destinations		2013	2014	Index
1		2	3	4(3/2)
1	<b>Paris</b>	111,093	151,734	137
2	<b>Zurich</b>	79,356	145,262	183
3	<b>Moscow</b>	93,542	123,812	132
4	<b>Podgorica</b>	93,750	122,752	131
5	<b>Athens</b>	35,512	106,055	299



### 3.3. CARGO TURNOVER

In period I-XII 2014, cargo and mail turnover was achieved in the amount of 12,367 tons, which is 28% higher than in the same period of the previous year and 36% compared to the Business plan for 2014.

In 2014 cargo and mail turnover in international air traffic of domestic carriers is higher by 60% in comparison to the previous year and by 64% in comparison to the Business plan for 2014. In international air traffic of foreign air carriers, cargo and mail turnover in 2014 is increased by 21% in comparison to the previous year and 30% in relation to the Business plan for 2014. There has been no cargo turnover in domestic air traffic in 2014 as well as in the previous year.

#### Cargo turnover in tons

Traffic type	Achiev. 2013	Plan 2014	Achiev. 2014	Index	Index	Particip. 2013	Particip. 2014
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air traffic	0	0	0	0	0	0.00	0.00
International air traffic- domestic carriers	1,774	1,736	2,846	160	164	18.40	23.01
International air traffic- foreign carriers	7,865	7,350	9,521	121	130	81.60	76.99
<b>TOTAL:</b>	<b>9,639</b>	<b>9,086</b>	<b>12,367</b>	<b>128</b>	<b>136</b>	<b>100.00</b>	<b>100.00</b>

**PHYSICAL VOLUME OF TRAFFIC**

Type of traffic		Achievement I-XII 2013		Plan I-XII 2014		Achievement I-XII 2014		Indexes	
			Partic.		Partic.		Partic.		
1		2		3		4		5(4/2)	6(4/3)
<b>1</b>	<b>Domestic traffic</b>								
	Air movements	89	0	94	0	88	0	99	94
	Passengers	128	0	141	0	84	0	66	60
	Air goods and mail ( tons )	0	0	0	0	0	0	0	0
<b>2</b>	<b>International traffic- domestic carriers</b>								
	Air movements	20,810	44	34,566	55	31,392	53	151	91
	Passengers	1,402,698	40	2,178,000	48	2,350,804	51	168	108
	Air goods and mail ( tons )	1,774	18	1,736	19	2,846	23	160	164
<b>3</b>	<b>International traffic- foreign carriers</b>								
	Air movements	25,929	55	27,800	45	27,215	46	105	98
	Passengers	2,140,368	60	2,357,500	52	2,287,689	49	107	97
	Air goods and mail ( tons )	7,865	82	7,350	81	9,521	77	121	130
<b>4</b>	<b>Total</b>								
	Air movements	46,828	100	62,460	100	58,695	100	125	94
	Passengers	3,543,194	100	4,535,641	100	4,638,577	100	131	102
	Air goods and mail ( tons )	9,639	100	9,086	100	12,367	100	128	136

## 4. REVENUES AND EXPENDITURES

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

### 4.1. REVENUES

In the period I-XII 2014 JSC Belgrade "Nikola Tesla" Airport achieved the total revenue in amount of RSD 10,794,902,253. Thus achieved total revenue is 56% higher in comparison to the achieved revenues in the same period of the previous year and 34% higher in relation to the rebalance plan for the same period.

The pattern of the achieved revenues for I-XII 2014 is shown in the table **REVENUE PATTERN by service types**.

In the pattern of achieved revenues in 2014 **business revenues** have the greatest participation of 76% in the total revenues amounting to RSD 8,157,945,309. The achieved revenues are 23% higher than the same in the same period of the previous year and 3% in relation to revised plan for I-XII 2014.

Within business revenues, revenues generated by providing **air services** amount to RSD 2,653,401,446 which is 25% of the total revenues. These revenues are higher by 39% compared to the same period last year and by 17% in relation to rebalance plan for I-XII 2014.

Revenues from **passenger service and security fees** were achieved in the amount of RSD 3,346,998,790 for I-XII 2014, which is 31% of the total achieved revenues and are higher as compared with the revenues from passenger service and security fees in the same period of the previous year by 26% and lower by 4% in relation to revised plan for the same period.

In the period I-XII 2014 the revenues from **service rendering in cargo-customs warehouse** were achieved in the amount of RSD 142,938,313 and are by 11% higher than revenues on this basis in the same period in 2013 and by 7% in relation to revised plan for the same period.

In the period I-XII 2014 the revenues from **other services** are 5% lower than in the same period of the previous year and 10% in relation to revised plan 2014 and were achieved in the amount of RSD of 633,512,761. The greatest participation in these revenues refers to: revenues from public services, revenues from the CUTE system, revenues from the commercial usage of apron, revenues from services on special request - work-order, catering services of business class, revenues from aircraft de-icing services, DCS services and revenues from advertising space etc.

**The revenues from sales of goods** mainly refer to the revenues from the sale of kerosene and are achieved in the amount of RSD 624,610,059. In the period I-XII 2014 it was sold 6,883 tons of kerosene, while in the same period of the previous year it was sold 7,735 tons of kerosene. Achieved revenues from sale of kerosene for the period I-XII 2014 amount to RSD 620,415,363 and are lower by 11% in comparison to the same period of 2013, while in relation to revised plan for 2014 they had decreased by 15%. Reasons for decrease of revenue from kerosene in 2014 compared to the previous year are: change in business policy of air carriers that is levitating towards other suppliers, which resulted in a smaller amount of kerosene sold to customers, and a smaller number of customers which in 2014 was 46 and in 2013 was 70.

The table shows the top five most important customers in 2014 and sold quantities expressed in tonnes, of which only Iran Airlines recorded an increase from 196 tons in 2013 to 1,882 tons of kerosene (Iran Airlines started to uplift kerosene on 23 October 2013) while the others recorded a decline in sale of kerosene.



Ser. No.	Air carrier	2013 kerosene (t)	2014 kerosene (t)	INDEX
1	2	3	4	5(4/3)
1	<b>Iran Airlines</b>	196	1,882	960
2	<b>Fly Dubai</b>	1,982	1,606	81
3	<b>Montenegro Airlines</b>	2,045	1,447	71
4	<b>Aeroflot</b>	1,033	890	86
5	<b>Turkish Airlines</b>	1,499	764	51
6	<b>Others</b>	980	294	30
	<b>TOTAL:</b>	<b>7,735</b>	<b>6,883</b>	<b>89</b>

Other business revenues (group 64 and 65) in the period I-XII 2014 are achieved in the amount of RSD 756,483,939 and fully refer to renting revenues. Stated amount is by 35% higher than in the same period in 2013 and by 29% higher in relation to revised plan for the same period. The greatest portion of these revenues refers to renting of business facilities to Dufry Company, in the amount of RSD 619,098, 651.

**Financial revenues** (group 66) in the period I-XII 2014 are disclosed in amount of RSD 277.947.084 and are higher by 66% in comparison to the same period of the previous year. Reasons for such an increase of financial revenues are: revenues from positive foreign exchange differences - current account was significantly higher in 2014 and amounted to RSD 83,776,521, while in the previous year amounted to RSD 13,583,674, revenues from unrealized foreign exchange differences - deposits, term deposits, letters of credit in 2014 amounted to RSD 45,632,017, and last year there were none, and also due to income from realized positive foreign exchange differences at collection of receivables, which increased by 72% compared to the previous year.

In the pattern of financial revenues for I-XII 2014 the greatest part refers to revenues from positive foreign exchange differences in the amount of RSD 173,556,662, then revenues from interest (from third parties) in the amount of RSD 92,702,826 and revenues from effects of currency clause (towards third parties) in the amount of RSD 11,687,596.

**Other revenues** (group 67 and 68) in the period I-XII 2014 were achieved in the amount of RSD 2,359,009,860 and are considerably higher in comparison to the same period in 2013 when they were USD 97,400,881.

The reason for such disclosed increase of these revenues is in the fact that in 2014 the revenues from collected write-offs of receivables from other legal entities are considerably higher, which have in previous years been placed on value correction of receivables so that in 2014 they amounted to RSD 2,159,090,147, and in 2013 RSD 14,909,785. The largest part of mentioned receivables refer to revenues from Public Debt Administration, in accordance with Art.4 of the Law on takeover of liabilities of the company Air Serbia toward legal entities and natural persons on the basis of provided services and delivered goods and conversion of these liabilities to public debt of the Republic of Serbia ("Official Gazette of RS" No.142/2014 dated 25.12.2014) which comes due on 31.03.2015 in the amount of RSD 2,145,318,844 with interest, then to JAT Tehnika in the amount of RSD 23,954,647 with interest, Air Serbia Catering in the amount of RSD 4,432,551 and Air Serbia in the amount of RSD 3,029,327.

In other revenues are significant revenues from previous years in the amount of RSD 104,645,101 and revenues from value adjustments of equipment in the amount of RSD 36,704,214.

The planned euro exchange rate in 2014 established by rebalance business plan for 2014 amounts to RSD 118.80, while actual average middle exchange rate of the euro for the period I-XII 2014 amounts to RSD 117.306.

The main buyers from the point of participation in sales in 2014 are:

- Air Serbia	RSD 1,797,688,032,		
- Wizz Air	RSD 607,115,990		
- Montenegro Airlines		RSD	599,969,2

REVENUE PATTERN

Ser. No.	Type of service	Description	Realizaiton 2013	Rebalance plan 2014	Realization 2014	Index	
						7(6/4)	8(6/5)
1	2	3	4	5	6	7(6/4)	8(6/5)
	<b>Air services domestic carriers</b>						
	612000+612300	Landing	83,458,403	143,825,491	160,717,443	193	112
	612010+612310	Lighting	28,875,177	47,046,205	53,356,909	185	113
	612030+612330	Handling	102,167,699	174,993,636	171,993,239	168	98
	612040	Infrastructure	54,862,281	59,209,121	94,524,305	172	160
	612050	Air-bridges	23,162	25,154	0	0	0
	612020+612320	Aircraft abode tax	2,668,986	3,076,948	5,755,054	216	187
I	<b>Total air services (domestic carriers):</b>		<b>272,066,708</b>	<b>428,176,666</b>	<b>486,346,960</b>	<b>179</b>	<b>114</b>
	<b>Air services foreign carriers</b>						
	613010+613011	Landing	512,855,537	575,268,938	650,682,221	127	113
	613020+613021	Handling	613,375,303	686,987,519	785,780,837	128	114
	613030+613031	Lighting	56,787,065	62,664,549	75,910,333	134	121
	613040	Infrastructure	318,105,726	356,648,496	437,404,315	138	123
	613060	Air-bridges	117,563,184	130,556,946	185,315,753	158	142
	613000+613001	Aircraft abode tax	23,913,714	26,253,075	31,961,037	134	122
II	<b>Total air services (foreign carriers):</b>		<b>1,642,600,630</b>	<b>1,838,379,622</b>	<b>2,167,054,497</b>	<b>132</b>	<b>118</b>
I+II	<b>Total air services</b>		<b>1,914,666,238</b>	<b>2,266,566,077</b>	<b>2,653,401,446</b>	<b>139</b>	<b>117</b>
	<b>Passenger service and security fees</b>						
	614400 - domestic carriers - domestic traffic		23,401	59,718	14,814	63	25
	614410 - dom. carriers/inter.traffic + 614412 -TRF passengers	Passenger service	700,169,204	1,056,681,450	995,841,372	142	94
	615200 - foreign carr.+ 615210 - for.carr.dom.traf.+ 615212-TRF pass.inter.traf.		1,419,805,623	1,692,777,933	1,615,502,718	114	95
	614420+614430+615230 - security fees	Security fees	543,863,921	740,897,121	735,639,887	135	99
III	<b>Total passenger service and security fees:</b>		<b>2,663,862,149</b>	<b>3,490,416,222</b>	<b>3,346,998,790</b>	<b>126</b>	<b>96</b>
	<b>CCW services</b>						
	612600+612610	CCW services dom. market	98,471,480	101,588,326	117,778,964	120	116
	613300+613310 (foreign)	CCW services for. market	30,573,450	31,772,173	25,159,349	82	79
IV	<b>Total CCW services</b>		<b>129,044,930</b>	<b>133,360,499</b>	<b>142,938,313</b>	<b>111</b>	<b>107</b>
V	<b>Total services in air traffic (I to IV):</b>		<b>4,707,663,317</b>	<b>5,890,332,798</b>	<b>6,143,338,660</b>	<b>130</b>	<b>104</b>
	<b>Other services</b>						
1	614100+614360+615100	DCS services	30,874,140	32,304,919	33,213,234	108	103
2	614110+614112+614170+614180+614391+615891+615892+615893+615895	Special request - work order	37,363,297	38,559,016	56,025,167	150	145
3	614130+614131+615072+614370+615071+615072	VIP Lounge	6,450,770	7,247,776	5,705,314	88	79
4	614140+614390+615090	CUTE (dom + for)	115,427,152	120,598,968	105,967,691	92	88
5	615080+614380	Lost and found	16,771,463	18,747,310	20,112,945	120	107
6	6146+615120+615400+615401	Public utilities	141,540,190	148,018,223	137,856,700	97	93
7	614820+615170	Catering ser. Business Club	36,132,306	37,407,721	47,200,607	131	126
8	614870+615810	Advertising space	33,935,508	39,221,535	25,877,080	76	66
9	614883	Commer.use of apron	75,356,373	77,853,341	58,869,427	78	76
10	614160+615110	Aircraft de-icing service	74,523,253	83,170,946	43,259,001	58	52
11	Other non-mentioned services dom + foreign		98,811,357	102,568,559	99,425,594	101	97
VI	<b>Other services (1 to 11):</b>		<b>667,186,808</b>	<b>705,698,316</b>	<b>633,612,761</b>	<b>95</b>	<b>90</b>
VII	<b>Total 61 - Revenues from sale of services (V+VI)</b>		<b>5,374,749,126</b>	<b>6,696,031,113</b>	<b>6,776,851,311</b>	<b>126</b>	<b>103</b>
	<b>Revenues from sale of goods:</b>						
VIII	<b>60 - Revenues from sale of kerosene + goods</b>		<b>703,800,674</b>	<b>731,290,030</b>	<b>624,610,069</b>	<b>89</b>	<b>86</b>
IX	<b>Total (60+61) Revenues from sale (VII+VIII)</b>		<b>6,078,649,699</b>	<b>7,327,321,143</b>	<b>7,401,461,370</b>	<b>122</b>	<b>101</b>
X	<b>62- Revenues from self-manufactured products</b>		<b>83,128</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
XI	<b>64 i 65 - Renting of business facilities and donations</b>		<b>561,891,328</b>	<b>586,353,181</b>	<b>756,483,939</b>	<b>136</b>	<b>129</b>
XII	<b>BUSINESS REVENUES ( IX+X+XI)</b>	<b>60+61+62+64+65</b>	<b>6,640,624,156</b>	<b>7,913,674,323</b>	<b>8,167,945,309</b>	<b>123</b>	<b>103</b>
XIII	<b>66 - FINANCIAL REVENUES</b>		<b>167,461,304</b>	<b>95,544,783</b>	<b>277,947,084</b>	<b>166</b>	<b>291</b>
1	interest		95,021,849	95,544,783	92,702,826	98	97
2	exchange rate differences -realised		69,602,877	0	126,224,603	181	0
3	exchange rate differences -non-realised		2,836,579	0	59,019,656	2,081	0
XIV	<b>67 AND 68 OTHER REVENUES</b>		<b>97,400,881</b>	<b>68,836,067</b>	<b>2,369,009,860</b>	<b>2,422</b>	<b>3,427</b>
XV	<b>Total revenues (XII+XIII+ XIV)</b>		<b>6,906,386,340</b>	<b>8,078,064,163</b>	<b>10,794,902,263</b>	<b>166</b>	<b>134</b>



## 4.2. EXPENDITURES

In the period I-XII 2014 **total expenditures** were achieved in the amount of RSD 7,032,197,703. Thus achieved expenditures are 2% higher than the expenditures achieved in the same period of the previous year and 4% lower than the figures in the revised plan for I-XII 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 594,667,494 or 12% less than in the same period of the previous year and 15% less in comparison to the Revised Plan for I-XII 2014. Reason for such decrease of purchase value of kerosene compared with the same period previous year and in relation to revised plan is in fact decreased consumption of kerosene for the airlines and cancellation of kerosene supplies by some airlines.

As kerosene is registered both on revenues and expenditures, the real revenue of the Company is realised price difference, which amounted for the period I-XII 2014 to RSD 25,747,869. Average participation of price difference in sale value of kerosene for the period I-XII 2014 is 4.15% while in the same period in 2013 it was 3.01%.

**The costs of materials** (group 51) participates in total expenditures with 7% and mostly refer to: costs of electrical power, costs of basic material, cost of spare parts for investment maintenance of fixed assets, cost of kerosene, diesel fuel as well as oil for heating.

Within total expenditures one of the largest amounts refer to the **costs of salaries, reimbursements and other personal expenditures** (group 52), amounting for the period I-XII 2014 RSD 1,460,936,066. The costs of salaries of employees (gross II membership fees to Chambers excluded) of Belgrade "Nikola Tesla" Airport amount to RSD 841,291,575; whereas the costs for persons engaged through Youth organizations amount to RSD 342,851,597 (youth organizations Fan, Beograd, Knez, Milenijum, Medijator and Europa). Apart from salaries in the group 52 there are also included reimbursements by contracts (service contracts), reimbursements per temporary and occasional jobs (account group 524 of which clean expenditure for temporary and occasional jobs in 2014 amounts to RSD 201,500,836, while in 2013 it was RSD 20,691,892), additional work contract, 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 of employees, business trip wages, costs of trips and joint assistance). Account group 524 of which clean expenditure for temporary and occasional jobs for 2014 amount to RSD 201,500,836, while in 2013 the amounted to RSD 20,691,892. Such increase of account group 524 in 2014 in relation to 2013 of 71% occurred because of change in employment status of certain number of engaged persons and considerable increase of physical volume of traffic, and thus increase of the number of employees on a temporary and occasional jobs contract basis; in 2013 there was only 79 of them in December, while during 2014 there was an average of 192.

The costs of **amortization and reserving** (group 54) for the period I-XII 2014 amounted to RSD 871.183.626, where the included net cost of amortization amounted RSD 817.035.611.

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 672,633,704. Adding this amount to total costs for salaries, reimbursements and other personal earnings of employees (group 52) we come to the amount of RSD 2,133,569,770, which makes 30.34% of total expenditures of the period.

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

- **the costs of transport services**, where the most part refers to the costs of services of OZB Komerc for Ground-handling department in the amount of RSD 225,054,352, then the costs of informing and passenger check-in, monthly support of ITT for passenger and baggage check-in, costs of services for fixed and mobile phones and others.

- **the costs of other services** mostly referring to the services of OZB Komerc for Security department in the amount of RSD 273,123,811, then the costs Dufry's services, costs of water, drainage, and the other.



- **the costs of renting** referring to costs of renting network and server infrastructure, lease of licenses and renting of business facilities.
- **the costs of advertising** mostly refer to sponsorship.

Pattern of the intangible costs includes:

- **the costs of non-production services**, where the most part refers to the costs of services of OZB Komerc for the Technical maintenance, Investment, Commercial, Financial and Legal departments in the amount of RSD 174,455,541, then the cleaning services, the services of newly-incorporated companies – agricultural operative costs of occupational health - Air Serbia and others.

- **representation costs** in the period I-XII 2014 amount to RSD 4,203,294 and are lower by 67% in relation to the same period last year. Within representation costs the largest part refers to catering services USD 2,588,086 (61.57%), catering services of Supervisory Board RSD 713,109 (16.97%), gift costs RSD 529,822 (12.60%), costs of representation on celebrations and other manifestations RSD 360,000 (8.56%), representation on business trip – abroad RSD 11,096 (0.26%) and representation on business trip – in the country RSD 1,181 (0.03%).

**The costs of insurance premiums**

**The costs of payment operations**

**The costs of membership fees**

**Taxing costs and**

**Other intangible costs**

The costs of salaries, reimbursements and other earnings (group 52), the services of OZB Komerc and amortization realised in 2014 in total amount of RSD 2,950,605,380 make 41.96% of total expenditures and 27.33% of total revenues of JSC Belgrade "Nikola Tesla" Airport is needed to cover them.

**Financial expenditures** (group 56) in period I-XII 2014 are disclosed in the amount of RSD 149,435,538 and are 7% higher than in the same period of the previous year.

In the pattern of financial expenditures, expenditures realized from interest participate with 43.92%, amount RSD 65,625,109 and are 21% higher than in the same period of the previous year. The mentioned expenditures from interest refer to the interests for long-term liabilities per loans (EIB – reconstruction of the Terminal), interest for untimely paid public revenues and default interest in the country.

Realised and non-realised negative exchange rate differences were achieved in the amount of RSD 83,810,429 and participate with 56.08% in the pattern of overall financial expenditures.

**Other expenditures** (group 57 and 58) in period I-XII 2014 were achieved in the amount of RSD 2,192,549,332, are 11% higher than in the same period of the previous year and mainly refer to: expenditures based on direct write-off of receivables (RSD 1,517,334,583-write-off of Air Serbia debt, based on Conclusion of the Government of RS 05 No. 40-15095/2014-1 of 11.12.2014), impairment of receivables of major buyers in the country (RSD 549,568,995 – major part refers to Air Serbia RSD 513,046,644, Aviogenex RSD 31,988,350 and others), than donations for humanitarian, medical and religious purposes (RSD 17,900,000), expenditures of previous years (document received after preparation of financial statements – RSD 9,021,960), then expenditures for humanitarian purposes through regional humanitarian organizations (RSD 8,000,000 donated for the affected by floods in the Republic of Serbia during 2014) etc.

Main suppliers from the point of turnover in 2014: OZB Commerce (RSD 807,989,854) and Okta (RSD 362,682,037).

**EXPANDITURE PATTERN**

Acc.	Account name	Realization I-XII 2013	Revised Plan 2014	Realization I-XII 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>680,165,875</b>	<b>701,100,000</b>	<b>595,349,502</b>	<b>88</b>	<b>85</b>
501	PURCHASE VALUE OF SOLD GOODS	680,165,875	701,100,000	595,349,502	88	85
51	<b>COSTS OF MATERIALS AND ENERGY</b>	<b>425,616,936</b>	<b>542,638,937</b>	<b>491,090,932</b>	<b>115</b>	<b>91</b>
511	COSTS OF MATERIALS FOR PRODUCTION	91,692,384	94,128,208	100,234,727	109	106
512	COSTS OF OVERHEADS	13,695,714	24,068,672	21,538,689	157	89
513	COSTS OF FUEL AND ENERGY	253,434,794	316,179,424	286,277,554	113	91
514	COSTS OF SPARE PARTS	54,095,454	60,624,792	59,886,282	111	99
515	COSTS OF ONE-TIME WRITE-OFF OF TOOLS AND INVENTORY	12,698,590	47,637,841	23,153,680	182	49
52	<b>SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES</b>	<b>1,200,770,651</b>	<b>1,500,281,175</b>	<b>1,460,936,066</b>	<b>122</b>	<b>97</b>
520	SALARIES AND REIMBURSEMENTS-GROSS	688,286,442	741,420,784	713,570,105	104	96
521	TAXES AND CONTRIBUTIONS AT THE COST OF EMPLOYER	123,201,376	132,715,165	127,721,470	104	96
522	REIMBURSEMENT FOR SERVICE CONTRACTS-GROSS	1,563,230	1,563,230	1,316,748	84	84
524	COSTS OF REIMBURSEMENTS PER TEMPORARY AND OCCASIONAL JOBS-GROSS	317,773,168	549,646,267	544,352,433	171	99
525	REIMBURSEMENT FOR NATURAL PERSONS BY OTHER CONTRACTS-GROSS	677,002	677,667	395,306	58	58
526	REIMBURSEMENT TO DIRECTOR, I.E. MEMBERS OF MANAG. AND SUPERV. BODIES-GROSS	9,901,687	10,193,978	8,231,873	83	81
529	OTHER PERSONAL EXPENDITURES AND REIMBURSEMENTS	59,367,747	64,064,084	65,348,132	110	102
53	<b>COSTS OF PRODUCTION SERVICES</b>	<b>1,165,454,036</b>	<b>978,075,634</b>	<b>833,146,977</b>	<b>71</b>	<b>85</b>
531	COSTS OF TRANSPORTATION SERVICES	400,881,874	335,702,523	295,967,497	74	88
532	COSTS OF MAINTENANCE SERVICES	140,072,655	195,157,279	134,422,040	96	69
533	COSTS OF LEASE	26,838,197	32,197,823	30,429,964	113	95
535	COSTS OF ADVERTISING	36,278,897	29,064,000	16,538,276	46	57
539	COSTS OF OTHER SERVICES	561,382,414	385,954,010	355,789,200	63	92
54	<b>COSTS OF AMORTIZATION AND RESERVES</b>	<b>757,417,327</b>	<b>769,189,886</b>	<b>871,183,626</b>	<b>115</b>	<b>113</b>
540	COSTS OF AMORTISATION	729,132,624	767,189,886	817,035,611	112	106
545	RESERVES FOR REIMBURSEMENTS TO EMPLOYEES	26,204,703	0	15,218,015	58	0
549	OTHER LONG-TERM RESERVES	2,080,000	2,000,000	38,930,000	1,872	1,947
55	<b>INTANGIBLE COSTS</b>	<b>541,710,737</b>	<b>493,931,813</b>	<b>438,505,730</b>	<b>81</b>	<b>89</b>
550	COSTS OF NON-PRODUCTION SERVICES	397,388,878	353,936,788	305,007,228	77	86
551	COSTS OF REPRESENTATION	12,786,948	7,856,390	4,203,294	33	54
552	INSURANCE PREMIUMS	30,103,888	25,270,923	21,577,712	72	85
553	COSTS OF PAYMENT SYSTEM	6,080,015	6,306,648	5,889,283	97	93
554	COSTS OF MEMBERSHIPS	4,919,102	5,340,046	5,055,799	103	95
555	COSTS OF TAXES	75,222,826	78,901,871	77,220,788	103	98
559	OTHER INTANGIBLE COSTS	15,209,082	16,319,147	19,551,626	129	120
56	<b>FINANCIAL EXPENDITURES</b>	<b>139,654,817</b>	<b>69,933,432</b>	<b>149,435,538</b>	<b>107</b>	<b>214</b>
562	INTEREST EXPENDITURES	54,111,212	52,313,757	65,625,109	121	125
563	NEGATIVE EXCHANGE RATE DIFFERENCES	84,900,658	17,335,212	83,295,038	98	480
564	EXPENDITURE OF EXCHANGE CLAUSE RISK	642,947	284,463	515,391	80	181
57	<b>OTHER EXPENDITURES</b>	<b>32,447,517</b>	<b>55,665,951</b>	<b>1,582,742,560</b>	<b>4,878</b>	<b>2,843</b>
570	LOSSES BASED ON WRITE-OFFS AND SALE OF PROPERTY AND EQUIPMENT	1,588,531	462,021	3,339,734	210	723
571	LOSSES BASED ON WRITE-OFFS AND SALE OF BIOLOGICAL RESOURCES	13,000	14,962	0	0	0
574	SHORTAGES	157,258	0	0	0	0
575	PROTECTION FROM REVALUATION RISK	1,510	1,738	1,086	72	62
576	DIRECT WRITE-OFF OF RECEIVABLES	45,000	51,791	1,517,334,583	3,371,855	2,929,731
577	DISPOSALS	24,910	0	2,963,469	11,897	0
579	OTHER NON-MENTIONED EXPENDITURES	30,617,308	55,135,440	59,103,688	193	107
58	<b>EXPENDITURE ON IMPAIRMENT OF ASSETS</b>	<b>1,940,772,839</b>	<b>2,221,537,608</b>	<b>609,806,773</b>	<b>31</b>	<b>27</b>
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	71,000	0	220,631	311	0
583	IMPAIRMENT OF LONG-TERM FIN.INVESTMENTS AND OTHER SECURITIES AVAIL.FOR SALE	1,079,293	0	51,389,558	4,761	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-TERM FIN.INVESTMENTS	1,939,622,546	2,221,537,608	554,048,883	29	25
589	IMPAIRMENT OF OTHER ASSETS	0	0	4,147,701	0	0
	<b>TOTAL EXPENDITURES</b>	<b>6,884,010,736</b>	<b>7,332,354,434</b>	<b>7,032,197,703</b>	<b>102</b>	<b>96</b>



### 4.3. SALARIES

In the period I-XII 2014 the total sum paid for salaries amounted RSD 713,570,105 (gross I), which is 4% higher than in the same period of 2013 and 4% less in relation to Revised Plan for 2014.

Summary of paid salaries (gross I) in the period I-XII 2014 is given in the table by months:

<b>SALARIES GROSS I</b>					
<b>Month</b>	<b>Achievement I-XII 2013</b>	<b>Revised Plan I-XII 2014</b>	<b>Achievement I-XII 2014</b>	<b>Index</b>	
				<b>5 (4/2)</b>	<b>6 (4/3)</b>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>		
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	56,646,423	109	98
April	54,366,755	61,324,335	59,635,426	110	97
April-Eastern bonus	11,657,998	12,218,472	12,119,827	104	99
May	58,728,207	61,324,335	59,190,994	101	97
June	53,653,003	57,824,335	57,154,146	107	99
July	56,067,605	58,574,335	57,930,899	103	99
August	54,602,871	58,574,335	57,021,314	104	97
August- school supplies	1,843,122	1,843,122	1,845,934	100	100
September	54,904,441	57,824,335	57,250,902	104	99
October	55,812,185	60,790,551	57,451,373	103	95
November	56,499,367	63,290,551	53,701,148	95	85
December	57,071,872	60,790,551	54,237,363	95	89
<b>Total salaries</b>	<b>663,127,323</b>	<b>715,140,732</b>	<b>687,510,193</b>	<b>104</b>	<b>96</b>
<b>Total bonus</b>	<b>25,159,118</b>	<b>26,280,066</b>	<b>26,059,911</b>	<b>104</b>	<b>99</b>
<b>Total salaries + bonus</b>	<b>688,286,442</b>	<b>741,420,798</b>	<b>713,570,105</b>	<b>104</b>	<b>96</b>

We can see in the table that in the period I-XII 2014 there were paid out salaries to employees according to individual work contracts as well as single payments, as Christmas and Eastern bonuses, to each employee, in the same amount of RSD 18,000.00 net, as well as school supplies for children of employees in the amount: for elementary education RSD 6,000.00 net and for secondary education RSD 8,000.00 net.

It should be borne in mind that from 01.11.2014, the law on temporary regulation of the basis for calculation and payment of salaries or wages and other regular income with public fund users is applied, published in the Official Gazette No. 116/2014.

In the period I-XII 2014 were paid salaries to the Executive Board in net amount of RSD 9,070,357, to the Supervisory Board in the net amount of RSD 3,528,664 and members of the Assembly in the net amount of RSD 814,445.



In the period I-XII 2014 the average gross I salary with Christmas and Easter bonuses and school supplies for the children of employees of the Company amounted to RSD 126,101 and is higher than the same for previous year by 2%. Average net earnings with Christmas and Easter bonuses and school supplies for the children of employees of the Company amounted to RSD 89,517. Average gross and net earnings of the Company are presented in the following tables:

#### AVERAGE SALARY GROSS I

Month	JSC ANT
January	124,059
February	148,081
March	119,572
April	151,679
May	124,949
June	120,733
July	123,675
August	125,466
September	122,696
October	123,364
November	113,973
December	114,963
<b>Average I-XII 2014</b>	<b>126,101</b>

#### AVERAGE SALARY NET

Month	JSC ANT
January	88,078
February	104,935
March	84,935
April	107,448
May	88,707
June	85,751
July	87,821
August	89,069
September	87,133
October	87,602
November	81,020
December	81,708
<b>Average I-XII 2014</b>	<b>89,517</b>

#### 4.4. DATA ON DEVELOPMENT AND RESULT OF COMPANY'S OPERATIONS

Business policy of the Company in 2014 provided for an increase in the physical volume of traffic: air movements by 34% and passengers by 28%, while cargo and mail are on the same level in relation to the assessment of achievements for 2013.

In the period I-XII 2014, the following results are achieved:

- Number of air movements decreased by 6% compared to the number of planned air movements for 2014 for the most part due to fewer air movement in international air traffic - domestic carrier by 9% (Air Serbia decreased by 8%) and international air traffic - foreign carriers by 2 % (Wizz Air by 18%, Lufthansa by 16% and Austrian Airlines by 9%),
- The number of passengers increased by 8% mainly due to the increased number of passengers in international air traffic - domestic carriers (Air Serbia),
- Transport of cargo and mail increased by 36% due to the increase of traffic in the part of the international traffic - domestic carriers where there is observed growth of 64% (Air Serbia).

In the period I-XII 2014 net profit of the company was disclosed in the amount of RSD 3,417,983,968. Thus disclosed net profit is considerably higher than the net profit in the same period of the previous year.

#### FINANCIAL RESULT FOR I-XII 2014

							<i>RSD</i>
S.No.	Position	Achievement I-XII 2013	Revised Plan I-XII 2014	Achievement I-XII 2014.	Index		
1	2	3	4	5	6 (5/3)	7 (5/4)	
1	Business revenues	6,640,441,027	7,913,674,324	8,157,945,309	123	103	
2	Business expenditures	4,771,052,435	4,985,217,443	4,690,212,833	98	94	
<b>3</b>	<b>Business profit (1-2)</b>	<b>1,869,388,592</b>	<b>2,928,456,881</b>	<b>3,467,732,476</b>	<b>186</b>	<b>118</b>	
4	Financial revenues	167,461,304	95,544,783	277,947,084	166	291	
5	Financial expenditures	139,654,817	69,933,432	149,435,538	107	214	
<b>6</b>	<b>Financial profit (4-5)</b>	<b>27,806,487</b>	<b>25,611,351</b>	<b>128,511,546</b>	<b>462</b>	<b>502</b>	
<b>6a</b>	<b>Financial loss (5-4)</b>						
7	Other revenues	97,400,881	68,835,057	2,359,009,860	2,422	3,427	
8	Other expenditures	1,973,220,356	2,277,203,559	2,192,549,332	111	96	
<b>9</b>	<b>Other profit (7-8)</b>			<b>166,460,528</b>	<b>0</b>	<b>0</b>	
<b>9a</b>	<b>Other loss (8-7)</b>	<b>1,875,819,475</b>	<b>2,208,368,502</b>				
<b>10</b>	<b>Total revenues (1+4+7)</b>	<b>6,905,303,211</b>	<b>8,078,054,164</b>	<b>10,794,902,253</b>	<b>156</b>	<b>134</b>	
<b>11</b>	<b>Total expenditures (2+5+8)</b>	<b>6,883,927,608</b>	<b>7,332,354,434</b>	<b>7,032,197,703</b>	<b>102</b>	<b>96</b>	
<b>12</b>	<b>Total gross profit (10-11)</b>	<b>21,375,604</b>	<b>745,699,730</b>	<b>3,762,704,550</b>	<b>17,603</b>	<b>505</b>	
13	Period tax expenditure	11,620,748		597,104,777	5,138	0	
14	Deferred period tax expenditure	0		0	0	0	
15	Deferred period tax revenue	3,565,981		252,384,196	7,078	0	
16	Paid-up personal receiving to employer (interim dividend)	0		0	0	0	
<b>17</b>	<b>Net profit</b>	<b>13,320,837</b>		<b>3,417,983,968</b>	<b>25,659</b>	<b>0</b>	



In disclosing of the business result for 2014 one should bear in mind that there was a write-off of receivables from Air Serbia for the period from 01.01.2014 to 30.09.2014, based on Conclusion of the RS Government 05 No. 40-15095 / 2014-1 dated 12.11.2014 in the amount of RSD 1,517,334,583 and is located at a position other expenditures (account group 576), which had a drastically impact on the gross and net profit for 2014 compared to the same period in 2013.

It should also be noted that on position of other expenditures (account group 585) are impaired receivables from major buyers, of which the largest amount relates to: Air Serbia RSD 513 046 644 and Aviogenex RSD 31,988,350.

<b>RESERVES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Legal reserves	0	0
Statutory reserves	1,534,430	1,529,339
	<b>1,534,430</b>	<b>1,529,339</b>

<b>REVALUATION RESERVES BASED ON THE REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Revaluation reserves for land	85,855	-
Recognition of deferred tax liabilities on revaluation reserves	(12,878)	-
Revaluation reserves for facilities	35,890	-
Recognition of deferred tax liabilities on revaluation reserves	(5,384)	-
Revaluation reserves for equipment	53,042	-
Recognition of deferred tax liabilities on revaluation reserves	(7,956)	-
<b>Total revaluation reserves</b>	<b>174,787</b>	-
<b>Total recognition of deferred tax liabilities on revaluation reserves</b>	<b>(26,218)</b>	-
<b>Total net revaluation reserves</b>	<b>148,569</b>	-

<b>ACTUARIAL GAINS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
Actuarial gains on retirement benefits provision	6,090	
Recognition of deferred tax liabilities on revaluation reserves	(913)	
	<b>5,177</b>	<b>0</b>

<b>UNDISTRIBUTED PROFIT</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	in 000 RSD	in 000 RSD
<b>Adjusted opening balance on 01.01.</b>	<b>13,321</b>	<b>727,657</b>
Part of the profit distributed to the Founder (dividend), by decision of the Assembly on profit distribution	(6,836)	(363,997)
Part of the profit distributed to OTHER SHAREHOLDERS (dividend), by decision of the Assembly on profit distribution	(1,394)	(74,221)
Part of the profit distributed to Company reserves, by decision of the Assembly on profit distribution	(5,091)	(231,551)
Part of the profit for employee participation, by decision of the Assembly on profit distribution	-	(57,888)
Profit from current operations	3,417,984	16,205
<i>Correction of opening balance</i>	0	(2,884)
<b>Total profit at the end of reported period</b>	<b>3,417,984</b>	<b>13,321</b>
Decision on distribution of interim dividend	722,477	-
<b>Total undistributed profit at the end of the period</b>	<b>2,695,507</b>	<b>13,321</b>



Based on the Decision of the Executive Board No. 04-37 of 25.09.2014 payment of dividend per share for the financial year 2013 was paid in the amount of RSD 6.836 thousand to shareholder Republic of Serbia on 25.09.2014.

Payment of dividend per share for the financial year 2013 to other shareholders will be made through the Central Securities Depository and Clearing House in total amount of RSD 1,394 thousand by the end of 2015.

Part of the profit allocated for reserves of the Company, according to the Decision of the Assembly on distribution of profit, amounts to RSD 5,091 thousand.

The Decision of the Supervisory Board No. 05-193 / 1 of 18.12.2014 on distribution of the interim dividend approved that part of the net profit in the amount of RSD 722,477 is allocated for the payment of the interim dividend for 2014. Payment of interim dividend to the shareholders will be made through the Central Securities Depository and Clearing House during 2015.

Decision of the Executive Board No. 04-25 of 25.02.2015 approved the payment of interim dividend to shareholder Republic of Serbia for 2014 in total amount of RSD 600,717 thousand. The payment was made from the account of the Company on 26.02.2015.

## **5. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES, BEGAN AFTER EXPIRY OF THE REPORTED BUSINESS YEAR**

### **CHANGE OF EMPLOYMENT STATUS OF EMPLOYEES ENGAGED W/O DIRECT EMPLOYMENT**

After numerous requests for obtaining approval for new employment and further work engagement forwarded first to the Ministry of Civil Engineering, Transport and Infrastructure (in the period from February 2014), then to the competent Ministry of Economy, ANT by Conclusion of the Commission for approval for new employment and further work engagement with public fund users 51 No. 112-15916 / 2014 of 23 December 2014, has received approval for temporary employment of 200 employees, previously engaged in jobs of the primary registered activity of ANT (security, technical maintenance and ground handling) and for the period from 23 December 2014 to 23 April 2015, with which the Employment contracts concluded by 01.01.2015 with whom employment contract was concluded starting with 01.01.2015.

Conclusion of the Commission 51 No: 112-1197 / 2015-2 of 13.02.2015 approved temporary employment of another 200 employees, for the period from 1 March to 30 June 2015, and the Company on 5 February 2015, in accordance with the Regulation, submitted a request for employment of 200 employees more.

### **THE SECOND PHASE OF RECONSTRUCTION AND EXTENSION OF THE A AND C WAITING ROOMS AND FINGER HALLS**

- Purpose: To increase terminal capacity and quality of services provided to passengers, as well as additional space dedicated to commercial content, that is creation of conditions for additional income out of aviation services
- Value: RSD 227,744,401.55 VAT excluded
- Contractor: Morava In from Krusevac, public procurement contract No. 17-49 / 2013 for execution of works on the second phase of reconstruction and extension of A and C waiting rooms and finger halls dated 17.09.2013.
- Use permit obtained on 05.01.2015.

## TECHNICAL DOCUMENTATION FOR CONSTRUCTION OF AIRCRAFT DE/ANTI-ICING APRON

- Purpose: The technical documentation will be provided to build an aircraft de/anti-icing apron together with associated installations and facilities. Planned surface of the apron together with service road and parking for vehicles will be about 20,500 m<sup>2</sup>.
- Status: Initiated public procurement procedure for selection of the designer.

## TECHNICAL DOCUMENTATION FOR UPGRADE FINGER HALL C

Purpose: The technical documentation will be provide for the upgrade of finger hall C, the total area of 11,000 m<sup>2</sup> gross. Upgrading of building is planned for the area of the expanded part of apron C, from the parking position C6 to parking position C10. It is anticipated that the new facility's height is GF + 1. Upgrade of finger hall C is of major importance for increasing the terminal capacity. In addition to increasing technological capacity, there will be an increase in the space intended for commercial facilities. Larger commercial offer will lead to increase revenue of non-aviation services.

- Status: Initiated public procurement procedure for the preparation of technical documentation.

## TECHNICAL DOCUMENTATION FOR CONSTRUCTION OF THE BUILDING OF D CHECK POINT

• Purpose: Technical documentation provides for construction of D check point facility of 340 m<sup>2</sup>. Construction of D check point is essential to raise security of the border crossing to an appropriate level and to improve security control of persons and vehicles on the security check point D. By improving operational technologies in check point D, in addition to the above mentioned security aspects, the very movement of persons and vehicles into security restricted area will accelerate and improved.

- Status: Development of the main design is completed in 2014. Obtaining of the necessary approvals for construction is in progress.

## ADAPTATION OF TERMINAL 1 WITH THE INTRODUCTION OF A NEW BORDER CROSSING

• Purpose: The expansion of capacities and commercialization of space in Terminal 1 in order to improve the quality of services and increase revenues of non-aviation services. New border crossing is primarily intended for passengers who register for their flights in Terminal 1, but will also be able to pass a certain amount of passengers who board for their flights in Terminal 2.

- Status: Technical documentation is being prepared.

## HEATING PIPELINE MODERNIZATION

• Purpose: As the existing heating network is over 25 years old and partially goes under the terminal building, it is necessary to relocate the heating system. Modernization of heating pipeline will significantly reduce heat losses as well as losses of hot water.

- Status: Technical documentation for the reconstruction of the existing heating system and construction of a new branch of heating pipeline is in progress.

## REHABILITATION AND MODERNIZATION OF AIR BRIDGES C1-C5

• Purpose: This modernization and rehabilitation will significantly extend the life of equipment and systems of passenger boarding bridges as well as increase reliability.

- Value: 393,000.00 euros VAT excluded (RSD 45,418,224.00 at the official middle exchange rate valid on the day when tender opening started).

Contractor: Chinese company SHENZHEN CIMC-TIANDA AIRPORT SUPPORT, under the public procurement contract No.17- 143/2014 of 08.08.2014.



## SERVICE OF SECURING INFORMATION AND MAINTAINING THE CONTINUITY OF OPERATIONS OF INTERNAL SERVICES OF NIKOLA TESLA AIRPORT

- Purpose: This project will provide information of commercial significance, as well as the smooth operation of the internal services in case of a disaster (rain, floods, electrical shock, etc.). Maintaining business continuity of internal services is a key part of the business because in cases of various natural disasters, it is necessary to keep all business information and ensure the continuity of internal services. Proper storage of business data and the realization of the smooth functioning of business services are just a proper form of prevention of data and services protection in case of accidents. This project shall secure Airport information and store them in a secure place, while internal services are performed in continuity.
- Value: RSD 14,384,999.96, VAT excluded.
- Supplier: EUNET, according to the Contract No. 17-24 / 2015 of 04.03.2015.

## 6. DESCRIPTION OF EXPECTED DEVELOPMENT OF THE COMPANY IN THE FOLLOWING PERIOD, CHANGES IN BUSINESS POLICIES OF THE COMPANY, AS WELL AS MAIN RISKS AND THREATS, TO WHICH THE COMPANY IS EXPOSED

### DESCRIPTION OF EXPECTED DEVELOPMENT OF THE COMPANY IN FUTURE PERIOD

#### The development of air transport

The current indicators show that in 2015 we shall have further growth in the number of passengers and air movements, which in January and February was 14% for passengers and about 7% for air movements. Bearing in mind that this part of the year traditionally carries a smaller number of passengers, it is expected that the trend of growth in both the number of passengers and air movements will continue also in the future.

Until June 2015 is announced introduction of the line Belgrade - Barcelona by Vueling airline, which will in the summer season S15 perform seasonal flights two to three times a week starting from 01.06.2015 to 25.10.2015. Flights are also announced to Stuttgart by Germanwings during the season, twice a week, from 27.07.2015 to 13.09.2015.

Airlines with which Airport Nikola Tesla already operates, as well as the national carrier Air Serbia in 2015 plan to further increase of the number of flights to certain destinations.

All these facts contribute to increasing of the volume of traffic and make Belgrade airport even more attractive to airlines and passengers.

#### Planning documents

In view of the need to update existing planning documents the procedure for preparation of the Spatial Plan of special purpose areas is initiated, where the first step is preparation of a pre-feasibility study with the general design, based on which will be defined framework of the spatial development and all the necessary capacities in the projected period. The realization of the initiated proceedings will provide the planning and the legal basis for the further development of infrastructure and capacity expansion of Belgrade Nikola Tesla Airport.



## **Making of Investment - technical analysis of reconstruction and construction of manoeuvring areas**

In view of traffic growth from year to year, especially in 2013 and 2014 (a new national airline Air Serbia is established, achieved a record number of passengers, achieved a record number of air operations), it became necessary to make analysis of reconstruction and construction of manoeuvring areas to ensure the safe running of air traffic. The most important task in terms of ensuring the smooth flow of traffic is a reconstruction of an existing runway until construction of the new runway. Development of investment - technical analysis of reconstruction and construction of manoeuvring areas, envisaged in business plan for 2015, will clearly define all aspects of the forthcoming necessary reconstruction, both in terms of selection of technology of execution of works and selection of materials the reconstruction is to be carried out with, as well as a clear definition of the technology of traffic flow during the works. Also, investment technical analysis will include financial analysis of both the costs of reconstruction and losses to Nikola Tesla Airport during execution of works due to restrictions in handling of certain types of aircraft (the airport during the reconstruction will not be able to handle aircraft of code letters D and E). Getting a clear picture of the necessary activities is necessary to ensure long-term smooth running of air traffic without restrictions in terms of weight and number of air operations.

After preparation of the investment and technical analysis and adoption of recommendations and conclusions by the Nikola Tesla Airport, the contracting of development of technical documentation will follow (final designs) and contracting of works execution. The main role of this analysis is that Nikola Tesla Airport is provided with clear picture of the dynamics of works and necessary investment in the next ten-year period.

### **CHANGE OF BUSINESS POLICY**

Belgrade Nikola Tesla Airport is constantly working to increase the efficiency and quality of services in terms of aircraft and passenger ground handling. Airlines are very concerned that these services are fast, of high quality, and that the lowest possible price. This indirectly benefits passengers who get ever higher quality of service.

Bearing in mind that a large number of airports certifies their services in accordance with ISO standards, the top management of the Company has made a decision in 2013 that business processes of JSC Airport Nikola Tesla are certified for reference standards ISO 9001 for quality management, ISO 14001 for environmental protection management and OHSAS 18001 for managing safety and health at work (collectively called IMS integrated management system). During 2014 is implemented necessary action with regard to documenting of work processes and establishing the necessary procedures of ISO standards, as well as training of employees for the requirements of those standards, with the help of consultants of FON and TD Consulting. They first identified the fields, work processes and activities, then an analysis of documenting was made and missing procedures developed, work instructions etc.

In 2015 is carried out internal check of all fields of work in the Company, after the establishment of procedures required by the standards, and now follows selection of certification body and the implementation of the certification process, after which we can be proud that our business processes are certified in accordance with the highest international standards of the International Standardization Organization.

With regard to the important issue of environmental protection, during 2015 is planned development of technical documentation for the storage of hazardous waste. Legal provisions stipulate the obligation of the Company to own storage of hazardous waste for its safe storage in the area of Belgrade Nikola Tesla Airport. Therefore, in 2015, the technical documentation



for the storage of hazardous waste will be developed which will contribute to fully meet the provisions stipulated in the Law on Waste Management ("Off. Gazette of the RS", number 36/2009 and 88/2010), Regulations on the conditions, the manner and procedure for management of waste oils (Official Gazette of RS No. 71/10), Regulations on the method of storage, packaging, labelling of hazardous waste ("Official Gazette of RS" No. 92/10) and the Minutes of completed extraordinary inspection of the Ministry of Energy, Development and Environmental Protection No. 353-03-189/2014 -06 of 30.01.2014 in order to create conditions for the safe storage of used motor, brake, hydro and machine oil, oily materials, filters, batteries, tires and other dangerous goods.

In terms of information technologies, Belgrade Nikola Tesla Airport is constantly working on improving the existing and implementing new information systems, to improve the performance and safety of IT infrastructure with the ability to provide new services to employees at the airport and to third parties. The main changes in 2015 in terms of modernization of information technologies include:

- Passengers and baggage reconciliation system - BRS (procurement procedure in progress) which implementation will enable the automation of work processes important in the handling of aircraft, passengers and goods. This system should provide reconciliation of passengers and baggage for departing flights, ensuring that baggage is on-board an aircraft only when the passenger is on-board. In addition to mentioned safety aspect, BRS system enables the airport benefits from the operational and commercial characteristics provided by such system. Implementation of BRS system is one of the next steps in the development of integrated specific airport systems environment and provides increased support of information systems to business processes of airport.

- Information system for registration of passengers and baggage - DCS that would replace Gaetan DCS currently in use, will end its operation as scheduled by the end of June 2015. This system is used in the process of passengers and baggage registration, passengers boarding control, cargo loading control and making of load-sheet. The main role of this information system is to provide a process aircraft, passengers and goods handling with aim to provide a high level of service, security, safety and economy, both to clients and the airport. By the implementation of the information system DCS, the airport will be able to offer the airlines that do not have their own DCS use of the same, i.e. it will be able to continue to serve all the airlines under service contract in the field of mentioned system operation, based on the valid price list.

- A new video surveillance system that would be based entirely on digital IP technology. The new system should replace the existing analogue system Elbex that does not meet the latest technical trends in that field. The system should enable faster, more reliable and efficient way of recording time and the storage of video data, as well as camera control, which will have a significant contribution to the airport's security factor.

- Implementation of DMS or document management system should significantly improve and accelerate airport business processes including work with the user documentation. The primary purpose of the DMS system is to provide users with easier operation, search, business collaboration and document storage, where system will be integrated with existing information systems at the airport.

- Setting and the introduction of the Wi-Fi network at the airport with all necessary security and control solutions, introduces a number of new features and functionalities both to employees at the airport and third parties who are users of the airport services. The biggest advantage of this system is the possibility that employees access to the information resources of the airport such as internet, e-mail and internal portal remotely as well as that existing information systems such as AODB receive completely new possibilities and opportunities for improving the functionality and further acceleration of business processes.



In terms of training of employees and engaged persons, Belgrade Nikola Tesla Airport is committed to provide ongoing training and refresher trainings as well as training necessary to perform specific tasks in the field of activity of the airport operator prescribed by international aviation regulations. Also, in 2015 is planned that for a certain number of employees is given appropriate training and an ECDL certificate, that is certificate of knowledge of practical skills, basic IT concepts and confirmation that the person who owns the ECDL certificate is fully trained to use personal computer and basic software applications. This increases the productivity of employees, as knowledge of work in the application increases speed and quality of execution of tasks that are realized on the computer.

### **Major risks and threats that the Company is exposed to**

The following SWOT analysis shows the possible strategic choices by association of strengths and weaknesses of the company with opportunities and threats in the external environment:

#### STRENGTHS

- Geographical location and micro location
- About 7 million potential customers in the region gravitating toward the Airport" Nikola Tesla" Belgrade (catchment area)
- Quality of service
- Contemporary and modern-equipped Terminal 2, traffic operations possible in reduced visibility conditions (CAT IIIb)
- Experience, expertise and training of employees and engaged persons
- Developed destination network

#### WEAKNESSES

- A low level of living standards of the population
- Still present seasonality
- The question of the economic feasibility of the individual lines for airlines, particularly when introducing new destinations
- Relatively old infrastructure of Terminal 1
- Poorly developed road infrastructure and insufficient connection with other forms of transport
- Traffic flow technology, mixing of arriving and departing passengers

#### OPPORTUNITIES

- A steady increase in the number of passengers and air movements
- Tourist promotion of Belgrade and Serbia
- Development of air traffic to the Middle East and Far East destinations and the introduction of long-haul traffic
- Development and increase of traffic volume of the national air carrier
- Possibility of positioning the airport as a regional hub
- Stimulating commercial policy
- Attracting direct foreign investments in order to realize strategic projects
- Increase in revenues from non-aviation services

## THREATS

- Strengthening other airports in the region
- Possibility of de-liberalization of the visa regime
- Limitations of capacities in peak hours
- Administrative obstacles
- Vulnerability of existing border of DUP (illegal construction in the zone established in the planning document for the development of the airport)
- Restrictive policies of airlines influence their withdrawal from the market that have weaker prospects or high competitiveness
- The implementation of the obligations of the Republic of Serbia envisaged by the Framework Agreement on a transaction signed among the republic of Serbia, JSC Air Serbia and PJSC Etihad Airways in respect of Belgrade Nikola Tesla Airport

## 7. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

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

### 7.1. MARKET RISK

When analysing the market and its impact on the Company's operations, primarily on the financial instruments, the Company perceives risks of changes in foreign exchange rates (currency risk) risks of changes in interest rates, and the risk of changes in prices of services.

#### a) Currency risk

The analysis of the assets and resources of the Company on 31.12.2014, primarily of cash and cash equivalents, receivables from buyers, liabilities from long-term loans, financial leasing and the like can be said that the Company is exposed to foreign exchange risk.

By detailed analysis of the currency structure of financial assets and liabilities as of 31.12.2014 can be concluded that the funds are contracted with currency clause and that exceed the agreed financial obligations in the currency. Financial liabilities contracted in currencies are generally long-term nature. Based on the above facts it follows that Belgrade Nikola Tesla Airport does not operate with a high exposure to currency risk.

#### b) Risk of interest rate change

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

### 7.2. CREDIT RISK

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

Receivables from buyers refer to many clients, whereof the greatest part refers to receivables from Air Serbia.



### **7.3. LIQUIDITY RISK AND CASH FLOW**

Management of liquidity risk demands special attention of the Management of the Company. Therefore the Management has established business policy mostly based on financing from own resources. Outside funds are mostly long-term resources and short-term obligations can be covered from short-term receivables.

Looking at liquidity indicators we see that the coefficients of the current and quick liquidity are above 3.60, which indicates that the company is able to settle its current and short-term liabilities to maturity from own resources.

However, despite the foregoing, there is a risk of jeopardizing liquidity, if in the future collection of receivables from customers who mainly take part in the balance of overdue receivables is not improved.

Average collection time of receivables is 170 days. It is necessary to give high priority to the collection of due receivables, to provide billing mechanisms with constant monitoring of the balances of receivables and daily updates of billing with the permissible mechanisms as shown by the indicator of turnover coefficient of customers which is 2.15.

Looking at indicators of overall business economy we notice that the economy coefficient for 2013 was 1.00, and for 2014 was 1.54, indicating a much more efficient and cost-effective operations in 2014 compared to 2013.

### **7.4. ECONOMIC INDICATORS OF BUSINESS OPERATIONS**

**RATIO ANALYSIS OF COMPANY OPERATIONS**

SER.NO.	DESCRIPTION OF RATIO INDICATORS		ADP	RATIO NO FOR 2014
1	LIQUIDITY INDICATORS	Current liquidity ratio (current assets / short-term liabilities)	0043 / 0442	3.70
		Quick liquidity ratio (current assets - stocks / short-term liabilities)	(0043-0044) / 0442	3.63
		Cash liquidity ratio (cash and cash equivalents / short-term liabilities)	0068 / 0442	1.67
		Coefficient of financial stability (fixed assets / core capital + long-term liabilities)	0002 / (0402+0432)	1.01
2	ECONOMY INDICATORS OF BUSINESS OPERATIONS	Total revenue / total expenditure 2013		1.00
		Total revenue / total expenditure 2014		1.54
3	PROFITABILITY INDICATORS	Net profit margin (net profit / revenue from sale of goods + revenue from sale of services)	1064 / (1002+1009)	0.46
		Gross profit margin (gross profit / revenue from sale of goods + revenue from sale of services) *Gross profit margin provides information how much revenue is left when all costs are settled after the realization of products and services on the market	1058 / (1002+1009)	0.51
		Return on assets (ROA) Net profit / Total assets	1064 / 0071	0.12
4	PRODUCTIVITY INDICATORS	Labor productivity (net profit/ number of permanent employees)	1064 /employee no.	7,226,181.75
		Indebtedness ratio (total liabilities / fixed assets)	(0424+0442) / 0002	0.13
		Turnover ratio of short-term assets (total revenue / current assets)	tot.rev. / 0043	1.74
5	EBIT	Ebit (gross profit + interest expense)	1058 + 1046	3,828,329,658.92
6	EBITDA	Ebitda (Ebit + amortization)	Ebit+1027	4,645,365,269.86
7	AVERAGE TIME OF DEBT COLLECTION	Average time of debt collection (365/customer turnover ratio)		169.59
7a	CUSTOMER TURNOVER RATIO	Customer turnover ratio (revenue from sale of goods+revenue from sale of services/average receivables from buyers from GB)		2.15
8	SOLVENCY RATIO	Solvency ratio (total assets / total liabilities) *Solvency is ability of the Company to pay all its obligations in due time. Company is solvent if ratio is > or = 1	0071 / (0424+0442)	10.16
9	EBITDA MARGIN	Ebitda margin (ebitda / revenue from sale of goods + revenue from sale of services) *It shows the percentage gain in income of the Company not taking into account amortization and financial result	Ebitda / (1002+1009)	0.63
10	GROSS PROFIT MARGIN	Gross profit margin (gross profit / net profit from sale of good + revenue from sale of services) *Shows ability to get as good result as possible with as little investment as possible	1058 / (1002+1009)	0.51
11	RATE OF RETURN ON EQUITY	Rate of return on equity (net profit rate x turnover ratio of own funds)	(((1064/1001) x ((0071-beg.year+0071-end year)/2))	0.14
12	RATE OF RETURN ON TOTAL CAPITAL	Rate of return on total capital (gross profit rate x turnover ratio of own funds)	(((1030/1001) x ((0071-beg.year+0071-end year)/2))	0.14



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

JSC Airport Nikola Tesla Belgrade has no related parties on the basis of the Company Law (Official Gazette of RS No.36/2011, 99/2011, 83/2014 and 5/2015 article 62) consequently no business activities with related parties.

## 9. ACTIVITIES OF THE COMPANY IN THE FIELD OF RESEARCH AND DEVELOPMENT

### Creating reports with calculation of PCN number on the maneuvering areas and aprons

- Purpose: in 2014 a study was carried out and data collection for the preparation of Suvey with calculation of PCN on the maneuvering areas and aprons. In order to determine the **relative capacity of pavement** expressed through Pavement Construction Number (PCN) measured of deflection was carried out on subject areas by deflectometer with falling load type Heavy Weight Deflectometer (HWD). Deflections were measured in all the maneuvering areas and aprons, in the center of the concrete slabs and joints, a total of 230 measuring points. Based on the submitted reports and conclusions new value PCN are clearly defined for a ten-year period, which were published in AIP (Aeronautical Information Publication).
- Value: RSD 1,889,960.00 VAT excluded
- Contractor: "Centralna Putna Laboratorija" d.o.o. from Novi Sad, under Public Procurement Contract No. 18-56/2014 dated 09.09.2014.

### Waiting room A4a and A4b for despatch of passengers to open positions

- Purpose: Due to the increased number of passengers, investment projects (second phase of reconstruction of the waiting rooms and A and C finger halls and replacement of air bridges A1-A5) and the planned 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 are completed works on the furnishing of waiting rooms A4a and A4b, surface area 450 m<sup>2</sup> used for dispatch of passengers to open parking positions. It is anticipated that passengers on the level of the first floor of terminal 2 pass existing customs and passport control. After crossing into restricted area, passengers are by signposts directed to waiting rooms and A4a and A4b. After X-ray control and boarding control on exits of waiting rooms, passengers are transported by bus to the aircraft parked at remote positions.
- Value: RSD 27,879,931.60 VAT excluded.
- Contractor: Morava In from Krusevac, under public procurement contract No. 17-5/2014 dated 08.01.2014.

### Expanding C apron - fences and additional works

- Purpose: additional work on expanding the apron C include excess works under the original contract and work on setting up a fence around the expanded section of C apron. The contract provides for setting up a new fence, length of 296 m, in order to meet requirements for securing of the airport complex. The fence of the airport complex, in addition to security (intrusion prevention) and technological function (preventing the passage of animals that can endanger aircraft movement), formally presents also the state border line.
- Value: RSD 11,691,002.80 VAT excluded.

- Contractor: Consortium whose leading member is company Planum from Belgrade, on the basis of public procurement contract No. 17-59 / 2014 for execution of additional works on the expansion of apron C dated 04.03.2014.

#### **Construction of a new heating pipeline route**

- Purpose: works on the construction of the new route of heating system and reconstruction of the existing heating pipeline were completed in 2014. Length of the new primary branch of heating pipeline is 750 m, a diameter of  $\varnothing$  300 mm. Relocation of the route of the primary heating pipeline that runs under the concrete apron, its main aim is to prevent the adverse effects that may occur due to a broken pipe, which would cause the suspension of traffic due to intervention. In addition, it is envisaged to expand the capacity of heating network, creating the possibility of a subsequent connection of new facilities to be built in the planned period. The construction of a new heating pipeline will reduce heat losses in the network, as well as losses of hot water, which will lead to less consumption of water, fuel oil and electricity (and thus will reduce the environmental pollution).
- Value: RSD 44,201,880.75 VAT excluded.
- Contractor: Consortium whose leading member is company Konvar from Belgrade, concluded public procurement contract number 17-45/2013 for execution of works on construction of a new heating pipeline route dated 04.09.2013.

#### **Replacement of lamps SSO PAPI 12**

- Purpose: works on replacement of lamps SSO PAPI 12 were completed fully on 18.02.2014.godine. Instead of the old PAPI lights ALSTOM ZA 737 that were in use for more than twenty years, the new PAPI lights ERNI type EL-219-PAPI are built in. The new lamps have better optics and are easier to adjust the angle of radiation. Light indicator of approach angle of PAPI lights are very important to assist the pilot in the final stages of landing on the runway. Functional correctness and precise adjustment of PAPI lights is essential for the safety of the aircraft during landing.
- Value: RSD 5.975.600.00 VAT excluded.
- Contractor: ELGRA VISION d.o.o.from Belgrade, on the basis of public procurement contract No. 17-7 / 2014 for works on replacement of lamps SSO PAPI 12 of 09.01.2014.

#### **Execution of the contract for supply and installation of visual docking guidance system - VDGS devices**

- Purpose: acquisition of 11 visual docking guidance system devices, for parking positions C1-C6 and A1-A5, as well as the software that will connect all devices with airport dispatch center. Using these devices at aircraft parking completely eliminates the human factor as a possible cause of the fault and increases the accuracy and reliability of the guidance.
- Value: € 339,699.00
- Supplier: Swedish company "FTM Aircraft Gate Support Systems AB," under contract No. 17-3 / 2014 for the purchase of VDGS system signed on 06.01.2014.

#### **Flat plate baggage carousels**

- Purpose: the installation and commissioning of two flat plate baggage carousels in baggage claim area. Handing over of devices, testing and commissioning was performed on 23.06.2014.
- Value: € 149,800.00.
- Supplier: Chinese company SHENZHEN CIMC TIANDA AIRPORT, based on a contract No.17-79 / 2013 dated 10.12.2013.



### **Reconstruction of perimeter fencing**

- Purpose: disassembly of existing dilapidated perimeter fence and construction of a new one in accordance with all applicable regulations in the field of security of the airport complexes, which will be executed in phases. In 2014 works were carried out to replace 2500 m, with the previous phases of replacement makes about 2/3 of the total length of the perimeter fence.
- Value of works in 2014: 17,339,875.00 RSD,
- Contractor in 2014: ELITE COP doo from Belgrade, under the contract 17-134 / 2014 dated 30.06.2014.

### **Digitization of radio network**

- Purpose: Digitization of radio network provides for the extension and improvement of the existing system of radio networks. Applied technology of digital radio transmission based on the digitization of the speech signal and digital transmission. Digital radio transmission increases spectral efficiency (twofold increase of traffic capacity), improves the quality of digital audio signals particularly in peripheral areas of the service area, and effectively increase the radius of coverage.
- Value: RSD 15,945,344.80 VAT excluded.
- Contractor: Telegroup doo, pursuant to a public procurement contract 17-162 / 2014 dated 03.11.2014.

### **Information system AODB, FMS, IDS**

- Purpose: Information system AODB, FMS, FIDS is the central airport database that is designed to manage all the operational data relating to air operations, to be unique storage of these data and to facilitate networking with other information systems (ERP, BRS and the like). The implementation of the new system replaced the existing systems Solari (creating and managing timetables) and IKUSI (displaying information about flights - IDS), and also are implemented some new modules such as the RMS (system for managing specific airport resources) and Billing (create calculations for air services). During 2014 the activities are continued on project implementation of information systems AODB, FMS, IDS and additional training is conducted for system users and conducted preparations for the test period and start of system operations.
- Value: € 417,426.00
- Supplier: SITA BV, pursuant to the contract 17-127 / 2012 dated 28.11.2012.

### **Replacement of IDS monitors**

- Purpose: By replacement of monitors was changed also visual display of information about flight schedule, displayed in the airport building, but also enabled use of the functionality of the new IDS system, which among other things allows the display of commercial content (commercials, campaigns, promotions, etc.). In progress is procurement procedure (signing of contract) that will allow removal of mechanical panels for displaying flight schedule (Solari panels) and installation of the LCD panels i.e. video walls will also be part of the IDS system. In December 2014 dismantling of IDS monitors Ikusi was done (information display system) that were in use at the airport for over seven years. At the locations where above monitors were previously placed, as well as on new additionally defined locations, 100 new monitors (Samsung) was set.
- Value: RSD 15,528,420.89 VAT excluded.
- Supplier: "Telekomunikacije, računari i servisi" d.o.o. contract No. 17-25/2013 dated 05.06.2013.

### Creating and expanding the functionality of the internet portal

- Purpose: Making of internet presentation (web site) of the airport. Previous redesign was done five years ago and during this period there was a need for both change and improving the appearance of design as well as for creating new functionality and data that will be presented. For internet presentation, as seen from the viewpoint of the end user, one of the most important things is the first impression that it leaves on him, but also to easily find the necessary information (such as information about the flight schedule, information on public procurement, etc.), documents and navigation.
- Value: RSD 908,125.00 dinars VAT excluded.
- Supplier: DUBES d.o.o. concluded public procurement contract No. 17-88 / 2014 dated 17.04.2014.

## 10. POSSESSION OF THE COMPANY'S SHARES

JSC Belgrade "Nikola Tesla" Airport on 31.12.2014 has a total number of issued common shares 34,289,350.

The lowest share price in the period I-XII 2014 amounted to RSD 529 on 19.05.2014 and the highest price of share RSD 1,028 on 04.12.2014.

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

### SHARE CAPITAL (cont'd.)

Shareholder	31.12.2014			31.12.2013		
	Value in 000 RSD	Number of shares	% partic.	Value in 000 RSD	Number of shares	% partic.
Republic of Serbia	17,106,316	28,510,526	83.15%	17,089,007	28,481,679	83.06%
persons	2,068,142	3,446,904	10.05%	2,177,793	3,629,655	10.59%
Domestic legal entities	97,147	161,912	0.47%	132,967	221,612	0.65%
Foreign natural persons	30,262	50,436	0.15%	8,789	14,648	0.04%
Foreign legal entities	577,060	961,767	2.80%	513,208	855,346	2.49%
Custody persons	694,683	1,157,805	3.38%	651,846	1,086,410	3.17%
	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>	<b>20,573,610</b>	<b>34,289,350</b>	<b>100.00%</b>

JSC Belgrade Nikola Tesla Airport did not acquire its own shares.

Belgrade, April 2015

Chairman of the Executive Board

Acting Director General  
Saša Vlajsavljević



Finance Department Director

Dobrila Pejović



## Director general's office



11180 BELGRADE 59, SERBIA  
SITA: BEGOWXX

T: +381 11 209 4802  
F: +381 11 2286187

E: kabinet.abnt@beg.aero  
www.beg.aero

### STATEMENT

Hereby we state that, according to our best knowledge, the Annual Business Report for 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:

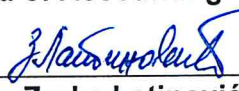
**Acting General Director**

  
\_\_\_\_\_  
**Saša Vlasisavljević**

**Financial Director**

  
\_\_\_\_\_  
**Dobrila Pejović**

**Head of Accounting Sector**

  
\_\_\_\_\_  
**Zorka Latinović**

C.O.

## Director general's office



11180 BELGRADE 59, SERBIA  
SITA: BEGOWXX

T: +381 11 209 4802  
F: +381 11 2286187

E: kabinet.abnt@beg.aero  
www.beg.aero

### NOTE

The Financial Statements for 2014 and Audit Reports were not adopted at the General Assembly of the Company and will be on the agenda of the annual meeting to be held within six months from the end of business year. On the agenda of the meeting of General Assembly of the Company one of the proposals will be a Decision on profit distribution.



Signed by:

**Acting General Director**

**Saša Vlaisavljević**

0.0.