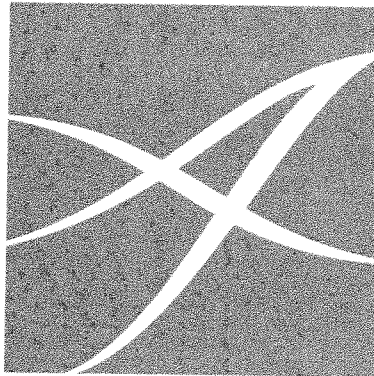


JOINT-STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT



In accordance with Article 53 of the Capital Market Act (Official Gazette of RS No. 31/2011, 112/2015 and 108/2016) 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, 5/2015 and 24/2017), Joint Stock Company Belgrade Nikola Tesla Airport announces:

**REPORT FOR THE SECOND QUARTER OF 2017
CONTAINING ALSO DATA
FOR THE PERIOD I-VI 2017**



Content

1. Financial statements for I-VI 2017
 - INCOME SHEET for the period I-VI 2017;
 - BALANCE SHEET on 30 June 2017;
 - REPORT ON OTHER RESULTS for the period I-VI 2017;
 - STATEMENT ON CHANGES IN CAPITAL for the period I-VI 2017;
 - CASH FLOW STATEMENT for the period I-VI 2017; and
 - NOTES TO THE FINANCIAL STATEMENTS with 30 June 2017.

2. Report on company operations for the period I-VI 2017.

3. Statement

FINANCIAL STATEMENTS June 30, 2017

1. INCOME SHEET for the period I-VI 2017
2. BALANCE SHEET on June 30, 2017
3. REPORT ON OTHER RESULTS for the period I-VI 2017
4. STATEMENT ON CHANGES IN CAPITAL for the period I-VI 2017
5. REPORT ON CASH FLOW for the period I-VI 2017
6. NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

08 August 2017

FINANCIAL STATEMENTS June 30, 2017

INCOME SHEET
in the period from January 1 to June 30, 2017

INCOME SHEET

for the period from 01/01/2017 until 30/06/2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)	Quarter (01/04-30/06/2016)	Cumulative (01/01-30/06/2016)
1	2	3	4	5	6	7	8
	REVENUES OF REGULAR BUSINESS						
60 to 65, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		2,371,317	4,330,402	2,160,664	3,920,357
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007 + 1008)	1002	5	10,115	10,421	34,305	56,054
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. Revenues from sale of goods to other related parties in foreign markets	1006					
604	5. Revenues from sale of goods in domestic market	1007	5	10,115	10,421	659	998
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0	33,646	55,056
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	2,112,241	3,872,550	1,895,733	3,456,639
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 com. and subsidiaries in foreign markets	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 markets	1013					
614	5. Revenues from sale of products and services to other related parties in domestic market	1014	6	885,646	1,641,063	832,783	1,477,517
615	6. Revenues from sale of products and services in foreign markets	1015	7	1,226,595	2,231,487	1,062,950	1,979,122
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0	230	230
65	IV OTHER OPERATING REVENUES	1017	9	248,961	447,431	230,396	407,434

FINANCIAL STATEMENTS June 30, 2017

INCOME SHEET (continued)
in the period from January 1 to June 30, 2017

INCOME SHEET

for the period from 01/01/2017 until 30/06/2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)	Quarter (01/04-30/06/2016)	Cumulative (01/01-30/06/2016)
1	2	3	4	5	6	7	8
	EXPENDITURES OF REGULAR BUSINESS						
50 to 55, except 62 & 63	B. OPERATING EXPENDITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028 + 1029) ≥ 0	1018		1,204,703	2,575,858	1,171,360	2,389,172
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	14,052	14,259	29,036	51,234
62	II. revenues from activation of use of own products and goods	1020		0		0	
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 MATERIALS	1023	11	21,999	95,781	26,222	76,179
513	VI. COSTS OF FUEL AND ENERGY	1024	12	57,122	140,475	54,494	127,286
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	744,579	1,505,235	713,889	1,419,313
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	97,775	203,743	67,231	168,397
540	IX. AMORTISATION COSTS	1027	15	131,412	366,398	211,877	416,893
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	5,370	5,370	2,000	2,000
55	XI. INTANGIBLE COSTS	1029	17	132,394	244,597	66,611	127,870
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		1,166,614	1,754,544	989,304	1,531,185
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031					
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		41,033	78,994	64,714	126,312
66 except 662, 663 & 664	I. FINANCIAL REVENUES FROM RELATED PARTIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033		0	0		
660	1. Financial revenues from parent company and subsidiaries	1034					
661	2. Financial revenues from other related parties	1035					
665	3. Revenues from participation in profit of associated legal entities and joint ventures	1036					
669	4. Other financial revenues	1037					
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	18	25,690	47,424	27,939	53,406
663 & 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19	15,343	31,570	36,775	72,906

FINANCIAL STATEMENTS June 30, 2017

INCOME SHEET (continued)
in the period from January 1 to June 30, 2017

INCOME SHEET

for the period from 01/01/2017 until 30/06/2017

- in thousand RSD -

Group of accounts - amount	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)	Quarter (01/04-30/06/2016)	Cumulative (01/01-30/06/2016)
1	2	3	4	5	6	7	8
D. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)		1040		145,158	164,203	28,072	54,494
I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN. EXPENDITURES (1042 + 1043 + 1044 + 1045)				0	0		
1. Financial expenditures from relation with parent companies and subsidiaries		1042					
2. Financial expenditures from relation with other related parties		1043					
3. Expenditures from participation in the loss of associated legal entities and joint ventures		1044					
4. Other financial expenditures		1045					
II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)		1046	20	10,136	19,001	11,550	21,640
III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)		1047	21	135,022	145,202	16,522	32,854
E. PROFIT FROM FINANCING (1032 – 1040)		1048		0	0	36,642	71,818
Ž. LOSS FROM FINANCING (1040 – 1032)		1049		104,125	85,209		
Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET		1050	22	868	963	285	285
I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET		1051	23	-120	25,038	0	7
J. OTHER REVENUES		1052	24	4,206	9,080	34,571	36,265
K. OTHER EXPENDITURES		1053	25	8,237	14,730	13,556	17,103
L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)		1054	26	1,059,446	1,639,610	1,047,246	1,622,443
LJ. OPERATING LOSS BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)		1055					
M. NET INCOME FROM DISCONTINUED OPERATIONS, THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD		1056		733	641		
N. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD		1057		0	0		
NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)		1058	26	1,060,179	1,640,251	1,047,246	1,622,443
O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)		1059					

FINANCIAL STATEMENTS June 30, 2017

INCOME SHEET (continued)
in the period from January 1 to June 30, 2017

INCOME SHEET							
for the period from 01/01/2017 until 30/06/2017							
- in thous and RSD -							
Group of accounts - amount	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)	Quarter (01/04-30/06/2016)	Cumulative (01/01-30/06/2016)
1	2	3	4	5	6	7	8
	I. INCOME TAX EXPENDITURE	1060	26	143,142	215,647	107,495	171,552
	II. DEFERRED TAX EXPENDITURE	1061	27	37,373	37,373	62,892	76,829
	III. DEFERRED INCOME TAX	1062	27	-2,671	0	0	
	R. EARNINGS PAID BY EMPLOYER	1063					
	S. NET PROFIT						
		1064	28	876,993	1,387,231	876,859	1,374,062
	(1058 – 1059 – 1060 – 1061 + 1062)						
	T. NET LOSS						
		1065					
	(1059 – 1058 + 1060 + 1061 – 1062)						
	I NET INCOME OF MINORITY SHAREHOLDERS	1066					
	II NET INCOME OF THE MAJORITY OWNER	1067					
	III PROFIT PER SHARE		28				
	1. Basic earning per share	1068					
	2. Reduced (diluted) earning per share	1069					
	TOTAL REVENUES			2,418,922	4,420,937	2,260,234	4,083,219
	TOTAL EXPENDITURES			1,358,743	2,780,686	1,212,988	2,460,776

FINANCIAL STATEMENTS June 30, 2017

BALANCE SHEET on June 30, 2017

BALANCE SHEET

on 30/06 2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/06/2017	Previous year	
					Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	ASSETS					
0	A. NON-PAID UP SUBSCRIBED CAPITAL	1				
	B. FIXED ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	2		24,938,227	23,895,702	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0008 + 0009)	3	29	142,852	135,730	0
010 & part 019	1. Investment in development	4				
011, 012 & part 019	2. Concessions, patents, licences, trade marks, software and other rights	5	29	142,852	135,730	
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 ESTATES, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	24,575,693	23,535,062	0
020, 021 & part 029	1. Land	11	29	9,434,255	9,416,290	
022 & part 029	2. Buildings	12	29	10,092,400	9,678,995	
023 & part 029	3. Plant and equipment	13	29	3,725,646	3,101,024	
024 & part 029	Investment property	14	29	26,525	26,525	
025 & part 029	5. Other property, plants and equipment	15	29	3,619	3,619	
026 & part 029	6. Property, plants, equipment in progress	16	29	1,229,863	1,188,102	
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	29	63,385	120,507	
3	III. BIOLOGICAL RESOURCES (0020 + 0021 + 0022 + 0023)	19		65	145	0
030, 031 & part 039	1. Forests and perennial plants	20				
032 & part 039	2. Livestock unit	21	29	65	145	
037 & part 039	3. Biological resources in progress	22				
038 & part 039	4. Advances for biological resources	23				
04. except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	24		135,798	140,946	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	30	1	1	
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	31	135,797	140,945	

FINANCIAL STATEMENTS June 30, 2017

BALANCE SHEET (continued) on June 30, 2017

BALANCE SHEET						
on 30/06 2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/06/2017	Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	ASSETS					
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		83,819	83,819	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	31	83,819	83,819	
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER ASSETS					
	(0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		5,366,398	6,455,664	0
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		140,696	85,637	0
10	1. Material, spare parts, tools and small inventory	45	32	107,573	62,272	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	4,812	4,816	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	28,311	18,549	
20	II RECEIVABLES FROM SALE					
	(0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	51		1,235,786	1,020,436	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	35	364,465	360,511	
205 & part 209	6. Buyers abroad	57	36	871,321	659,925	
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	394,861	388,411	
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 & 237	VI SHORT-TERM FINANCIAL INVESTMENTS					
	(0063 + 0064 + 0065 + 0066 + 0067)	62		2,805,231	3,985,447	0
230 & part 239	1. Short-term loans and invest.- parent companies and subsidiaries	63				
231 & part 239	2. Short-term loans and invest.- other related parties	64				
232 & part 239	3. Short-term credits and loans in the country	65	38	70,466	50,953	
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	39	2,734,765	3,934,494	
24	VII CASH AND CASH EQUIVALENTS	68	41	706,239	740,102	
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	83,585	235,631	
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		30,304,625	30,351,366	0
88	D. OFF-BALANCE SHEET ASSETS	72	62	525,693	524,556	

FINANCIAL STATEMENTS June 30, 2017

BALANCE SHEET (continued) on June 30, 2017

BALANCE SHEET						
on 30/06 2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/06/2017	Previous year Final balance 31/12/2016	Previous year Initial balance 01/01/2016
1	2	3	4	5	6	7
	LIABILITIES					
	A. CAPITAL (0402 + 0411 – 0412 + 0413 + 0414 + 0415 – 0416 + 0417 + 0420 – 0421) ≥ 0 = (0071 – 0424 – 0441 – 0442)	401	43	27,832,088	27,087,521	0
30	I CORE CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402		20,573,610	20,573,610	
300	1. Share capital	403	44	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 capital	408				
306	7. Share issue premium	409				
309	8. Other core capital	410				
31	II NON-PAID UP SUSCRIBED CAPITAL	411				
047 & 237	III REPURCHASED OWN SHARES	412				
32	IV RESERVES	413	45	5,254,126	4,120,259	
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLE PROPERTY, PLANT AND EQUIPMENT	414	45	599,364	601,827	
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	45	16,590	16,590	
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	46	1,388,398	1,775,235	0
340	1. Non-distributed profit of previous years	418	46	1,167	303	
341	2. Non-distributed profit of the current year	419	46	1,387,231	1,774,932	
	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		891,472	908,241	0
40	I LONG -TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48	204,479	206,332	0
400	1. Reserves for cost within guarantee period	426				
401	2. Reserves for restoration of natural resources	427				
403	3. Reserves for restructuring costs	428				
404	4. Provisions for retirement and other employee benefits	429	47;48;49	120,660	125,836	
405	5. Reserves for litigations	430	47;48;49	83,819	80,496	
402 & 409	6. Other long-term reserves	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		686,993	701,909	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				

FINANCIAL STATEMENTS June 30, 2017

BALANCE SHEET (continued) on June 30, 2017

BALANCE SHEET						
on 30/06 2017						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/06/2017	Final balance 31/12/2016	Initial balance 01/01/2016
1	2	3	4	5	6	7
	LIABILITIES					
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;51	686,993	701,909	
416	7. Liabilities based on financial leasing	439				
419	8. Other long-term liabilities	440		0	0	0
498	V. DEFERRED TAX LIABILITIES	441	27	407,656	370,283	
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES					
	(0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		1,173,409	1,985,321	0
	I SHORT-TERM FINANCIAL OBLIGATIONS					
42	(0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		50,366	102,919	0
420	1. Short-term loans from parent company 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 & 429	6. Other short-term financial obligations	449	52	50,366	102,919	
430	II RECEIVED PREPAYMENTS, DEPOSITS AND BAILS	450	53	87,950	82,663	
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		181,713	462,702	0
431	1. Suppliers - parent comp. and subsidiaries in the country	452				
432	2. Suppliers - parent comp. and subsidiaries abroad	453				
433	3. Suppliers -other related in the country	454				
434	4. Suppliers -other related abroad	455				
435	5. Suppliers in the country	456	54	160,933	396,580	
436	6. Suppliers abroad	457	55	1,884	51,240	
439	7. Other liabilities from operation	458	56	18,896	14,882	
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	675,413	1,138,394	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	42,462	57,398	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59;60	10,069	1,936	
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	125,436	139,309	
	D. LOSS OVER CAPITAL (0412 + 0416 + 0421 - 0420 - 0417 - 0415 - 0414 - 0413 - 0411 - 0402) ≥ 0 = (0441 + 0424 + 0442 - 0071) ≥ 0	463		0	0	
	Đ. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 - 0463) ≥ 0	464		30,304,625	30,351,366	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	525,693	524,556	

FINANCIAL STATEMENTS June 30, 2017

REPORT ON OTHER RESULTS in the period from January 1 to June 30, 2017

REPORT ON OTHER RESULTS

for the period from 01/01/2017 until 30/06/2017

- in thousand RSD -

Group accounts, account	POSITION	ADP	Notes no:	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)	Quarter (01/04-30/06/2016)	Cumulative (01/01-30/06/2016)
1	2	3	4	5	6	7	8
	A. NET RESULTS FROM OPERATIONS						
	I. NET PROFIT (ADP 1064)	2001	28	876,993	1,387,231	876,859	1,374,062
	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 revaluation of intangible assets, property, plant and equipment						
330	a) increase in revaluation reserves	2003					
	b) decrease in revaluation reserves	2004		0		0	0
	2. Actuarial gains and losses on defined benefit plans						
331	a) gains	2005					
	b) losses	2006					
	3. Gains and losses on investment in equity capital instruments						
332	a) gains	2007					
	b) losses	2008					
	4. Gains or losses on shares in other comprehensive profit or losses of associated companies						
333	a) gains	2009					
	b) losses	2010					
	a) 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			0	0	0
	II. OTHER GROSS COMPREHENSIVE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) > 0	2020		0	0	0	0
	III. TAX ON OTHER COMPREHENSIVE PROFIT OF LOSS FOR THE PERIOD	2021					
	IV. NET OTHER COMPREHENSIVE PROFIT (2019 - 2020 - 2021) ≥ 0	2022			0	0	0
	V. NET OTHER COMPREHENSIVE LOSS (2020 - 2019 + 2021) ≥ 0	2023		0	0	0	0
	B. TOTAL NET COMPREHENSIVE RESULT OF THE PERIOD						
	I. TOTAL NET COMPREHENSIVE PROFIT (2001 - 2002 + 2022 - 2023) ≥ 0	2024		876,993	1,387,231	876,859	1,374,062
	II. TOTAL NET COMPREHENSIVE LOSS (2002 - 2001 + 2023 - 2022) ≥ 0	2025		0	0	0	0
	G. TOTAL NET COMPREHENSIVE PROFIT OF LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 > 0	2026		876,993	1,387,231	876,859	1,374,062
	1. Attributable to majority owners of capital	2027					
	2. Attributable to owners who do not have control	2028					

FINANCIAL STATEMENTS June 30, 2017

CASH FLOW STATEMENT
 for the period from 01/01 until 30/06/2017

CASH FLOW STATEMENT

in the period from 01/01/2017 until 30/06/2017

- in thousand RSD -

Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
A. CASH FLOW FROM BUSINESS ACTIVITY				
I. Cash inflow from business activities (1 to 3)	3001		4,770,364	4,517,319
1. Sale and received advance payments	3002		4,221,140	4,047,784
2. Interest received from business activity	3003		22,955	8,600
3. Other inflows from regular operations	3004		526,269	460,935
II. Cash outflow from business activities (1 to 5)	3005		2,835,943	2,749,180
1. Payments for suppliers and given advance payments	3006		849,202	691,884
2. Salaries, salary compensations and other personal expenses	3007		1,493,455	1,312,357
3. Paid interest	3008		17,713	41,985
4. Income tax	3009		248,006	382,210
5. Payment from other public revenues	3010		227,567	320,744
III. Net cash inflow from business activities (I-II)	3011		1,934,421	1,768,139
IV. Net cash outflow from business activities (II-I)	3012			
B. CASH FLOW FROM INVESTMENT ACTIVITY				
I. Cash inflow from investment activities (1 to 5)	3013		1,137,802	53,780
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		40	
3. Other financial investments (net inflows)	3016		1,086,984	0
4. Interest received from investment activity	3017		50,778	53,780
5. Dividend received	3018		0	0
II. Cash outflow from investment activities (1 to 3)	3019		1,924,799	608,745
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021		1,924,799	535,959
3. Other financial investments (net outflows)	3022		0	72,786
III. Cash net inflow from investment activities (I-II)	3023		0	0
IV. Cash net outflow from investment activities (II-I)	3024		786,997	554,965

FINANCIAL STATEMENTS June 30, 2017

CASH FLOW STATEMENT (cont'd)
for the period from 01/01 until 30/06/2017

CASH FLOW STATEMENT				
in the period from 01/01/2017 until 30/06/2017				
- in thousand RSD -				
Position	ADP	Note No.	Amount	
			Current year	Previous year
1	2	3	4	5
V. CASH FLOW FROM FINANCING ACTIVITY				
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
II. Cash outflow from financing activities (1 to 6)	3031		1,166,926	866,316
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033		51,119	51,319
3. Short-term loans (outflows)	3034		0	0
4. Other liabilities (outflows)	3035		0	0
5. Financial leasing	3036		0	0
6. Paid-up dividends	3037		1,115,807	814,997
III. Cash net inflow from financing activities (I-II)	3038		0	0
IV. Cash net outflow from financing activities (II-I)	3039		1,166,926	866,316
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)	3040		5,908,166	4,571,099
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)	3041		5,927,668	4,224,241
Đ. OVERALL CASH INFLOW (3040 – 3041)	3042		0	346,858
E. OVERALL CASH OUTFLOW (3041 – 3040)	3043		19,502	0
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		740,102	704,127
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3045		2,420	15,808
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3046		16,781	8,999
J. CASH AT THE END OF ACCOUNTING PERIOD	3047		706,239	1,057,794
(3042 – 3043 + 3044 + 3045 – 3046)				

JSC AIRPORT NIKOLA TESLA BELGRADE

**NOTES TO THE FINANCIAL STATEMENTS
30 June 2017**

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

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 the 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 Beograd.

The Government of the 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 **Joint Stock Company Airport Nikola Tesla Belgrade**.

By the Rescript of the Registers Agency No: BD 7651/2011 dated on 24/01/2011, the Joint Stock Company Airport Nikola Tesla Belgrade was registered in Business Registers Agency as an open joint stock company.

<i>Head-office</i>	11180 Belgrade 59, Serbia
<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 JSC Airport Nikola Tesla Belgrade is classified as a large legal person.

1.2. Number of employees and engaged persons

On Balance Sheet date on 30 June, 2017 the Company had 2,014 engaged workers of which 1,348 employees of the Company including 1,089 permanent employees, 259 employees on a definite period of time, 397 workers engaged through youth organizations and 269 engaged in temporary and occasional jobs (on 31 December 2016 there were 1,994 engaged workers, of which 1,323 employees, out of which 501 permanent employees and 822 employed for a definite period of time, 425 workers engaged through youth organizations, and 246 workers engaged in temporary and occasional jobs).

In I-VI 2017, the average number of employees engaged by the Company at the end of each month was 2,001 of which average number of employees of the Company is 1,338 (958 permanent employees, 380 employees for a definite period of time), 408 workers engaged through youth organizations, averagely 255 engaged in temporary and occasional jobs (during 2016 there were on average 1,916 employees: 1,294 employees, of which 496 permanent employees, 798 employees for a definite period of time, 422 workers engaged through youth organizations and 201 engaged in temporary and occasional jobs).

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

1. FOUNDING AND OPERATION OF THE COMPANY (cont'd)**1.3. Management structure**

The Company has established two-tier corporate 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's 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 the Republic of Serbia.

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

The financial statements for the period I-VI 2017 are prepared in a manner and in accordance with the legislation, also applied for preparation of annual financial statements for 2016 and which is completely stated in the Note 2 to the Financial statement for the year of 2016.

The financial statement for the period I-VI 2017 are approved on the meeting of the Supervisory Board of the Company on 14/08/2017.

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES**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 from services is recognized when the service is rendered, or proportionately during the performance of services if it lasts for more than one accounting period.

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

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.1. Incomes and outcomes (cont'd)**

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

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

With the date on which revenues are recognized there are also recognized corresponding expenditures (principle of causality of revenue and expenditure).

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

Expenditures are accounted for on an accrual basis of 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.

3.3. Conversion of assets and liabilities in foreign currencies

Transactions incurred in foreign currencies are converted into dinars at the middle exchange rates established on the Interbank Exchange Market, valid at the transaction date.

Transactions denominated in foreign currencies on the date of the balance sheet are converted into dinars at the middle exchange rates established on the Interbank Exchange Market, valid at that date.

Gains and losses arising from transactions in foreign currencies and from the recalculation of monetary items in the balance sheet items denominated in foreign currencies are credited or charged to the income statement as gains or losses from exchange rate differences.

Non-monetary items in the balance sheet are not recalculated at the balance sheet date but are carried at historical cost, calculated at the exchange rate on the date of transaction, except for non-monetary items that are measured at fair value, in which case they are recalculated at the exchange rate on the date of determination of fair value. Revenues and Expenditures based on exchange rate differences and currency clause effects are recorded in the income statement of the recorded period.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

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

3.3. Conversion of foreign exchange amount (cont'd.)

Middle 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:

Description	30/06/2017	31/12/2016
Middle exchange rate of NBS:	Value in RSD	
EUR	120.8486	123.4723
USD	105.6461	117.1353
CHF	110.3842	114.8473
GBP	137.4842	143.8065

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

Selling rate of the bank on the date of financial statements preparation is presented in the following table:

Description	30/06/2017	31/12/2016
Contracted exchange rate:	Value in RSD	
EUR - for EIB loan	121.2111	123.8427

3.4. Intangible investment

Intangible investment relate to purchased software and licenses and are carried at purchase cost less accumulated amortization and are written-off by straight-line method over a period of two to ten years.

3.5. Property, plants, equipment, biological resources

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

After initial recognition, property, plant and equipment (except tools and inventory for which purchase price model is implemented) 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 fair value of real estate makes their market value, which is determined by the assessment. Revaluation is carried out only when the fair value of a revalued asset differs materially from its carrying amount. Gains from revaluation are recognized in other gains and losses in favour of the revaluation reserve in equity. Up to the amounts of previously recognized losses from the revaluation or impairment recognized in the income statement, gains from revaluation are recognized in the income statement, and the rest of gains are recognized in other gains and losses. Losses on revaluation are recognized after valuation or testing for impairment, and are recognized in other gains and losses up to the amount of previously recognized revaluation reserve in equity and the remainder of losses are recognized in the income statement. At expenditure or disposal of assets related revaluation reserve is transferred directly to undistributed profit. The last assessment of the value of property, plant and equipment was made on 31/12/2016.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.5. Property, plants, equipment, biological resources (cont'd)**

Tools and supplies, whose useful life is longer than one year are from 01/01/2016 recognized as fixed assets notwithstanding their individual purchase cost. These assets are amortized according to the estimated useful life.

Gains or losses arising from write-off or alienation are recognized as revenue or expenditure in the income statement.

3.6. Amortisation

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 relevant period of the current year (2017), as well as the rate of amortization calculated based on the useful life of the assets applied in 2016 are given in the following table:

DESCRIPTION	2017	2016
Buildings	%	%
Water and electricity facilities	2,27 - 7,69	2,27 - 7,14
Roads, airports and parking lots	2,22 - 10	2,22 - 33,33
Other building facilities	2,50 - 25,00	5,00 - 25,00
Flats given to employees for use	1.43	1.49
Equipment	%	%
New specific equipment	6,37 - 50,00	6,67 - 50,00
Equipment for road traffic	6,67- 50,00	5- 50,00
Equipment for PTT and TV	14,3 - 50,00	7,14 - 50,00
Equipment for air-traffic	6,67 - 50,00	4 - 50,00
Measuring and control devices and specific devices	5,00 - 50,00	4,00 - 33,33
Labor.equipment, teaching aids and med. devices	12,50 - 20	20,00 - 25
Electronic, calculating machines and computers	10 - 50,00	10- 50,00
Furniture and equipment for general purpose	5 - 50,00	4- 50,00
Equipment for road traffic under financial leasing	10 - 50,00	8,33 - 33,33
Equipment and plants	8,33 - 20,00	10,00 - 25,00
Tools and inventory	20,00 - 100,00	20,00 - 100,00
Intangible investments	%	%
Software and licences	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, to assess the value of investment property as on 31.12.2016. In the report on assessment, the fair value of the investment property is determined by the weight of probability of estimated value using the replacement cost method and the yield method.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

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 30 June, 2017, 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, whichever 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 by allocation of price differences, calculated on an average basis between the purchase cost of realized goods and supplies in stock at the end of the year.

Charging to other expenses inventory value correction is done in cases where it is determined that it is necessary to resume the 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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.10. Taxes and contributions****Income tax**

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

Receivables and liabilities in respect of current income tax or deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to offset the recognized amounts and if it intends to settle on a net basis or simultaneously realize the asset and settle the liability.

Current income tax

Assets and liabilities arising from current income taxes represent liabilities or receivables from the fiscal authorities in connection with the current or prior periods that are not implemented on the date of these financial statements.

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 tax credits.

The Law on Corporate Income Tax of the Republic of Serbia does not envisage that any tax losses of the current period may be used to recover taxes paid in previous years. However, losses which are 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 relating to tax credit provides that taxpayers who have until December 31, 2013 acquired the right to a tax incentive under Art. 48. of the previous law and expressed information in Tax balance and Tax return for 2013 may exercise that right up to the deadline and in the manner provided by that previous 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 2017, the earliest previous tax period from which they can use unused tax credit is the tax account or PK form in 2007. 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 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. The carrying value of deferred tax assets is examined on the financial statement date and adjusted if necessary to comply with the current assessment of the taxable profits of future periods.

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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.10. Taxes and contributions (cont'd)*****Deferred income tax (cont'd)***

Deferred tax is accounted in balance sheet, except when it refers to the positions accounted directly in the equity, in which case deferred tax is allocated within equity.

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.

Tax risks

The tax laws of the Republic of Serbia are often differently interpreted 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 interpretations. As a result of the foregoing, transactions may be challenged by tax authorities and the Company could be assessed additional taxes, penalties and interest. Period of obsolescence of tax liability is five years. This practically means that tax authorities could determine payment of outstanding liabilities within five years from the origination of the liability.

3.11. Benefits for employees***Taxes and contributions to funds for social security of employees***

In line with regulations applicative in the 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:
 - 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 the Collective Bargaining 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 authorized actuary to assess provisions for retirement benefits and jubilee awards on 31 December 2016. The assumptions used for the actuarial calculation and changes in provisions in the current period are disclosed in Note 49.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**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. Financial expenses are recognized immediately in the income statement, except if directly attributable to assets being qualified for use, in which case they are capitalized in accordance with the general policy of the Company's borrowing costs.

Instalments of 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 of consumption economic benefits from the leased asset.

In the event that lease incentives are granted, those are included in the operational leasing and are recognized as a liability. The total 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.

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).

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

Long term investments

Long-term investments after initial recognition 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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.14. Financial instruments (cont'd)**

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 include cash on current accounts at banks and in hand and highly liquid investments with maturity up to three months after the acquisition, which can be quickly converted to known amounts of cash, and which is not subject to significant risk of changes in value.

Financial liabilities

Financial liabilities include long-term liabilities (long-term loans and other long-term liabilities), short-term financial liabilities (short-term loans and other short-term 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 of initially recognized liabilities, 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 related period, and presented within other short-term liabilities and accruals and deferred income.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.15. The capital, reserves and payment of profits (dividends)**

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

Other components of the capital include:

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

All retained gains and accumulated losses in this and prior periods are recognized in undistributed profit and loss.

Distributed profits (dividends) are recognized under liabilities when the Assembly of the Company adopts a decision on profit distribution.

3.16. Provisions, contingent assets and contingent liabilities

Provision for legal disputes, harmful contracts or other requirements towards the Company is recognized when for the Company's performance arise a legal or constructive obligation as a result of past events, when there is a certain outflow of economic benefits from the Company and when amounts of these outflows can be reliably estimated. Time or the exact amount of the outflow may still be uncertain.

Restructuring costs are recognized only when there is a detailed formal plan for the restructuring and the management has announced the main features of the plan to everyone a plan has influence to or the execution of the plan has already begun. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available on the date of adoption of the report, including the risks and uncertainties associated with the present obligation. For a number of similar obligations, the likelihood of outflow for settling is determined at the level of obligations class. Provisions are discounted to present value, in the event that the amount of discounting is materially significant.

Any remuneration in connection with the obligations for which it is certain that the Company will realize from third parties are recognized as a separate asset. However, this asset cannot be a larger amount than the related provision.

No obligation, that is, no provision is recognized if there is not a certain outflow of economic benefits arising from present obligations. Such situations are disclosed as a contingent liability, except in cases where the possibility of outflow is small.

3.17. Preview of important accounting estimates

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 receivables and liabilities at the financial statements 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.17. Preview of important accounting estimates (cont'd)****3.17.1. 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 relevant period ended on 30 June, 2017 in the amount of about RSD 36.640 thousand (and for the period ended on 30 June 2016: RSD 41.689 thousand).

3.17.2. Correction of values of uncollectable 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 ageing 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 also includes assumptions about future customer behaviour and the resulting future collections. The management believes that no additional value correction of receivables is necessary, with the exception of value correction already reported in the financial statements.

3.17.3. 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 advisers.

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.

3.17.4. 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.

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 favourable 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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES (cont'd)**3.17. Preview of important accounting estimates (cont'd)****3.17.4. Fair value (cont'd)**

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.

4. SEPARATION OF REVENUE AND EXPENDITURE OF THE GROUND HANDLING ACTIVITY FROM THE REVENUE AND EXPENDITURE OF AIRPORT OPERATOR'S ACTIVITIES

Art 4 of the Rule book on the provision of ground handling services at airports - Official Gazette of RS No. 61/2015, stipulates that the airport operator and provider of ground handling services separate accounts (accounts) for the provision of ground handling services from the accounts for other activities, in accordance with applicable accounting standards. In the annual financial statements of the airport operator shall be visible absence of any related financial flows between provision of ground handling services and its activities as airport operator.

From 01/07/2016 started separate billing of ground handling services from other services of the airport operator, then determining attributable direct expenditures on the accounting documents of the airport operator and ground handling activities, as well as allocation of indirect expenditures on airport operators and ground handling activities on the basis of the adopted keys for allocation of indirect expenditures. Based on the above, the separation of business results of ground handling activities from airport operator's activities will in the future be made on the basis of recorded exact data on revenues and expenditures.

Separation of business operations, i.e. realized revenues and expenditures of the Airport for the period I-VI 2017, to business activities of the airport operator and the business activities of ground handling services was carried out on the basis of the adopted Amended Business Plan for 2016 by the Supervisory Board (Decision No.33 -179/1 dated 24/06/2016), that is on the basis of by plan adopted parameters for separation of ground handling services from the airport operator's activities and defined planned participation of related expenditures, and according to the Rule book on the provision of ground handling services at airports. Based on the above and on the realised business results is compiled Income Sheet for the period I-VI 2017 in which financial results of the airport operator's activities and activities of ground handling services are shown separately, alongside the same period of the last year as follows:

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

3. SEPARATION OF REVENUE AND EXPENDITURE OF THE GROUND HANDLING ACTIVITY FROM THE REVENUE AND EXPENDITURE OF AIRPORT OPERATOR'S ACTIVITIES (cont'd)

INCOME SHEET for AIRPORT OPERATOR and GROUND HANDLING										
for the period from 01/01/2017 until 30/06/2017										
- in thousand RSD -										
Group of accounts - account	POSITION	ADP	Note No.	Amount			Amount			
				Current year			Previous year			
				AIRPORT OPERATOR (01/01-30/06/2017)	GROUND HANDLING (01/01-30/06/2017)	Total AIRPORT (01/01-30/06/2017)	AIRPORT OPERATOR (01/01-30/06/2016)	GROUND HANDLING (01/01-30/06/2016)	Total AIRPORT (01/01-30/06/2016)	
1	2	3	4	5	6	7(5+6)	5	6	7(5+6)	
	REVENUES OF REGULAR BUSINESS									
60 to 65, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		3,555,500	774,902	4,330,402	3,187,837	732,520	3,920,357	
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	10,421	0	10,421	56,054	0	56,054	
604	5. Revenues from sale of goods in domestic market	1007	5	10,421	0	10,421	998	0	998	
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0	0	55,056	0	55,056	
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	3,097,648	774,902	3,872,550	2,724,119	732,520	3,456,639	
614	5. Revenues from sale of products and services to other related parties in domestic	1014	6	1,284,413	356,650	1,641,063	1,183,406	294,111	1,477,517	
615	6. Revenues from sale of products and services in foreign markets	1015	7	1,813,235	418,252	2,231,487	1,540,713	438,409	1,979,122	
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0	0	230	0	230	
65	IV OTHER OPERATING REVENUES	1017	9	447,431	0	447,431	407,434	0	407,434	
	EXPENDITURES OF REGULAR BUSINESS									
50 to 55, except 62 & 63	B. OPERATING EXPENDITURES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028+ 1029) ≥ 0	1018		1,874,124	701,734	2,575,858	1,669,467	719,705	2,389,172	
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	14,259	0	14,259	51,234	0	51,234	
51 except 513	V. COSTS OF MATERIALS	1023	11	48,633	47,148	95,781	52,296	23,883	76,179	
513	VI. COSTS OF FUEL AND ENERGY	1024	12	98,605	41,870	140,475	94,326	32,960	127,286	
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	1,006,879	498,356	1,505,235	885,143	534,170	1,419,313	
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	185,211	18,532	203,743	136,107	32,290	168,397	
540	IX. AMORTISATION COSTS	1027	15	300,286	66,112	366,398	332,726	84,167	416,893	
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	16	5,370	0	5,370	1,972	28	2,000	
55	XI. INTANGIBLE COSTS	1029	17	214,881	29,716	244,597	115,663	12,207	127,870	
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		1,681,376	73,168	1,754,544	1,518,370	12,815	1,531,185	

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

4. SEPARATION OF REVENUE AND EXPENDITURE OF THE GROUND HANDLING ACTIVITY FROM THE REVENUE AND EXPENDITURE OF AIRPORT OPERATOR'S ACTIVITIES (cont'd)

INCOME SHEET for AIRPORT OPERATOR and GROUND HANDLING

for the period from 01/01/2017 until 30/06/2017

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount			Amount			
				Current year			Previous year			
				AIRPORT OPERATOR (01/01-30/06/2017)	GROUND HANDLING (01/01-30/06/2017)	Total AIRPORT (01/01-30/06/2017)	AIRPORT OPERATOR (01/01-30/06/2016)	GROUND HANDLING (01/01-30/06/2016)	Total AIRPORT (01/01-30/06/2016)	
1	2	3	4	5	6	7(5+6)	5	6	7(5+6)	
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032			78,645	349	78,994	126,312	0	126,312
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	18		47,424	0	47,424	53,406	0	53,406
663 & 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	19		31,221	349	31,570	72,906	0	72,906
56	D. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040			163,099	1,104	164,203	54,494	0	54,494
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046	20		19,001	0	19,001	21,640	0	21,640
563 & 564	III. FOREIGN EXCHANGE LOSSES AND NEG.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	21		144,098	1,104	145,202	32,854	0	32,854
	E. PROFIT FROM FINANCING(1032 – 1040)	1048			0	0	0	71,818	0	71,818
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049			84,454	755	85,209			
683 & 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	22		963	0	963	285	0	285
583 & 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	23		25,038	0	25,038	7	0	7
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	24		7,852	1,228	9,080	36,247	18	36,265
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	25		12,879	1,851	14,730	15,934	1,169	17,103
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054			1,567,820	71,790	1,639,610	1,610,779	11,664	1,622,443
	M. NET PROFIT FROM CORRECTION OF MISTAKS FROM PREVIOUS YEARS	1056			641	0	641	0	0	0
	NI. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26		1,568,461	71,790	1,640,251	1,610,779	11,664	1,622,443
	p. PROFIT TAX									
721	I. INCOME TAX EXPENDITURE	1060	26		204,878	10,769	215,647	169,766	1,786	171,552
part 722	II. DEFERRED TAX EXPENDITURE	1061	27		37,373	0	37,373	76,829	0	76,829
part 722	III. DEFERRED INCOME TAX	1062	27		0	0	0	0	0	0
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28		1,326,210	61,021	1,387,231	1,364,184	9,878	1,374,062
6	TOTAL REVENUES (1001+1032+1050+1052)				3,644,458	776,479	4,420,937	3,350,681	732,538	4,083,219
5	TOTAL EXPENDITURES (1018+1040+1051+1053)				2,075,997	704,689	2,780,686	1,739,902	720,874	2,460,776

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

5. REVENUES FROM SALE OF GOODS	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	663	422
Revenues from sale of fuel in domestic market	0	576
Revenues from sale of crude oil	9,758	0
Revenues from sale of goods in domestic market	10,421	998
Revenues from sale of goods - kerosene (re-export)	0	55,056
Revenues from sale of fuel in foreign market	0	0
Revenues from sale of goods in foreign market	0	55,056
	10,421	56,054

REVENUES FROM THE SALE OF SERVICES of the Airport in domestic and foreign markets totally in the period I-VI 2017 were separated on revenues from services provided by the airport operator's activities and revenues made by the activity of ground handling services on the basis of real income and by the plan adopted parameters for the separation of ground handling services from the airport operator's activities, as shown in the following table:

6. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-VI 2017					I-VI 2016				
	Revenues of airport operator	Revenues of ground-handling	Total revenues of Airport (with for. buyer branches)	Revenues from foreign buyer branches	Revenues without foreign buyer branches	Revenues of airport operator	Revenues of ground-handling	Total revenues of Airport (with for. buyer branches)	Revenues from foreign buyer branches	Revenues without foreign buyer branches
	1	2	3	4 (2+3)	5	6 (4-5)	7	8	9 (7+8)	10
	in 000 RSD					in 000 RSD				
Passenger service *	591,758	25,333	617,091	48,006	569,085	577,136	24,447	601,583	44,751	556,832
Security fee	266,426	0	266,426	12,413	254,013	197,780	0	197,780	8,890	188,890
Landing	105,517	0	105,517	17,190	88,327	102,887	0	102,887	18,606	84,281
Aircraft handling *	-	112,402	112,402	19,527	92,875	-	116,170	116,170	24,946	91,224
Infrastructure	64,975	0	64,975	13,528	51,447	64,340	0	64,340	14,116	50,224
Air-bridges *	3,610	401	4,011	4,001	10	5,022	0	5,022	5,022	-
Lighting	28,266	0	28,266	658	27,608	28,335	0	28,335	724	27,611
Aircraft abode tax	2,221	0	2,221	28	2,193	2,313	0	2,313	-	2,313
Aircraft de-icing services *	0	70,654	70,654	3,839	66,815	0	31,908	31,908	2,068	29,840
Commercial use of apron	29,473	0	29,473	-	29,473	25,272	0	25,272	-	25,272
Usage of the CUTE system	35,353	0	35,353	2,421	32,932	34,178	0	34,178	2,216	31,962
Services on special request *	3,055	65,370	68,425	361	68,064	7,314	48,948	56,262	383	55,879
Renting of advertisement space	34,838	0	34,838	-	34,838	30,806	0	30,806	-	30,806
Public services	83,118	0	83,118	499	82,619	79,430	0	79,430	426	79,004
Cargo-custom services *	0	80,702	80,702	341	80,361	0	71,447	71,447	371	71,076
DCS services *	0	0	-	-	-	0	0	-	-	-
Lost and found services *	0	552	552	552	0	0	406	406	406	-
Use of parking lots	31,208	0	31,208	308	30,900	24,368	0	24,368	300	24,068
Other services *	4,595	1,236	5,831	256	5,575	4,225	785	5,010	230	4,781
I Total services in domestic market	1,284,413	356,650	1,641,063	123,928	1,517,135	1,183,406	294,111	1,477,517	123,455	1,354,063

Revenue from services realized by foreign companies that were registered in the Republic of Serbia as a "branch", are recorded in the books in line with legislation 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 are shown in Note 6 and 7 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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

7. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-VI 2017					I-VI 2016					
	Revenues of airport operator	Revenues of ground-handling	Total revenues of Airport (w/o for. buyer branches)	Revenues from foreign buyer branches	Revenues with foreign buyer branches	Revenues of airport operator	Revenues of ground-handling	Total revenues of Airport (w/o for. buyer branches)	Revenues from foreign buyer branches	Revenues with foreign buyer branches	
	1	2	3	4 (2+3)	5	6 (4+5)	7	8	9 (7+8)	10	11(9-10)
			in 000 RSD					in 000 RSD			
Passenger service *	835,545	27,298	862,843	48,006	910,849	705,596	22,671	728,267	44,751	773,018	
Security fee	239,829	0	239,829	12,413	252,242	156,394	0	156,394	8,890	165,284	
Landing	332,145	0	332,145	17,190	349,335	305,346	0	305,346	18,606	323,952	
Aircraft handling *	0	301,807	301,807	19,527	321,334	0	338,408	338,408	24,946	363,354	
Infrastructure	215,499	0	215,499	13,528	229,027	201,041	0	201,041	14,116	215,157	
Air-bridges *	86,964	9,663	96,627	4,001	100,628	81,363	9,041	90,404	5,022	95,426	
Lighting	35,162	0	35,162	658	35,820	31,847	0	31,847	724	32,571	
Aircraft abode tax	13,746	0	13,746	28	13,774	12,286	0	12,286	-	12,286	
Aircraft de-icing services *	0	45,318	45,318	3,839	49,157	0	26,468	26,468	2,068	28,536	
Commercial use of apron	0	0	0	-	-	0	0	0	-	-	
Usage of the CUTE system	46,732	0	46,732	2,421	49,153	39,500	0	39,500	2,216	41,716	
Services on special request *	2,771	9,824	12,595	361	12,956	811	12,061	12,872	383	13,255	
Renting of advertisement space	0	0	0	-	-	734	0	734	-	734	
Public services	544	0	544	499	1,043	643	0	643	426	1,069	
Cargo-custom services *	0	6,089	6,089	341	6,430	0	6,189	6,189	371	6,560	
Consulting services	0	0	0	-	-	0	0	0	-	0	
DCS services *	0	7,936	7,936	-	7,936	0	13,265	13,265	-	13,265	
Lost and found services *	0	7,077	7,077	552	7,629	0	6,888	6,888	406	7,294	
Use of parking lots	5	0	5	308	313	0	0	0	300	300	
Other services *	4,293	3,240	7,533	256	7,789	867,142	26,089	893,231	230	9,097	
II Total services in foreign market	1,813,235	418,252	2,231,487	123,928	2,355,415	1,540,713	438,409	1,979,122	123,455	2,102,576	
III Total revenues from the sale of products and services (I+II)	3,097,648	774,902	3,872,550	-	3,872,550	2,724,119	732,520	3,456,639	-	3,456,639	

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

8. Revenues from sale of <u>services per geograph.region</u>	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Serbia	1,517,135	1,354,063
Germany (Lufthansa+Germanwings +Europi.+Air Berlin+Eurojet)	342,587	306,712
Montenegro (Montenegro+other buyers in MN)	247,426	241,464
Austria (branch of Austrian Airlines +Niki)	122,948	123,241
Switzerland (Swis Air)	163,878	155,465
Russia (Aeroflot)	188,511	166,359
Turkey (Turkish +Pegasus+Atlas Global)	339,191	237,859
Spain (Swift Air)	20,151	20,100
Italy (Al italia)	81,289	76,781
Abu Dhabi (branch Etihad Air+Etihad Air)	82,590	74,832
Hungary (Wiz Air)	320,264	321,293
Romania (Tarom)	27,146	22,493
Tunisia (Tunis Air)	16,712	14,113
Greece (Aegean)	40,204	54,459
England (Easyjet)	38,198	34,187
Norway (Norwegian)	48,484	47,973
Poland (Polskie linie LOT)	50,199	33,474
Dubai (Fly Dubai)	53,959	36,751
Qatar (Qatar Airways)	45,636	49,081
Israel (El Al Israel + Israil Airlines+Arkia)	78,054	0
Other foreign buyers	47,988	85,939
	3,872,550	3,456,639

Revenues from sale of <u>services per buyers</u>	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Air Serbia - Serbia	1,219,191	1,091,903
Deutsche Lufthansa - Germany	298,949	274,921
Montenegro Airlines - Montenegro	243,066	241,021
Branch of Austrian Airlines - Austria	122,948	122,631
Swiss International Airlines - Switzerland	163,878	155,465
Turkish Airlines - Turkey	193,696	190,617
Aeroflot - Russia	188,511	166,359
Polskie linie LOT - Poland	50,199	33,474
Alitalia Societa Aerea Italiana S.R.L. - Italy	81,289	76,781
Swift Air Aviation - Spain	20,151	20,100
European Air - Germany	23,754	11,271
Norwegian Air - Norway	48,484	47,973
Easyjet - England	38,198	34,187
Wizz Air+branch (Hungary)	320,264	321,293
Tarom Romanian Air Transport - Romania	27,146	22,493
Pegasus Airlines - Turkey	49,516	46,362
Tunis Air - Tunisia	16,712	14,113
FlyDubai - Dubai	53,959	36,751
Aegean airlines - Greece	40,204	54,459
Iran Air - Iran	0	3,003
Qatar Airways Q.C.S. - Qatar	45,636	49,081
Etihad Airways PJSC + branch Etihad Airways PJSC - Abu Dhabi	82,590	74,832
NIS AD - Serbia	26,324	21,871
JAT Technica - Serbia	9,460	11,600
Parking service - Serbia	14,382	14,254
Alma Quatro - Serbia	10,600	10,657
Dufry doo Belgrade - Serbia	27,296	27,510
Israil Airlines - Israel	53,301	0
Other domestic buyers - Serbia	209,882	176,268
Other foreign buyers	192,964	105,389
	3,872,550	3,456,639

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

9. OTHER BUSINESS REVENUES	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	443,639	404,057
Revenues from lease to foreign legal persons	3,792	3,377
	447,431	407,434
10. PURCHASE VALUE OF SOLD GOODS	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	477	361
Purchase value of sold kerosene - re-export	-	50,873
Purchase value of sold crude oil	13,782	-
Purchase value of sold fuel	-	-
	14,259	51,234
11. COSTS OF MATERIALS	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	75,411	49,137
Overhead costs of material (office material)	11,374	3,969
Costs of spare parts	8,996	14,434
Costs of tools and inventory	-	8,639
	95,781	76,179
12. COSTS OF FUEL AND ENERGY	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	34,853	29,892
Costs of oil fuel for heating	18,697	11,289
Costs of electric energy	86,925	86,105
	140,475	127,286
13. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	835,322	811,152
Gross salaries and salary reimbursements - management	18,469	13,056
Taxes and contributions at cost of employer	152,828	147,533
Costs of reimburs. per service contract and royalties	208	319
Costs of reimbursement for youth organisations etc.	316,161	277,213
Costs of reimburs. for member of SB, SA, rev. committee	4,378	4,192
Transport of employees	35,931	33,209
Cots of business trip	7,362	2,636
Terminal wages and jubilee bonuses	1,707	751
Difference for payment to the budget of RS, based on the Law on reduction of public sector wages	77,229	74,092
Premiums for voluntary pension insurance	44,813	42,407
New Year presents for children of employees - not subject to tax	-	-
Compensation on Contracts for professional development	2,209	3,683
Solidarity allowance (newborns, treatment, natural disasters etc.)	8,618	8,101
Other personal expenditures	-	969
	1,505,235	1,419,313

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

14. COSTS OF PRODUCTION SERVICES

	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
IT services on passenger and baggage check-in	19,183	24,919
Costs of phone and other PTT services	10,635	11,927
Costs of maintenance services	87,908	68,137
Lease costs	17,514	23,007
Advertising costs	48,282	21,173
Costs of catering services of tenants - (re-invoiced to airlines)	699	989
Costs of utilities	17,096	13,394
Costs of production services	2,426	4,851
	203,743	168,397

15. AMORTISATION COSTS

	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Amortisation costs for intangible investments	21,390	10,808
Amortisation costs for property	162,959	215,844
Amortisation costs for equipment	182,049	190,241
	366,398	416,893

16. COSTS OF LONG-TERM RESERVING

	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Costs of reserving for terminal wages	-	-
Costs of reserving for jubilee awards	-	-
Costs of reserving for litigations	5,370	2,000
	5,370	2,000

17. INTANGIBLE COSTS

	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Costs of health services	8,372	6,233
Costs of cleaning services	29,804	24,831
Costs of consulting services	57,645	-
Costs of different kinds of assessments	34,348	5,010
Costs of professional development	10,376	5,105
Costs of services for the current accounting software	6,483	7,106
Costs of other non-production services	10,809	8,093
Costs of representation	1,688	1,953
Costs of insurance	17,303	12,109
Costs of payment system	2,953	2,709
Memberships	1,381	5,964
Property tax and other reimbursements	40,218	39,619
Other intangible costs	23,217	9,138
	244,597	127,870

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

18. INTEREST INCOME	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	15,705	17,921
Interest for RSD deposits in current accounts	809	1,583
Interest in term deposits in foreign currency	29,736	26,548
Interest for foreign currency deposits in current accounts	678	2,808
Interest on housing loans	447	425
Interests upon court decisions	49	4,121
	47,424	53,406

19. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF CURRENCY CLAUSE TOWARD THIRD PARTIES)	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	14,775	53,418
Revenues from non-realized exchange rate differences	16,697	16,753
Revenues from effects of contracted currency clause (realized)	9	37
Revenues from effects of contracted currency clause (non-realized)	89	2,698
	31,570	72,906

20. INTEREST EXPENDITURES	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Interests for long-term EIB loan	17,251	19,755
Interest for financial leasing	-	-
Default interest in the country	1,746	164
Interest for untimely paid public revenues	4	1,721
	19,001	21,640

21. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	42,608	20,926
Negative exchange rate differences - non-realized	98,412	11,912
Expenditures from effects of contr. currency clause - realised	96	16
Expenditures from effects of contr. currency clause - non-realised	4,086	-
	145,202	32,854

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

22. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Value adjustment of receivables:	-	
- from natural persons for housing loans (cancellation of impairment on collection basis and fair value basis)	963	285
Other non-mentioned revenues	-	-
	963	285

23. EXPENDITURES FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Impairment of receivables from housing loans	869	-
Value adjustment of receivables from buyers	24,169	7
	25,038	7

24. OTHER REVENUES	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	645	181
Revenues of collected, corrected receivables from buyers	45	199
Revenues from cancel.of reserv. for litigations and empl.benefits	-	32,573
Revenues from indemnity from legal and natural persons	4,356	2,273
Revenues from charged court costs	401	96
Revenues of previous years	-	925
Positive effects of contracted revaluation	10	14
Other non-mentioned revenues	3,623	4
	9,080	36,265

25. OTHER EXPENDITURES	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Loss from sale and write-off of basic resources	2,652	15
Litigation costs	1,537	202
Costs for humanitarian, health and scientific purposes	7,607	7,522
Expenditures of previous years	-	582
Other non-mentioned expenditures	429	5,782
Expenditures from trade unions	2,505	3,000
	14,730	17,103

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

26. PROFIT TAX

a) Components of profit tax	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Period tax expenditure	215,647	171,552
Correction of period tax expenditure	-	-
Period tax expenditure after correction	215,647	171,552
Deferred period tax expenditure	37,373	76,829
Deferred income tax	-	-
Correction of deferred income tax	-	-
	253,020	248,381
Effective tax rate	15.43%	15.31%

b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Profit before tax	1,640,251	1,622,443
Profit tax calculated at rate of 15%	246,038	243,366
Tax effect of expenditures not acknowledged in tax balance	2,196	12,683
Correction in tax effect of amortisation expenditures not acknowledged in tax balance	(9,851)	-
Tax credit for investment in fixed assets of previous years	(22,736)	(84,497)
Correction of using tax credits from previous years	-	-
Period tax expenditure	215,647	171,552

v) Achieved, unused and unrecognised tax credit (TC)					in 000 RSD
	Year of expiry	Amount of transferred TC	Correction of TC	Used TC	Outstanding TC for transfer
Year of recognition of tax credit		from 2016		in 2017	30/06/2017
2012	2022	-	0	-	-
2013	2023	22,736	0	22,736	-
Balance of tax credit		22,736	0	22,736	-

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

27. DEFERRED PERIOD TAX REVENUES AND EXPENDITURES

Changes on account of deferred tax liabilities and deferred tax assets as of 31/12/2016 and as of 30/06/2017 are shown in the following tables:

<u>a) Deferred tax assets (deferred tax liabilities) 2016</u>	01/01/2016	Recognised in other gains & losses I-XII 2016	Recognised in income sheet I-XII 2016	31/12/2016
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(267,075)	(80,517)	(79,326)	(426,918)
Long-term liabilities				
Provisions for retirement and other employee benefits	16,536	(671)	3,682	19,547
Provisions for litigations	17,312	-	(5,237)	12,075
Short-term liabilities				
Liabilities for taxes, contributions and fees	186	-	12	198
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	-	-	2,079	2,079
Unused tax credits	144,733	-	(121,997)	22,736
	(88,308)	(81,188)	(200,787)	(370,283)

<u>b) Deferred tax assets (deferred tax liabilities) 2017</u>	01/01/2017	Recognised in other gains & losses I-VI 2017	Recognised in income sheet I-VI 2017	30/06/2017
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(426,918)	-	(13,131)	(440,049)
Short-term assets				
Receivables from sale	-	-	-	-
Short-term financial investments	-	-	-	-
Long-term liabilities				
Provisions for retirement and other employee benefits	19,547	-	(1,448)	18,099
Provisions for litigations	12,075	-	498	12,573
Short-term liabilities				
Liabilities for taxes, contributions and fees	198	-	(3)	195
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	2,079	-	(553)	1,526
Other				
Unused tax losses	-	-	-	-
Unused tax credits	22,736	-	(22,736)	-
	(370,283)	-	(37,373)	(407,656)

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

DEFERRED PERIOD TAX REVENUES AND EXPENDITURES (cont'd)

Balance of recognized deferred tax assets as of 30/06/2017 amounts RSD 32.393 thousand and all refers to deferred tax assets on 30/06/2017 calculated with the applicable corporate income tax rate of 15% on the balance of the provisions for retirement provisions for jubilee benefits, provisions for litigation and on the balance of unpaid public revenues, as well as for the amount of unpaid and recognized expenditures for employees' salaries from article 9, paragraph 2 of the Law on corporate income tax, as the same relate to temporary differences that will be recognized in tax period in which the same are paid. The balance of recognized deferred tax liabilities as of 30/06/2017 amounts to RSD 440.049 thousand.

After application of the requirements of IAS 12 that is offsetting of deferred tax assets and deferred tax liabilities on the balancing date, the balance of deferred tax liabilities as of 30/06/2017 amounts to RSD 407.656 thousand (on 31/12/2016 RSD 370.283 thousand).

Effects from changes in deferred tax assets and liabilities in relation to the initial balance, in the amount of RSD 37.373 thousand, are recorded at the cost of the deferred period tax expenditures.

28. PROFIT PER SHARE	I-VI 2017	I-VI 2016
	in 000 RSD	in 000 RSD
Net profit for owners	1,387,231	1,374,062
Net profit correction	-	-
Net profit after correction	1,387,231	1,374,062
Averaged weighted number of shares	34,289,350	34,289,350
Basic earnings per share in RSD	40.46	40.07

29.a. INTANGIBLE INVESTMENTS

	in 000 RSD	
DESCRIPTION	30/06/2017	31/12/2016
Purchase value		
Initial balance,	187,042	102,871
Procurements during the year	34,788	84,171
Alienation, removal from inventory and sale	(516)	-
Other	(6,276)	
Final balance	215,038	187,042
Value correction		
Initial balance	51,312	22,348
Amortisation in current year	21,390	28,964
Alienation, removal from inventory and sale	(516)	-
Final balance	72,186	51,312
Net present value	142,852	135,730

Total investment into intangible assets amounts RSD 34.788 thousand.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

29. b. PROPERTY, PLANTS, EQUIPMENT, BIOLOGICAL RESOURCES 2016											in 000 RSD
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Current investments	Advances	Total-property, plants and equipment	Biological resources - Basic livestock unit		
Purchase value											
Initial balance 01/01/2016	9,120,668	10,286,854	2,812,602	26,073	3,619	20,236	33,047	22,303,099	120		
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-		
Balance on 01/01/2016 after correction	9,120,668	10,286,854	2,812,602	26,073	3,619	20,236	33,047	22,303,099	120		
Procurements during the year	-	-	-	-	-	2,193,642	-	2,193,642	55		
Transfer from current investments	17,274	189,371	816,489	-	-	(1,023,134)	-	-	-		
Alienation, disbursement and sale	-	(153)	(4,707)	-	-	(2,642)	103,272	(7,502)	(15)		
Other	-	-	-	-	-	-	-	103,272	-		
Assets fair value estimation											
Revaluation reserves	278,348	59,468	198,964	-	-	-	-	536,780	-		
Reduction on account of revaluation reserves	-	(1,198)	(972)	-	-	-	-	(2,170)	-		
Revaluation revenues	-	10,472	24,337	452	-	-	-	35,261	-		
Revaluation expenditures	-	-	(334)	-	-	-	-	(334)	(15)		
Reduction of net present value for amort. accumulation	-	(865,819)	(741,025)	-	-	-	-	(1,606,844)	-		
Final balance 31/12/2016	9,416,290	9,678,995	3,105,354	26,525	3,619	1,188,102	136,319	23,555,204	145		
Value correction											
Initial balance 01/01/2016	-	428,109	330,074	-	-	-	15,812	773,995	-		
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-		
Balance on 01/01/2016 after correction	-	428,109	330,074	-	-	-	15,812	773,995	-		
Amortisation in current year	-	437,768	418,217	-	-	-	-	855,985	-		
Alienation, disbursement and sale	-	(58)	(2,936)	-	-	-	-	(2,994)	-		
Cancellation of property value per fair value of the property 31/12/2016	-	(865,819)	(741,025)	-	-	-	-	(1,606,844)	-		
Value correction of advanced payments	-	-	-	-	-	-	-	-	-		
Final balance 31/12/2016	-	-	4,330	-	-	-	15,812	20,142	-		
Net present value, 31/12/2016	9,416,290	9,678,995	3,101,024	26,525	3,619	1,188,102	120,507	23,535,062	145		
Net present value, 01/01/2016	9,120,668	9,858,745	2,482,528	26,073	3,619	20,236	17,235	21,529,104	120		

Total investment into property, plants and equipment in the period I-XII 2016 amounts RSD 2.193.642 thousand. In the reported period RSD 1,023,134 thousand for property, plants and equipment is activated, as follows: for equipment in the amount of RSD 816.489 thousand, increase of construction facility value in the amount of RSD 189.371 thousand and land in the amount of RSD 17.274 thousand. Ongoing investments from previous years in the amount of RSD 2.642 thousand were annulled. The balance of non-activated investments on 31/12/2016 amounts RSD 1.188.102 thousand On 31/12/2016 assessment of fair value of the property, plants and equipment was made by a certified assessor. The effects of the assessment are shown in the table:

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

29.c. PROPERTY, PLANTS, EQUIPMENT, BIOLOGICAL RESOURCES 2017										in 000 RSD
DESCRIPTION	Land	Buildings	Equipment	Investment property	Other property, plants and equipment	Current investments	Advances	Total-property, plants and equipment	Biological resources - Basic livestock unit	
Purchase value										
Initial balance 01/01/2017	9,416,290	9,678,995	3,105,354	26,525	3,619	1,188,102	136,319	23,555,204	145	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2017 after correction	9,416,290	9,678,995	3,105,354	26,525	3,619	1,188,102	136,319	23,555,204	145	
Procurements during the year	-	-	-	-	-	1,448,634	-	1,448,634	-	
Transfer from current investments	17,965	576,871	811,493	-	-	(1,406,328)	-	1	-	
Alienation, disbursement and sale	-	(639)	(5,594)	-	-	(545)	(57,122)	(6,778)	(80)	
Other	-	-	-	-	-	-	-	(57,122)	-	
Assets fair value estimation										
Final balance 30/06/2017	9,434,255	10,255,227	3,911,253	26,525	3,619	1,229,863	79,197	24,939,939	65	
Value correction										
Initial balance 01/01/2017	-	-	4,330	-	-	-	15,812	20,142	-	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2017 after correction	-	-	4,330	-	-	-	15,812	20,142	-	
Amortisation in current year	-	162,959	182,049	-	-	-	-	345,008	-	
Alienation, disbursement and sale	-	(132)	(772)	-	-	-	-	(904)	-	
Final balance 30/06/2017	-	162,827	185,607	-	-	-	15,812	364,246	-	
Net present value, 30/06/2017	9,434,255	10,092,400	3,725,646	26,525	3,619	1,229,863	63,385	24,575,693	65	
Net present value, 01/01/2017	9,416,290	9,678,995	3,101,024	26,525	3,619	1,188,102	120,507	23,535,062	145	

Total investment into property, plants and equipment in the period I-VI 2017 amounts RSD 1,448,634 thousand. In the reported period RSD 1,406,328 thousand of property, plants and equipment is activated, as follows: equipment in the amount of RSD 811,493 thousand, construction facility in the amount of RSD 576,871 thousand and land in the amount of RSD 17,965 thousand. Ongoing investments from previous years in the amount of RSD 545 thousand were annulled. Balance of non-activated investments, i.e. ongoing investments on 30/06/2017 amount RSD 1,229,863 thousand. On 31/12/2016 assessment of fair value of the property, plants and equipment was made by a certified assessor.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

30. SHARES IN CAPITAL OF OTHER LEGAL ENTITIES AND OTHER SECURITIES	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Privredna banka a.d. Belgrade	392	392
<i>Minus: value correc.of partic. in capital of banks in bankruptcy</i>	<i>(392)</i>	<i>(392)</i>
	-	-
<i>Participation in capital of banks in liquidation</i>		
Union banka a.d. Belgrade - in liquidation	667	667
Beogradska banka a.d. Belgrade - in liquidation	18,988	18,988
Beobanka a.d. Belgrade - in liquidation	38	38
	19,693	19,693
<i>Minus: value correc.of partic. in capital of banks in liquidation</i>	<i>(19,693)</i>	<i>(19,693)</i>
	-	-
<i>Participation in capital of foreign legal entities</i>		
Mondial Bodrum - Turkey	358,598	358,598
Societe International de Telecommun. Aeronautiques Swisse (SITA)	1	1
<i>Minus: value corr.of particip. in capital of Mondial Bodrum - Turkey</i>	<i>(358,598)</i>	<i>(358,598)</i>
	1	1
	1	1
31.a. OTHER LONG-TERM FINANCIAL INVESTMENTS	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	5,736	6,360
Long-term loans to employees	273,846	284,552
Receivables for sold socially owed housing	1,160	1,168
Receivables for purchase of solidarity housing	2,226	2,196
Total gross	282,968	294,276
Current maturities of long-term investments in SITA	(629)	(698)
Current maturities of long-term loans to employees	(8,845)	(14,233)
Adjustment of fair value of long-term loans to employees	(137,697)	(138,400)
	135,797	140,945

Receivables from employees for long-term loans for purchase and tenant purchaser of apartments as of 30/06/2017 amount to RSD 277.232 thousand ((including long-term receivables in the amount of RSD 268.387 thousand and current maturities in the amount of RSD 8,845 thousand). Effects of adjustment to fair value amount to total of RSD 137.997 thousand (RSD 137.697 thousand for the part of long-term receivables from employees and RSD 300 thousand for the part referring to current maturities of long-term receivables). The aforementioned relates to loans to employees for meeting the housing needs granted for a period of 20-40 years. The estimate of the fair value of housing loans as of 31/12/2016 is performed by a certified assessor by projection of future cash flows from collection of receivables for housing loans using discount rates (built-up method): from 5,5% 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.

31 b. OTHER LONG-TERM RECEIVABLES - ADP 0041	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Receivables from buyers based on an Agreement on debt rescheduling	83,819	83,819
	83,819	83,819

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32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES - ADP 0045	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Basic material	74,978	46,906
Spare parts	23,890	10,502
Tools and supplies	8,767	4,926
Value correction of material and spare parts stock	(62)	(62)
	107,573	62,272

33. GOODS-ADP 0048	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	4,786	4,786
Goods in retail trade	26	30
	4,812	4,816

34. ADVANCES FOR SUPPLIES AND SERVICES ADP 0050	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Advances for services in the country	27,087	17,603
Advances for foreign services	1,224	946
Advance value correction	-	-
	28,311	18,549

35. BUYERS IN THE COUNTRY	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Total balance of receivables from buyers in the country-gross	662,805	638,795
-Value correction of the previous period	(278,284)	(116,263)
-Value correction of the current period	(20,056)	(162,021)
Total balance of value correction	(298,340)	(278,284)
	364,465	360,511

Receivables from the buyers in the country on 30/06/2017 amount RSD 662.805 thousand, of which to undue receivables refer RSD 307.444 thousand, due receivables up to 30 days RSD 20.577 thousand and due receivables over 30 days RSD 334.784 thousand.

Total value correction of receivables from buyers in the country in the amount of RSD 298.340 thousand mainly relates to value correction of receivables from sued domestic buyers in the amount of RSD 176.529 thousand and other domestic buyers RSD 121.811 thousand.

36. BUYERS ABROAD	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Total balance of receivables from foreign buyers-gross	884,336	672,826
-Value correction of the previous period	(12,326)	(12,411)
-Value correction of the previous period	(689)	(490)
Total balance of value correction	(13,015)	(12,901)
	871,321	659,925

Receivables from foreign buyers on 30/06/2017 amount RSD 884.336 thousand (undue receivables RSD 592.749 thousand, due receivables up to 30 days RSD 143.624 thousand and due receivables

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

over 30 days RSD 147.963 thousand). Total value correction of receivables from foreign buyers in the amount of RSD 13.015 thousand relates to value correction of receivables from sued domestic buyers in the amount of RSD 6.328 thousand and other foreign buyers RSD 6.687 thousand.

37. OTHER RECEIVABLES	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Receivables from buyers in the country for default interest	5,296	24,905
Receivables for interest on term deposit	39,815	42,136
Receivables from employees	1,699	1,347
Other receivables	44,257	84,518
Receivables for overpaid income tax	310,626	238,912
Total receivables - gross	401,693	391,818
- Value corr.from buyers for default interest of previous years	(385)	(385)
- Value corr.from buyers for default interest of the current year	(3,425)	-
-Value correction of the earlier period	(570)	(570)
-Value correction of the current period	-	-
- Value corr.of other receivables	(2,452)	(2,452)
Total balance of value correction	(6,832)	(3,407)
	394,861	388,411

38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint .stores, heating means - 6 mon	70,466	50,953
	70,466	50,953

39. OTHER SHORT-TERM FINANCIAL INVESTMENTS	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Short-term time deposits	2,725,591	3,920,027
Current maturities of long-term housing loans to employees	8,845	14,233
Current maturities of long-term investment in SITA	629	698
	2,735,065	3,934,958
Adjustment of fair value of current maturities of housing loans to employees	(300)	(464)
	2,734,765	3,934,494

Short-term time deposits with balance on 30/06/2017 are disclosed in the amount of RSD 2,725,591 thousand, and relate to foreign currency and dinar deposits, for the period of six months. Time deposits are deposited in several business banks.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

40. CHANGES ON VALUE CORRECTION till 30/06/2017

in 000 RSD

Description of change on value correction	Long-term financial investments (Note 31)	Stock material and spare parts (Note 32)	Advances for materials and services (Note 34)	Receivables from buyers for goods, services and default interest (Notes 35, 36,37)	Short-term financial investments (Notes 39)	Total
Initial balance 01/01/2016	169,778	62	1,120	187,269	543	358,772
Correction at cost of current period	-	-	-	162,021	-	162,021
Devaluation of long-term finan.invest. and securities	-	-	-	-	-	-
Charged corrected receivables	(122)	-	-	(258)	(372)	(752)
Value reconciliation	(28,083)	-	-	(43,410)	343	(71,150)
Write-off	(3,173)	-	(1,120)	(11,520)	(50)	(15,863)
Exchange rate differences	-	-	-	490	-	490
Other	-	-	-	-	-	-
Final balance 31/12/2016	138,400	62	-	294,592	464	433,518
Correction at cost of current period	-	-	-	24,170	-	24,170
Devaluation of long-term finan.invest. and securities	-	-	-	-	-	-
Charged corrected receivables	-	-	-	(46)	(155)	(201)
Value reconciliation	-	-	-	-	-	-
Write-off	(703)	-	-	-	(9)	(712)
Exchange rate differences	-	-	-	(529)	-	(529)
Other	-	-	-	-	-	-
Final balance 30/06/2017	137,697	62	-	318,187	300	456,246

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

41. CASH AND CASH EQUIVALENTS	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Current account - in RSD	148,147	158,629
Current account - in foreign currency	555,275	578,893
Treasury	151	13
Other funds	2,666	2,567
Total cash-balance	706,239	740,102

42. PREPAYMENTS AND ACCRUED INCOME	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	1,174	33,856
Prepaid insurance costs for the future period	10,864	21,680
Prepaid other costs for the future period Consult.services for the future	46,841	93,682
Prepaid other costs for the future period	22,098	34,286
Calculated and non-invoiced revenues fot the current period	101	51,957
Pre-calculated costs	2,507	170
	83,585	235,631

43. CAPITAL	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Share capital	20,573,610	20,573,610
Reserves	5,254,126	4,120,259
Revaluation reserves	599,364	601,827
Actuarial gains	16,590	16,590
Non-distributed profit of previous years	1,167	303
Non-distributed profit of the current year	1,387,231	1,774,932
	27,832,088	27,087,521

44. 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 September 2010 and disclose its capital in shares of a certain nominal value of the based on the adjusted carrying 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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

44. SHARE CAPITAL (cont'd)

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.

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:

<i>Share capital 25/01/2011 (transition to open joint stock company)</i>	Value in thousand RSD	Number of shares	% of particip.
Republic of Serbia	17,107,193	28,511,988	83.15%
Employees and ex-employees of the Company	574,004	956,673	2.79%
Citizens of the Republic of Serbia	2,892,413	4,820,689	14.06%
	20,573,610	34,289,350	100.00%

The capital structure on 30/06/2017 and 31/12/2016 was as following:

Shareholder	30/06/2017			31/12/2016		
	Value in thousand RSD	Number of shares	% of particip.	Value in thousand RSD	Number of shares	% of particip.
Republic of Serbia	17,106,322	28,510,537	83.15%	17,106,321	28,510,535	83.15%
Domestic and foreign natural persons	2,004,283	3,340,472	9.74%	2,040,253	3,400,421	9.92%
Domestic and foreign legal persons	676,385	1,127,308	3.29%	716,733	1,194,555	3.48%
Custody entities	786,620	1,311,033	3.82%	710,303	1,183,839	3.45%
	20,573,610	34,289,350	100.00%	20,573,610	34,289,350	100.00%

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

45. OTHER COMPONENTS OF THE CAPITAL	Reserves	Revaluation reserves based on the revaluation of property, plant and equipment	Actuarial gains
Balance on 01/01/2016	2,842,810	148,390	12,788
Legal reserves	-	-	-
Statutory reserves	1,277,449	-	-
Revaluation reserves for land	-	278,348	-
Revaluation reserves for buildings	-	59,468	-
Revaluation reserves for equipment	-	198,964	-
Decrease of revaluation reserves based on estimation	-	(2,170)	-
Decrease of revaluation reserves based on alienation of supplies	-	(656)	-
Actuarial gains on reserves for retirement benefits	-	-	4,473
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	(80,517)	(671)
Balance on 31/12/2016	4,120,259	601,827	16,590
Legal reserves	-	-	-
Statutory reserves	1,133,867	-	-
Revaluation reserves for land	-	-	-
Revaluation reserves for buildings	-	-	-
Revaluation reserves for equipment	-	-	-
Decrease of revaluation reserves based on estimation	-	-	-
Decrease of revaluation reserves based on alienation of supplies	-	(2,463)	-
Actuarial gains on reserves for retirement benefits	-	-	-
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	-
Balance on 30/06/2017	5,254,126	599,364	16,590

Reserves are created in accordance with the Company Articles of Association.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

46. NON-DISTRIBUTED PROFIT	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Initial balance 01/01	1,775,235	2,120,386
Correction of initial balance	-	-
Corrected initial balance 01/01	1,775,235	2,120,386
Distribution of undistributed profit for dividend	(503,368)	(750,937)
Transfer to statutory reserves	(1,133,867)	(1,277,449)
Participation of employees in profit distribution	(138,000)	(92,000)
Net profit of the current period	1,387,231	3,190,739
Net profit correction	-	-
Total net profit of the current period	1,387,231	3,190,739
Decision on distribution of interim dividend	0	1,415,807
Undistributed profit of the current period	1,387,231	1,774,932
Profit of the previous years, resulting from transfer of revaluation reserves into profit at selling fixed assets in the current year	1,167	303
Correction of undistributed profit of earlier period	0	0
Total undistributed profit of earlier years	1,167	303
Undistributed profit	1,388,398	1,775,235

Total balance of undistributed profit on **30/06/2017** in the amount of RSD **1.388.398** thousand is a result of the realized net profit from the current period, i.e. I-VI 2017 in the amount of RSD 1.387.231 thousand, increased for RSD 1,167 thousand on the bases of transfer of revaluation reserves into revenue for alienated fixed assets.

47. LONG-TERM RESERVES	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Reserves for terminal wages	42,794	42,946
Reserves for jubilee awards	77,866	82,890
Reserves for litigations	83,819	80,496
	204,479	206,332

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

48. CHANGES ON LONG-TERM RESERVES

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in the period I-VI of 2017, compared to 31/12/2016 are shown in the following table:

CHANGES ON LONG-TERM RESERVES	in 000 RSD			
	Terminal wages	Jubilee bonuses	Total	Litigations
Balance on 01/01/2016	41,934	68,305	110,239	114,781
Reserves during the year	7,133	21,384	28,517	8,300
Actuarial gains	(4,473)	-	(4,473)	-
Cancellation during the year	(340)	(364)	(704)	(32,824)
Pay-off during the year	(1,308)	(6,435)	(7,743)	(9,761)
Balance on 31/12/2016	42,946	82,890	125,836	80,496
Balance on 01/01/2017	42,946	82,890	125,836	80,496
Reserves during the year	0	0	0	5,370
Actuarial gains	-	-	-	-
Cancellation during the year	-	-	-	-
Pay-off during the year	(152)	(5,024)	(5,176)	(2,047)
Balance on 30/06/2017	42,794	77,866	120,660	83,819

49. THE ASSUMPTIONS USED WHEN MAKING CALCULATION OF RESERVES FOR RETIREMENT BENEFITS AND JUBILEE BONUSES AND CALCULATION OF RESERVES

<u>a) The assumptions used when making calculation of reserves for retirement benefits and jubilee bonuses</u>	2016	2015
Discount rate	4.50%	5.50%
Estimated growth rate of average earnings	1.00%	2.00%
Fluctuation percentage	1.50%	3.00%
Amount of the net earning XI/.....	73,724	76,360
Total number of employees on 31/12	1323	1253
Number of retired workers who received terminal wage at retirement	5	11

<u>b) The calculation of the reserves for employee benefits on 31/12/2016</u>	in 000 RSD	
	Retirement bonuses	Jubilee bonuses
	in 000 RSD	in 000 RSD
1. Reserves on 31/12/2015	41,934	68,305
2. Interest expense	2,307	3,757
3. Cost of current work	4,826	11,521
4. Cost of past work	-	-
5. Actuarial (gain)/loss	(4,473)	6,106
6. Cancellation of provisions during 2015 in the business books of the Company	(1,648)	(6,799)
7. Total net change in the amount reserved in 2016 (1+2+3+4+5+6)	1,012	14,585
8. Balance of reserving on 31/12/ 2016 (1+7)	42,946	82,890

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

50. LONG-TERM LOANS	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Abroad	737,359	804,828
Current maturities	(50,366)	(102,919)
	686,993	701,909

51. LONG-TERM LOANS	Annual interest rates	Date of maturity	Remaining amount 30/06/2017 (EUR)	30/06/2017	31/12/2016
				in 000 RSD	in 000 RSD
<u>Long-term credits abroad</u>					
European Investment Bank	4,07-5,16%	2025	6,083,266.18	737,359	804,828
Total long-term credits (a+b)			6,083,266.18	737,359	804,828
Current maturities of long-term credits:			-415,524.18	-50,366	-102,919
			5,667,742.00	686,993	701,909

Long-term loans abroad reported on 30/06/2017 in the amount of RSD 737.359 thousand (EUR 6.083.266,18, of which in 2017 it is due for payment EUR 415.524,18 or RSD 50.366 thousand), relate to the remaining obligations under the Agreement on financing the project of urgent rehabilitation of transport concluded on 13.12.2001 between the EIB and the Republic of Serbia. Under the said contract, the Company was granted a loan in the amount of EUR 13.000.000 for investment and rehabilitation of the 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 EUR 3,000,000.00 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.

<u>Receivable maturity from long-term loans</u>	Principle		Non-booked interest	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	50,366	102,919	16,318	34,506
one to two years	100,732	102,919	29,229	29,864
two to three years	100,732	102,919	24,686	25,222
three to four years	100,732	102,919	20,142	20,580
four to five years	100,732	102,919	15,599	15,937
five to ten years	284,065	290,233	23,263	23,767
over ten years	-	-	-	-
	737,359	804,828	129,237	149,876

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Current maturities of long-term loan EIN	50,366	102,919
	50,366	102,919

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

53. RECEIVED ADVANCES, DEPOSITS AND BAILS	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	50,244	44,216
Advances received from foreign buyers	12,686	14,669
Subscriptions from domestic buyers	6,766	5,774
Subscriptions from foreign buyers	18,254	18,004
	87,950	82,663

54. SUPPLIERS IN THE COUNTRY	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	64,087	132,618
Suppliers in the country- for investments in progress	19,824	94,596
Suppliers in the country-for equipment	77,022	169,366
	160,933	396,580

55. SUPPLIERS ABROAD	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	1,884	2,278
Suppliers abroad-for equipment	-	48,962
	1,884	51,240

56. OTHER LIABILITIES FROM OPERATION	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for charged purchase on behalf of other companies	16,244	14,219
Other liabilities from operation	2,652	663
	18,896	14,882

57. OTHER SHORT-TERM LIABILITIES	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities from salaries	85	316
Liabilities from participation in the profits-gross	138,000	3
Liabilities from dividend - interim dividend of RS for 2016	418,535	877,200
Liabilities from dividend - interim dividend of other shareholders for 2016	84,833	238,607
Other short-term liabilities	33,960	22,268
	675,413	1,138,394

58. Liabilities for VAT	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for VAT	42,462	57,398
	42,462	57,398

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59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Liabilities for income tax	0	0
Correction of liabilities for income tax from prev.years	0	0
Liabilities for taxes, custom duties and other levies	681	721
Taxes, contributions and other levies	9,388	1,215
	10,069	1,936

60. LIABILITIES FOR INCOME TAX - structure	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Balance on 01/01 of the current year	0	94,850
Correction of income tax	0	0
Corrected initial balance	0	94,850
Specified income tax liabilities for the current year	215,647	393,279
Correction of income tax liabilities	-	-
Specified income tax liabilities for the current year-total	215,647	393,279
Paid income tax liabilities	-	(94,850)
Pre-payment of income tax	310,626	238,912
Advance payment of income tax until the report day of the current year	(526,273)	(632,191)
Liability for payment of income tax or overpaid tax	-	-

61. ACCRUALS AND DEFERRED INCOME	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Accrued expenses for the reporting period	107,204	71,446
Accrued acquisition of software and equipment for which invoice is	0	47,885
Calculated revenues for the future period	18,232	17,241
Other accruals and deferred income	0	2,503
Taxes, contributions and other levies	-	234
	125,436	139,309

62. OFF-BALANCE REGISER	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Received blank bills - piece	1,974	1,922
Given blank bills domestic - pieces	13	13
Received guarantees - RSD	440,142	357,885
Received guarantees - foreign currency	77,425	158,544
Given guarantees - RSD	7,500	7,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	624	625
Total off-balance assets and liabilities	525,693	524,556

Received guarantees in Dinars in the amount of RSD 440.142 thousand mainly relate to guarantees received from suppliers for good performance or guarantee for fault repair within the warranty period. Received foreign currency guarantees in the amount of RSD 77.425 thousand mainly relate to guarantees received from foreign suppliers for good performance, for fault repair within the warranty period or for recovery of advance payments as well as to guarantees received from foreign buyers for payment security.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 30/06/2017	Fair value in 000 RSD 30/06/2017	Accounting value in 000 RSD 31/12/2016	Fair value in 000 RSD 31/12/2016	Hierarchy of fair value- Levels	Valuation techniques and inputs
1	2	3	4	5	6	7
Fixed assets	23,255,920	23,255,920	22,199,928	22,199,928	Level 3	Assessment was carried out by certified assessor with balance on 31/12/2016 (the Institute for economic research-Belgrade). During assessment of the property the following methodology were used: for apartments - methodology of direct price comparison; for properties of specific purpose, functionally connected and used for business activity - cost method, i.e. substitution method, for the objects built in recent years-construction costs; for older buildings-experience method depending on construction type and level of equipment. Equipment is assessed by market method and by a method of substitution of amortised value. For the equipment of with reliably indicated market value by direct comparison with achieved sale prices in the market, assessment is made by market method, i.e. by a method of direct price comparison;
Investment property	26,525	26,525	26,525	26,525	Level 3	Assessment of a certified assessor 31/12/2016 (the Institute for economic research-Belgrade)
Participation in capital of other legal persons	1	1	1	1	Level 2	Estimation the management is that they are not refundable-banks in bankruptcy
Long-term and short-term financial investments - housing loans	139,235	139,235	149,052	149,052	Level 3	Assessment of a certified actuary with a balance on 31/12/2016 - Discounting of cash flows as follows: 20% for housing loans which are not being revalued ; 7% for housing loans with value adjusted annually and with interest rate 0,5%, 5,5% for housing loans with currency clause and interest rate 0,5%; 7,25% for housing loans with value adjusted semi-annually and 7,5% for housing loans with value adjusted annually
Other long-term receivables	83,819	83,819	83,819	83,819	Level 3	Estimation of collectibility by management according to IAS 39
Receivables from buyers	1,235,786	1,235,786	1,020,436	1,020,436	Level 3	Estimation of collectibility by management according to IAS 39
Other receivables	84,235	84,235	149,499	149,499	Level 3	Estimation of collectibility by management according to IAS 39

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

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Financial instrument categories	30/06/2017			31/12/2016			in 000 RSD
	Total	val.correction	net amount	Total	val.correction	net amount	
1 Long term investments	735,997	(516,380)	219,617	741,848	(517,083)	224,765	
- Long-term time deposits	5,107	-	5,107	5,662	-	5,662	
- 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	358,599	(358,598)	1	
- Long-term housing loans to employees	268,387	(137,697)	130,690	273,683	(138,400)	135,283	
- Other long-term receivables	83,819	-	83,819	83,819	-	83,819	
2 Receivables expressed at nominal value	4,443,739	(318,487)	4,125,252	5,450,438	(295,056)	5,155,382	
- Receivables from buyers	1,547,141	(311,355)	1,235,786	1,311,621	(291,185)	1,020,436	
- Short-term financial investments	2,805,531	(300)	2,805,231	3,985,911	(464)	3,985,447	
- Receivables for interests	45,111	(3,810)	41,301	67,041	(385)	66,656	
- Other receivables	45,956	(3,022)	42,934	85,865	(3,022)	82,843	
3 Cash and cash equivalents	706,239	-	706,239	740,102	-	740,102	
	5,885,975	(834,867)	5,051,108	6,932,388	(812,139)	6,120,249	
Financial liabilities							
1 - Long-term loans	686,993	0	686,993	701,909	0	701,909	
2 - Current maturities of l-term loans	50,366	-	50,366	102,919	-	102,919	
3 - Curr. maturities of l-term fin.lease	0	0	0	0	0	0	
4 - Short-term liabilities	181,713	-	181,713	462,702	-	462,702	
	919,072	-	919,072	1,267,530	-	1,267,530	

Basic financial instruments of the Company are cash and cash equivalents, accounts receivable, financial investments that arise directly from the Company operation, as well as long-term loans, liabilities to suppliers and other liabilities which main purpose is the financing of the current operations of the company.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd)**Financial risk management objectives**

Financial risks include market risk (foreign exchange, interest rate and price change risk), credit risk and liquidity risk. Financial risks are reviewed on a timely basis and are preferably avoided by reducing the Company's exposure to these risks. The Company does not use any financial instruments to avoid the impact of financial risk to the business operations because such instruments are not widely used, and there is no organized market for such instruments in the the Republic of Serbia.

I - MARKET RISK

In its operations, the Company is exposed to financial risks from changes in foreign exchange rates and changes in interest rates. Market risk exposures are examined through sensitivity analysis. There were no significant changes in the Company's exposure to market risk, or in the manner in which the Company operates or measure this risk.

a) Currency risk (foreign exchange risk)

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

The Company does not use special financial instruments to protect against risk, considering that in Serbia such instruments are not in common use.

The stability of the economic environment in which the Company operates, largely depends on the measures of government in the economy, including the establishment of appropriate legal and regulatory framework.

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

in 000 RSD

Currency description	Total assets				Total liabilities	
	30/06/2017		31/12/2016		30/06/2017	31/12/2016
	gross	net	gross	net		
EUR	3,079,157	2,921,314	3,979,299	3,827,535	737,737	854,799
USD	507,093	507,093	626,857	626,857	152	160
CHF	349	349	363	363	0	0
GBP	180	180	9	9	0	66
Total dinar counter-val.of assets and liab. stated in for.currency	3,586,779	3,428,936	4,606,528	4,454,764	737,889	855,025
Value of assets and liab. stated in dinars	2,299,196	1,622,172	2,325,860	1,665,485	181,183	412,505
Total	5,885,975	5,051,108	6,932,388	6,120,249	919,072	1,267,530

By analysis of the currency structure of financial assets and liabilities as of 30/06/2017, along with the balance as of 31/12/2016, it can be concluded that

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

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

a) Currency risk (foreign exchange risk) (cont'd)

currency clause are 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 of the result 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

30/06/2017

Changes	EUR influence		USD influence		CHF influence		GBP influence	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
	218,358		50,694		35		18	
Gain/loss		-218,358		-50,694		-35		-18

in 000 RSD

31/12/2016

Changes	EUR influence		USD influence		CHF influence		GBP influence	
	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%	10.00%	-10.00%
	297,274		62,670		36		-6	
Gain/loss		-297,274		-62,670		-36		6

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.

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

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

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

b) Risk of interest rate change (cont'd)

in 000 RSD

Financial assets-net	30/06/2017			31/12/2016		
	Total	val.correction	net amount	Total	val.correction	net amount
Non-interest						
Share in capital of oth.leg.entities	378,684	(378,683)	1	378,684	(378,683)	1
Other long-term receivables	83,819	-	83,819	83,819	-	83,819
Receivables from buyers	1,547,141	(311,355)	1,235,786	1,311,621	(291,185)	1,020,436
Receivables for interests and oth.receivev.	91,067	(6,832)	84,235	152,906	(3,407)	149,499
Short-term fin. invest.	70,466	-	70,466	50,953	-	50,953
Non-interest-total	2,171,177	(696,870)	1,474,307	1,977,983	(673,275)	1,304,708
Fixed interest rate						
Long term fin.investments	273,494	(137,697)	135,797	279,345	(138,400)	140,945
Short term fin.investments	2,735,065	(300)	2,734,765	3,934,958	(464)	3,934,494
Fixed-total	3,008,559	(137,997)	2,870,562	4,214,303	(138,864)	4,075,439
Floating interest rate						
Cash and cash equiv.	706,239	-	706,239	740,102	-	740,102
Floating-total	706,239	0	706,239	740,102	0	740,102
	5,885,975	(834,867)	5,051,108	6,932,388	(812,139)	6,120,249
Financial liabilities						
Non-interest						
Liabilities from operation	181,713	0	181,713	462,702	0	462,702
Non-interest-total	181,713	0	181,713	462,702	0	462,702
Fixed interest rate						
Long-term loans	686,993	0	686,993	701,909	0	701,909
Current maturities of long-t. liab.	50,366	0	50,366	102,919	0	102,919
Fixed-total	737,359	0	737,359	804,828	0	804,828
Floating interest rate						
Current maturities of long-t. liab.	0	0	0	0	0	0
Floating-total	0	0	0	0	0	0
	919,072	0	919,072	1,267,530	0	1,267,530

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

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.

The Company performs the reconciliation of assets and liabilities annually, with balance as of 30/11 of the current year, or more times during the year for specific clients, if the need arises.

Structure of receivables from buyers	30/06/2017	participa	31/12/2016	participat
	in 000 RSD	tion	in 000 RSD	ion
Air Serbia	193,799	12.53%	147,816	11.27%
Jat Tehnika	126,516	8.18%	157,448	12.00%
Dufry doo	90,320	5.84%	65,347	4.98%
International CG	41,492	2.68%	41,492	3.16%
Air Serbia-Catering Ltd	32,487	2.10%	45,561	3.47%
Aviogenex ltd.	50,820	3.28%	50,820	3.87%
Austrian-branch	24,013	1.55%	14,172	1.08%
Other domestic buyers	103,358	6.68%	116,139	8.85%
Total domestic buyers	662,805	42.84%	638,795	48.70%
Montenegro Airlines	190,334	12.30%	193,036	14.72%
Wizz Air	125,582	8.12%	87,603	6.68%
Deutsche Lufthansa	76,856	4.97%	59,160	4.51%
Turkish Airlines	46,254	2.99%	34,942	2.66%
Etihad Airlines	59,281	3.83%	44,667	3.41%
Aeroflot	35,300	2.28%	33,341	2.54%
Allitalia	40,841	2.64%	20,599	1.57%
Qatar Airways	9,269	0.60%	10,703	0.82%
Swiss Air	75,042	4.85%	29,094	2.22%
Fly Dubai	16,596	1.07%	23,440	1.79%
Pegasus	13,665	0.88%	20,125	1.53%
LOT Polskie Linie	16,368	1.06%	16,363	1.25%
Other foreign buyers	178,948	11.57%	99,753	7.61%
Total foreign buyers	884,336	57.16%	672,826	51.30%
Total gross receivables from domestic and foreign buy	1,547,141	100.00%	1,311,621	100.00%
Total value correction	311,355		291,185	
Total net receivables	1,235,786		1,020,436	

Receivables from domestic and foreign buyers on 30/06/2017 amount RSD 1.547.141 thousand (RSD 1.311.621 thousand on 31/12/2016), so the credit risk remains constant. To reduce this risk, the Company regularly monitors the realisation of the collection, analyses the value of the collection achieved within the contracted period, collection with exceeded contracted period, the balance and age structure of outstanding receivables as per buyers.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

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

II - CREDIT RISK (cont'd)

The greater the percentage share of individual buyers in total receivables the higher credit risk, especially if the buyers with great share in the balance of receivables also have unstable liquidity and on that basis, exceeded contracted payment deadline.

Receivables from domestic buyers for goods and services on 30/06/2017 in the amount of RSD 662.805 thousand, accounted for 42,84% of total receivables from buyers for goods and services. Total balance of value adjustment of receivables from domestic buyers was RSD 298.340 thousand (accounted to results of previous years RSD 278.284 thousand and charged to result of the current year RSD 20.056 thousand), so the net value of receivables from domestic buyers amounts to RSD 364.465 thousand.

Receivables from foreign buyers for goods and services amounted to RSD 884.336 thousand, which makes 57,16% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers was RSD 13.015 thousand (accounted to results of previous years RSD 12.326 thousand and charged to result of the current year RSD 689 thousand), so the net value of receivables from foreign buyers amounts to RSD 871.321 thousand.

Age structure of receivables	30/06/2017	participati	31/12/2016	participat
	in 000 RSD	on	in 000 RSD	ion
Undue receivables from buyers-uncorrected	900,193	58.18%	728,524	55.54%
Undue receivables from buyers-corrected	0	0.00%	0	0.00%
Total undue receivables	900,193	58.18%	728,524	55.54%
Due receivables up to 60 days-uncorrected	234,348	15.15%	144,110	10.99%
Due receivables up to 69 days-corrected	0	0.00%	0	0.00%
Total due receivables up to 60 days	234,348	15.15%	144,110	10.99%
Due receivables over 60 days-uncorrected	101,245	6.54%	147,802	11.27%
Due receivables over 60 days-corrected	311,355	20.12%	291,185	22.20%
Total due receivables over 60 days	412,600	26.67%	438,987	33.47%
Total receivables-gross	1,547,141	100.00%	1,311,621	100.00%
Total value correction	311,355		291,185	
Total receivables - net (gross-correction)	1,235,786		1,020,436	

Undue receivables from domestic and foreign buyers for goods and services, on 30/06/2017, amounted to RSD 900.193 thousand (and on 31/12/2016 they amounted to RSD 728.524 thousand). Due receivables from domestic and foreign buyers for goods and services, on 30/06/2017 not older than 60 days, amounted to RSD 234.348 thousand (and on 31/12/2016 they amounted to RSD 144.110 thousand).

Due receivables from domestic and foreign buyers for goods and services, on 30/06/2017 older than 60 days, amounted to RSD 412.600 thousand (and on 31/12/2016 they amounted to RSD 438.987 thousand).

Due corrected receivables from domestic and foreign buyers for goods and services older than 60 days as at 30/06/2017 amounted to RSD 311.355 thousand, of which for value correction of receivables of the current period was placed RSD 20.745 thousand, and at the cost of the results of previous years RSD 290.610 thousand (due corrected receivables from domestic and foreign buyers for goods and services older than 60 days on 31/12/2016 amounted to RSD 291,185 thousand).

Due uncorrected receivables from domestic and foreign buyers for goods and services older than 60 days, on 30/06/2017, amounted to RSD 101.245 thousand (and on 31/12/2016 they amounted to RSD 147.802 thousand). These receivables are not corrected due to the assessment of certainty of collection of those receivables.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

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

III - LIQUIDITY AND CASH FLOW RISK

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 assets	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	4,630,889	1,754,695
1 - 3 months	101,710	2,224,243
3-12 months	98,892	1,897,689
1 - 5 years	93,966	130,547
over five years	125,651	113,075
	5,051,108	6,120,249

The average time to collect receivables from customers in the period I-VI 2017 amounted to 55 days (2016: 62 days).

Maturity of receivables for interests	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	1,544	3,983
1 - 3 months	39,757	30,464
3-12 months	0	32,209
	41,301	66,656

The stated maturity of interest receivables are contained within disclosure of maturity of financial assets.

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

Maturity of financial liabilities	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	181,713	462,702
1 - 3 months	12,121	12,384
3-12 months	38,245	90,535
1 - 5 years	402,929	411,677
over five years	284,064	290,232
	919,072	1,267,530

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

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

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

In the total liabilities of the Company the largest share have liabilities based on long-term loans in the amount of RSD 737.359 thousand, of which in 2017 becomes due RSD 50.366 thousand.

Liabilities towards suppliers on June 30, 2017 are disclosed in the amount of RSD 181.713. (on December 31, 2016: RSD 462,702 thousand). Suppliers do not charge interest on arrears to due liabilities, whereby the Company, in accordance with the policy of financial risk management, settles due liabilities to suppliers within the agreed period. Average time of settlement of liabilities towards suppliers for services in the period I- VI 2017 is 19 days (in 2016 it was 46 days).

Maturity of liabilities for interests (for loans)	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
Less than 30 days	-	-
1 - 3 months	3,821	4,204
3-12 months	12,497	30,302
1 - 5 years	89,656	91,603
over five years	23,263	23,768
	129,237	149,877

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. 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 reporting current period of 2017 and the end of 2016 were as follows:

	30/06/2017	31/12/2016
	in 000 RSD	in 000 RSD
1 Indebtedness (ADP 432 + ADP 443)	737,359	804,828
2 Cash and cash equivalents (ADP 068)	706,239	740,102
I GROSS INDEBTEDNESS (1-2)	31,120	64,726
3 Ratio indebtedness/capital (I/5)	0.0011	0.0024
4 Short-term financial investment (ADP 062)	2,805,231	3,985,447
II NET INDEBTEDNESS (I - 4)	(2,774,111)	(3,920,721)
5 Capital (ADP 401)	27,832,088	27,087,521
6 Ratio indebtedness/capital (II/5)	-0.0997	-0.1447

65. MANAGEMENT EARNINGS

The Company paid remuneration (salaries and contributions) to key management, including members of the Supervisory Board, members of the Audit Commission and the General Assembly of Shareholders and Executive directors and Department directors (on 30/06/2017: 23 members; on 30/06/2016: 20 members). In the period I - VI 2017 it was paid in the gross amount RSD 22.847 thousand (in the period I- VI 2016: RSD 17,248 thousand).

65. MANAGEMENT EARNINGS (cont'd)

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

Management earnings	30/06/2017	I-VI 2017	30/06/2016	I-VI 2016
Management	Number	Amount in 000 RSD	Number	Amount in 000 RSD
Earnings	14	18,469	11	13,056
Participation in profit distribution		0		0
Total management	14	18,469	11	13,056
Compensations to members of the Supervisory Board	7	3,304	7	3,149
Compensations to members of the Commission for Revision	1	470	1	455
Compensations to members of the Shareholders Assembly	1	604	1	588
Total for members of the Supervisory Board, the Commission for Revision and the Shareholders Assembly.	9	4,378	9	4,192
TOTAL:	23	22,847	20	17,248

66. TAX RISKS

The tax laws of the Republic of Serbia are often differently interpreted 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 interpretations. The management believes that tax liabilities are adequately calculated and recorded.

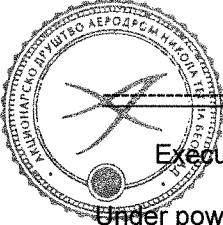
67. LITIGATIONS

On June 30, 2017, there are litigations against the Company in the amount of RSD 120.402 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 June 30 2017 the Company has made provisions for potential losses on these litigations in the amount of RSD 83.819 thousand (on 31/12/2016 it was RSD 80,496 thousand) (Notes 47 and 48). According to the assessment of the Company's management on this basis additional significant losses in the future period are not expected.

68. EVENTS AFTER THE REPORTING PERIOD

In accordance with IAS 10 "Events after the reporting period", we found no existence of other events that may influence or affect the truthfulness and impartiality of the financial statements for the period that ended on June 30 2017, or would require adjustment of the financial statements.

In Belgrade, 08 August 2017



 Legal representative



 Executive director, Raša Ristivojević

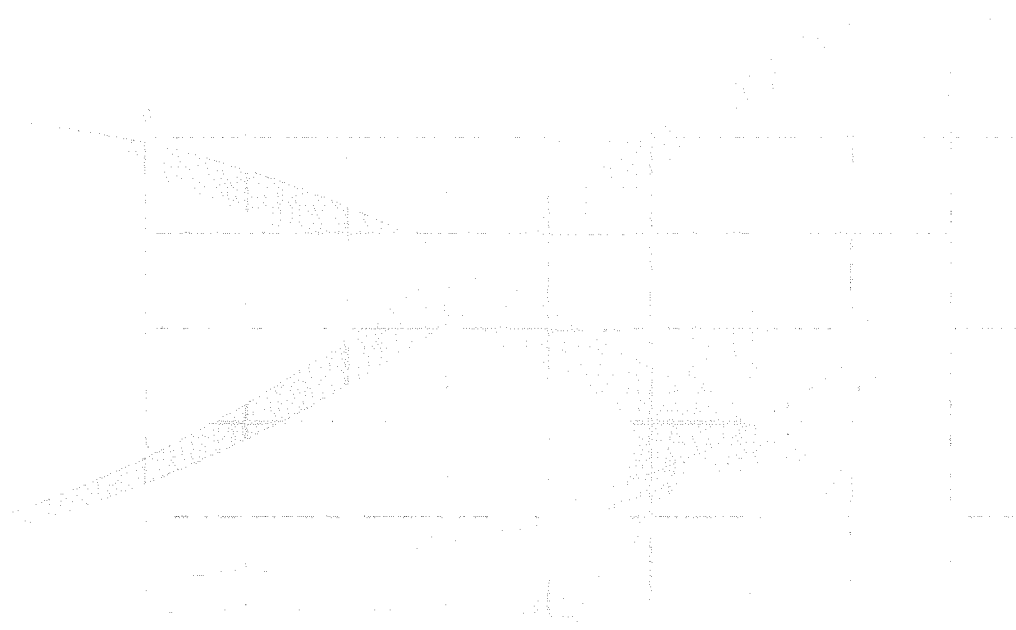
 Under power of attorney no. UOP-I-3510-2017

 dated 08/08/2017



**JOINT STOCK COMPANY
BELGRADE NIKOLA TESLA AIRPORT**

**QUARTER BUSINESS REPORT FOR THE SECOND QUARTER OF
2017 AND FOR THE PERIOD
I – VI 2017**



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1. GENERAL DATA OF THE COMPANY

Business name		AKCIONARSKO DRUŠTVO AERODROM NIKOLA TESLA BELGRAD
1	Head office and address	Belgrade, 11180 Belgrade 59
	Register no.	07036540
	TIN	100000539
2	web site and e-mail address	www.beg.aero ; kabinet@beg.aero
3	Number and date of the Rescript on Company registration	<p>Registration number: BD 4874/2005 Date of registration: 15/06/2005</p> <p>Registration number: BD 91540/2012 Date of registration: 09/07/2012</p> <p>Registration number: BD 100187/2012 Date of registration: 20/07/2012</p>
4	Activity (code and description)	5223 - Air- traffic services
5	Number of employees	1348 employees on 30/06/2017,
6	Core capital value	RSD 20.573.610.000 (on 30/06/2017)
7	Name, head office of auditor who revised the last financial statement for 2016	„PKF“ d.o.o. Palmira Toljatija 5/3, Belgrade
8	Number of issued shares, ISIN number and CFI COD	Number of ordinary shares 34.289.350 (on 30/06/2017) CFI code ESVUFR ISIN number RSANTBE 11090
9	Organised exchange market on which the shares are exchanged	Beogradska berza ad Beograd, Omladinskih brigada 1, 11070 Novi Beograd

Ten largest shareholders on 30/06/2017			
No.	Name of shareholder	Number of shares	% of share
1)	REPUBLIC OF SERBIA	28,510,537	83.15
2)	KJK FUND II SICAV SIF	441.137	1.29
3)	RAIFFEISEN BANK AD BEOGRAD – CUSTODY ACCOUNT - KS	375.314	1.09
4)	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	260,238	0.76
5)	EAST CAPITAL – EAST CAPITAL BALK	145,038	0.42
6)	SOCIETE GENERALE BANKA SRBIJA – CUSTODY ACC - FO	107,428	0.31
7)	CONVEST A.D. NOVI SAD - AGGREGATE ACCOUNT	99,311	0.29
8)	RAIFFEISEN BANK AD – CUSTODY ACC - KS	90.014	0.26
9)	RAIFFEISEN BANK AD – CUSTODY ACC - KS	87.315	0.25
10)	POLUNIN DISCOVERY FUNDS	70,516	0.21

2. MANAGEMENT DATA

Management members on 30/06/2017

Shareholders' Assembly:

No.	Name, surname and place of residence	Education, current employment (business name of the company and work position)
1	Vladimir Dimitrijević, Belgrade	Master of Economic Sciences, Director of Legal Affairs and real estate management of Public Enterprise „Pošta Srbije“

The Supervisory Board:

No.	Name, surname and place of residence	Education, current employment (business name of the company and work position)
1	Vesna Stanković Jevđević, Belgrade	Bachelor of Economics, Assistant Director General of the Procurement Directorate at the National Bank of Serbia
2	Mirko Manojlović, Belgrade	Bachelor of Economics, Director – Paracentar d.o.o. Belgrade
3	Ljubiša Dejčković, Čuprija	Master of Electrical Engineering and Telecommunications, Head of telecommunication projects in the Sector of Investments – PE Elektromreža Srbije
4	Srđan Minić, Belgrade	Bachelor of Economics, Technical support and documentation Engineer, Telekom Srbija
5	Goran Mirković, Belgrade	Master of Economy, Senior Associate for completion of documentation and coordination of monitoring of contract implementation, Institute for Manufacture of Banknotes and Coins of the National Bank of Serbia
6	Petar Jarić, Belgrade	Bachelor of Economics, Director of "PE Office Space Zemun"
7	Dragoslav Stanković, Doljevac	Professional manager, Officer for customer care in Elektro distribucija Niš, office in Doljevac

The Executive Board:

No.	Name, surname and place of residence	Education, current employment (business name of the company and work position)
1	Saša Vlaisavljević, Belgrade	Bachelor of Science, Engineering, Chief Executive, Acting Director General of JSC Airport Nikola Tesla Belgrade
2	Senka Jelenković, Belgrade	Professor of Italian language and literature, Master Engineer of Organizational Sciences, Executive Director in JSC Airport Nikola Tesla Belgrade
3	Dejan Milovanović, Prokuplje	Specialist Professional Engineer of Agriculture, Executive Director, JSC Belgrade Nikola Tesla Airport
4	Raša Ristivojević, Belgrade	Bachelor of Economy, Executive Director, JSC Belgrade Nikola Tesla Airport
5	Zoran Stojković, Belgrade	Bachelor of Law, Executive Director, JSC Belgrade Nikola Tesla Airport

2.1. REVIEW OF CORPORATE GOVERNANCE RULES

JSC Belgrade Nikola Tesla Airport, as a member of the Chamber of Commerce of Serbia adopted 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 Company's website www.beg.aero

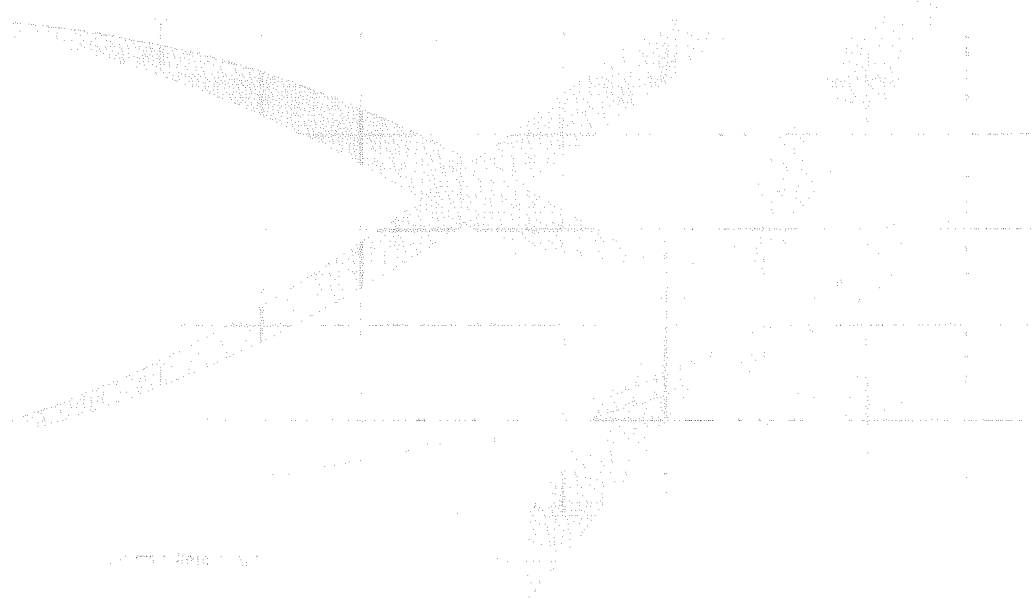
The rules of this Code are supplement to the current legislation, so that no provision of the Code abolishes the legal rule that governs the same question differently. Also, the Code does not in any way change the meaning, or proper interpretation of the legal provisions. The Code is within the limits of the law, because it covers matters that are not regulated by law (the so-called Legal vacuum), or is regulated by dispositive legal norms.

The Code contains two types of rules:

1) Recommendations - rules that a for-profit corporation has to accept and act upon them, and which can be recognized in the Code by the use of the word "should";

2) Proposals - rules that are considered desirable practice in corporate governance, which in the Code can be identified by use of the words "may," "should," and so on.

The recommendations contained in this Code outline minimum standards which public joint stock companies (members of the Serbian Chamber of Commerce) should accept and act on them, and if they do not do so or do not do so in the manner prescribed by this Code, it is necessary that they provide an explanation for discrepancy done within the statement on implementation of the code of corporate governance in accordance with the Law on companies.



3. AIR TRAFFIC TURNOVER

In the period I-VI 2017 it was achieved total air traffic turnover, as follows:

- 27,258 air movements;
- 2,311,893 passengers and
- 10,408 tons of cargo and mail.

In the period I-VI 2017 it was achieved total air traffic turnover, as follows:

- 15,147 air movements;
- 1,355,905 passengers and
- 5,583 tons of cargo and mail.

3.1. AIR MOVEMENT TURNOVER

Achieved number of air movements per traffic types in the period I-VI 2017 is shown in the following table:

Number of air movements per air-traffic types I-VI 2017

Air-traffic types	Achievement I-VI 2016	Rebalancing Plan II I-VI 2017	Achievement I-VI 2017	Index	Index	Participation I-VI 2016	Participation I-VI 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	34	34	27	79	79	0.13	0.10
International air-traffic-domestic carriers	15,226	15,550	14,748	97	95	56.07	54.11
International air-traffic-foreign carriers	11,896	13,046	12,483	105	96	43.81	45.80
TOTAL:	27,156	28,630	27,258	100	95	100.00	100.00

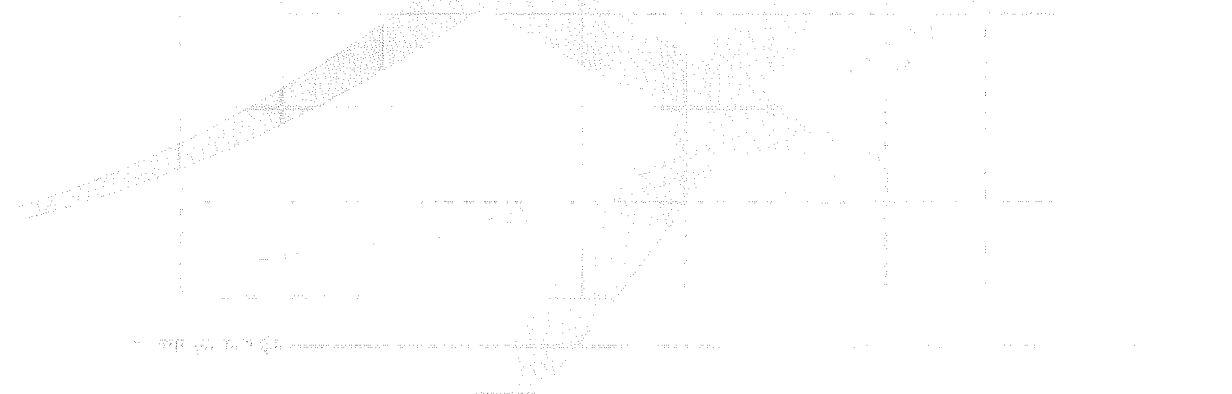
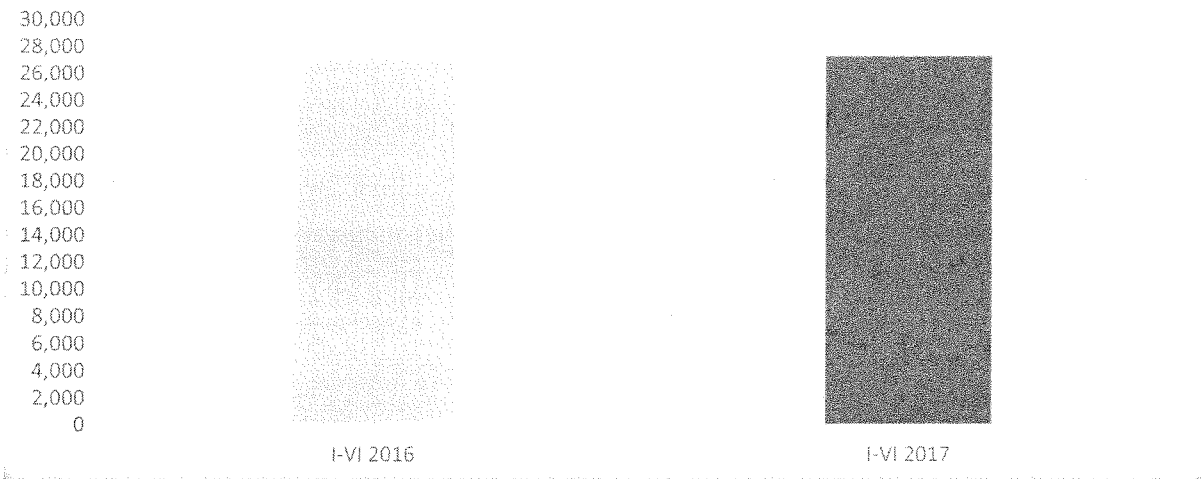
The data from the table indicate total number of air movements in the period from I-VI 2017, which is at the same level as last year in the same period and 5% lower than the one prescribed in the Rebalancing plan II for the period I-VI 2017.

Within carrier pattern of the total traffic in the period I-VI 2017 the largest share is of domestic carriers in international air traffic with 54.11%, followed by foreign carriers in international air traffic with 45.80% and at the end domestic carriers in domestic air traffic with 0.10% share.

In comparison to the last year, there was fall in the share of domestic carrier in international air traffic and growth in share of foreign carriers in international air traffic.

In international air traffic of domestic carriers total turnover of 14,748 air movements is achieved which is by 3% lower compared to the same period of the previous year and by 5% lower in comparison to the Rebalancing Plan II for the period I-VI 2017. The domestic carriers in international air traffic are the following: Air Serbia, Avio Služba, Princ Aviation and Air Pink.

NUMBER OF AIR MOVEMENTS I-VI 2017/2016



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

Carriers	Achievement I-VI 2016	Rebalancing Plan II I-VI 2017	Achievement I-VI 2017	Index	Index	Participation I-VI 2016	Participation I-VI 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Montenegro Airlines	1,452	1,452	1,408	97	97	12.21	11.28
Lufthansa	1,316	1,373	1,359	103	99	11.06	10.89
Wizz Air	1,278	1,576	1,448	113	92	10.74	11.60
Austrian Airlines	904	930	877	97	94	7.60	7.03
Turkish Airlines	799	799	768	96	96	6.72	6.15
Aeroflot	730	729	721	99	99	6.14	5.78
Swiss International	602	608	607	101	100	5.06	4.86
Swift Air	494	494	492	100	100	4.15	3.94
Swiftair Hellas S.A	261	261	246	94	94	2.19	1.97
Alitalia	338	362	356	105	98	2.84	2.85
Etihad Airways	365	365	362	99	99	3.07	2.90
Tarom	330	364	370	112	102	2.77	2.96
Transavia	0	156	78	0	50	0.00	0.62
Polskie Linie LOT	281	281	362	129	129	2.36	2.90
Raf Avia	310	310	0	0	0	2.61	0.00
Aegean Airlines	272	271	214	79	79	2.29	1.71
Qatar Airways	272	270	206	76	76	2.29	1.65
Easy Jet	144	148	148	103	100	1.21	1.19
European Air	0	254	254	0	100	0.00	2.03
Pegasus Airlines	212	212	206	97	97	1.78	1.65
Flydubai	160	180	196	123	109	1.34	1.57
Norwegian Air	168	168	156	93	93	1.41	1.25
Belavia	108	108	112	104	104	0.91	0.90
Tunis Air	72	76	74	103	97	0.61	0.59
Ural Airlines JSC	76	76	0	0	0	0.64	0.00
Aircairo Company	24	36	74	308	206	0.20	0.59
Arka	0	108	83	0	77	0.00	0.66
Israir Airlines	0	156	184	0	118	0.00	1.47
Croatia Airlines	34	42	43	126	102	0.29	0.34
Vueling Airlines	22	22	24	109	109	0.18	0.19
Ellinair	6	6	16	267	267	0.05	0.13
Gazprom	7	0	4	57	0	0.06	0.03
Atlas Jet	2	0	0	0	0	0.02	0.00
Atlasglobal Airlines	0	0	220	0	0	0.00	1.76
Air Horizont Ltd.	0	0	1	0	0	0.00	0.01
Corendon Airlines	0	0	4	0	0	0.00	0.03
Adria Airways	1	0	4	400	0	0.01	0.03
Freebird Airlines	0	0	2	0	0	0.00	0.02
Niki Luftfahrt	3	0	0	0	0	0.03	0.00
Sun Express	0	0	2	0	0	0.00	0.02
Bora Jet	0	0	2	0	0	0.00	0.02
Other	853	853	800	94	94	7.17	6.41
TOTAL:	11,896	13,046	12,483	105	96	100.00	100.00

In the period I-VI of 2017 we present the most significant foreign air carriers (37 foreign air carrier)

In international air traffic of foreign carriers in the period I-VI 2017 total turnover of 12,483 air movements is achieved which is by 5% higher compared to the same period of the previous year and by 4% lower in comparison to the Rebalancing Plan II for the period I-VI 2017.

In the pattern of foreign carriers in the period I-VI 2017 the most significant roles are of: Wizz Air with 11.60% of share, then Montenegro Airlines with 11.28% and Lufthansa with

10.89% of share. These three air carriers achieve 33.77% in international air traffic of foreign carriers.

With the share ranging from 7.03% to 3.94% in this type of air traffic there are: Austrian Airlines (7.03%), Turkish Airlines (6.15%), Aeroflot (5.78%), Swiss International (4.86%), Swift Air (3.94%), with total share of 27.76%.

Scheduled **Cargo transport** of express mail in the period I-VI 2017 was carried out by 4 (four) foreign carriers: Turkish Airlines, Swiftair, European Air Transporter Leipzig GmbH and Swiftair Hellas.

The most important **Low cost carriers** in the period I-VI 2017 are: Easyjet, Flydubai, Norwegian Air Shuttle, Wizz Air, Vueling, Transavia and Pegasus Airlines.

II quarter

The achieved number of air movements per air traffic type in the second quarter of 2017 is disclosed in the table.

Number of air movements per air-traffic types I-VI 2017

Air-traffic type	Achievement IV-VI 2016	Rebalancing Plan II IV-VI 2017	Achievement IV-VI 2017	Index	Index	Participation IV-VI 2016	Participation IV-VI 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	9	9	14	156	156	0.06	0.09
International air-traffic-domestic carriers	8,749	8,948	8,311	95	93	57.91	54.87
International air-traffic-foreign carriers	6,349	6,925	6,822	107	99	42.03	45.04
TOTAL:	15,107	15,882	15,147	100	95	100.00	100.00

Data from the table show that total achieved number of air movements in the second quarter of 2017 amounts to 15,147 and that it is at the same level in comparison to the same period of 2016 and by 5% lower in comparison to the Rebalancing Business Plan II in the second quarter of 2017.

Within carrier pattern of the total traffic in the second quarter 2017 the largest share is of domestic carriers in international air traffic with 54.87%, followed by foreign carriers in international air traffic with 45.04% and at the end domestic carriers in domestic air traffic with 0.09% share.

In international air traffic of domestic carriers in the second quarter of 2017 turnover of 8,311 air movements is achieved which is by 5% lower compared to achievement of the same period of the previous year and by 7% lower in comparison to the Rebalancing Plan II for the second quarter of 2017.

In international air traffic of foreign carriers in the second quarter of 2017 total turnover of 6,822 air movements is achieved, which is by 7% higher compared to the same period of the previous year and by 1% lower in comparison to the Rebalancing Plan II for the second quarter of 2017.

Foreign carrier that started operating in the second quarter of 2017 are the following: Croatia Airlines, Ellinair, Vueling Airlines, Transavia Airlines, Freebird Airlines and Sun Express.

3.2. PASSENGER TURNOVER

In the period I-VI 2017 a total passenger turnover of 2,311,893 passengers was achieved, which led to 9% increase in comparison to the same period in 2016 and it is 2% higher than in the Rebalancing Plan II for the period I-VI 2017.

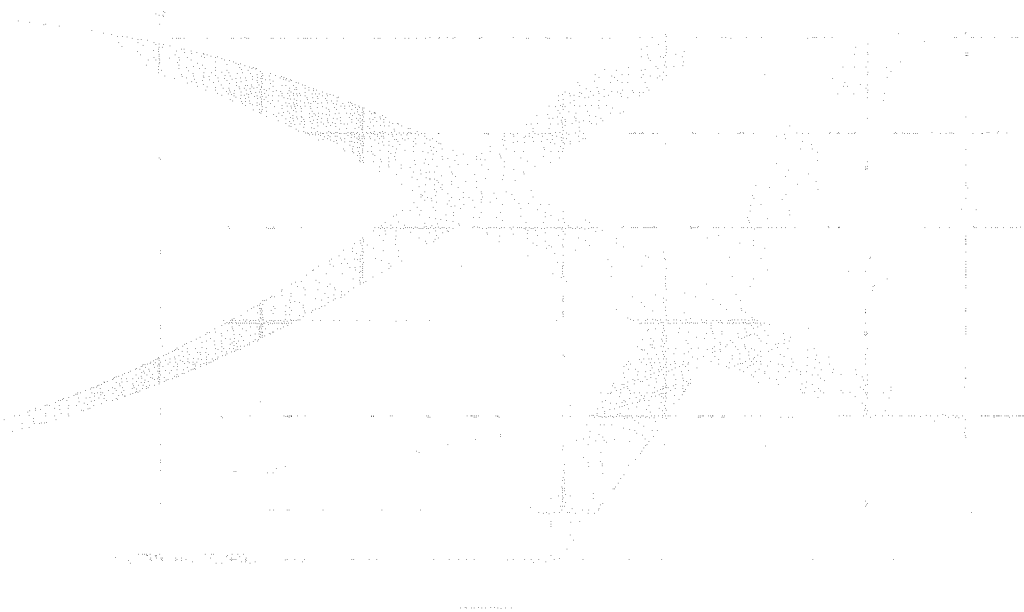
Passenger turnover per air-traffic types

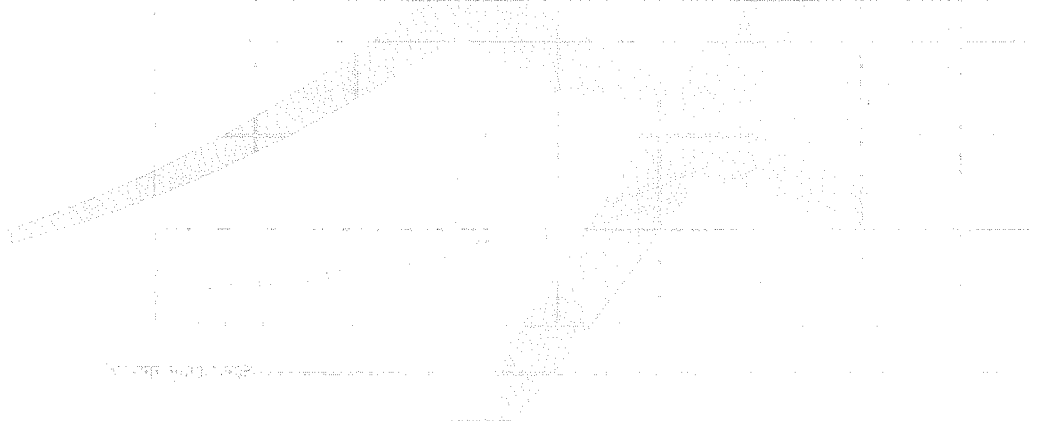
Air-traffic type	Achievement I-VI 2016	Rebalancing Plan II I-VI 2017	Achievement I-VI 2017	Index	Index	Participation I-VI 2016	Participation I-VI 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	42	42	64	152	152	0.00	0.00
International air-traffic-domestic carriers	1,111,248	1,156,579	1,148,705	103	99	52.62	49.69
International air-traffic-foreign carriers	1,000,400	1,110,439	1,163,124	116	105	47.38	50.31
TOTAL:	2,111,690	2,267,060	2,311,893	109	102	100.00	100.00

The greatest participation in passenger turnover per air traffic types for the period I-VI 2017 is of foreign carriers in international air traffic with 50.31%, then domestic carriers in international air traffic with 49.69%.

The number of passengers transported by foreign carriers in the period I-VI 2017 is by 16% higher compared to the same period last year and by 5% higher compared to the Rebalancing Plan II for I-VI 2017.

The number of the passengers transported by domestic carriers in international air traffic is by 3% higher compared to the same period last year, and by 1% lower compared to the Rebalancing Plan II for I-VI 2017.





II quarter

The planned and realized passenger turnover in the second quarter of 2017, as well as comparative data on the realized turnover in the same period of 2016, is presented in a table review.

Passenger turnover per air-traffic types

Air-traffic type	Achievement IV-VI 2016	Rebalancing Plan II IV-VI 2017	Achievement IV-VI 2017	Index	Index	Participation IV-VI 2016	Participation IV-VI 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	8	8	31	388	388	0.00	0.00
International air-traffic-domestic carriers	679,784	713,489	682,976	100	96	54.75	50.37
International air-traffic-foreign carriers	561,884	663,806	672,898	120	101	45.25	49.63
TOTAL:	1,241,676	1,377,303	1,355,905	109	98	100.00	100.00

Based on the data presented, it can be concluded that the passenger turnover in the II quarter of 2017 is by 9% higher than in the same period in 2016 and amounts to 1,355,905 passengers, which is 2% less compared to Rebalancing Plan II for the same period of 2017.

The greatest participation in passenger turnover per air traffic types for the second quarter of 2017 is of domestic carriers in international air traffic with 50.37%, then foreign carriers in international air traffic with 49.63%.

The number of the passengers transported by domestic carriers in international air traffic is at the same level compared to the same period last year and by 4% lower compared to the Rebalancing Plan II for the second quarter of 2017.

The number of the passengers transported by foreign carriers in international air traffic in the second quarter of 2017 is by 20% higher compared to the same period last year, and by 1% higher compared to the Rebalancing Plan II for the same period 2017.

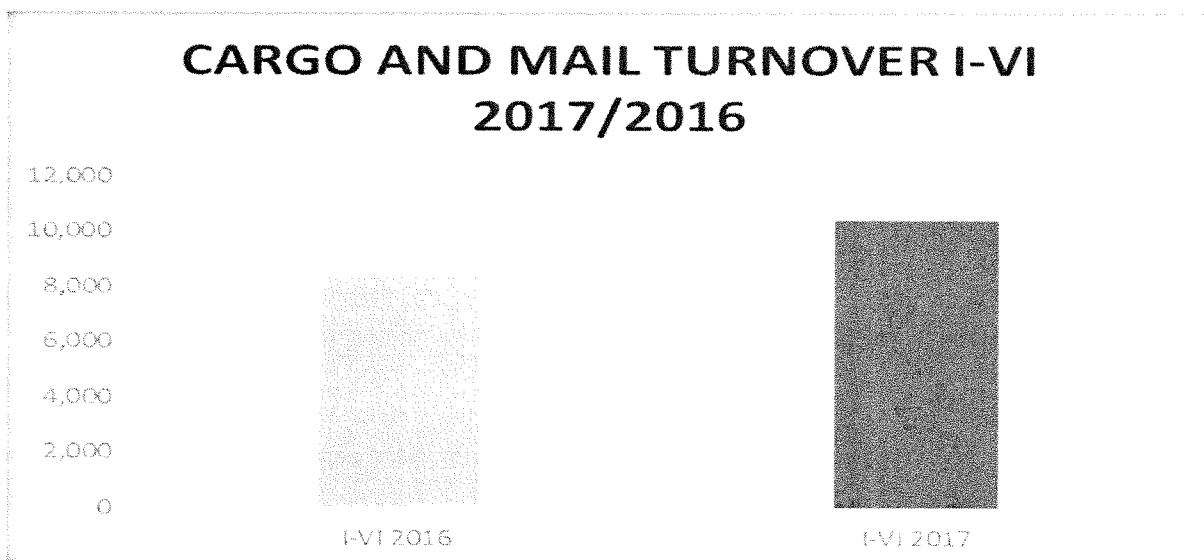
3.3. CARGO AND MAIL TURNOVER

In the period I-VI 2017 total cargo turnover of 10,408 tons is achieved which is by 24% higher compared to the same period of the previous year and is at the same level in comparison to the Rebalancing Plan II for the period I-VI 2017.

In international air traffic of domestic carriers, cargo and mail turnover in the period I-VI 2017 was 68% higher than the turnover for the same period of 2016 and by 36% higher than in the Rebalancing Plan II for the period I-VI 2017, while in international air traffic of foreign carriers, achievement in the period I-VI 2017 was 11% higher than in the same period of the previous year and by 10% lower than in the Rebalancing Plan II for the period I-VI 2017.

Cargo and mail turnover in tons

Air-traffic type	Achievement I-VI 2016	Rebalancing Plan II I-VI 2017	Achievement I-VI 2017	Index	Index	Participation I-VI 2016	Participation I-VI 2017
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	4	4	0	0	0	0.05	0.00
International air-traffic-domestic carriers	1,902	2,350	3,203	168	136	22.69	30.77
International air-traffic-foreign carriers	6,477	8,021	7,205	111	90	77.26	69.23
TOTAL:	8,383	10,375	10,408	124	100	100.00	100.00





II quarter

In the second quarter of 2017 total cargo and mail turnover of 5,583 tons is achieved which is by 23% higher compared to the subject period of the previous year and is at by 1% lower in comparison to the Rebalancing Plan II for the second quarter of 2017.

Cargo and mail turnover in tons

Air-traffic type	Achievement IV-VI 2016	Rebalancing Plan II IV-VI 2017	Achievement IV-VI 2017	Index	Index	Participation IV-VI 2016	Participation IV-VI 2017
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	999	1,234	1,620	162	131	21.98	29.02
International air-traffic-foreign carriers	3,546	4,385	3,963	112	90	78.02	70.98
TOTAL:	4,545	5,619	5,583	123	99	100.00	100.00

In international air traffic of domestic carriers, cargo and mail turnover in the second quarter of 2017 was 62% higher than the achieved turnover for the same period of previous year and by 31% higher than in the Rebalancing Plan II for the second quarter of 2017.

In international air traffic of foreign carriers, cargo and mail turnover in the second quarter of 2017 was 12% higher than the achievement for the same period of previous year and by 10% lower than in the Rebalancing Plan II for the second quarter of 2017.

PHYSICAL VOLUME OF AIR TRAFFIC

Air-traffic types	Achievement I-VI 2016		Rebalancing Plan II I-VI 2017		Achievement I-VI 2017		Index	
	Participation		Participation		Participation			
1	2		3		4		5(4/2)	6(4/3)
Domestic air-traffic								
Air movements	34	0	34	0	27	0	79	79
Passengers	42	0	42	0	64	0	152	152
Cargo and mail air (t)	4	0	4	0	0	0	0	0
International air-traffic - domestic carriers								
Air movements	15,226	56	15,550	54	14,748	54	97	95
Passengers	1,111,248	53	1,156,579	51	1,148,705	50	103	99
Cargo and mail air+truck (t)	1,902	23	2,350	23	3,203	31	168	136
International air-traffic - foreign carriers								
Air movements	11,896	44	13,046	46	12,483	46	105	96
Passengers	1,000,400	47	1,110,439	49	1,163,124	50	116	105
Cargo and mail air+truck (t)	6,477	77	8,021	77	7,205	69	111	90
Total								
Air movements	27,156	100	28,630	100	27,258	100	100	95
Passengers	2,111,690	100	2,267,060	100	2,311,893	100	109	102
Cargo and mail air+truck (t)	8,383	100	10,375	100	10,408	100	124	100

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-VI 2017 JSC Belgrade Nikola Tesla Airport achieved the **total revenue** in amount of **RSD 4,420,936,919**. Thus achieved total revenue is 8% higher in comparison to the achieved revenues in the same period of the previous year and 7% lower in relation to the Rebalancing Plan for the same period.

The pattern of the achieved revenues for I-VI 2017 is shown in the table **Revenue pattern by service types**.

In the pattern of achieved revenues for the period I-VI 2017 **business revenues** have the greatest participation amounting to RSD 4,330,402,235 which is 98% of the total revenues. Thus achieved business revenues are **10% higher** than the same in the same period of the previous year and 6% lower in relation to Rebalancing Plan II for the period I-VI 2017.

Part of business generated by providing **air services** in the amount of RSD 1,312,377,559 makes 30% of the total revenues. These revenues are 1% higher than in the same period of the previous year and by 3% lower than it is predicted in the Rebalancing Plan II for the period I-VI 2017.

Revenues from passenger service and security fees were RSD 1,986,188,405 for the period I-VI 2017 which makes 45% of totally realised revenues, were 18% higher than revenues achieved on this basis in the same period of the previous year and 3% higher than in the Rebalancing Plan II for the period I-VI 2017.

In the period I-VI 2017 the revenues from **services in cargo-customs warehouse** are achieved in the amount of RSD 86,790,957 and they are 12% higher than revenues achieved on this basis in the same period of 2016, while they are 15% lower than in the Rebalancing Plan II for the same period of 2017.

In the period I-VI 2017 the revenues from **other services** are by 23% higher than in the same period last year and by 6% lower than in the Rebalancing Plan II for the period I-VI 2017. They amount RSD 487,193,245. Increase of revenues from other services in the period I-VI 2017 in comparison to the same period of the previous year mainly relates to: revenues from de-icing services, revenues from utilities, revenues from CUTE services, revenues from services on special request-work order and other.

The revenues from sales of goods mainly refer to the revenues from the sale of kerosene in the amount of RSD 9,757,731. In the period I-VI 2017 it was sold 285 tons of kerosene.

In the period I-VI 2017 revenue from **lease of business facilities** amounts RSD 447,431,076 and it is 10% higher than in the same period 2016. The most part of these revenues refers to lease of business facilities to Dufry Ltd.

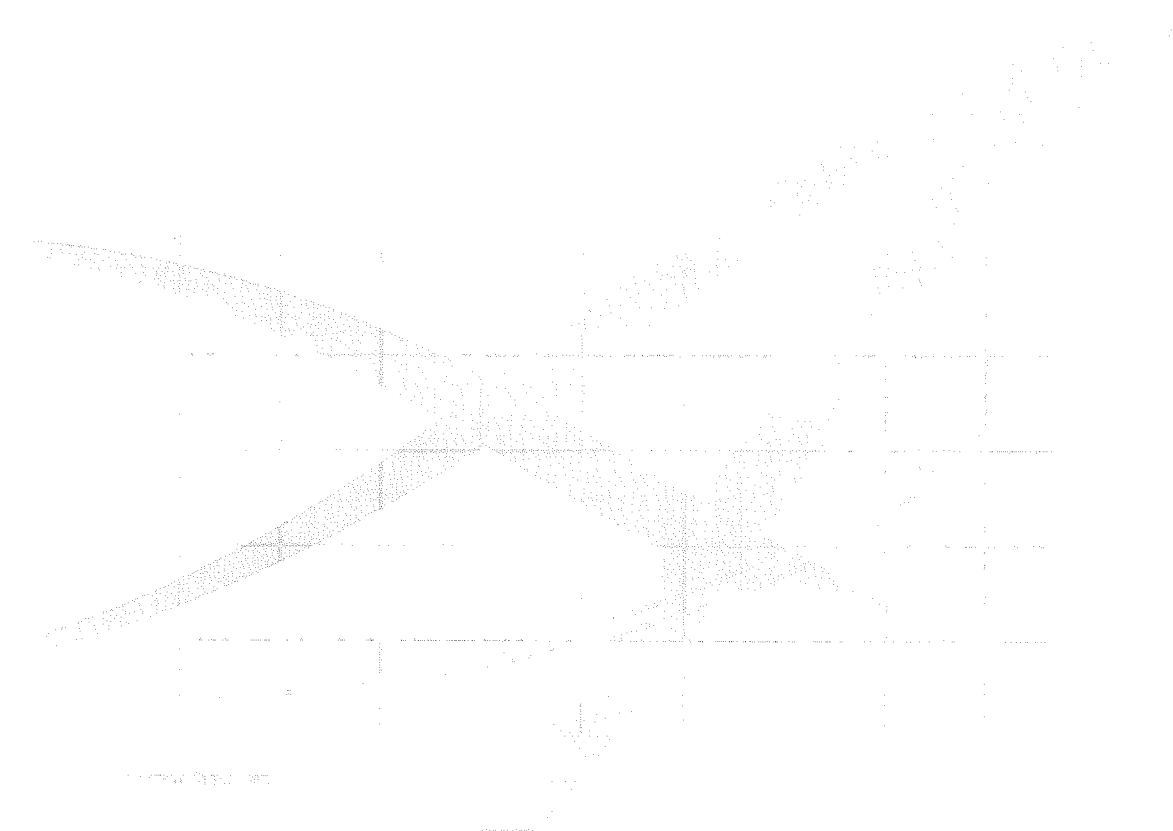
Financial revenues (group 66) in the period I-VI 2017 amount RSD 78,994,498 and they are significantly lower than in the same period of 2016.

The fall in financial revenues in the period I-VI of 2017 was due to the decline in interest rates, mostly due to the decline in the exchange rate of the dinar against the euro (the euro exchange rate on June 30, 2016 amounted to 123.3115 dinars, while the exchange rate of EUR on June 30, 2017 amounted to 120.38486 RSD).

In the pattern of financial revenues for I-VI 2017, the most part refers to interests in the amount of RSD 47,424,278, then to exchange rate differences - non-realised in the amount of RSD 16,785,927 and realised exchange rate differences in the amount of RSD 14,784,293.

Other revenues (group 67, 68 and 69) in the period I-VI of 2017 were realized in the amount of 11,540,186 RSD and were three times lower compared to the same period in 2016, mainly due to revenues from the cancellation of long-term provisions we had in 2016, and in the period I-VI of 2017 there were no revenues on this basis.

Major foreign buyers from the point of their participation in revenues from sale in the period I-VI 2017 are: Wizz Air RSD 319,778 thousand (8.24%), Deutsche Lufthansa RSD 298,949 thousand (7.70%) и Montenegro Airlines RSD 243,065 thousand (6.26%).



REVENUE STRUCTURE I-VI 2017

No.	Service type	Service description	Achievement I-VI 2016	Rebalancing Plan II I-VI 2017	Achievement I-VI 2017	Indexes	
1	2	3	4	5	6	7 (6/4)	8 (6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	84,281,872	94,455,909	88,326,562	105	94
	614010+614014+614310+614312+614313+614314	Lighting	27,610,948	30,228,547	27,607,957	100	91
	614030+614034+614330+614332+614333+614334	GH	91,224,510	102,396,078	92,875,352	102	91
	614040+614042+614043+614044	Infrastructure	50,223,539	56,444,182	51,446,738	102	91
	614050	Air-bridges	0	0	10,388	0	0
	614020+614024+614320+614323+614324	Aircraft abode revenue	2,313,184	2,207,177	2,192,656	95	99
I	Total air services (domestic carrier):		255,654,054	285,731,893	262,459,652	103	92
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	323,951,835	336,697,041	349,335,245	108	104
	615020+615021+615022+615023+615024	GH	363,353,424	354,634,151	321,333,370	88	91
	615030+615031+615032+615033+615034	Lighting	32,571,304	34,245,664	35,819,613	110	105
	615040+615042+615043+615044	Infrastructure	215,157,278	223,165,161	229,027,379	106	103
	615060+615062	Air-bridges	95,426,236	98,831,862	100,627,747	105	102
	615000+615001+615002+615003+615004	Aircraft abode revenue	12,286,442	13,142,086	13,774,555	112	105
II	Total air services (international carrier):		1,042,746,518	1,060,715,966	1,049,917,907	101	99
I+II	Total air services		1,298,400,572	1,346,447,859	1,312,377,559	101	97
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.o.i.c.	13,971	8,001	872	6	11
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.a/i.a.t.	556,817,669	599,934,102	569,084,044	102	95
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	773,018,404	828,518,381	910,848,579	118	110
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	354,174,385	496,796,914	506,254,911	143	102
III	Total passenger service		1,684,024,428	1,925,267,398	1,986,188,406	118	103
I+II+III	Total air services and passenger service		2,982,426,000	3,271,705,257	3,298,566,965	111	101
	CCM service						
	614500+614510	CCM service dom.market	71,076,101	93,730,404	80,361,488	113	86
	615300 +615310 (foreign)	CCM service international market	6,560,037	8,238,057	6,429,469	98	78
IV	Total CCM services		77,636,138	101,968,461	86,790,957	112	86
V	Total services related to air traffic (I to IV):		3,060,061,138	3,373,673,718	3,385,366,922	111	100
	Other services						
1	614360+615100+615102	DCS services	13,265,223	12,219,854	7,935,789	60	65
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	69,134,665	78,283,188	81,020,160	117	103
3	614130+614131+615071+615072	VIP lounge	2,689,815	3,176,330	3,692,085	137	116
4	614140+614142+615090+615092	CUTE (dom.+intl)	73,677,993	91,387,373	82,085,273	111	90
5	614380+615080	Lost and found	7,294,408	9,425,033	7,629,351	105	81
6	6146+615120+615400+615401	Public services	80,072,954	82,163,532	83,662,561	104	102
7	614820+615170	Catering services business class	0	0	725	0	0
8	614870+615810	Advertising space	31,539,483	35,453,976	34,838,527	110	98
9	614883	Commercial usage of the apron	25,271,568	31,275,427	29,472,441	117	94
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	58,376,597	73,358,538	115,972,405	199	158
11	Other non-mentioned services dom+intl		35,254,692	99,400,202	40,883,928	116	41
VI	Other services (1 to 11):		396,577,396	516,143,453	487,193,245	123	94
VII	Total 61 - Revenues from sale of services (V+VI)		3,456,638,534	3,889,817,171	3,872,560,166	112	100
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		56,053,653	202,986,196	10,420,992	19	5
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		3,512,692,187	4,092,803,367	3,882,971,159	111	95
X	64 & 65 - Lease of business premises		407,664,474	530,308,309	447,431,076	110	84
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	3,920,356,661	4,623,111,676	4,330,402,235	110	94
XII	66 - FINANCIAL REVENUES		126,312,301	86,822,934	78,994,498	63	91
1	interest		53,405,668	51,237,513	47,424,278	89	93
2	exchange rate differences - realised		53,455,110	35,585,421	14,784,293	28	42
3	exchange rate differences - non-realised		19,451,524	0	16,785,927	86	0
XIII	67, 68 and 69 OTHER REVENUES		36,550,490	23,546,516	11,540,186	32	49
XIV	Total revenues (XI+XII+XIII)		4,083,219,452	4,733,481,126	4,420,936,919	108	93

II quarter

In the period IV-VI 2017 JSC Belgrade Nikola Tesla Airport achieved the **total revenue** in the amount of **RSD 2,418,921,515**. Thus achieved total revenue is 7% higher in comparison to the achieved revenues in the same period of the previous year and 13% lower in relation to the Rebalancing Plan II for the period IV-VI 2017.

In the structure of realized revenues for the period IV-VI of 2017, the highest share was of **business revenues** in the amount of RSD 2,371,316,979 which is 10% higher than in the same period of the previous year, while they are 13% less than the Rebalans II Plan for IV-VI in 2017.

Within business revenues to revenues generated from the provision of air services in the period IV-VI of 2017, refers RSD 715,204,246. These revenues are 1% higher than in the same period of the previous year and by 4% lower than foreseen in the Rebalancing Plan II for the period IV-VI 2017.

Revenues from **passenger service and security fees** were RSD 1,156,479,662 for the period IV-VI 2017 and they were 20% higher than revenues achieved on this basis in the same period of the previous year and at the same level as it was in the Rebalancing Plan II for the period IV-VI 2017.

In the period IV-VI 2017 the revenues from **services in cargo-customs warehouse** were achieved in the amount of RSD 44,535,552 and they are 10% higher than revenues achieved on this basis in the same period of the previous year and they were 19% lower than in the Rebalancing Plan II for the period IV-VI 2017.

In the period IV-VI 2017 the revenues from **other services** are by 6% higher than in the same period last year and they were achieved in the amount of RSD 196,021,935. Greatest participation in these revenues is of: revenues from CUTE service, revenues from services on special request-work order, utilities and other.

The revenues from sales of goods are realized in the amount of RSD 10,114,949 and mainly refer to the revenues from the sale of kerosene in the amount of RSD 9,757,731. In the period IV-VI 2017 it was sold 285 tons of kerosene.

In the period IV-VI 2017 revenue from **lease of business facilities** amounts RSD 248,960,636 which is 8% higher than in the period IV-VI 2016 while it is by 6% lower compared to Rebalancing Plan II for IV-VI 2017. The most part of these revenues refers to lease of business facilities to Dufry ltd.

Financial revenues (group 66) in the period IV-VI of 2017 were reported in the amount of RSD 41,033,421 and are lower by 37% compared to the same period last year. The fall in financial revenues in the period IV-VI of 2017 occurred due to the decline in interest rates and, to a large extent, due to the fall in the exchange rate of the dinar against euro (the euro exchange rate on June 30, 2016 amounted to 123.3115 RSD, while the euro exchange rate on June 30, 2017 amounted to 120.38486 RSD).

In the pattern of financial revenues for IV-VI 2017, the most part refers to interests in the amount of RSD 25,690,354, then to non-realised exchange rate differences-realised in the amount of RSD 8,807,140 and realised exchange rate differences in the amount of RSD 6,535,927.

Other revenues (group 67, 68 and 69) in the period IV-VI of 2017 were realized in the amount of RSD 6,571,115 and were significantly lower compared to the same period last year, mostly due to revenues from cancellation of long-term provisions that we had in 2016, and in the period IV-VI of 2017 there were no revenues on that basis.

REVENUE STRUCTURE IV-VI 2017

No.	Service type	Service description	Achievement IV-VI 2016	Rebalancing Plan II IV-VI 2017	Achievement IV-VI 2017	Индекси	
1	2	3	4	5	6	7 (6/4)	8 (6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	50,455,458	52,390,361	49,421,163	98	94
	614010+614014+614310+614312+614313+614314	Lighting	14,405,618	16,766,389	13,109,907	91	78
	614030+614034+614330+614332+614333+614334	GH	53,596,816	56,794,409	51,822,784	97	91
	614040+614042+614043+614044	Infrastructure	29,586,680	31,306,999	28,712,798	97	92
	614050	Air-bridges	0	0	6,918	0	0
	614020+614024+614320+614323+614324	Aircraft abode revenue	1,413,578	1,224,220	1,561,084	110	128
I	Total air services (domestic carrier):		149,458,160	158,482,378	144,634,664	97	91
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	174,462,190	186,750,408	192,654,044	110	103
	615020+615021+615022+615023+615024	GH	193,285,469	196,699,301	173,927,858	90	86
	615030+615031+615032+615033+615034	Lighting	13,816,628	18,994,500	14,910,434	108	78
	615040+615042+615043+615044	Infrastructure	115,715,516	123,779,481	125,873,550	109	102
	615060+615062	Air-bridges	51,524,019	54,817,502	55,172,347	107	101
	615000+615001+615002+615003+615004	Aircraft abode revenue	6,809,935	7,289,312	8,031,359	118	110
II	Total air services (international carrier):		565,613,767	688,330,604	670,569,692	103	97
I+II	Total air services		705,071,906	746,812,882	715,204,246	101	96
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	5,264	4,764	872	17	18
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.a/vi.at.	330,247,823	357,183,767	331,563,775	100	93
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international ca	428,696,261	506,170,295	519,735,814	121	103
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	206,670,857	295,778,808	305,179,201	148	103
III	Total passenger service		965,620,205	1,159,137,634	1,156,479,662	120	100
I+II+III	Total air services and passenger service		1,670,692,111	1,905,950,516	1,871,683,908	112	98
	CCM service						
	614500+614510	CCM service dom.market	37,274,467	50,761,944	41,155,837	110	81
	615300 +615310 (foreign)	CCM service international mark	3,236,238	4,461,517	3,379,715	104	76
IV	Total CCM services		40,510,705	55,223,461	44,535,552	110	81
V	Total services related to air traffic (I to IV):		1,711,202,817	1,961,173,977	1,916,219,460	112	98
	Other services						
1	614360+615100+615102	DCS services	7,618,136	6,109,927	4,845,758	64	79
2	614110+614112+614115+614116+614170+614173+614180+615877+615891+615892+615895	Work order	41,182,289	39,141,594	43,204,584	105	110
3	614130+614131+615071+615072	VIP lounge	1,365,225	1,588,165	1,967,143	144	124
4	614140+614142+615090+615092	CUTE (dom.+intl)	42,764,283	45,693,686	47,386,855	111	104
5	614380+615080	Lost and found	4,318,306	4,712,516	3,941,312	91	84
6	6146+615120+615400+615401	Public services	41,083,121	41,081,766	39,091,644	95	95
7	614820+615170	Catering services business class	0	0	725	0	0
8	614870+615810	Advertising space	15,921,905	17,726,988	18,224,874	114	103
9	614883	Commercial usage of the apron	13,537,018	15,637,713	15,258,668	113	98
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	97,357	55,179,269	0	0	0
11	Other non-mentioned services dom+intl		-16,642,327	79,700,101	22,400,373	133	28
VI	Other services (1 to 11):		184,529,968	306,671,727	196,021,935	106	64
VII	Total 61 - Revenues from sale of services (V+VI)		1,895,732,785	2,267,745,703	2,112,241,395	111	93
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		34,304,031	201,376,098	10,114,949	29	5
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		1,930,036,816	2,469,121,801	2,122,356,343	110	86
X	64 & 65 - Lease of business premises		230,626,544	265,154,155	248,960,636	108	94
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	2,160,663,360	2,734,275,966	2,371,316,979	110	87
XII	66 - FINANCIAL REVENUES		64,713,817	43,411,467	41,033,421	63	95
1	interest		27,938,196	25,618,757	25,690,354	92	100
2	exchange rate differences - realised		20,418,336	17,792,711	6,535,927	32	37
3	exchange rate differences - non-realised		16,357,285	0	8,807,140	54	0
XIII	67, 68 and 69 OTHER REVENUES		34,856,981	11,773,258	6,571,115	19	56
XIV	Total revenues (XI+XII+XIII)		2,260,234,168	2,789,460,681	2,418,921,515	107	87

4.2. EXPENDITURES

In the period IV-VI 2017 **total expenditures** were achieved in the amount of **RSD 2,780,685,716**. Thus achieved expenditures are 13% higher than in the same period of the previous year and 13% lower in relation to Rebalancing Plan II for the period I-VI 2017.

The costs of material and energy (group 51) for the period I-VI 2017 amount to RSD 236,255,545. They participate in total expenditure with 8% and mostly refer to: costs of electricity, spent basic material, spent fuel for cargo vehicles, costs of heating oil, spent stationary and other.

Hugest amount within total expenditures refers to the **costs of salaries, reimbursements and other personal expenditures (group 52)** amounting for the period I-VI 2017 RSD 1,505,234,859 and they are 6% higher than in the same period last year. Change of the employment manner pattern of employees in the Company on the account of permanently employees affected on increase of the costs of salaries and reimbursements.

The costs of salaries of employees (gross II - groups 520 and 521) in Airport Nikola Tesla amount RSD 1,006,619,048, while costs of persons engaged through youth organisations (account 524000) amount RSD 192,749,818 (youth organisations Fan, Beograd, Knez, Medijator and Europa).

Apart from salaries, the group 52 also includes reimbursements per temporary and occasional jobs, other personal expenditures (transportation costs for employees, costs of business trips, joint assistance and jubilee bonuses, etc.), reimbursements for members of governing and supervisory bodies, reimbursements by contracts (service contracts).

The costs of production services (group 53) in the period I-VI 2017 amount RSD 203,742,589 and they are 21% higher then in the same period of the previous year.

The pattern of **cost of production services** consists of:

- **costs of transportation services** which in the period I-VI 2017 amount RSD 29,845,021 and they mostly refer to costs of information and passenger check-in, monthly ITT support for passenger and baggage registration and other.
- **costs of maintenance services** which in the period I-VI 2017 amount RSD 87,908,124 and they are 29% higher than in the same period 2016 mostly because increase of the costs of maintenance of other fixed assets.
- **costs of renting** which in the period I-VI 2017 amount RSD 17,513,882 and mostly refer to renting of business facilities of legal persons, licence leasing and leasing of web structures and servers. The costs of renting in the period I-VI 2017 are 24% lower than in the same period last year.
- **costs of advertising** amount RSD 48,281,804.
- **costs of other services** mostly refers to costs of watering, sewage, achieved in the amount of RSD 20,193,757 and they are 5% higher than in the same period in 2016.

The costs of **amortization and reserving** (group 54) for the period I-VI 2017 amounted to RSD 371,768,581 and they are 11% lower than in the same period of the previous year, due to decreased principle for amortisation calculation, which was formed after value assessment for fixed assets dated 31.12.2016.

Intangible costs (group 55) for the period I-VI 2017 amount to RSD 244,597,210 and are higher in relation to intangible costs realized in the same period last year mostly due to the costs of consulting services.

The pattern of **intangible costs** (group 55) consists of:

- **costs of non-production services** are the most significant in the group of intangible costs and are achieved in the amount RSD 157,836,477 mostly referring to accrued costs of consulting services in the amount of RSD 48,736,188.
- **costs of taxes** (RSD 40,217,925)
- **other intangible costs** (RSD 23,217,304)
- **costs of insurance premiums**(RSD 17,302,995)
- **costs of money transfers** (RSD 2,953,361)
- **costs of representations** (RSD 1,688,184)
- **costs of membership fees** (RSD 1,380,964)

Financial expenditures (group 56) in the period I-VI 2017 are disclosed in the amount of RSD 164,202,502 and they are significantly higher than in the same period of 2016. Increase of financial expenditures in the period I-VI 2017 resulted mostly from increase of negative exchange rate differences, i.e. from fall of RSD exchange rate for Euro (1EUR on 30.06.2016 equalled RSD 123.3115, while on 30.06.2017 it was RSD 120.38486).

Non-realised negative exchange rate differences in the first quarter of 2017 are achieved in the amount of RSD 102,497,984 and participate with 62% in the pattern of total financial expenditures.

Realised negative exchange rate differences are achieved in the amount of RSD 42,703,404 and participate with 26% in the pattern of total financial expenditures.

In the pattern of the financial expenditures, expenditures realised from interests participate with 12%, amount RSD 19,001,114 and are lower 12% than in the same period last year. The noted expenditures from interest mostly refer to interest from long-term loans liabilities (EIB - reconstruction of the Terminal building).

Other expenditures (group 57, 58 and 59) in the period I-VI 2017 are achieved in the amount of RSD 40,625,587, while in the same period of the last year they amounted to RSD 17,110,155.

It is necessary to notice that the increase in realised other expenditures in the period I-VI 2017 in comparison to the same period of 2016, results mostly from the fact that the greatest part of Other expenditures in the period I-VI 2017 refers to value correction of domestic buyers, (Jat Tehnika, Air Serbia-Ketering etc.).

EXPENDITURE STRUCTURE I-VI 2017

Account t	Account name	Achievement I-VI 2016	Rebalancing Plan II I-VI 2017	Achievement I-VI 2017	INDEXES	
					6(5/3)	7(5/4)
1	2	3	4	5		
60	PURCHASE VALUE OF SOLD GOODS	51,233,875	191,100,000	14,258,842	28	7
501	PURCHASE VALUE OF SOLD GOODS	51,233,875	191,100,000	14,258,842	28	7
61	COSTS OF MATERIAL AND ENERGY	203,465,192	269,442,855	236,255,545	116	88
511	COSTS OF MAKING MATERIAL	49,136,783	101,130,684	75,410,681	153	75
512	COSTS OF OVERHEAD MATERIALS	3,969,713	5,628,469	11,373,936	287	202
513	COSTS OF FUEL AND ENERGY	127,285,773	120,500,000	140,474,624	110	117
514	COSTS OF SPARE PARTS	14,434,196	39,260,664	8,996,304	62	23
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	8,638,728	2,923,038	0	0	0
62	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	1,419,313,162	1,448,173,438	1,506,234,859	106	104
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	824,207,688	844,460,624	853,790,528	104	101
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	147,533,176	151,158,451	152,828,519	104	101
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	319,532	191,719	207,889	65	108
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	277,212,911	276,949,034	316,160,712	114	114
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	100,000	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	4,192,192	4,051,206	4,378,211	104	108
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	165,847,664	171,262,404	177,868,999	107	104
63	COSTS OF PRODUCTION SERVICES	168,397,724	367,037,528	203,742,589	121	56
531	COSTS OF TRANSPORTATION SERVICES	36,846,693	38,161,281	29,845,021	81	78
532	COSTS OF MAINTENANCE SERVICES	68,137,138	183,541,243	87,908,124	129	48
533	COST OF LEASE	23,006,626	39,280,076	17,513,882	76	45
535	ADVERTISING COSTS	21,172,883	47,035,000	48,281,804	228	103
539	COSTS OF OTHER SERVICES	19,234,383	59,019,928	20,193,757	105	34
64	COSTS OF AMORTISATION AND RESERVES	418,892,589	426,500,000	371,768,581	89	87
540	AMORTISATION COSTS	416,892,589	422,500,000	366,398,581	88	87
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	2,000,000	4,000,000	5,370,000	269	134
65	INTANGIBLE COSTS	127,870,041	467,903,404	244,597,210	191	52
550	COSTS OF NON-PRODUCTION SERVICES	56,377,743	384,937,417	157,838,477	280	41
551	COSTS OF REPRESENTATION	1,953,283	3,946,277	1,688,184	86	43
552	COSTS OF INSURANCE PREMIUMS	12,109,376	17,577,371	17,302,995	143	98
553	COSTS OF PAYMENT SYSTEM	2,708,855	2,621,275	2,953,361	109	113
554	COSTS OF MEMBERSHIPS	5,963,466	5,027,723	1,380,964	23	27
555	COSTS OF TAXES	39,618,842	41,518,152	40,217,925	102	97
559	OTHER INTANGIBLE COSTS	9,138,476	12,275,189	23,217,304	254	189
I	OPERATING EXPENDITURES	2,389,172,583	3,170,157,224	2,575,857,627	108	81
66	FINANCIAL EXPENDITURES	54,493,709	27,935,912	164,202,502	301	588
562	INTEREST EXPENDITURES	21,639,840	17,960,015	19,001,114	88	106
563	NEGATIVE EXCHANGE RATE DIFFERENCES	32,838,023	9,964,129	141,019,425	429	1415
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	15,845	11,768	4,181,963	26393	35535
II	FINANCIAL EXPENDITURES	54,493,709	27,935,912	164,202,502	301	588
67	OTHER EXPENDITURES	17,103,267	11,059,355	14,730,255	86	133
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	0	50,000	2,571,612	0	5143
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	15,000	0	80,000	533	0
574	DEFICIT	0	0	581	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	347	0	0	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	0	0	0	0
577	WRITE-OFF	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	17,087,920	11,009,355	12,078,062	71	110
68	EXPENDITURES FROM PROPERTY IMPAIRMENT	6,888	0	25,038,422	363489	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0	0	0
583	IMPAIRMENT OF LONG-T. FIN.INVST AND OTHER SECURITIES FOR SALE	0	0	868,778	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	6,888	0	24,169,644	350877	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0	0	0
69	EXPENDITURES OF PREVIOUS YEARS	0	0	856,910	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	0	0	856,910	0	0
III	OTHER EXPENDITURES	17,110,155	11,059,355	40,625,587	237	367
	TOTAL EXPENDITURES	2,460,776,448	3,209,152,491	2,780,685,716	113	87

II quarter

In the period IV-VI 2017 **total expenditures** were achieved in the amount of **RSD 1,358,742,144**. Thus achieved expenditures are 12% higher than the expenditures achieved in the same period of the previous year and 22% lower in relation to Rebalancing Plan II for the period IV-VI 2017.

Purchase value of sold goods (group 50) is realised in the amount of RSD 14,051,367 and it almost entirely refers to purchase value of sold heating oil. For **purchase value of sold heating oil** it was spent RSD 13,781,730.

The costs of material and energy (group 51) for the period IV-VI 2017 amount to RSD 79,120,665. They participate in total expenditure with 6% and mostly refer to: costs of electricity, spent fuel for cargo vehicles, spent stationary, spent basic material and other.

Hugest amount within total expenditures refers to the **costs of salaries, reimbursements and other personal expenditures (group 52)** amounting for the period IV-VI 2017 RSD 744,579,107 and that is 4% higher than in the same period last year.

The costs of salaries of employees (gross II - groups 520 and 521) in Airport Nikola Tesla amount RSD 494,338,972, while costs of persons engaged through youth organisations (Fan, Beograd, Knez, Medijator and Europa) amount RSD 95,875,703.

Group 52 besides salaries also includes reimbursements by contracts (service contracts), reimbursements per temporary and occasional jobs, contracts for additional work, reimbursements for the members of the Supervisory board and members of the Assembly of Shareholders and other personal expenditures (transport of employees, costs of trips, joint assistance and jubilee bonuses, etc.).

The costs of production services (group 53) in the period IV-VI 2017 amount RSD 97,774,766 and they are 45% higher then in the same period of the previous year.

The pattern of cost of production services consists of:

- **costs of transportation services**, which in the period IV-VI 2017 amount RSD 16,567,408 mostly refer to: monthly ITT support for passenger and baggage registration, information costs and passenger check-in costs and other;
- **costs of maintenance services** which in the period IV-VI 2017 amount RSD 35,377,387 and they are 53% higher than in the same period 2016 mostly because of the significant increase of costs of the current maintenance of fixed assets;
- **costs of renting** which in the period IV-VI 2017 amount RSD 6,309,941 and mostly refer to renting of business facilities of legal persons, licence leasing and leasing of web structures and servers.
- **costs of advertising and propaganda** which in the period IV-VI 2017 amount RSD 28,990,969;
- **costs of other services** which in the period IV-VI 2017 amount RSD 10,529,062 and they are 22% higher than in the same period 2016 mostly refer to costs of water, sewage, etc.

The costs of amortisation and reserves (group 54) in the period IV-VI 2017 amount RSD 136,782,971 and they are 36% lower then in the same period of the previous year. due to decreased principle for amortisation calculation, established after value assessment for fixed assets on 31.12.2016

Intangible costs (group 55) in the period IV-VI 2017 are disclosed in the amount of RSD 132,393,748 and they are twice higher then in the same period of the previous year.

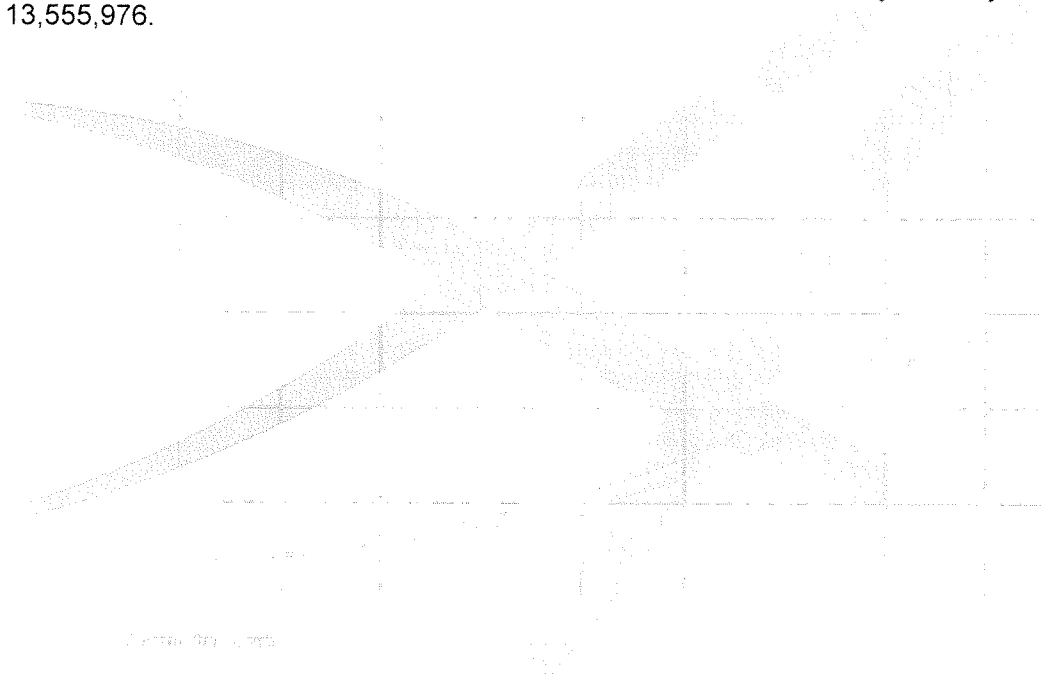
The pattern of intangible costs (group 55) consists of:

- **The costs of non-production services** in the period IV-VI 2017 amount to RSD 89,460,631 are most significant costs in the group of intangible costs and in most part refer to the costs of the consulting services in the amount of RSD 24,973,094. Within this group of costs are also:
 - **costs of representation** which in the period IV-VI 2017 amount RSD 863,173;
 - **costs of insurance premium** which in the period IV-VI 2017 amount RSD 8,698,300;
 - **costs of payment operations** which in the period IV-VI 2017 amount RSD 1,545,472;
 - **costs of memberships** which in the period IV-VI 2017 amount RSD 745,949;
 - **costs of taxes** which in the period IV-VI 2017 amount RSD 20,086,460;
 - **other intangible costs** which in the period IV-VI 2017 amount RSD 10,993,762;

Financial expenditures (group 56) in the period IV-VI 2017 are disclosed in the amount of RSD 145,156,840 and they are five times higher then in the same period of the previous year. Increase of financial expenditures in the period IV-VI 2017 resulted mostly from increase of negative exchange rate differences, i.e. from fall of RSD exchange rate for Euro (1EUR on 30.06.2016 equalled RSD 123,3115, while on 30.06.2017 it was RSD 120,38486).

In the pattern of financial expenditures, the largest participation have realized expenditures from non-realized negative exchange rate differences amounting to RSD 93,582,304 with 64% of share in the total financial expenditures, followed by realized expenditures from negative exchange rate differences with 29% amounting to RSD 41,438,255 and at the end realized expenditures from interest with 7% amounting to RSD 10,136,281.

Other expenditures (group 57, 58 and 59) in the period IV-VI 2017 are achieved in the amount of RSD 8,882,681, while in the same period of the last year they amounted RSD 13,555,976.



EXPENDITURE STRUCTURE IV-VI 2017

Account	Account name	Achievement IV-VI 2016	Rebalancing Plan IV-VI 2017	Achievement IV-VI 2017	ИНДЕКСИ	
1	2	3	4	5	6(5/3)	7(5/4)
50	PURCHASE VALUE OF SOLD GOODS	29,035,948	190,550,000	14,051,367	48	7
501	PURCHASE VALUE OF SOLD GOODS	29,035,948	190,550,000	14,051,367	48	7
51	COSTS OF MATERIAL AND ENERGY	80,716,505	153,257,359	79,120,666	98	52
511	COSTS OF MAKING MATERIAL	10,533,278	62,872,842	9,299,481	88	15
512	COSTS OF OVERHEAD MATERIALS	2,939,581	2,814,234	8,462,400	288	301
513	COSTS OF FUEL AND ENERGY	54,493,489	64,469,682	57,122,138	105	89
514	COSTS OF SPARE PARTS	6,490,152	21,444,082	4,236,666	65	20
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	6,260,004	1,656,519	0	0	0
62	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	713,889,173	726,649,219	744,579,107	104	102
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	414,404,115	422,230,312	419,286,656	101	99
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	74,178,338	75,579,226	75,052,316	101	99
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	0	95,860	111,389	0	116
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	140,937,507	138,537,017	161,006,576	114	116
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	50,000	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	2,134,038	2,025,603	2,337,073	110	115
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	82,235,175	88,131,202	86,785,096	106	98
53	COSTS OF PRODUCTION SERVICES	67,231,854	199,662,231	97,774,766	145	49
531	COSTS OF TRANSPORTATION SERVICES	21,133,499	19,080,641	16,567,408	78	87
532	COSTS OF MAINTENANCE SERVICES	23,155,774	99,895,621	35,377,387	153	35
533	COST OF LEASE	10,624,248	20,651,004	6,309,941	59	31
535	ADVERTISING COSTS	3,673,884	30,525,000	28,990,969	789	95
539	COSTS OF OTHER SERVICES	8,644,449	29,509,964	10,529,062	122	36
54	COSTS OF AMORTISATION AND RESERVES	213,876,552	213,250,000	136,782,971	64	64
540	AMORTISATION COSTS	211,876,552	211,250,000	131,412,971	62	62
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	2,000,000	2,000,000	5,370,000	269	269
55	INTANGIBLE COSTS	66,610,845	249,241,796	132,393,748	199	53
550	COSTS OF NON-PRODUCTION SERVICES	31,942,525	207,153,803	89,460,631	280	43
551	COSTS OF REPRESENTATION	880,859	2,578,138	863,173	98	33
552	COSTS OF INSURANCE PREMIUMS	5,813,783	8,788,686	8,698,300	150	99
553	COSTS OF PAYMENT SYSTEM	1,519,286	1,310,638	1,545,472	102	118
554	COSTS OF MEMBERSHIPS	1,869,105	2,513,862	745,949	40	30
555	COSTS OF TAXES	19,855,226	20,759,076	20,086,460	101	97
559	OTHER INTANGIBLE COSTS	4,730,062	6,137,594	10,993,762	232	179
I	OPERATING EXPENDITURES	1,171,360,878	1,732,610,605	1,204,702,623	103	70
56	FINANCIAL EXPENDITURES	28,071,491	13,967,956	145,156,840	517	1,039
562	INTEREST EXPENDITURES	11,550,166	8,980,007	10,136,281	88	113
563	NEGATIVE EXCHANGE RATE DIFFERENCES	16,508,761	4,982,065	130,881,322	793	2,627
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	12,563	5,884	4,139,238	32,947	70,345
II	FINANCIAL EXPENDITURES	28,071,491	13,967,956	145,156,840	517	1,039
57	OTHER EXPENDITURES	13,555,976	5,529,677	8,237,218	61	149
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INVESTMENT IN REAL ESTATES AND	0	25,000	2,571,612	0	10,286
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	0	0	80,000	0	0
574	DEFICIT	0	0	0	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV.RESERVE	0	0	0	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	0	0	0	0
577	WRITE-OFF	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	13,555,976	5,504,677	5,585,606	41	101
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	0	0	-119,650	0	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0	0	0
583	IMPAIRMENT OF LONG-T. FIN.INVST AND OTHER SECURITIES FOR SALE	0	0	868,778	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	0	0	988,428	0	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	0	0	765,113	0	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	0	0	765,113	0	0
III	OTHER EXPENDITURES	13,555,976	5,529,677	8,882,681	66	161
	TOTAL EXPENDITURES	1,212,988,345	1,752,108,238	1,358,742,144	112	78

4.3. SALARIES

In the period I-VI 2017 the total amount of **RSD 853,790,528 (gross I)** was paid for **salaries**. It is 4 % higher than in the same period 2016 and 1% higher than the planned figures for the period I-VI 2017.

SALARIES GROSS I

SALARIES GROSS I

Month	Achievement I-VI 2016	Rebalanc. Plan I-VI 2017	Achievement I-VI 2017	Index	
				5 (4/2)	6 (4/3)
1	2	3	4		
January	148,211,040	140,743,437	141,135,782	95	100
February	132,265,745	140,743,437	136,689,966	103	97
March	129,326,788	140,743,437	156,678,124	121	111
April	148,264,265	140,743,437	141,617,053	96	101
May	135,787,982	140,743,437	140,301,835	103	100
June	130,351,868	140,743,437	137,367,769	105	98
Total salaries	824,207,688	844,460,622	853,790,528	104	101

In the period I-VI 2017 salaries of employees are paid off per individual work contracts.

In the period I-VI of the current year **the average Gross I salary** in the Company amounted **RSD 110,341** and it is higher than in the previous year by 3%. In the period I-VI 2017 **the average net salary** in the Company amounted **RSD 78,530** and it is 3% higher than in the same period last year.

AVERAGE SALARY GROSS I		AVERAGE SALARY NET	
Month	AD ANT	Month	AD ANT
January	109,462	January	77,907
February	107,288	February	76,400
March	122,177	March	86,827
April	109,278	April	77,785
May	108,336	May	77,122
June	105,506	June	75,137
Average I-VI 2017	110,341	Average I-VI 2017	78,530
Average I-VI 2016	106,790	Average I-VI 2016	76,011
I-VI 2017/I-VI 2016	103%	I-VI 2017/I-VI 2016	103%

Average number of employed and engaged persons on 31.03.2017 was 1.992, while the average number on 30.06.2017 was 2001.

NUMBER OF EMPLOYEES IN 2017						
Month	Indefinite period of	Definite per. of	Total	GH	Temp/occ as. jobs	TOTAL
1	2	3	4 (2+3)	5	6	7 (4+5+6)
Average I-III	827	503	1,331	416	245	1,992
Average I-VI	958	380	1,338	408	255	2,001

4.4. FINANCIAL RESULT I-VI 2017

In the period I-VI 2017 **gross profit** of the Company was achieved in the amount of RSD 1,640,251,202.

Thus expressed gross profit is 1% higher than gross profit in the same period 2016.

FINANCIAL RESULT						
No.	Position	Achievement I-VI 2016	Rebalancing Plan II I-VI 2017	Achievement I-VI 2017	Index	
1	2	3	4	5	6(5/3)	7(5/4)
1	Operating revenues	3,920,356,661	4,623,111,676	4,330,402,235	110	94
2	Operating expenditures	2,389,172,583	3,170,157,224	2,575,857,627	108	81
3	Business profit (1-2)	1,531,184,078	1,452,954,452	1,754,544,608	115	121
4	Financial revenues	126,312,301	86,822,934	78,994,498	63	91
5	Financial expenditures	54,493,709	27,935,912	164,202,502	301	588
6	Financial profit (4-5)	71,818,592	58,887,022		0	0
6a	Financial loss (5-4)			85,208,004	0	0
7	Other revenues	36,550,490	23,546,516	11,540,186	32	49
8	Other expenditures	17,110,155	11,059,355	40,625,587	237	367
9	Other profit (7-8)	19,440,334	12,487,161		0	0
9a	Other loss (8-7)			29,085,401	0	0
10	Total revenues (1+4+7)	4,083,219,452	4,733,481,126	4,420,936,919	108	93
11	Total expenditures (2+5+8)	2,460,776,448	3,209,152,491	2,780,685,716	113	87
12	Total gross profit (10-11)	1,622,443,004	1,524,328,635	1,640,251,202	101	108
12a	Total gross loss (11-10)					
13	Period tax expenditure	171,552,908	228,649,295	215,646,608	126	94
14	Deferred period tax expenditure	76,828,171	0	37,373,426	49	0
15	Deferred income tax	0	0	0	0	0
16	Earnings paid by employer					
17	Net profit	1,374,061,925	1,295,679,340	1,387,231,169	101	107

In the period I-VI 2017 **gross profit** of the Company was disclosed in the amount of RSD 1,387,231,169. Thus expressed net profit is 1% higher than net profit in the same period 2016.

II quarter

In the period IV-VI 2017 **gross profit** of the Company was disclosed in the amount of RSD 1,060,179,371 and it is 1% higher than gross profit in the same period of 2016.

FINANCIAL RESULT						
No.	Position	Achievement IV-VI 2016	Rebalancing Plan II IV-VI 2017	Achievement IV-VI 2017	Индекс	
1	2	3	4	5	6(5/3)	6(5/4)
1	Operating revenues	2,160,663,360	2,734,275,956	2,371,316,979	110	87
2	Operating expenditures	1,171,360,878	1,732,610,605	1,204,702,623	103	70
3	Business profit (1-2)	989,302,482	1,001,665,351	1,166,614,356	118	116
4	Financial revenues	64,713,817	43,411,467	41,033,421	63	95
5	Financial expenditures	28,071,491	13,967,956	145,156,840	517	1,039
6	Financial profit (4-5)	36,642,326	29,443,511		0	0
6a	Financial loss (5-4)			104,123,419	0	0
7	Other revenues	34,856,981	11,773,258	6,571,115	19	56
8	Other expenditures	13,555,976	5,529,677	8,882,681	66	161
9	Other profit (7-8)	21,301,005	6,243,581		0	0
9a	Other loss (8-7)			2,311,567	0	0
10	Total revenues (1+4+7)	2,260,234,158	2,789,460,681	2,418,921,515	107	87
11	Total expenditures (2+5+8)	1,212,988,345	1,752,108,238	1,358,742,144	112	78
12	Total gross profit (10-11)	1,047,245,813	1,037,352,443	1,060,179,371	101	102
12a	Total gross loss (11-10)					
13	Period tax expenditure	107,495,454	155,602,866	143,141,347	133	92
14	Deferred period tax expenditure	62,891,631		37,373,426	59	0
15	Deferred income tax			-2,671,708	0	0
16	Earnings paid by employer					
17	Net profit	876,858,729	881,749,576	876,992,889	100	99

In the period IV-VI 2017 **net profit** of the Company was disclosed in the amount of RSD 876,992,889 and it is at the same level as net profit in the same period of 2016.

4.5. ECONOMIC BUSINESS INDICATORS FOR THE PERIOD I-VI 2017

BUSINESS RATIO OF THE COMPANY FOR THE PERIOD I-VI 2017					
NO.	Description of ratio indicators		ADP	RATIO NUMBER FOR I-VI 2016	RATIO NUMBER FOR I-VI 2017
1	LIQUIDITY RATIO	Cash ratio (current capital / short-term liabilities)	0043 / 0442	4.84	4.57
		Acid test ratio (current capital / short-term liabilities)	(0043-0044) / 0442	4.75	4.45
		Cash ratio (cash equivalents and cash / short-term liabilities)	0068 / 0442	0.72	0.60
		Financial stability ratio (fixed assets / capital assets + long-term liabilities)	0002 / (0402+0432)	1.02	1.17
2	Profitability ratio	Net profit margin (net profit / profit from sale of goods + profit from sale of services)	1064 / (1002+1009+1017) *100	35.05	32.03
		Gross profit margin (gross profit / profit from sale of goods + profit from sale of services)*100 <i>*Gross profit margin gives information how much profit is kept once all the costs are paid after realisation of products and services on a market</i>	1058 / (1002+1009+1017) *100	41.39	37.88
		Return on assets (ROA) Net profit / Total assets*100	1064 / 0071*100	4.76	4.58
3	PRODUCTIVITY RATIO	Leverage ration (total liabilities / fixed assets)	(0424+0442) / 0002	0.11	0.08
		Return of short-term assets ratio (total profit / working capital)	tot.prof. / 0043	0.58	0.82
4	EBIT	EBIT (operating profit - operating expenditures)	1001-1018	1,531,184,077.73	1,754,544,607.83
5	EBITDA	EBITDA (operating profit-operating expenditures) + amortisation	(1001-1018)+1027	1,948,076,666.54	2,120,943,189.30
6	SOLVENCY RATIO	Solvency ration (total assets / total liabilities) <i>*Solvency is capability of the Company to settle its liabilities in due time. Company is solvent if the ratio is > or = 1</i>	0071 / (0424+0442)	11.75	14.68
7	EBITDA MARGIN	Ebitda margin (ebitda / operating profit)*100 <i>*It indicates percentage of profit in revenues of the Company, without consideration of amortisation and financial result</i>	Ebitda / 1001*100	49.69	48.98
8	NET CURRENT ASSETS	Net current assets - NCA (current assets-short-term liabilities)	0043-0442	5,611,722,706.67	4,192,988,728.72
9	BUYERS TURNOVER RATIO	365/Average receivables charging time		2.35	3.28
10	SUPPLIER TURNOVER RATIO	365/Average liability settlement time		2.90	9.34

5. OU GROUND HANDLING IN AIRPORT NIKOLA TESLA BEOGRAD

According to the Regulation on the provision of ground handling services at airports (Official Gazette of the Republic of Serbia no. 61/2015-hereinafter the Regulation) Belgrade Nikola Tesla Airport drew up the Business plan of OU Ground handling within ANT, No. 33-179/2 dated on 24.06.2016.

According to the Regulation on the provision of ground handling services at airports, Belgrade Nikola Tesla Airport is responsible for accounting records of the business activities of the airport operator and the activity of providing ground handling services so as to ensure complete separation of accounts specified activities.

The Regulation defines the types of services that Ground Handling provides to third parties as follows:

- 1) Aircraft ground handling on apron;
- 2) Ground handling of hold baggage;
- 3) Supply of aircraft with fuel and lubricants;
- 4) Ground handling of mail and goods, in part related to the physical handling at arrival, departure or transfer between the cargo terminal and the aircraft.

Determination of achieved revenues and expenditures in the period I-VI 2017 of the OU Ground handling is in accordance with the Business plan of OU Ground handling ANT nN. 33-179/2 dated 24.06.2016.

5.1. REVENUES OF OU GROUND-HANDLING

OU Ground handling in the period I-VI 2017 has achieved the **total revenue** in the amount of RSD 776,479,188, which is 18% of total revenues at the level of the Company.

Total realised business revenues based on services provided by OU GH at ANT in the period I-VI 2017 amount to RSD 774,901,327 and participate with 18% in the realised business revenues of ANT for 2017.

Within business revenues, the largest share of 55% consists of revenues generated from air services, 27% share of revenues from other services, revenues from CCW services account for 11% of business revenues, and revenues from passenger services account for 7% of business revenues in the period I-VI in 2017.

Financial revenues are realised in the amount of RSD 350,597 for the period I-VI 2017 and they refer to realised exchange rate differences.

Other revenues are realised in the amount of RSD 1,227,263 for the period I-VI 2017 and they refer to revenues from sale of secondary materials.

REVENUE PATTERN ANT/GH I-VI 2017

Ser. No.	Type of service	Description	Realization ANT I-VI 2017	Realization GH I-VI 2017	INDEX
1	2	3	4	5	6 (5/4)
	Air services domestic carriers				
	614000+614004+614300+614302+614303+614304	Landing	88,326,562	0	0
	614010+614014+614310+614312+614313+614314	Lighting	27,607,957	0	0
	614030+614034+614330+614332+614333+614334	Handling	92,875,352	92,875,352	100
	614040+614042+614043+614044	Infrastructure	51,446,738	0	0
	614050	Air-bridges	10,388	1,039	10
	614020+614024+614320+614323+614324	Aircraft abode tax	2,192,656	0	0
I	Total air services (domestic carriers):		262,459,652	92,876,391	35
	Air services foreign carriers				
	615010+615011+615012+615013+615014	Landing	349,335,245	0	0
	615020+615021+615022+615023+615024	Handling	321,333,370	321,333,370	100
	615030+615031+615032+615033+615034	Lighting	35,819,613	0	0
	615040+615042+615043+615044	Infrastructure	229,027,379	0	0
	615060+615062	Air-bridges	100,627,747	10,062,775	10
	615000+615001+615002+615003+615004	Aircraft abode tax	13,774,555	0	0
II	Total air services (foreign carriers):		1,049,917,907	331,396,144	32
I+II	Total air services		1,312,377,559	424,272,535	32
	Passenger service				
	614400+614404 - domestic carriers - domestic traffic	Passenger service d.c./d.t.	872	0	0
	614181+614182+614183+614190(BRS and PRM)+614410+614412+614413+614414	Passenger service d.c./l.t.	569,084,044	24,073,393	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service for.car.	910,848,579	28,557,431	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fees	506,254,911	0	0
III	Total passenger service		1,986,188,405	52,630,823	3
I+II+III	Total air services and passenger service		3,298,565,965	476,903,358	14
	CCW services				
	612500+612510	CCW services dom. market	80,361,488	80,361,488	100
	613300 +613310 (foreign)	CCW services for. market	6,429,469	6,429,469	100
IV	Total CCW services		86,790,957	86,790,957	100
V	Total services in air traffic (I to IV):		3,385,356,922	563,694,315	17
	Other services				
1	614360+615100+615102	DCS services	7,935,789	7,935,789	100
2	614110+614112+614115+614116+614170+614173+614180+614391+615872+615877+615891+615892+615895	Special request - work order	81,020,160	75,193,330	93
3	614130+614131+615072+615071	VIP Lounge	3,692,085	0	0
4	614140+614142+615090+615092	CUTE (dom + for)	82,085,273	0	0
5	615080+614380	Lost and found	7,629,351	7,629,351	100
6	6146+615120+615400+615401	Public utilities	83,662,561	0	0
7	614820+615170	Catering ser. Business Club	725	0	0
8	614870+615810	Advertising space	34,838,527	0	0
9	614883	Commer.use of apron	29,472,441	0	0
10	614160+614164+615110+615114	Aircraft de-icing service	115,972,405	115,972,405	100
11	Other non-mentioned services dom + foreign		40,883,928	4,476,138	11
VI	Other services (1 to 11):		487,193,245	211,207,012	43
VII	Total 61 - Revenues from sale of services (V+VI)		3,872,550,166	774,901,327	20
	Revenues from sale of goods:				
VIII	60 - Revenues from sale of kerosene + goods		10,420,992	0	0
IX	Total (60+61) Revenues from sale (VII+VIII)		3,882,971,159	774,901,327	20
X	64 и 65 - Renting of office space		447,431,076	0	0
XI	BUSINESS REVENUES (IX+X)	60+61+62+64+65	4,330,402,235	774,901,327	18
XII	66 - FINANCIAL REVENUES		78,994,498	350,597	0
1	interest		47,424,278	0	0
2	exchange rate differences -realised		14,784,293	350,597	2
3	exchange rate differences -non-realised		16,785,927	0	0
XIII	67 и 68 OTHER REVENUES		11,540,186	1,227,263	11
XIV	Total revenues (XI+XII+XIII)		4,420,936,919	776,479,188	18

II quarter

OU Ground handling in the period IV-VI 2017 has achieved the **total revenue** in the amount of RSD 359,047,281, which is 15% of total revenues at the level of the Company.

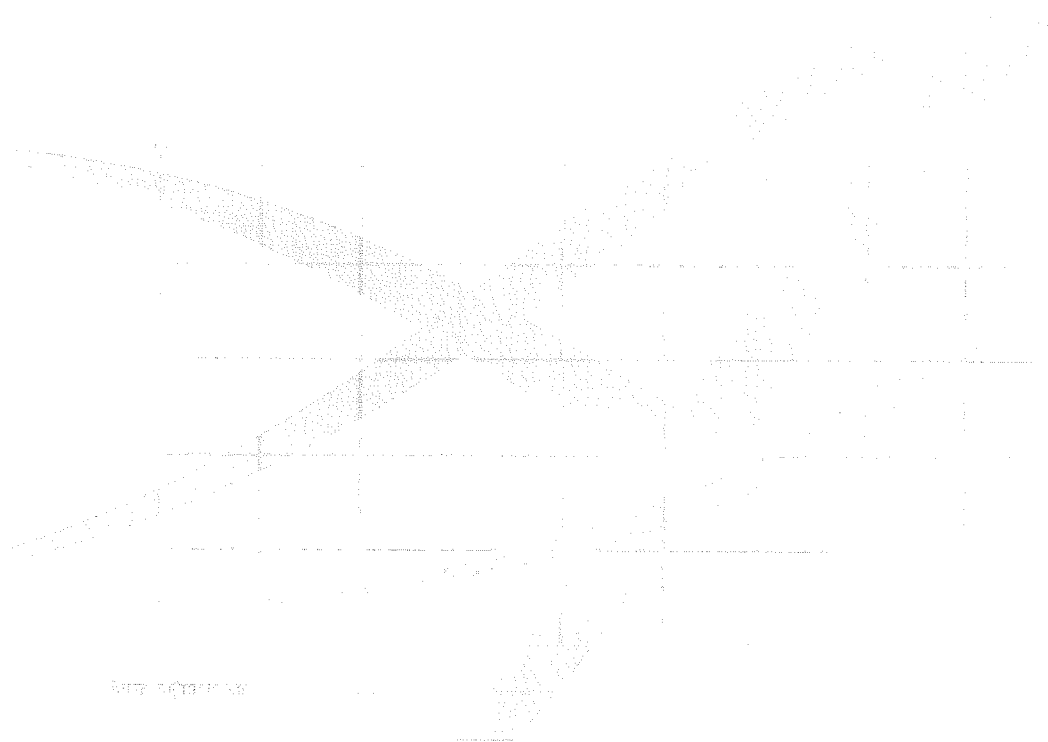
Total realised business revenue based on services provided by OU GH at ANT in the period IV-VI 2017 amount RSD 357,773,174 and participates with 15% in the realised business revenues of ANT for 2017.

Operating revenue in the period IV-VI 2017 is composed of:

- revenues from air services 65%,
- revenues from other services 14%,
- revenues from CCW services 12%
- revenues from passenger services make 9% of operating revenue.

Financial revenues are realised in the amount of RSD 69,007 for the period IV-VI 2017 and they mostly refer to realised exchange rate differences.

Other revenues are realised in the amount of RSD 1,205,100 for the period IV-VI 2017 and they refer to revenues from sale of secondary materials.



REVENUE PATTERN ANT/GH IV-VI 2017

S.No.	Type of service	Description	Realization ANT IV-VI 2017	Realization GH IV-VI 2017	INDEX
1	2	3	4	5	6 (5/4)
	Air services domestic carriers				
	614000+614004+614300+614302+614303+614304	Landing	49,421,163	0	0
	614010+614014+614310+614312+614313+614314	Lighting	13,109,907	0	0
	614030+614034+614330+614332+614333+614334	Handling	51,822,784	51,822,784	100
	614040+614042+614043+614044	Infrastructure	28,712,798	0	0
	614050	Air-bridges	6,918	692	10
	614020+614024+614320+614323+614324	Aircraft abode tax	1,561,084	0	0
I	Total air services (domestic carriers):		144,634,654	51,823,476	36
	Air services foreign carriers				
	615010+615011+615012+615013+615014	Landing	192,654,044	0	0
	615020+615021+615022+615023+615024	Handling	173,927,858	173,927,858	100
	615030+615031+615032+615033+615034	Lighting	14,910,434	0	0
	615040+615042+615043+615044	Infrastructure	125,873,550	0	0
	615060+615062	Air-bridges	55,172,347	5,517,235	10
	615000+615001+615002+615003+615004	Aircraft abode tax	8,031,359	0	0
II	Total air services (foreign carriers):		570,569,592	179,445,093	31
I+II	Total air services		715,204,246	231,268,569	32
	Passenger service				
	614400+614404 - domestic carriers - domestic traffic	Passenger service d.c./d.t.	872	0	0
	614181+614182+614183+614190(BRS and PRM)+614410+614412+614413+614414	Passenger service d.c./i.t.	331,563,775	14,248,396	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service for.car.	519,735,814	16,410,228	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fees	305,179,201	0	0
III	Total passenger service		1,156,479,662	30,658,623	3
I+II+III	Total air services and passenger service		1,871,683,908	261,927,192	14
	CCW services				
	612500+612510	CCW services dom. market	41,155,837	41,155,837	100
	613300 +613310 (foreign)	CCW services for. market	3,379,715	3,379,715	100
IV	Total CCW services		44,535,552	44,535,552	100
V	Total services in air traffic (I to IV):		1,916,219,460	306,462,744	16
	Other services				
1	614360+615100+615102	DCS services	4,845,758	4,845,758	100
2	614110+614112+614115+614116+614170+614173+614180+614391+615872+615877+615891+615892+615895	Special request - work order	43,204,584	40,115,723	93
3	614130+614131+615072+615071	VIP Lounge	1,967,143	0	0
4	614140+614142+615090+615092	CUTE (dom + for)	47,386,855	0	0
5	615080+614380	Lost and found	3,941,312	3,941,312	100
6	6146+615120+615400+615401	Public utilities	39,091,644	0	0
7	614820+615170	Catering ser. Business Club	725	0	0
8	614870+615810	Advertising space	18,224,874	0	0
9	614883	Commer.use of apron	15,258,668	0	0
10	614160+614164+615110+615114	Aircraft de-icing service	0	0	0
11	Other non-mentioned services dom + foreign		22,100,373	2,407,637	11
VI	Other services (1 to 11):		196,021,935	51,310,430	26
VII	Total 61 - Revenues from sale of services (V+VI)		2,112,241,395	357,773,174	17
	Revenues from sale of goods:				
VIII	60 - Revenues from sale of kerosene + goods		10,114,949	0	0
IX	Total (60+61) Revenues from sale (VII+VIII)		2,122,356,343	357,773,174	17
X	64 и 65 - Renting of office space		248,960,636	0	0
XI	BUSINESS REVENUES (IX+X)	60+61+62+64+65	2,371,316,979	357,773,174	15
XII	66 - FINANCIAL REVENUES		41,033,421	69,007	0
1	interest		25,690,354	0	0
2	exchange rate differences -realised		6,535,927	93,189	1
3	exchange rate differences -non-realised		8,807,140	-24,182	0
XIII	67 и 68 OTHER REVENUES		6,571,115	1,205,100	18
XIV	Total revenues (XI+XII+XIII)		2,418,921,515	359,047,281	15

5.2. EXPENDITURES OF OU GROUND-HANDLING

In the period I-VI 2017 **total expenditures** of GH were achieved in the amount of RSD 704,688,955, which represents 25% of realised expenditures of ANT on this bases for the relevant period of 2017.

Total realised business expenditures based on services provided by OU GH in ANT in the period I-VI 2017 amount RSD 701,734,026 and participate with 27% in the realised business expenditures of ANT for 2017.

Within the total expenditure, the largest share of 71% relates to expenditures realized based on expences of salaries, reimbursements and other personal expenditures, costs of material and energy are 13% within business expenditures, costs of amortization and provisions 9%, other business expenditures relate to intangible costs and costs of production services.

Financial expenditures are realised in the amount of RSD 1,103,534 for the period I-VI 2017 and they refer to negative exchange rate differences.

Other expenditures are realised in the amount of RSD 1,851,395 for the period I-VI 2017.



EXPENDITURE PATTERN ANT/GH I-VI 2017

Acc.	Account name	Realization ANT VI 2017	Realization GH I-VI 2017	Index
1	2	3	4	5 (4/3)
50	PURCHASE VALUE OF SOLD GOODS	14,258,842	0	0
501	PURCHASE VALUE OF SOLD GOODS	14,258,842	0	0
51	COSTS OF MATERIALS AND ENERGY	236,255,545	89,017,797	38
511	COSTS OF MATERIALS FOR PRODUCTION	75,410,681	44,270,978	59
512	COSTS OF OVERHEADS	11,373,936	1,562,765	14
513	COSTS OF FUEL AND ENERGY	140,474,624	41,869,308	30
514	COSTS OF SPARE PARTS	8,996,304	1,314,746	15
515	COSTS OF ONE-TIME WRITE-OFF OF TOOLS AND INVENTORY	0	0	0
52	SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES	1,505,234,859	498,356,055	33
520	SALARIES AND REIMBURSEMENTS-GROSS	853,790,528	268,917,223	31
521	TAXES AND CONTRIBUTIONS AT THE COST OF EMPLOYER	152,828,519	48,136,190	31
522	REIMBURSEMENT FOR SERVICE CONTRACTS-GROSS	207,889	0	0
524	COSTS OF REIMBURSEMENTS PER TEMPORARY AND OCCASIONAL JOBS-GROSS	316,160,712	132,740,507	42
525	REIMBURSEMENT FOR NATURAL PERSONS BY OTHER CONTRACTS-GROSS	0	0	0
526	REIMBURSEMENT TO DIRECTOR, I.E. MEMBERS OF MANAG. AND SUPERV. BODIES-GROSS	4,378,211	501,915	11
529	OTHER PERSONAL EXPENDITURES AND REIMBRSEMENTS	177,868,999	48,060,220	27
53	COSTS OF PRODUCTION SERVICES	203,742,589	18,531,729	9
531	COSTS OF TRANSPORTATION SERVICES	29,845,021	11,099,622	37
532	COSTS OF MAINTENANCE SERVICES	87,908,124	3,708,596	4
533	COSTS OF LEASE	17,513,882	537,432	3
535	COSTS OF ADVERTISING	48,281,804	0	0
539	COSTS OF OTHER SERVICES	20,193,757	3,186,079	16
54	COSTS OF AMORTIZATION AND RESERVES	371,768,581	66,111,849	18
540	COSTS OF AMORTISATION	366,398,581	66,111,849	18
544	RESERVES FOR RESTUCT.COSTS	0	0	0
545	RESERVES FOR REIMBURSEMENTS TO EMPLOYEES	0	0	0
549	OTHER LONG-TERM RESERVES	5,370,000	0	0
55	INTANGIBLE COSTS	244,597,210	29,716,595	12
550	COSTS OF NON-PRODUCTION SERVICES	157,836,477	17,230,446	11
551	COSTS OF REPRESENTATION	1,688,184	149,457	9
552	INSURANCE PREMIUMS	17,302,995	5,739,797	33
553	COSTS OF PAYMENT SYSTEM	2,953,361	245,069	8
554	COSTS OF MEMBERSHIPS	1,380,964	460,281	33
555	COSTS OF TAXES	40,217,925	3,322,242	8
559	OTHER INTANGIBLE COSTS	23,217,304	2,569,303	11
I	BUSINESS EXPENDITURES	2,575,857,627	701,734,026	27
56	FINANCIAL EXPENDITURES	164,202,502	1,103,534	1
562	INTEREST EXPENDITURES	19,001,114	0	0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	141,019,425	1,103,534	1
564	EXPENDITURE OF EXCHANGE CLAUSE RISK	4,181,963	0	0
II	FINANCIAL EXPENDITURES	164,202,502	1,103,534	1
57	OTHER EXPENDITURES	14,730,255	1,851,395	13
570	LOSSES BASED ON WRITE-OFFS AND SALE OF PROPERTY AND EQUIPMENT	2,571,612	1,034,228	40
571	LOSSES BASED ON WRITE-OFFS AND SALE OF BIOLOGICAL RESOURCES	80,000	0	0
574	LOSSES	581	0	0
575	CONTRACTED RISK PROTECTION NOT SHOWN AS REVALUATION RESERVE	0	0	0
576	DIRECT WRITE-OFF OF RECEIVABLES	0	0	0
577	DISPOSAL - REMOVAL FROM INVENTORY	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	12,078,062	817,167	7
58	EXPENDITURE ON IMPAIRMENT OF ASSETS	25,038,422	0	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0
583	IMPAIRMENT OF LONG-TERM FIN. INVESTMENTS AND OTHER SECURITES AVAILABLE FOR SALE	868,778	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-TERM FIN.INVESTMENTS	24,169,644	0	0
589	IMPAIRMENT OF OTHER ASSETS	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	856,910	0	0
591	EXPENDITURES OF PREVIOUS YEARS	856,910	0	0
III	OTHER EXPENDITURES (57+58+59)	40,625,587	1,851,395	5
	TOTAL EXPENDITURES	2,780,685,716	704,688,955	25

II quarter

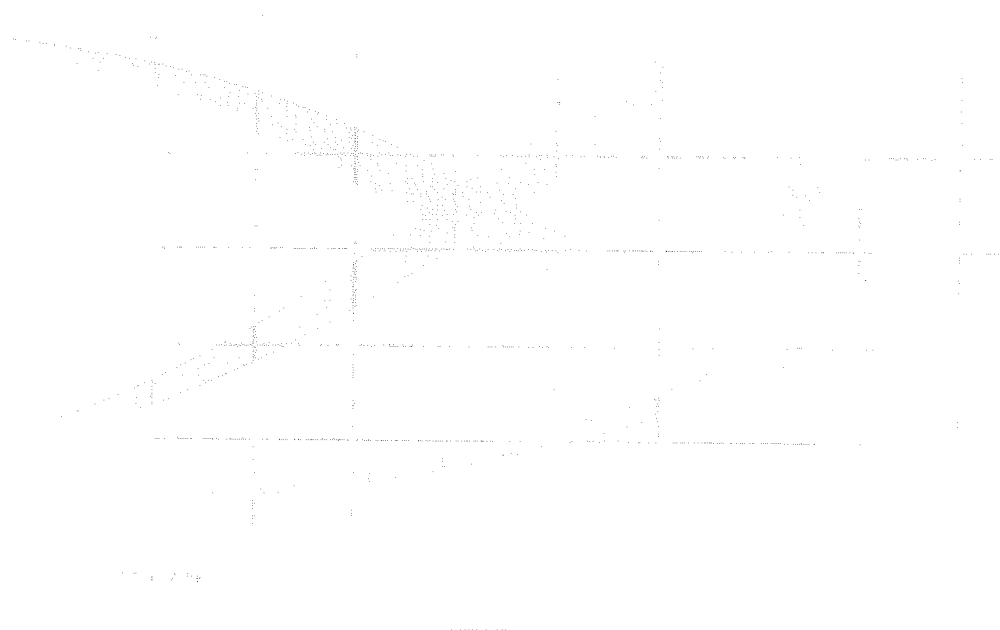
In the period IV-VI 2017 **total expenditures** of GH were achieved in the amount of RSD 329,037,435, which represents 24% of realised expenditures of ANT on this basis for the relevant period of 2017.

Total realised business expenditures based on services provided by OU GH in ANT in the period IV-VI 2017 amount RSD 326,570,390 and participate with 27% in the realised business expenditures of ANT for 2017.

Within the total expenditure, the largest share of 77% relates to expenditures realized based on expenses of salaries, reimbursements and other personal expenditures, than costs of amortization and provisions 9%, while costs of material and energy are 6% within business expenditures of UO GH, other business expenditures relate to intangible costs and costs of production services.

Financial expenditures are realised in the amount of RSD 1,103,534 for the period IV-VI 2017 and they refer to negative exchange rate differences.

Other expenditures are realised in the amount of RSD 1,408,570 for the period IV-VI 2017.



EXPENDITURE PATTERN ANT/GH IV-VI 2017

Acc.	Account name	Realization ANT I-VI 2017	Realization GH I-VI 2017	Index
1	2	3	4	5 (4/3)
60	PURCHASE VALUE OF SOLD GOODS	14,061,367	0	0
501	PURCHASE VALUE OF SOLD GOODS	14,051,367	0	0
61	COSTS OF MATERIALS AND ENERGY	79,120,665	20,254,991	26
511	COSTS OF MATERIALS FOR PRODUCTION	9,299,461	2,069,601	22
512	COSTS OF OVERHEADS	8,462,400	1,237,850	15
513	COSTS OF FUEL AND ENERGY	57,122,138	16,164,954	28
514	COSTS OF SPARE PARTS	4,236,666	782,586	18
515	COSTS OF ONE-TIME WRITE-OFF OF TOOLS AND INVENTORY	0	0	0
62	SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EXPENDITURES	744,579,107	262,631,684	34
520	SALARIES AND REIMBURSEMENTS-GROSS	419,286,656	131,387,329	31
521	TAXES AND CONTRIBUTIONS AT THE COST OF EMPLOYER	75,052,316	23,518,334	31
522	REIMBURSEMENT FOR SERVICE CONTRACTS-GROSS	111,389	0	0
524	COSTS OF REIMBURSEMENTS PER TEMPORARY AND OCCASIONAL JOBS-GROSS	161,006,576	73,830,735	46
525	REIMBURSEMENT FOR NATURAL PERSONS BY OTHER CONTRACTS-GROSS	0	0	0
526	REIMBURSEMENT TO DIRECTOR, I.E. MEMBERS OF MANAG. AND SUPERV. BODIES-GROSS	2,337,073	252,811	11
529	OTHER PERSONAL EXPENDITURES AND REIMBURSEMENTS	86,785,096	23,642,475	27
63	COSTS OF PRODUCTION SERVICES	97,774,766	9,043,039	9
531	COSTS OF TRANSPORTATION SERVICES	16,567,408	5,687,313	34
532	COSTS OF MAINTENANCE SERVICES	35,377,387	1,646,564	6
533	COSTS OF LEASE	6,309,941	137,662	2
535	COSTS OF ADVERTISING	28,990,969	0	0
539	COSTS OF OTHER SERVICES	10,529,062	1,571,500	15
64	COSTS OF AMORTIZATION AND RESERVES	136,782,971	28,389,237	21
540	COSTS OF AMORTISATION	131,412,971	28,389,237	22
544	RESERVES FOR RESTUCT.COSTS	0	0	0
545	RESERVES FOR REIMBURSEMENTS TO EMPLOYEES	0	0	0
549	OTHER LONG-TERM RESERVES	5,370,000	0	0
65	INTANGIBLE COSTS	132,393,748	16,251,440	12
550	COSTS OF NON-PRODUCTION SERVICES	89,460,632	8,956,478	10
551	COSTS OF REPRESENTATION	863,173	78,014	9
552	INSURANCE PREMIUMS	8,698,300	2,883,365	33
553	COSTS OF PAYMENT SYSTEM	1,545,472	218,314	14
554	COSTS OF MEMBERSHIPS	745,949	396,603	53
555	COSTS OF TAXES	20,086,460	2,325,236	12
559	OTHER INTANGIBLE COSTS	10,993,762	1,393,430	13
I	BUSINESS EXPENDITURES	1,204,702,624	326,570,390	27
66	FINANCIAL EXPENDITURES	145,156,840	1,058,475	1
562	INTEREST EXPENDITURES	10,136,281	0	0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	130,881,322	1,058,475	1
564	EXPENDITURE OF EXCHANGE CLAUSE RISK	4,139,238	0	0
II	FINANCIAL EXPENDITURES	145,156,840	1,058,475	1
67	OTHER EXPENDITURES	8,237,218	1,408,570	17
570	LOSSES BASED ON WRITE-OFFS AND SALE OF PROPERTY AND EQUIPMENT	2,571,612	1,034,228	40
571	LOSSES BASED ON WRITE-OFFS AND SALE OF BIOLOGICAL RESOURCES	80,000	0	0
574	LOSSES	0	0	0
575	CONTRACTED RISK PROTECTION NOT SHOWN AS REVALUATION RESERVE	0	0	0
576	DIRECT WRITE-OFF OF RECEIVABLES	0	0	0
577	DISPOSAL - REMOVAL FROM INVENTORY	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	5,585,606	374,342	7
68	EXPENDITURE ON IMPAIRMENT OF ASSETS	-119,650	0	0
582	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	0	0	0
583	IMPAIRMENT OF LONG-TERM FIN. INVESTMENTS AND OTHER SECURITIES AVAILABLE FOR SALE	868,778	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-TERM FIN.INVESTMENTS	-988,428	0	0
589	IMPAIRMENT OF OTHER ASSETS	0	0	0
69	EXPENDITURES OF PREVIOUS YEARS	765,113	0	0
591	EXPENDITURES OF PREVIOUS YEARS	765,113	0	0
III	OTHER EXPENDITURES (67+68+69)	8,882,681	1,408,570	16
	TOTAL EXPENDITURES	1,358,742,145	329,037,435	24

5.3. FINANCIAL RESULT OF OU GROUND HANDLING

From the above tables it can be concluded that for the period I-VI 2017 Ground Handling realized total revenues in the amount of RSD 776,479,188, total expenditures in the amount of RSD 704,688,955 which resulted in **gross profit** in the amount of RSD 71,790,233.

The generated gross profit of GH represents 4% of the total generated gross profit of ANT.

FINANCIAL RESULT ANT/GH I-VI 2017				
No.	Position	Achievement ANT I-VI 2017	Achievement GH I-VI 2017	Index
		I-VI 2017	I-VI 2017	I-VI 2017
1	2	3	4	5 (4/3)
1	Operating revenues	4,330,402,235	774,901,327	18
2	Operating expenditures	2,575,857,627	701,734,026	27
3	Business profit (1-2)	1,754,544,608	73,167,302	4
4	Financial revenues	78,994,498	350,597	0
5	Financial expenditures	164,202,502	1,103,534	1
6	Financial profit (4-5)			0
6a	Financial loss (5-4)	85,208,004	752,936	1
7	Other revenues	11,540,186	1,227,263	11
8	Other expenditures	40,625,587	1,851,395	5
9	Other profit (7-8)			
9a	Other loss (8-7)	29,085,401	624,132	2
10	Total revenues (1+4+7)	4,420,936,919	776,479,188	18
11	Total expenditures (2+5+8)	2,780,685,716	704,688,955	25
12	Total gross profit (10-11)	1,640,251,203	71,790,233	4
12a	Total gross loss (11-10)			
13	Period tax expenditure	215,646,608	10,768,535	5
14	Deferred period tax expenditure	37,373,428		0
15	Deferred income tax	0		0
16	Earnings paid by employer			
17	Net profit	1,387,231,167	61,021,698	4

OU Ground handling in the period I-VI 2017 achieved **net profit** in the amount of RSD 61,021,698, which is 4% of the generated net profit of ANT.

II quarter

From the above tables it can be concluded that for the period IV-VI 2017 Ground Handling realized total revenues in the amount of RSD 359.047.281, total expenditures in the amount of RSD 329.037.435 which resulted in **gross profit** in the amount of RSD 30.009.846.

The generated gross profit of GH represents 3% of the total generated gross profit of ANT.

FINANCIAL RESULT ANT/GH IV-VI 2017

No.	Position	Achievement I-VI 2016	Achievement I-VI 2016	Index
		IV-VI 2017	IV-VI 2017	IV-VI 2017
1	2	3	4	5 (4/3)
1	Operating revenues	2,371,316,979	357,773,174	15
2	Operating expenditures	1,204,702,624	326,570,390	27
3	Business profit (1-2)	1,166,614,355	31,202,784	3
4	Financial revenues	41,033,421	69,007	0
5	Financial expenditures	145,156,840	1,058,475	1
6	Financial profit (4-5)			0
6a	Financial loss (5-4)	104,123,419	989,468	1
7	Other revenues	6,571,115	1,205,100	18
8	Other expenditures	8,882,681	1,408,570	16
9	Other profit (7-8)			
9a	Other loss (8-7)	2,311,566	203,470	9
10	Total revenues (1+4+7)	2,418,921,515	359,047,281	15
11	Total expenditures (2+5+8)	1,358,742,145	329,037,435	24
12	Total gross profit (10-11)	1,060,179,371	30,009,846	3
12a	Total gross loss (11-10)			
13	Period tax expenditure	143,141,348	4,501,477	3
14	Deferred period tax expenditure	37,373,428		0
15	Deferred income tax	0		0
16	Earnings paid by employer			
17	Net profit	879,664,595	25,508,369	3

OU Ground handling in the period IV-VI 2017 achieved **net profit** in the amount of RSD 25,508,369, which is 3% of the generated net profit of ANT.

6. INFORMATION ON INVESTMENTS FOR PROTECTION OF ENVIRONMENT

Joint Stock Company Belgrade Nikola Tesla Airport is actively involved in solving the problems of environmental pollution and raising the environmental awareness of all employees and other persons ANT has direct and indirect contact with.

7. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES IN THE PERIOD I-VI 2017

By its Decision no. 952-02-859/2011 dated 23/03/2017 the Republic Geodetic Authority, Real Estate Cadaster office Surcin adopted the request for amendment of the list of real estates no. 2348 CM Surcin, by registration of coholders right on cadastral parcel no. 3739/1 of the area 161 ha 20a 90m² in such manner that it is registered with share of 727/1612090 of "Airport Catering" d.o.o. Belgrade, Belgrade-Surcin, address Airport Belgrade 59, register number 20047976 as holder of rights on private property. By the same Decision it is registered with share of 1611363/1612090 JSC Airport Nikola Tesla Belgrade, Belgrade-Surcin, address Airport Belgrade 59, register number 07036540 as a holder of the right of use at state property of the Republic of Serbia.

On 27/04/2017, the Republic Geodetic Authority, Real Estate Cadaster Office Surcin adopted a decision, by which it allowed entry of title of JSC Airport Nikola Tesla Belgrade to facilities for which the conditions for entry of title are fulfilled and which are placed on the cadaster lot 3739/1. The basis for acquiring title to the stated facilities are conclusions of the Republic of Serbia 05 number 023-6625/2016 dated 27/07/2016 and 05 number 023-10559/2016 dated 09/11/2016 by which an approval was given to enter JSC Airport Nikola Tesla Belgrade as holder of property title to 27 facilities. By amendments of the Statute of JSC Airport Nikola Tesla Belgrade, dated 13/04/2017 the article 8, which regulates property and core capital of the Company, is amended with the provision that adds entitlement to 27 relevant facilities to the core capital of the Company.

On 28/06/2017, the Republic Geodetic Authority, Real Estate Cadaster Office Surcin adopted a decision, by which it allowed entry of title of JSC Airport Nikola Tesla Belgrade to the land, i.e. cadastral lots registered in the property list no. 2348 KO Surcin. The basis for acquiring title to the stated land is the conclusion of the Republic of Serbia on granting ownership of the land 05 number 464-4116/2017 dated 11/05/2017. Furthermore, by the mentioned decision of RGA, Real Estate Cadaster Office Surcin, entry of change of land type on cadastral lots registered in the property list no. 2348 KO Surcin is allowed, so that the land type is changed from land in agricultural area into land in construction area. Moreover, by the mentioned decision of RGA, Real Estate Cadaster Office Surcin entry of title of JSC Airport Nikola Tesla Belgrade to the traffic facility - access road, to the facility airport runway and to the facility Parking of area 1 ha, 22 a 33 m² in the part 4633/12233 is allowed.

Aircraft de-icing and anti-icing apron

- **Purpose:** The investment in subject includes construction of the aircraft de-icing and anti-icing apron, together with accompanying installations and facilities. JSC Airport Nikola Tesla Belgrade financed apron construction, whose value is over RSD 557 million, from its own profit.

The area of the constructed apron is about 21.000 m², whereof 16.500 m² is for aircraft movement,

- **Status:** Works on the apron construction has been finished. The apron has been used since January 6, 2017, following announcement of appropriate aviation information, based on previously performed technical inspection and obtained certificate of the Civil Aviation Directorate of the Republic of Serbia. Услед поплаве појавили су се мањи технички проблеми који се тренутно решавају са уговореним осигурањем.

Reconstruction of the existing hot water system and construction of a new branch of the system

- **Purpose:** The existing hot water net system in the part from the restaurant for employees to the substation in the facility of the Terminal building 2 is older than 25 year and partly goes under the terminal building. From the point of security it is not a good solution that hot water system goes under a building, because in case of leakage safety of the object would be endangered and access to the leakage point would be difficult. For that reason, and due to the age of the installation, it was necessary to move the hot water system which goes under the Terminal 1 and under connecting part between Terminal 1 and Terminal 2.

By installation of pre-insulated pipes loss of heat is decreased, as well as loss of hot water (which was also achieved by construction of a new main branch of hot water system from the boiler house to the restaurant for employees. Furthermore, for the planned construction of the C finger hall, as well as for the aircraft de-icing and anti-icing apron, it was necessary to construct a new branch of the hot water system (from the connection for Terminal 2), considering that the capacity of the substation for Terminal 2 is fully used.

- **Status:** Works on reconstruction of the existing hot water system and construction of a new branch of the system have been finished. Exploitation permit has been obtained for the performed works. Until now no irregularities have been noticed in the operation of the hot water system.

Arrangement of the central hall of the Terminal 1

- **Purpose:** For the purpose of commercialisation of the space in the Terminal building 1 it is necessary to carry out the works on arrangement of that space. By arrangement of the space in subject we will make a new, more modern and more representative space, which will be easily and efficiently used for commercial purposes.
- **Status:** The works on the arrangement of the central hall were completed on March 15, 2017 and the facility was put into operation immediately after the completion of the works.

Adaptation of passenger check-in facility

- **Purpose:** Due to increased number of passengers, a greater number of check-in counters for departing passengers is needed. Increase of the registration capacity has the purpose of unobstructed traffic in peak hours and higher standard of comfort for departing passengers.

Adaptation of the existing facilities at the ground floor of Terminal 1 and reconfiguration and increase of capacity for passenger and baggage check-in are planned to free the existing check-in counters in Terminal 1 and Terminal 2 from work overload.

Apart from the indicated, it is provided to arrange the facility for passenger and baggage check-in in the hall and the baggage conveyor system and facilities in the sorting room of the Terminal 1.

The concept of facility arrangement is adjusted to temporary trends of arrangement of passenger terminals and it will encompass most modern solutions from this field in aviation industry.

- **Status:** Works are underway and it is expected to be finished during the second half of 2017.

The works were contracted based on conducted public procurement procedure and the Contract was concluded on 22/12/2016 with a group of tenderers Energoprojekt Industrija and WD Concord West. Dynamics of the works in subject are in the accordance with technological processes of the Airport Nikola Tesla and in line with the dynamics of performance of other works. Island 500 (part of adapted passenger check-in hall) is put into operation.

Procurement of the Visual Docking Guidance System

- **Purpose:** By installation of the system on the parking positions A6-A10 the aircraft handling system will be completed and improved on all contact positions. Procurement and installation of the Visual Docking Guidance System enables technical assistance to a pilot during aircraft parking, whereby safety level in realisation of critical operation is increased and the time of engagement of active employees and of the equipment is decreased (Marshallers and Follow me vehicles). Also time of parking operations is decreased.

Apart from basic information shown to aircraft crew by the system, such as parking position mark, position of the aircraft in relation to the centre line/stop bar on the parking position and speed of the aircraft entering a position, there is also an option of systemic display of certain information relevant for persons employed in Operation centre of the Airport. Those information mainly refer to restrictions in terms of aircraft parking on neighbouring positions, if the system does not catch irregularities automatically, whereby security level is increased and possibility of fault due to human factor is diminished.

- **Status:** Following conducted public procurement procedure, the Public procurement contract for the Visual Docking Guidance System is awarded to a group of tenderers Elgra Vision and MC Corona.
The equipment for visual docking guidance is installed. Final testing of the system, verification of expertise of users and process of obtaining approval for regular usage from CAD are in progress.
Based on the results of the internally conducted tests, the equipment supplier has received remarks and the final removal of the observed defects is expected. The system is still not in commercial use.

Enforcement of floor construction

- **Purpose:** In the departing sorting area at the ground level of the Terminal 2 according to new security regulations it is planned to place a new X-ray screener whose mass is over 8000kg. As the existing floor construction cannot support described concentrated load it is necessary to additionally enforce the construction.
- **Status:** Public procurement procedure had been performed and on 01/11/2016 the contract was concluded with a group of tenderers WD Concord West, Masinoprojekt Koprings, Dabicom and Interfast; the group of tenderers commence the works on 13/12/2016.
Realisation of the first phase of work performance - enforcement of the construction in the basement of the Terminal 2 has been finished, and the next phase and finalisation of works - in the departing sorting room are planned for the second half of 2017, a period following start-up of new passenger check-in counters, baggage handling system and the sorting room of the Terminal 1.

Drawing out of Detailed regulation plan

- **Purpose:** The plans currently in effect, based on which it is possible to plan new contents, buildings and infrastructure at the airport complex dates back to 1989. Up to now the Airport Nikola Tesla has utilised most of its capacities provided by these plans and its development in accordance with current trends in aviation is disabled and it cannot make appropriate infrastructural improvements which should accompany significant increase in air movements and number of handled passengers and goods.
- **Status:** The contract for the preparation of planning documents was concluded on May 31, 2016 with the Urban Planning Institute of Belgrade. On 18.07.2016 The City Assembly passed the Decision on the elaboration of a detailed regulation plan for the ANT complex. The drafting of the plan is in progress. The development of the concept of development, which is the basis of the Draft, is dynamically dependent on the dynamics of the implementation of the process of selection of the ANT Concessionaire. All parties (UZB, VRS, ANT) are familiar with the conditionality of these two processes and the possible delays in the development of the DRP are communicated.

The Airport Nikola Tesla Capacity Assessment Study

- **Purpose:** The study should indicate necessary technological and technical capacities of the airport infrastructure, operating technology and capacity utilisation during peak traffic. For that purpose, service provider should carry out comprehensive monitoring of airport processes and necessary analysis of collected data. Following the analysis, service provider should indicate in the Study existing capacities which could be utilised more efficiently in accordance with international standards and recommendations, and weak points in airport processes with suggestions for their melioration, as well as conclusions on further development of airport capacities and on traffic forecasts.
- **Status:** The procedure of public procurement has been carried out and on 08/08/2016 the Contract was concluded with EGIS d.o.o from Belgrade and EGIS AVIA from France. Deadline for the study is 180 days. Pursuant to the contracted deadline, during March 2017 the final report of the Capacity Assessment Study of the Airport Nikola Tesla was submitted, alongside the accompanying final documentations.

The study received all the necessary internal approvals and, in with June conclusive, EGIS was paid the full value of the contract.

Container facilities for employees

- **Purpose:** In order to relocate users of the facilities in the area of reconstruction and additional construction works on finger hall A in the part from A6 to A10, it is necessary to provide new facilities for their accommodation. Users of the facilities in subject, apart from accommodation facilities also need parking places and places for their equipment. For this purpose a space in wider area between D staff access, a traffic apron and the building of the Post office, at the place of the existing temporary facility - "Barracks in wire". At this area a plateau for parking of vehicles and storing of equipment in security-restrictive area will be formed, a mounting container facility for employees will be constructed, and a space for car parking and a plateau for the mounting container with business facilities in the public area will be arranged.
- **Status:** Drawing out of the technical documentation and performance of works have been contracted in the public procurement procedure with a consortium RAS inzenjering and the Highway Institute. The concept design has been made and a request for issuing of a decision on construction certificate has been submitted to the Ministry of construction, traffic and infrastructure.

The contractor began the process of fencing construction sites.

The procedure for obtaining the construction permit is in the final stage.

Arrangement of the parking lot P10

- **Purpose:** The existing car parking - P10 (parking next to the "Red building") need to be rearranged to relocate taxi parking, and in order to free the existing location for other contents, as well as in line with increased demand for parking capacities at the ANT complex. The existing area comprises of 3950 m² with road constriction in bad condition with visible damages/cracks. Rearrangement works will divide the existing car parking into two independent functional parking lots of total surface of 3950 m². The parking lot of around 1850 m² should be used for employees (74 parking places) and the lot of about 2100 m² should be used for taxi vehicles (84 parking places). Access to each of the lots will be controlled by an appropriate access control system, connected to automatic ramps.
- **Status:**
 - **Technical documentation:** The contract for development of technical documentation was concluded on May 11, 2017 with Geoput. The designer submitted the preliminary design of the Project execution. The expected deadline for submission of the complete technical documentation is August 2017.
 - **Performance of works:** After development of technical documentation, the execution of works will start. Expected deadline for performance of works is the last quarter of the current year.

New boiler house

- **Purpose:** The existing boiler house supplies heating to the facilities at the Airport Nikola Tesla complex and it was built more than 40 years ago. The boiler house has capacity of 47,9 MW and the huge part of it is not utilised, as the boiler TPK-20 MW has not been in order for years. The boilers have been subject to maintenance works of different level for a few times and their working parameters were decreased, which indicates low driving reliability of the boilers. Due to deterioration of the boilers, equipment and other devices, frequent failures during heating season are encountered. As we need to connect new users to the existing heating system it is necessary to reconstruct and improvement of the system or to built a new energy block.
- **Status:** For the purpose of drawing out of the necessary technical documentation the public procurement procedure has been carried out and on 09/11/2016 the contract for drawing out of the technical documentation for construction of a new boiler house was concluded with the tenderer Kolssing. Adjustment of the selected conceptual design with the suggestions received from the Ministry of construction, traffic and engineering is in progress, in order to obtain location requirements for construction of an additional facility and decision on construction certificate for reconstruction of the facility in accordance with regulations and based on technical documentation. Preparation of modification of technical documentation by the designer is in progress, in order to apply again for the location conditions for the reconstruction of the boiler room.

Legalisation of facilities

- **Purpose:** For certain number of facilities at Belgrade Nikola Tesla Airport documentation in relation to property status is unsatisfactory despite a course of actions taken in a previous longer period of the time. In line with the valid regulations and in order to overcome existing situations in this area, legalisation procedures have been commenced for the unsatisfactory documentation. Total area of 11 building constructions for legalisation is 4.700 m² (de-icing garage, fire-fighters' garage, auxiliary buildings, locksmith workshop, fire water supply reservoir P-264, a facility - aircraft handling drivers, crematory building, kennels for dogs, a building for technical maintenance, the heating facility, the restaurant "Borik"). Total area of 8 civil engineering facilities for legalisation is 57.150 m² (roads, parking in front of the terminal building, parking in front of the barrack for technical maintenance, parking no. 9 in front of the barrack, Parking T-2, Parking P4, Parking P7, Parking P8, Parking P10).
- **Status:** Upon the filed request, the Ministry of construction, traffic and infrastructure addressed us with a request to submit documentation necessary for legalisation procedure, to prove fulfilment of pre-conditions in legalisation procedure for the facilities in subject;
JSC Airport Nikola Tesla Belgrade filed a plead for extension of the deadline for submission of the necessary documentation to the Ministry until the public procurement procedure is realised and the procurement for the service of drawing out of documentation necessary for legalisation is provided.
The public procurement procedure for service of making the Report on the existing condition of the building in purpose of legalisation, as a part of necessary documentation. The Report on the existing condition should include 19 facilities built without permit for construction at the airport complex (11 building constructions and 8 civil engineering facilities).

Procurement Services of landline telephony, mobile telephony and Internet

- **Purpose:** Procurement of services of landline telephony, mobile telephony and Internet services includes procurement of these telecommunication services for the period until December 2018. Without telecommunication and internet services the operative and business processes at the airport could not work. Considering that all services are based on Internet services and that telecommunication services, which include landline and mobile telephony, are exceptionally important for airport operations, signing of these new contracts for the said services provides continued, unimpeded airport operations.
- Contracted values:
 - Contracted values for the services of landline telephony is 14,000,000.00, service provider is Telekom Srbija.
 - Contracted values for the services of mobile telephony is 14,800,000.00, service provider is VIP Mobile.
 - Contracted values for the Internet services is 12.000.000,00, service provider is Telekom Srbija.

Implementation of reporting, analysis and analytical system

- **Purpose:** JSC Belgrade Nikola Tesla Airport has a large number of information systems, both standard and those specific to airport operations. Individually, all these solutions have their role in business processes, collect data, process them, store them, add value to them, generate information, generate reports and indicators that are used in day-to-day operations and decision-making.

In every organization that has a large number of data storages (databases), there is a need for an "umbrella" solution that will integrate the relevant data in one place, thus creating a new database from which the reports will be generated, analyzing and analyzing the complete blood picture of the company and be the basis for business management decision-making.

By implementing the reporting, analysis and analytical system, the airport can achieve numerous advantages when it comes to better resource planning and eventual change or introduction of new processes that can lead to cost savings and revenue increases. By monitoring the key performance indicators (KPIs) provided by the system, the necessary information is provided for process optimization, planning and decision making based on real and timely information within individual organizational units and management.

Opening of tenders for this public procurement was conducted on July 17, 2017, and the process of expert evaluation of tenders is in progress.

Procurement Equipment for passenger and baggage self check-in

- **Purpose:** IATA StB initiative (*FAST TRAVEL PROGRAM, Simplifying the Business, IATA*) is aiming to enable service users self check-in per individual travel phases. The subject of the procurement is equipment for passenger and baggage self check-in in accordance with IATA StB initiative and within the indicated procurement of applicative software, service of system implementation, support and maintenance.

The equipment and software for passenger self check-in - *Common Use Self Service (CUSS)* represents information platform which enables using of common infrastructure, i.e. CUSS counter, to which several different applications of air-carriers can be implemented for passenger self check-in.

The equipment and software Self Service Bag Drop (SSBD) represents information platform which enables passengers to automatically checks-in their baggage and drop it at the counters with this service.

Apart from the previous, this procurement shall provide forming of hybrid counters, i.e. counters with the option of standard passenger and baggage check-in and the option of *Self Service Bag Drop* depending on current/seasonal needs.

In accordance to an initiative of Air Serbia made in line with its needs, the Airport planned the subject public procurement and thus continued the process of implementation of self-servicing.

Preparation of Tender documentation for the procurement Equipment for passenger and baggage self check-in is in progress.

Procurement of Enterprise Resource Planning system (ERP)

- **Purpose:** Enterprise Resource Planning system (ERP) represents a platform of integrated applications which provides integration and optimisation of operating processes.

The basic purpose of the ERP system is to facilitate information flow between all operating functions in the organisation, as well as with external associates and business partners.

Future information system should completely integrate operating processes, eliminate manual processes and introduce automatic control at all fields of application.

The procurement includes procurement of licences of applicative software, service of analysis of business processes, implementation and adjustment of the system to the operational needs of the airport, as well as service of preventive and corrective system maintenance upon system launching.

Introduction of the new Enterprise Resource Planning system will significantly contribute to development and improvement of information technology of the airport and provide simple and efficient integration with other information systems directly used in operational processes of the airport (specific airport systems and other business systems)

The implementation of the SAP enterprise-information system is in progress, and the agreed deadline for the implementation of the last phase of the implementation project is 560 days (December 2018).

- Value: RSD 145,253,602.00, VAT excluded
- Provider: A group of tenderers with *S&T Serbia doo* as a group leader, per contract no. UJNV-28/2017 dated 27/04/2017

Lease, agreements and contracts with air carriers

1. On **02/02/2017** the Request for disclosure of information, submission of data and documentation to the Commission for protection of competition of the Republic of Serbia for individual exemption of the Lease contract (revised text) no. 14-61/2016 dated 20/12/2016 with the Lessee Dufry, which is concluded based on a decision of the Supervisory Board as the most significant commercial contract of Airport Nikola Tesla Belgrade, which come into effect on the day of obtaining of Decision of the Commission for protection of competition and it will be implemented on the first day of the month following the Decision of the Commission. Up to the date of obtaining of the Decision of the Commission, the Basic Agreement remains entirely effective with application of all of its provisions. In the new agreement the airport diminished obligations and liabilities related to guarantees in the agreement, as well as areas dedicated for operations of the lessee-Dufry, but it increased revenues. The Lease Agreement (revised text), no.14-61/2016 dated 20/12/2016 provides consequences in case the Commission for protection of competition does not approve exemption. The request has been filed together with the lessee-Dufry.

2. On **10/02/2017** the Public invitation for the granting of a concession for the financing, development through the construction and reconstruction, maintenance and management of the infrastructure of JSC Airport Nikola Tesla Belgrade and the performance of the activity of airport operator was published. The public invitation was published in the Official Gazette of RS no. 09/2017 on 10/02/2017.
Thus the procedure for granting concession of JSC Airport Nikola Tesla Belgrade was launched.
3. On **16/02/2017** air carrier "Isr Air" commenced air traffic on its scheduled flight Belgrade – Tel Aviv, twice to three times per week, operated with Airbus A320.
4. On **01/03/2017** the Stimulation plan came into force, including the following reliefs for the companies fulfilling prescribed conditions: introduction of new scheduled lines (short-haul and long-haul traffic) and volume base reliefs (reliefs for frequency increase, reliefs for increase of departing passengers number, reliefs for increase of transfer passengers number, reliefs for total departing passengers number, reliefs for airlines with based aircraft or aircrafts with night abode.
Introduction of the Stimulation plan has a purpose to increase attractiveness of the airport as a regional hub, its transparency and competitiveness.
The Stimulation Plan is applied to all airport users which increase air-traffic volume at Belgrade Nikola Tesla Airport, initiate public air-transportation on a new scheduled flight, annually increase either number of flights or number of passengers.
5. On **02/03/2017** Israel air carrier "Arkia" commenced air traffic on its scheduled flight Belgrade – Tel Aviv, mostly twice a week, operated with Embraer 90.
6. On **15/03/2017** first daily flights of the Turkish air-carrier Atlasglobal on the route Belgrade - Istanbul commenced. The flights are operated with A320/A321 aircrafts. This air-carrier operates on this route as code-share partner with the domestic air-carrier Air Serbia and it operates seven times a week.
7. On **16/03/2017** a part of the debt upon executive judgement was charged from the company "AS Catering" RSD 4.473.777,26 (the principal debt with interest and costs of enforcement before the Court) while the other part was charged on 21/04/2017 in the amount of RSD 34.299.839,58 (the principal debt with interest and costs of enforcement before the Court).
8. On **04/04/2017** the low-cost company "Transavia" launched its flights from Belgrade to Amsterdam. The company operates Boeing 737 on its three flights per week.
9. On **27/04/2017** the Agreement on repayment of a debt with the Company Jat Technica which regulates debt of this company based on rendered services which are the subject of legal action before the Commercial Court in Belgrade, with the exemption of the debt based on access to and use of service roads and auxiliary service roads at Airport Nikola Tesla Belgrade as well as the Agreement on repayment of a debt with the Company Jat Technica which regulates debt of this company based on final judgement i.e. court decision on enforcement of the Commercial Court.

10. After the visit of representatives of the Chinese airline "Hainan airlines", which was realized in the period from 13th to 16th June 2017, negotiations on the signing of the SGHA Agreement began. The negotiations are still ongoing, and the company starts with flights from September 15, 2017 and as their agent for ground handling, the company chose ANT.
11. On 06/30/2017 we received a letter from the Ministry of Health No. 530-01-266 / 2017-10 of June 27, 2017 in connection with the request for extending the deadline for the implementation of the second phase of the Pilot Project "Testing User Satisfaction at the ANT Complex", by which the Ministry informs us that they believe that the Project should continue in the next two years.
12. Application for the use of Incentive Plan are submitted by the following airlines:
 „Air Serbia“, „Wizzair“, „LOT“, „Transavia“.
 Company „Air Serbia“ submitted application for the use of Incentive Plan (No.1) for introduction of the new regular (scheduled) route.
 Company „Wizzair“ submitted application for the use of Incentive Plan (No. 1) for introduction of a new scheduled flight, (No. 2) incentive for introduction of frequencies, (No. 3) for the increased number of departing passengers, (No. 5) total number of departing passengers and (No. 6) for air carriers with based aircraft(s) for night abode at ANT
 „LOT“ airline submitted application for the use of Incentive Plan (No. 2) for increase of frequency and (No. 3) for the increased number of departing passengers.
 Company „Transavia“ submitted application for the use of Incentive Plan (No. 2) for increase of frequency.

Training of employees in the Employees Training Centre

Staff who indirectly affects the safety of air traffic must be trained in a Training Centre authorized by DCA and must have certificates of training (Article 187 of the Air Traffic Law ("Official Gazette of RS" nos.73/2010, 57/2011 and 93/2012). In accordance with the stated, the Employees Training Centre is authorised by DCA for training of employees performing the following experts' jobs:

1. aircraft, passenger and cargo handling on the airport;
2. fire-rescuing;
3. transport of dangerous goods in air traffic;
4. safety control of surfaces for aircraft maneuvering, of airport facilities and installations;
5. Aircraft fuel supply
6. Training of aircraft staff on air traffic security

Under staff performing aircraft, passenger and cargo handling the following staff is considered:

1. Traffic coordinator (**Airport duty manager**);
2. (Traffic dispatcher (**traffic dispatcher and Flight coordinator**);
3. (**ramp dispatcher**);
4. controller of ground handling operations (**aircraft, passenger and cargo handling supervisor, inspector of final check of aircraft de-icing/anti-icing, cargo loading worker in Cargo Warehouse**);
5. aircraft balancer;
6. airport equipment operator (**driver and operator of tugging equipment, airport escalators, cargo loaders, water cisterns, aircraft toilet servicing vehicles, de-icing/anti-icing vehicles, air bridges, passenger shuttle buses, passenger and staff van etc.**);
7. generator operator (**operator of Air Ground Power Units**);
8. marshaller (**driver of Follow me vehicle, operator of ground communication with aircraft**);
9. host or hostess at the airport (**ground stewards/stewardess, passenger and baggage check-in agents, passenger and baggage supervisors**).

Number of trained persons in the period 01/01/2017 – 30/06/2017:

	ANT	third persons
Steward/-ess (level 1)	40	8
Traffic coordinator		2
Ground handling controller (category 1)		5
Ground handling controller (category 3)	29	
Aircraft balancer;		4
Marshaller (level 1)	2	6
Airport equipment operator (level 1)	37	21
Generator operator		13
Foreman of the sorting area	4	
Foreman of cargo transshipment	21	
Transport worker - transshipment of cargo on aircraft	20	
Transport worker in sorting area	13	
Cargo loading worker in Cargo Warehouse	1	
Worker on acceptance and dispatch of check-in baggage, mail and goods at the Airport	25	
Winter maintenance service	1	

Under staff performing fire-rescue operations the following are considered:

1. Commander;
2. Professional fire-rescuer (**fire-rescue unit and fire prevention section**);
3. support staff (**primarily employed on other duties**);
4. Instructor (**practical training instructors**).

Number of trained persons in the period 01/01/2017 – 30/06/2017:

	ANT	third persons
Support staff	9	
Support staff - practice	48	
Fire-rescuer	69	

Under employees performing transport of dangerous goods in air traffic the following is considered:

1. Category 1 staff - a sender or a person undertaking senders liability;
2. Category 2 staff - staff preparing parcels with dangerous materials;
3. Category 3 staff - staff processing dangerous materials;
4. Category 4 staff - staff processing cargo and mail (excluding dangerous materials);
5. Category 5 staff - staff performing handling and warehousing of cargo and mail;
6. Category 6 staff - staff performing **reception of dangerous materials**;
7. Category 7 staff - staff performing reception of cargo and mail (excluding dangerous materials);
8. Category 8 staff - staff performing **handling of cargo and mail and baggage**;
9. Category 9 staff - staff performing passenger handling (**ground steward-ess, passenger and baggage check-in, passenger and baggage registration supervisors**);
10. Category 10 staff - **aircraft balances and aircraft handling supervisor**
11. Category 12 staff - staff performing **passenger, baggage, cargo and mail X-screening**.

Number of trained persons in the period 01/01/2017 – 30/06/2017:

	ANT	third persons
Transport of dangerous goods in air traffic, cat. 7	6	
Transport of dangerous goods in air traffic, cat. 10	13	6
Transport of dangerous goods in air traffic, cat. 9	15	2
Transport of dangerous goods in air traffic, cat. 5 and 8	137	19
Transport of dangerous goods in air traffic, cat. 8	3	
Transport of dangerous goods in air traffic, cat. 12/ module 19	318	

Under staff performing safety control of maneuvering area, aircraft facilities and installations is considered **Maneuvering areas, airport facilities and installations safety controller**.

Under staff performing aircraft fuel supply operations the following are considered:

1. Loader (**cistern driver and fuel operator**);
2. support operator;
3. Storekeeper (**fuel storekeeper**).

Number of trained persons in the period 01/01/2017 – 30/06/2017:

	ANT	third persons
Storekeeper	-	-
Loader	-	-

Under staff performing security screening at the airport the following staff categories are considered:

1. State body staff at the airport;
2. Persons other than passengers, allowed to move without company in SRA or have access to critical facilities, infrastructure and systems;
3. Persons performing X-screening of persons;
4. Persons performing X-screening of hand baggage and other items that checked persons carry;
5. Persons performing X-screening of hold baggage;
6. Persons performing X-screening of cargo and mail;
7. Persons performing X-screening of mail and materials of air-carriers, in-flight supplies and airport supplies;
8. Persons performing security check of vehicles;
9. Persons performing control of access to the airport, surveillance and patrols;
10. Persons performing aircraft protection;
11. Persons performing passenger and baggage reconciliation;

12. Persons performing security control of cargo and mail, by methods other than X-ray screening or have access to cargo and mail identified for air transport;
13. Persons performing security control of mail and materials of air-carriers, in-flight supplies and airport supplies by methods other than X-ray screening.
14. Supervisor;
15. Head officers of security affairs;
16. Instructors;
17. Staff responsible for response to emergency situations.

Training certificate for employees performing X-ray screening is issued for the following categories:

- Persons performing security check of vehicles;
- Persons performing access control, surveillance and patrols;
- Persons performing X-screening of people;
- Persons performing X-screening of hand baggage and other items that checked persons have with;
- Persons performing X-screening of hold baggage;
- Persons performing X-screening of cargo and mail;
- Persons performing X-screening of mail and materials of air-carriers, in-flight supplies and airport supplies;

For other staff who, in line with the National aviation security programme, must be undergone appropriate security training the training certificate are issued.

Number of trained persons in the period 01/01/2017 – 30/06/2017:

	ANT	third persons
Security awareness training	147	1
Модул 3- Основна обука за обављање контроле обезбеђивања	58	
Модул 4- Преглед обезбеђивања лица	46	
Модул 10- Контрола приступа, надгледање и патроле	25	

Apart from the listed trainings prescribed by the national regulations the Employee training centre also performs a great number of **internal trainings** prescribed by internal training programmes (in line with international *ICAO* and *IATA* standards) according to employment needs of the airport and requests of air-carriers. Furthermore, it is necessary to notice that these trainings are not organised in any other existing training centre in our country, while their rendering through foreign training centres is above all very expensive and their implementation is arguable (our trainings are real working conditions and position-driven). Internal trainings which are performed within the Employee Training Centre in AD Airport Nikola Tesla Belgrade;

- ✓ Foreman of cargo transshipment
- ✓ Foreman of the sorting area
- ✓ Transport worker - cargo transshipment into aircraft / baggage sorting / transshipment in CCW.

Beside the listed trainings, all persons performing jobs within SRA (employees and persons engaged in ANT, as well as third persons) must be undergone the training on Aviation security:

1. Basics of air traffic safety;
2. Independent operation of vehicle/equipment in SRA 1;
3. Independent operation of vehicle/equipment in SRA 2;

Number of trained persons in the period 01/01/2017 – 30/06/2017:

	ANT	third persons
Basics of air traffic safety;	331	5
Independent operation of vehicle/equipment in SRA 1	7	
Independent operation of vehicle/equipment in SRA 2	72	25

In accordance with the Law on Air Traffic, training of employees at the airport is carried out, which closer area is monitoring and suppression of the presence of birds and other animals.

Number of trained persons in the period 01/01/2017 – 30/06/2017:

	ANT	third persons
Worker on suppression of birds and animals at the airport		2

In accordance with the Law on obligations and the basics of property relations in air transport, the staff directly working with persons with disabilities has finished training on equality of persons with disabilities and awareness on disabilities.

Number of trained persons in the period 01/01/2017 – 30/06/2017:

	ANT
Training on equality of persons with disabilities and awareness on disabilities	127

In accordance with the Law on air traffic, the Centre for professional development is subject to inspection and audits of the Civil Aviation Directorate.

The Centre for professional development is also subject to external audits of air-carriers.

Number of inspections/audits in the period 01/01/2017 – 30/06/2017:

	CAD	Companies
Inspections	2	9

The Centre for professional development also organizes pupils visits for primary, secondary schools, as well as professional visits of the pupils of the Aviation Academy and students of the Faculty of transport and traffic engineering.

Number of visits in the period 01/01/2017 – 30/06/2017:

	Schools	Faculty of transport and traffic engineering
Visits	7	1

Analysis, planning and development of human resources

In the period from 01/01/2017 until 30/06/2017, within analysis, planning and development of human resources and OU Human resources (in line with changes in organization, i.e. the new Rule book on internal organization and systematization of work positions in JSC BNTA, no. 32-115/1 dated 31/05/2016), there were organized and realised the following:

- 26 internal recruitments and selections, during which 183 candidates were invited for an interview, and selected 74 candidates for training and redeployment;
- 43 external recruitments and selections, during which 247 candidates were invited for an interview, and selected 163 candidates for training and redeployment.

Table review of internal selection for the period from 01/01/2017 until 30/06/2017

Internal advertisement	Applicants
Operator of airport equipment, cat II	20
Expert associate for safety and health at work	5
Manager of basic maintenance	5
Associate of technical support	12
Driver of the equipment for hygiene	8
Storekeeper	5
Coordinator of passenger and baggage check-in	2
Supervisor of passenger and baggage check-in, cat. 2	7
Worker on maintenance of building construction, cat I	1
Driver on baggage delivery outside of the airport complex	10
Foreman of the sorting area	5
Business secretary in OU Technics	10
Driver on passenger transportation	8
Driver on baggage delivery within the airport complex	4
Fire-fighter - rescuer	83
Brigadier on maintenance of construction building	1
Auxiliary worker for announcement of information through a public address system	2
Driver on baggage delivery within the airport complex	2
Operator Assistant	1
Sorting area coordinator	6
Assistant foreman of the sorting area	2
Worker on maintenance in civil engineering	1
Worker on technical maintenance of the facilities	1
Automation technician on maintenance of technolog. equipment	3
Mechanic on maintenance of technolog. equipment	1
Assistant electrician	4

Table review of external selection for the period from 01/01/2017 until 30/06/2017

Date of selection	Selection for positions	Number of recruited candidates	Number of selected candidates
18/01/2017	Ground stewardess	2	2
18/01/2017	Transportation worker	1	1
18/01/2017	Operator of ambulance	1	1
30/01/2017	Transportation worker	11	6
06/02/2017	Transportation worker	2	2
07/02/2017	Ground stewardess	1	1
20/02/2017	Ground stewardess	1	1
20/02/2017	X-ray screener	1	1
24/02/2017	X-ray screener	1	1
24/02/2017	Transportation worker	1	1
07/03/2017	X-ray screener	1	1
02/03/2017	Electronics engineer	10	0
03/03/2017	Car electrician	7	1
06/03/2017	Transportation worker	17	11
06/03/2017	Transportation worker	12	11
08/03/2017	Transportation worker	6	4
09/03/2017	Ground stewardess	2	2
09/03/2017	X-ray screener	19	19
14/03/2017	Electrician	1	1
14/03/2017	Worker on winter maintenance in civil engineering	1	1
17/03/2017	X-ray screener	3	1
21/03/2017	Transportation worker	21	21
22/03/2017	Transportation worker	16	16
30/03/2017	Ground stewardess	1	1
30/03/2017	X-ray screener	2	2
31/03/2017	X-ray screener	1	1
10/04/2017	Cleaning jobs	4	4
05/05/2017	Transportation worker	22	15
08/05/2017	Transportation worker	23	15
08/05/2017	Transportation worker	2	2
17/05/2017	Cleaning jobs	2	/
26/05/2017	Transportation worker	10	6
29/05/2017	Hostess at the airport	2	2
29/05/2017	Transportation worker	2	2
30/05/2017	Transportation worker	1	1
02/06/2017	Transportation worker	11	11
14/06/2017	Transportation worker	1	1
19/06/2017	Hostess at the airport	3	2
21/06/2017	Transportation worker	1	1
26/06/2017	Transportation worker	12	11

26/06/2017	Hostess at the airport	1	1
26/06/2017	Cleaning jobs	3	3
29/06/2017	Transportation worker	1	1

Labour relations and personal evidention

The Committee giving approval for new employment and further engagement with the users of public funds gave its approval by the Conclusions no. 112-11145/2016 dated December 13, 2016, 51 number 112-12436/2016-1 dated December 28, 2016 and the Conclusion 51 number 112-1628/2017 dated February 23, 2017 to AD Airport Nikola Tesla Belgrade to employ for an indefinite period of time totally 600 employees, whose employment for a definite period of 24 months must have been cancelled due to expiry of the employment term, defined in the statutory maximum term of 24 months.

We would like to remark that by signing the contracts for an indefinite term the employment status of long time employees of the Airport was finally solved.

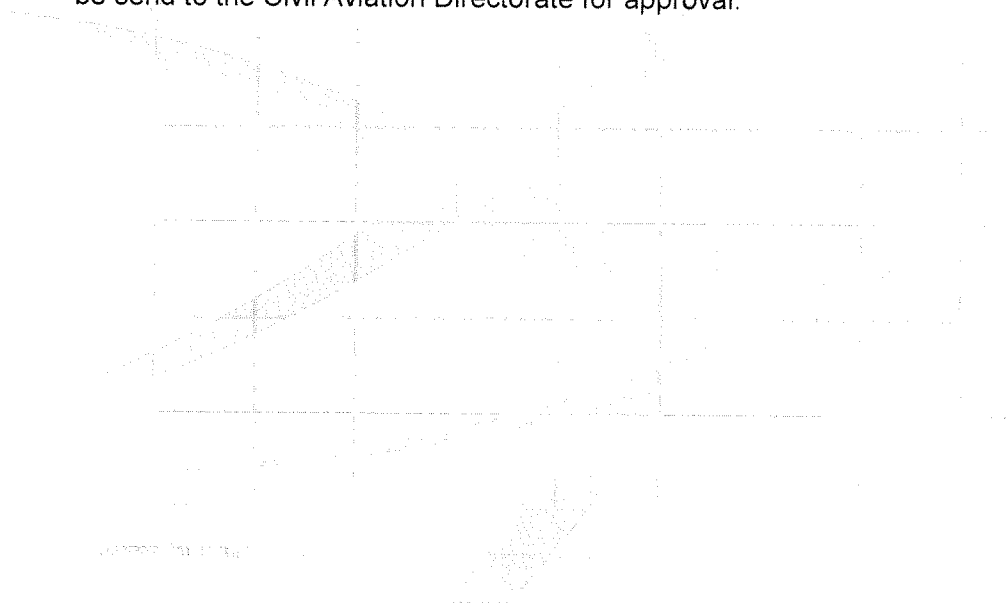
Safety and health at work

	previous	periodical	Total
Enabling employees for security and health at work at employment and at movement to other positions.	20	763	783
Organizing previous, periodic and targeted medical examinations for employees	232	585	817
Training for operating, keeping and maintaining of scaffolds			30
First aid training for employees			200
Injuries at work: report on injury at work, application to the competent Inspection, the Republic Institute for Health Insurance and the PIO Fund and the BZNR Administration, event research and corrective measures.			11
Measurement and examination of conditions of working environment: microclimate, lighting, noise, aerosols, gasses and evaporation			159
Inspection and testing of equipment for work			6

Inspection and testing of high voltage protective means			16
Publishing of texts for the Bulletin on activities OU Work safety and protection in the Company.			7
Remarks and irregularities: Taking corrective measures in purpose of elimination of irregularities and prevention of further remarks			53
Making instructions for safe and healthy work			6
Construction site visits during construction works. Filling out a checklist, monitoring construction works and controlling the application of safety at work measures.			8
Signing of the Agreement on mutual cooperation and implementation of safety and health at work measures between Air Serbia and ANT			1
Filling content in FP cabinets.			35 locations

Investment "Draw out of executive design for runway end safety area (RESA)"

- **Purpose:** The purpose of drawing out of the Technical documentation is construction of runway end safety area in front of the threshold of 12th runways of Airport Nikola Tesla Belgrade.
- **Status:** The public procurement is conducted according the procurement plan from the year of 2015. The contract for service provision is signed with the Institute for roads jsc Belgrade. Contract value is RSD 1,500,000.00. The technical documentation is made and delivered to the Purchaser, whereby the contract is executed. Preparation of security documentation (risk analysis for performance of works) is in progress and it will be send to the Civil Aviation Directorate for approval.



Investment "Performance of works on rehabilitation of the sorting area in T1"

- **Purpose:** Due to procurement of a new transportation system it is necessary to adapt the facilities of the old sorting area, which will functionally comply with the new system. The procurement plan involves change of the floor surface and, if needed, construction reinforcing.
- **Status:** The contract for work performance is signed with PC Inzenjering d.o.o. and Termomont d.o.o. from Belgrade. The Contract value is RSD 24,942,474.60, VAT excluding for a turn-key project. The works were finished on 02/03/2017. The Minutes on works handover is signed on 06/04/2017. The warranty period of five (5) years for the works in subject has been counted since this date.

Investment "Rehabilitation of plants for fuel storage and decanting"

- **Purpose:** Based on the project of the existing state and suggested measures for rehabilitation of the fuel tank, works on rehabilitation of plants for fuel storage and decanting at Airport Nikola Tesla Belgrade are planned. The works are necessary to obtain exploitation permit.
- **Status:** The public procurement according to the Procurement plan from the year of 2016 is terminated. The same public procurement is planned in the Procurement plan for the year of 2017. The Public procurement is launched according to the decision on investment adopted by the Supervisory board. Tender documentation is under preparation.

Investment "Draw out of investment-technical documentation for analysis of reconstruction and construction of maneuvering surfaces at the Airport Nikola Tesla Belgrade"

- **Purpose:** Drawing out of the documentation includes analysing variant solutions for improvement of the condition of road surface construction of the runway. Proposed variant solutions depend on adopted project period (either 5 or 25 years) and on solution of road surface construction (flexible, inflexible or combined). Analysing, apart from the road surface construction, include traffic analyses, costs and gains analyses and risk management analyses. Based on results of the analyses a decision on further strategy of maintenance of the existing runway will be adopted.
- **Status:** The public procurement is conducted according the procurement plan from the year of 2015. Following tender opening session, the documentation has been reviewed and a decision on contract award has been made. One of the tenderers filed a claim for protection of Tenderer's rights. The claim was rejected by the Commission for protection of rights. The most favourable tender rejected to sign the contract submitted by ANT. The Public procurement commission is preparing documentation for further operations.

Investment "Draw out of project documentation with technical control for rehabilitation and fixing up of pedestrian underground passage between arrival part of the Terminal 2 and the parking"

- **Purpose:** Passengers and people who are welcoming passenger intensively use the pedestrian passage between the terminal building 2 and the parking. Arranging of the passage with advertising space in line with modern trends and technical solutions is planned
- **Status:** The contract is concluded with the service provider "KEJ" d.o.o. Belgrade. Contract value is RSD 348,000.00. The technical documentation has been made and delivered to the Purchaser. The Purchaser agreed with the delivered documentation, whereby the contract is executed.

Investment "Draw out of technical documentation with technical control of reconstruction of the fence around perimeter"

- **Purpose:** The final phase of works on rehabilitation of the existing fence alongside the whole perimeter of the Airport for the purpose of increase of security level and adjustment of the characteristics of the fence with new regulations.
- **Status:** The contract on drawing out of technical documentation is signed with the Tenderer "EUROZNAK" d.o.o. Belgrade. The contract value is RSD 162,000.00, excluding VAT. The technical documentation has been delivered to the Purchaser. The Purchaser agreed with the delivered documentation, whereby the contract is executed.

Investment "Rehabilitation of the roof of the reservoir P8"

- **Purpose:** The reservoir P8 is the hugest fuel tank for jet fuel at the airport, of the total volume of 500m³. Due to deterioration of material the tank cover truss and cover plate buckled. The procurement "Rehabilitation of the roof of the reservoir P8" includes drawing out of technical documentation (main design and as-built documentation) and performance of works on change of the complete tank roof - complete bearing structure and plate roof cover.
- **Status:** The public procurement according to the Procurement plan from the year of 2016 is terminated. The same public procurement is planned in the Procurement plan for the year of 2017. The public procurement was launched based on a decision on approved investment approved by the Director General. Tender documentation is under preparation.

Investment "Construction of a fence around perimeter, Phase 4"

- **Purpose:** Continued works on change of the existing fence alongside the whole perimeter of the Airport for the purpose of increase of security level and adjustment of the characteristics of the fence with new regulations. With this, fourth phase changing of the old fence alongside the whole perimeter of the Airport Nikola Tesla would be finished.

- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment has been approved by a decision of the Supervisory Board. Tender documentation has been published. Tender opening session was scheduled for 14/03/2017. The submitted tenders exceeded the planned budget. The procedure was cancelled. A new position in the plan.

Investment "Chiller for server room"

- **Purpose:** The server room currently has air-conditioning system with one chiller as a primer air-conditioning system and two split units installed as a support in case of failure of the primer system. Procurement of another chiller enhances reliability level of air-conditioning system. Parallel connection is made between two chillers, so in case of failure of one of them, the other takes over operating function.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment has been approved by a decision of the Supervisory Board. Tender documentation is under preparation.

Investment "Changing of the fence on parking areas P5, P6, P7 and the fence around power transformer station 35/10"

- **Purpose:** For the purpose of uniformising of appearance of the fence and improvement of functionality of the parking change of the fence is intended. Newly installed fence will improve appearance of the access road to terminal buildings from Novi Beograd and Surcin.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment has been approved by a decision of the Supervisory Board. Tender opening session was carried out on 20/01/2017. One of the tenderers filed a claim for protection of Tenderer's rights. The Commission for protection of Tenderer's rights has given a guidance for additional consultation with competent bodies. A request has been sent to the Institute for standardisation for construing of compatibility of requested and submitted quality standards of cathodic protection of the fence. The procedure was cancelled. It is planned to repeat the procedure.

Investment "Performance of work on rehabilitation of the roof and on change of the drainage system of the outdoor seating area of the restaurant Borik"

- **Purpose:** Due to the problem in use of the building (roof leakage and water-lodged seating area) the works on replacement of the roof cover and drainage system in the outdoor seating area are planned. As the facility is under lease, the works are supposed to be finished in the period when outdoor are is not in use.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment has been approved by a decision of the Supervisory Board. Tender documentation has been prepared and sent for approval.

Investment "Replacement of access control doors"

- **Purpose:** The procurement provides replacement of the doors for control of access to all waiting rooms at the Airport Nikola Tesla, for the purpose of enhancing security measures.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment is approved by a decision of the Director General. This procurement provides replacement of the doors at gate accesses, which will enable implementation of card access control. Design elaboration for access control doors is under preparation and the initiator of this procurement is OU ITT. Specification for replacement of the doors will be done based on the project solution.

Investment "Toilet adaptation"

- **Purpose:** The toilet in the transit area by the Dufry coffee bar (by A1 waiting room) is one of the mostly used toilets at the airport. This toilet also has a shower. Currently, there is an additional space before the toilet. The entrance is next to the Dufry coffee bar. Provided that the change of appearance and position of the Free shop, coffee bars and other shops in the vicinity is envisaged, the toilet adaptation is planned. The adaptation includes change of the entrance (entrance from the transit corridor C) and change of the interior design of the toilet.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment has been approved by a decision of the Supervisory Board. Project task with variant solutions has been prepared. Procurement process is completed and selected contractor BAUWESEN d.o.o. from Lazarevac. The Contractor is introduced into the business on 28.06.2017 and realization of contract is in progress.

Investment "Replacement of inner branch of stormwater sewage in T2"

- **Purpose:** During the reconstruction of the Terminal building 2, a branch of storm water sewage, placed in the dropped ceiling of the central part of the terminal building, was not replaced. In the course of time, material deteriorated and storm water started leaking. Replacement of the inner branch is planned.
- **Status:** The public procurement is planned according the Rebalancing procurement plan for the year of 2016. Investment is approved by a decision of the Director General. Tender documentation is under preparation.

Investment "Replacement of air-conditioners in air-bridges"

- **Purpose:** The existing TEAM air-conditioners in air-bridges have been in use since 2006. According to technical specification for this type of devices their lifespan has expired. Due to technological obsolescence their efficiency is on much lower level than of the modern generation of this type of air-conditioners. This procurement provides replacement of 10 air-conditioners on 5 air-bridges.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement has been launched.

Investment "Machine for maintenance of installation branch"

- **Purpose:** Procurement of two devices/machines is planned. a machine for maintenance and cleaning of sewage in the buildings and a machine for compacting unbound layers with vibratory plate. These machines are necessary for regular and quality work of maintenance services.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement has been launched.

Investment "Provision of equipment for facilities of state bodies at the airport"

- **Purpose:** Within fixing up of spaces for state bodies in the Terminal building 1, adaptation of the facilities with architectural and construction works, as well as installation works has been finished. It is planned to equip it with build-in furniture and equipment, movable furniture and equipment and small wares. Equipped facility will form a unique functional complex responding to user's needs and which will aesthetically and qualitatively comply with representation of the Airport Nikola Tesla in the best manner.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement has been launched. Procurement process is completed and selected contractor EUROSALON FABRIKA d.o.o. from Belgrade. Realisation is underway.

Investment "Draw out of technical documentation for the existing infrastructure systems"

- **Purpose:** During the regular maintenance of the existing infrastructure systems, it is ascertained that some parts of the equipment and installation must be replaced and that replacement cannot be considered as regular maintenance. For the purpose of quality view of the scope of works and finding adequate problem solution, we planned drawing out of technical documentation with work-out in detail. Based on the technical documentation works and replacement of equipment will be planned in line with bill of quantities and estimates. The aim is enhancement of the existing systems. Draw out of technical documentation is planned for replacement of deteriorated equipment and installations in substations at the airport complex.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Director General. The public procurement has been launched.

Investment "Draw out of technical documentation for rehabilitation and fixing up certain spaces and areas in facilities on Nikola Tesla Airport"

- **Purpose:** Based on the pre-existing conditions of certain spaces and areas, as well as ascertained defects, frequent interventions for ongoing maintenance, necessity arose for works of grater scope, which surpass ongoing maintenance and are included in investment maintenance in line with applicable laws and regulations. The aim is to provide undisturbed functioning of these facilities in accordance to their purpose, as well as equipping the facilities on a higher and more modern level, in order to enhance the

level of services provided to passengers and users of airport building. Drawing out of technical documentation for rehabilitation of the bomb-shelter, for fixing up of economy passage and rehabilitation of the part of the roof of the terminal building is planned.

- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Supervisory Board. The public procurement has been launched.

Investment "Construction of temporary fence around Airport property"

- **Purpose:** The land that was purchased in the period between 2006 and 2008 for the purpose of expansion of the Airport, was vested in property in December 2016. The total area is little above 51ha. Temporary fencing is planned to disable unauthorised access to and use of the parcels.
- **Status:** The public procurement is planned in the procurement plan for the year of 2017. Investment is approved by a decision of the Supervisory Board. The public procurement has been launched. Tender documentation is under preparation.

Investment "Segment doors of the sorting area"

- **Purpose:** The procurement has been conducted and the most favourable tenderer has been selected. The contract is signed on 29/02/2017, under no. UJNM 9/2017 with the company HOUSEMATIC DOO Belgrade in the amount of RSD 1.842.500,00, excluding VAT. Replacement of industrial door of the sorting rooms-total 4 doors is planned by the procurement. Replacement is carried out due to deterioration of the doors and due to necessity to work in special conditions in the sorting room of the terminal 1.
- **Status:** Realised. For requirements of carrying out regular technological processes new doors are put into operation in June 2017.

Investment "System of remote surveillance of power transformer station"

- **Purpose:** For the purpose of increase of reliability and security of power supply of the consumers at the airport complex, it is necessary to collect and present all key information from power transformer stations at the airport complex at one place, i.e. to introduce a system of remote surveillance and management of power transformer stations from one place, where status of the system of power transformer stations will be monitored constantly by a duty shift electrician. For the reliable work of the system timely information and reactions to disruptions in power transformer station, meaning monitoring and control from one place, are highly important. For that purpose, introduction of the system for surveillance and management of power transformer stations from duty power centre, in the Electro-service.
- **Status:** The Public procurement is launched according to the decision on investment adopted by the Supervisory board. Public tender opening session was carried out on 10/10/2016.

The procurement contract was awarded to the Institute Mihajlo Pupin from Belgrade. Contract value, including VAT is RSD 14,958,740.00. Project realisation is in process.

Investment "Service of adaptation of public lighting"

- **Purpose:** In order to enhance lighting and decrease electric energy consumption at the airport complex, it is necessary to adapt a part of public lighting, entrance road to the parking for the police and rent-a-car agencies in front of Terminal 2, parking in front of connecting part and Terminal 1 (used by rent-a-car agency) and entrance road from the city (gate of the building of the new regional control SMATSA) to Terminal 1.
- **Status:** Realised.
The Public procurement is launched according to the decision on investment adopted by the Supervisory board. Public tender opening session was carried out on 06/10/2016.
The contract is signed with the tenderer MANES DOO from Topola on 14/12/2016 and the value of the contract excluding VAT is RSD 6,091,500.00. Works are finished, lighting in use since 19.04.2017.

Investment "Replacement of DG4 with UPS and diesel generator"

- **Purpose:** Provision of reliable and safe work of critical consumers who are supplied from power transformer station TERMINAL 2
- **Status:** Realised.
Public procurement procedure is conducted. Public procurement contract is signed with a group of tenderers VITREUM DOO, Belgrade, TEHNIOUNION-EXIM, Sremska Kamenica and TEHNOLINK DOO, Cenej on 09/06/2016. Contract value, including VAT is RSD 113,061,600.00. Works and putting into operation carried out on 21.04.2017.

Investment "Machine for maintenance of the system of lighting and marking"

- **Purpose:** Procurement of dedicated machines for performance on road construction for maintenance of the system of lighting and marking.
- **Status:** Realisation is in process.
Public procurement is divided into the following lots: Lot 1 – Concrete cutting machine and Lot 2 – Asphalt crack-filling machine. The decision on awarding the contract was made on June 16, 2017; it is expected to sign a contract for the procurement of goods.

Investment "Service of implementation of the system for remote monitoring and control of consumption of de-icing liquid"

- **Purpose:** Implementation of the Data Transmission System (DTS) with integrated data collection, processing and distribution. The system provides simplified principle of operation recording with enhanced level of service security and quality

Status: The Public procurement is launched according to the decision on investment adopted by the Supervisory board. The public procurement was commenced and published on the web site on 04/04/2016. Tender opening session was carried out on 15/05/2016. The contract was signed with VESTERGAARD COMPANY A/S, DK-4000 Roskilde, Denmark, in the amount of EUR 64,000.00 excluding VAT. The contract was filed into the Airport archive under the number UJNV-63/2017 on July 19, 2017.

The physical implementation of the equipment according to the said contract should be completed by September 30 of the current year.

Investment "Baggage conveyor system"

- **Purpose:** It assumes procurement of conveyor systems on the location - connecting part between T1 and T2 and T1, provision of baggage check-in counters, baggage carousels, conveyors, baggage screening devices and central monitoring and management systems. It also assumes installation/de-installation works, adjustment and putting into action through phases.

- **Status:** Realisation is in process.

The public procurement was commenced and published on the web site on 04/04/2016. Tender opening session was carried out on 10/05/2016. The contract is signed with a group of tenderers PREMAR SERVICES AG, Zug, Switzerland and PROFLUSS GmbH, Leichlingen, Germany in the amount of EUR 6.299.985,50, excluding VAT. The Contract is recorded in the Archive of the Airport on 15/06/2016.

By the decision of the Director of Civil Aviation, the use of the first and the second phase of the realization of island 400, island 500 is approved.

Investment "Procurement of passenger vehicles for apron"

- **Purpose:** Passenger cars used to support aircraft handling jobs, apron management jobs and operational sectors for maintenance of Airport Nikola Tesla. The aim of this project is procurement of passenger cars which will be used on maneuvering areas of the airport.
- **Status:** The Public procurement is launched according to the decision on investment adopted by the Supervisory board.

Investment "Machines and special means and vehicles for maintenance of maneuvering surfaces"

- **Purpose:** The purpose of this project is to improve the existing technology in the field of maintenance of maneuvering surfaces and technological equipment, through the procurement of dedicated and special means, machinery and equipment to support the

maintenance of maneuvering surfaces in regular conditions, as well as maintenance of equipment in technological processes of ground handling.

- **Status:** Preparation phase for the implementation of procurement in progress. The public procurement is planned in the procurement plan for the year 2017. The decision of the Supervisory Board DG 907/2017 on March 16, 2017 approved investment. Procedure for preparing the documentation for the implementation of the procurement in progress.

7.1. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES AFTER THE PERIOD I-VI 2017

The Republic Geodetic Authority, the Surcin County Property Cadastre, passed on 19.07.2017 Decision allowing registration of ownership rights in favor of JSC Belgrade Nikola Tesla Airport on real estate in the real estate list No. 452 KO Surčin, on the cadastral lot 4109/1, a field of the 2nd class of 2638 m², and on the cadastral lot 4109/2, a field of the 2nd class, with an area of 8599 m².

Project of land allotment and reallocation at the airport complex

- **Status:** Drafting of allotment/reallocation project is under way on the basis of a contract with the "ABA Geodetic House", which was concluded following the conducted public procurement procedure.

The Service Provider prepared preliminary proposals that are considered in the ANT and will be coordinated with other entities at the Airport Complex.

Geodetic surveys are underway to update the state of geodetic documentation.

Legalisation of facilities

- **Status:** Contract concluded with Energoprojekt Industrija (Contract No. UJNV - 61/2017 dated 11.07.2017) for the preparation of the necessary documentation for the legalization of the facilities. Realisation of the Contract is in process.

Procurement of information system for integration of services at the application level

• **Purpose:** The intended procurement involves a set of information solutions and tools designed to support business, ie solutions that will provide IT support to ultimate business processes, which involve the exchange of information between multiple heterogeneous information systems, and direct human interaction with business processes. The purpose of the subject acquisition is to integrate all heterogeneous application environments into a single system, in order to automate the process, as well as faster forwarding, ie exchange of information and services.

The complexity of the application environment and the demands for increasing availability and availability of critical services have highlighted the need for diverse applications to integrate with the aim of automating process and forwarding, or exchange of information. The need for integration exists from internal corporate services, to applications that are related to the basic function that the Airport performs in the transport of passengers in air traffic. The project should provide a framework for the integration of the application environment of the Airport Services.

The goal of the decision is to eliminate manual activity, wherever possible, as well as consolidate and integrate all relevant business process-related data into a single centralized platform, which will be the main point for monitoring, control and optimization of the processes. The integration of heterogeneous information systems, implemented in different technologies and with different interfaces, is the basic task and goal of the mentioned procurement, which will rely on the existing information infrastructure and the implementation of the business process logic with the established communications of all participating information systems. The process platform of the envisaged system, besides providing the environment for the execution of the process, envisions a set of new tools for designing and testing integration and process, then for monitoring key processes and later optimization of the process, thus closing the complete circle of business process management.

Delivery of the hardware platform was on July 17, 2017, and the first steps in the implementation of the system will start within 30 days.

On 17.07.2017 the Commission for the Protection of Competition was submitted an amendment to the individual exemption request No. 4/0-03-192/2017-1 dated February 2, 2017. The change was made by the Lessee "Dufry", it was registered under the number 5270/17 dated 17.07.2017, and the registered number of JSC Belgrade Nikola Tesla Airport is GD-3876/2017 of 17.07.2017.

Analysis, planning and development of human resources

In the period after 30/06/2017 until today there were five internal advertisements and two external selections published in the field of analysis, planning and development of human resources at Airport Nikola Tesla Belgrade.

Table review of internal selections after 30/06/2017

Internal advertisement	Applicants
Assistant foreman of the sorting area	3
Driver on baggage delivery within the airport complex	11
Warehouse equipment operator	5
Auxiliary worker - cleaning	/
Worker for maintenance of sewer installations	1

Table review of external selections after 30/06/2017

Date of selection	Selection for positions	Number of recruited candidates	Number of selected candidates
04/07/2017	X-ray screener	1	1
12/07/2017	Hostess of the airport	6	6

Procurement of Container for employees and parking booth

- **Purpose:** The purpose of purchasing a container / parking booth is to improve the quality of service within the OU Logistics and OU Securities.

The subject of investment are following goods that serve the following purposes:

- Parking booths for accommodation of employees in open parking lots ANT (P10, P8, P7, P5 / 6, P3 and P9) for the needs of the OU Logistics;
- Containers for the installation of complete equipment for the removal of aircraft, with the possibility of transporting them through low-floor trailers, for the needs of the OU Security;
- Containers for the storage of spare parts for EDS sorting area and gates, for the needs of OU Security.

At the moment there are parking booths placed on the parking lots P8, P7 and P9 temporarily. They are worn out and do not comply with legal regulations, according to which the employer is obliged to provide the employee with a workplace where the measures for safe and healthy work are implemented.

The parking positions P10, P5 / 6 and P3 are not covered by parking booths, and given that parking P3 is already in commercial use, as well as the plan to introduce the parking lots P10 and P5 / 6 for commercial use, the purchase of parking booths allows employees / collectors have their place in parking positions, where they could provide support to customers.

For the needs of the OU Security, containers are purchased for the accommodation of complete equipment for the removal of aircraft, with the possibility of transporting them through low-floor trailers, while the aforementioned equipment is located in various transport boxes that have arrived from the supplier and which are intended only for transportation to the customer and after opening they do not have their functionality and are, as such, unsafe for further use and transport.

The aforementioned equipment has a logical order of packing and matching with other equipment, depending on the situation, and by unification, it facilitates the transport and use of the same.

Also, there is a need for containers for the storage of spare parts for the EDS (explosive detection system) - sorting area and gates, and for the needs of OU Security. At present, the X-ray screening control has about 40 X-ray devices, about 40 walk-through metal detectors, 20 explosive detection detectors, 5 liquid explosive detectors and a lot of accompanying equipment. All this equipment requires maintenance, replacement of spare parts as well as stock of new spare parts.

X-ray screening control currently has only one warehouse in the Terminal 2 sorting area, a useful area of about 10 square meters, which is insufficient for the foregoing.

The subject procurement improves the quality of business for the mentioned segments within OU Logistics and Security.

Tender opening session for procurement of Containers for employees and parking booths was completed on 24/07/2017 and drawing up of the Report on experts' assessment of tenders is in progress.

Trainings of employees in the field of security X-ray screening

In accordance with regulations from aviation security field Airport Nikola Tesla Belgrade is obliged to perform training on aviation security, i.e. ensure appropriate initial, periodic and

additional training. Persons must successfully pass the relevant training before they got authorised to independently perform security controls.

The trainings are carried out according to a curriculum approved by the Civil Aviation Directorate of the Republic of Serbia.

Implementation of training for operators of the X-ray screening sector continued in May 2017, organized by the Center for Vocational Training of Belgrade Nikola Tesla Airport, as follows:

- Training for persons performing X-ray screening of passengers and non-travelers
- Training of persons performing X-ray screening of hand baggage, hold baggage and cargo and mail.
- Training of persons performing X-ray screening of passengers, persons other than passengers and items they carry with them.

Organised tenders:

X-ray screening devices per lots

Lot 1: X-ray screening devices for items carried by persons other than passengers 60X40 2is, (3 pieces),

Lot 2: X-ray device three pieces:

- one with the tunnel opening of 180X180 2ис,
- one with the tunnel opening of 145X180 2ис,
- one with the tunnel opening of 130X130 2ис.

The contract is concluded with the company Jugoscan d.o.o. for both lots. Delivered in June 2017.

X-ray screeners using millimetric waves

The contract is concluded with the company Centum d.o.o. Delivered in May 2017.

Liquid explosives detectors

The contract is concluded with the company Security Company Kobra d.o.o. Delivered in July 2017.

Walk-through metal detector

The contract is concluded with the company Jugoscan d.o.o. Delivered in May 2017.

Explosive trace detectors

The contract is concluded with the company Analysis d.o.o. Delivery was in April 2017.

Detector of prohibited items hidden in shoes

The contract is concluded with the company Jugoscan d.o.o.
Delivered in June 2017.

Walk-through metal detector, 6 pieces

The X-ray Sector needs walk-through metal detector of standard 2 for new staff only access points.

6 (six) walk-through metal detectors for screening of passengers at gate waiting rooms need to be purchased. Airport Nikola Tesla has 4 (four) walk-through metal detectors of standard 1 which cannot be upgraded. Walk-through metal detectors will be of the requested standard 2, with advanced features such as:

- More localised zones of detection;
- Smaller dimensions of the door;
- Count function;
- Outputs for CCTV;
- High adaptability during installation (no external interferences).

Walk-through metal detectors will be installed at the position D2, where currently only hand baggage is screened. One walk-through metal detector will be a spare device in case of failure of those devices in use, to avoid capacity decrease in waiting rooms and slowing down the flow of passengers, employees and third persons.

Public procurement published on 30/09/2016
Tender opening: 07/11/2016
WTMD installed in certain gates in January 2017.

X-ray screener for the sorting area in Terminal 1 (from 2016)

In 2016 OU X-ray screening planned procurement "X-ray screener of standard 3" for security screening of hold baggage in Terminal 1 within reconstruction of the sorting area in the Terminal 1. This is a procurement for the year of 2016. Realisation commenced in 2017 and the planned deadline of completion of works is the end of May (second quarter)

Island 500 where there are new X-ray devices in standard 3 (2 pieces in sorting area T1) opened in June.

Also, within the reconstruction of the Terminal 2, a device for screening of oversized baggage with opening 130x130xm, brand Smiths Heimann GmbH has been procured.

X-ray screening devices per lots (from the plan for 2016)

LOT 1: X-ray screening devices for security screening of employees and persons other than passengers at official accesses, with the opening 60x40 (5 pieces).

The contract is concluded with the company Jugoscan d.o.o.
Delivery was in February 2017.

LOT 2: Portable screening device for security screening of suspicious and unattended baggage and items.

The contract is concluded with the company Centum d.o.o.
Delivery was in April 2017.

LOT 3: Mobile x-ray screening device for security screening in emergency situations.

The contract is concluded with the company Jugoscan d.o.o.
Delivery was in March 2017.

Container for employees and parking booth

Conducted procurement of total 11 containers for employees for the following organisational units:

OU Operations and safety management - 2 containers, one is double

OU Security - 3 containers, 2 are double

OU Logistics - 1 parking booth

OU Commercial and Marketing - 2 containers

Public procurement published on 09/12/2016

Contract concluded: on 28/02/2017 with a group of tenderers Dunex d.o.o. and Tehnix Beo d.o.o. for the amount of RSD 6,570,000.00, VAT excluded.

Container for requirements of X-ray screening (screening of employees) on E security check point is delivered and in use from May 2017.

The goods from the public procurement delivered in the period 07/04-18/04/2017.

Automotive robot-vehicle for explosives

Possessing of this device maximally increase solution of suspicious situations, thus it decrease potential losses of the airport due to longer closure of operations because of blockage or laboured passenger handling. It provides higher safety of participants in the security action as they act from distance. Modern robots are used for neutralising of diversion-terrorist devices, for reconnaissance and surveillance, convoy, transport and fire-rescue, as well as for checking of people and vehicles.

Public procurement published: 21/02/2017

The Decision on contract award was adopted on 25/04/2017 and the contract is awarded to JUGOSCAN for the amount of RSD 54,625,000.00, VAT excluded.

The contract concluded on 06/06/2017; delivery term: 90 days from the date of order.

Drone detectors and jammers

Drones, primarily intended for use in civil purposes, are more and more used in criminal activities. Drone usage started with spying of private, industrial activities and advanced technologies, and went on with smuggling of narcotics and weapons, first cross-board and then farther. Ever since potential risks have increased intensively.

Drones may appear above critical infrastructure, governmental bodies. They may cause public restlessness (for example at football match Serbia - Albania, on 14/10/2014) which can lead to violence. Several tests prove that armed drone may kill from the air. In recent years drones started appearing in airport area and, as they are comparatively small, it is difficult to spot them on the CCTV system. In this way they endanger safe air traffic as aircrafts are the most vulnerable at landing and take off and from the point of statistics most of aircraft accidents happens then (80%).

Systems for protection from drones have a unique approach, based on radio-controlled link, of high reliability and with low rate of false alarms. They have option of early warning, meaning high speed of response, even before take off of the drones. They provide a review of all activities of a drone and automatic alarm on a threat emerging in a defined defended area. They have advanced geographical location with identification and precise direction of a drone and a person controlling it. Effective counter-measures may be applied, primarily such as usage of highly precise jammer of low power (reactive and selective jamming).

Public procurement published: 10/02/2017

The Decision on contract award was adopted on 29/03/2017 and the contract is awarded to Comtrade System Integration Belgrade for the amount of RSD 94,231,339.50, VAT excluded.

In the period January-March one big fire-fighting vehicle with hand for fire extinguishing was delivered to OU Sector for fire rescue and protection. By delivery of the vehicle we have reached and secured sustainability of fire-fighting category 7 and unimpeded upgrade to categories 8 and 9 as needed.

An annex for pushback tugs for aircrafts delivered - a part which enables us to place the tugs under the nose gear in case of removal of the aircraft and thus remove the aircraft without nose landing gear.

Public procurement procedure for fire-fighting vehicle 6x6 with fire-fighting hand. Delivery is expected in the mid-December of 2017, which will secure and strengthen readiness for fire-fighting category 10. Value of the public procurement is EUR 989,000.00.

The "pressure tank" simulator was delivered to train members of a rescue and fire fighting unit during the combustion of pressure gases.

The simulator "Desktop simulator of the hydraulic firearm for simmering fire" was delivered for the training of firefighters-drivers and fire fighters-rescuers for operating extended arm for fire fighting (HRET).

The simulator "helicopter with a wing motor and landing gear" is being installed for the training of members of the rescue firefighter unit, in which real training will be conducted and training of firefighters in real conditions on the firefighting field.

It will also provide conditions for the training of members of the firefighting units from other airports in the region, which would contribute to the increase of airport profits.

Audit:

1. **Aegean audit** 20-21.3
2. **Eurowings audit** 27.3
3. **Austrian airlines audit** 19.04 subject of the audit: Manual for safety management.

4. Pagasus airlines 27.04
5. **Croatia airlines audit** 13.06 subject of the audit: Manual for safety management, System for reporting on air traffic security, Airport emergency plan.
6. **Israir 19.06 audit** subject of the audit: Manual for safety management, System for reporting on air traffic security, Airport emergency plan.
7. **WIZZ Air, Ryanair, Easy Jet** audit subject of the audit: protection from birds and other animals

In the period from June 21-24, JSC Belgrade Nikola Tesla Airport accepted 23 aircraft with foreign delegations at the highest state level who brought the Presidents, Prime Ministers, Ministers of Foreign Affairs, the Presidents of Parliaments and personal envoys from other countries to the inauguration of the new President of the Republic of Serbia, Aleksandar Vucic .

Investment "Automatic and segment doors for Terminal, CCW and VIP lounges"

- **Purpose:** The purpose of this project is to purchase new doors in Terminal T1, drive groups for automatic doors in VIP lounge and segment doors in the Cargo warehouse due to the obsolete existing equipment, the inability to purchase adequate spare parts and the ineffective maintenance.

- **Status:** The preparatory phase for the implementation of procurement in progress. The public procurement is planned in the procurement plan for the year 2017. The decision of the Supervisory Board DG 3361/2017 of 22.06.2017 approved investment. The procedure for preparation of the public procurement procedure is in progress.

Investment "Elevators and escalators"

- **Purpose:** Elevators and escalators, planned for general reconstruction, after forty years of exploitation, are increasingly more subject to downtime. Original spare parts, especially mechanical ones, can no longer be obtained due to the obsolescence of the equipment, so the deadlock lasts longer. Due to the deterioration of the components of the equipment, repair of one mechanical part causes an accelerated problem occurrence in the mechanically connected part. Increasing number of passengers through terminal 1 expected in the coming years requires increasing reliability and safety of lifts and escalators for the needs of passengers in terminal 1. General reconstruction of elevators and escalators in terminal 1 is the only way to provide quality, reliable and safe services to passengers in that area.

- **Status:** The preparatory phase for the implementation of procurement in progress. The public procurement is planned in the procurement plan for the year 2017. The decision of the Supervisory Board DG 3361/2017 of 22.06.2017 approved investment. The procedure for preparation of the public procurement procedure is in progress.

Investment "Machines and special means and vehicles for maintenance of maneuvering surfaces"

- **Purpose:** The purpose of this project is to improve the existing technology in the field of maintenance of maneuvering surfaces and technological equipment, through the procurement of dedicated and special means, machinery and equipment to support the maintenance of maneuvering surfaces in regular conditions, as well as maintenance of equipment in technological processes of ground handling.
- **Status:** Realisation of the public procurement in progress. The public procurement is planned in the procurement plan for the year 2017. The decision of the Supervisory Board DG 907/2017 on March 16, 2017 approved investment. Procedure for implementation of the procurement is in the final stage, tender opening realized on 12.07.2017.

Investment "Baggage conveyor system"

- **Purpose:** It assumes procurement of conveyor systems on the location - connecting part between T1 and T2 and T1, provision of baggage check-in counters, baggage carousels, conveyors, baggage screening devices and central monitoring and management systems. It also assumes installation/de-installation works, adjustment and putting into action through phases.
- **Status:** Realisation of the contract is in process.
The public procurement was commences and published on the web site on 04/04/2016. Tender opening session was carried out on 10/05/2016. The contract is signed with a group of tenderers PREMAR SERVICES AG, Zug, Switzerland and PROFLUSS GmbH, Leichlingen, Germany in the amount of EUR 6.299.985,50, excluding VAT. The Contract is recorded in the Archive of the Airport on 15/06/2016.
Decision of Civil Aviation Directorate approved use of the first and second phase of realization, island 400, island 500. After second half of July is expected realization of island острова 600 with commissioning and provision of approval of the regulatory body of Civil Aviation Directorate.

Investment „ Service of preparation of the study and project-technical documentation for the improvement of the filed lighting system "

- **Purpose:** Procurement of dedicated machines for performance on road construction for maintenance of the field lighting system.
- **Status:** Realisation is in process.

Procurement of 2 belt conveyers - elevators

- Purpose: Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail embarkation and disembarkation.
- Value: RSD 11.500.000,00, VAT excluded
- Supplier: CENTUM d.o.o, Public procurement contract no 3/2017 dated 13/02/2017
- Status: The elevators were delivered on 22/02/2017.
- They have been in use since 16/03/2017.

Procurement of 3 electric tractors– dolley tractor

- Purpose: increase of capacity and quality of services provided to air carriers during aircraft handling.
- Value: RSD 11.700.000,00, VAT excluded
- Supplier: *EUROPLAST INTERNATIONAL* d.o.o, Public procurement contract no. 17-37/2016 dated 29/02/2016.
- Status: Electric tractors are delivered (one on 06.02.2017),(two on 07.03.2017)
They have been in use since 15/05/2017.

Procurement of 6 container dollies

- Purpose: Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail transportation.
- Value: EUR 17.800,00, VAT excluded
- Supplier: "*MILOCO PRODUCTION*", Public procurement contract no UJVN-12/2017 dated 28/02/2017
- Status: The dollies were delivered on 06/04/2017.
- They have been in use since 04/05/2017.

Procurement of 1 cargo loader, capacity 20 t

- Purpose: Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail embarkation and disembarkation.
- Value: RSD 41.458.000,00, VAT excluded
- Supplier: *CENTUM* d.o.o, Public procurement contract no 17/2017 dated 30/01/2017
- Status: Cargo transporter delivered on 28/04/2017
- It has been in use since 10/05/2017.

Procurement of 1 drawbar for push-back of aircraft type– Bombardier CS100/CS300

- Purpose: Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during aircraft push-back.
- Value: RSD 689.000,00, VAT excluded
- Supplier: *PROCES INŽENJERING* d.o.o., Public procurement contract no UJNM13/2017 dated 24/03/2017.
- Status: Drawbar is delivered on 12.05.2017.
- It has been in use since 04/07/2017.

Procurement of 2 passenger vans - FIAT 500L TALENTO

- Purpose: Increase of capacity and quality of services provided to air carriers during aircraft handling as well as for transport of employees.
- Value: RSD 8.459.712,50, VAT excluded
- Supplier: *FCA SRBIJA* d.o.o., Public procurement contract no UJNV 4/2017 dated 17/02/2017.
- Status: The vehicles were delivered on 17/05/2017.
- They have been in use since 24/05/2017.

Procurement of 4 cargo delivery vehicles - FIAT 500L DOBLO

- Purpose: Increase of capacity and quality of services provided to air carriers during delivery of lost baggage.
- Value: RSD 6.295.800,00, VAT excluded
- Supplier: *FCA SRBIJA* d.o.o., Public procurement contract no UJNV 5/2017 dated 17/02/2017.
- Status: The vehicles were delivered on 17/05/2017.
- They have been in use since 25/05/2017.

Procurement of 1 cargo loader, capacity 7 t

- Purpose: Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail embarkation and disembarkation.
- Value: RSD 22.483.000,00, VAT excluded
- Supplier: *CENTUM* d.o.o, Public procurement contract no 17-11/2017 dated 30/01/2017
- Status: Cargo loader delivered on 26/05/2017
- It has been in use since 19/06/2017.

Procurement of 6 palette dollies

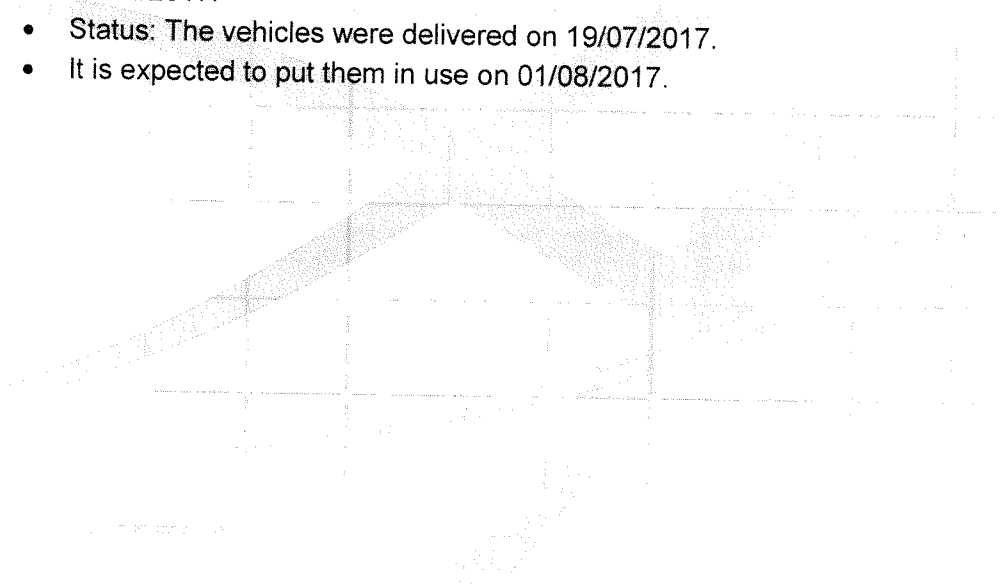
- Purpose: Increase of capacity and quality of services provided to air carriers in relation to aircraft handling during baggage, cargo and mail transportation.
- Value: RSD 4.199.000,00, VAT excluded
- Supplier: *EUROPLAST INTERNATIONAL* d.o.o., Public procurement contract no 17-12/2017 dated 06/02/2017
- Status: The trailers were delivered on 02/06/2017.
- They have been in use since 15/06/2017.

Procurement of 1 passenger vans - FIAT 500L DUKATO

- Purpose: increase of capacity and quality of services provided to air carriers during crew transportation.
- Value: RSD 8.459.712,50, VAT excluded
- Supplier: *FCA SRBIJA* d.o.o., Public procurement contract no UJNV 4/2017 dated 17/02/2017.
- Status: The vehicles were delivered on 19/06/2017.
- They have been in use since 25/06/2017.

Procurement of 4 passenger cars - FIAT 500L

- Purpose: Increase of capacity and quality of services provided to air carriers during aircraft handling.
- Value: RSD 15.743.635,00, VAT excluded
- Supplier: *FCA SRBIJA* d.o.o., Public procurement contract no UJNV 6/2017 dated 17/02/2017.
- Status: The vehicles were delivered on 19/07/2017.
- It is expected to put them in use on 01/08/2017.



8. DESCRIPTION OF THE MOST SIGNIFICANT RISKS AND UNCERTAINTIES IN THE PERIOD I-VI 2017

Internal risks:

- Fulfilled projected airport capacities in terms of number of passengers, commercial offer with rising demand and parking positions,
- Deterioration of the part of the existing infrastructure (part of maneuvering areas, part of capacities of the Terminal building, part of primary heating network, primary branches of the part of the water and sewage system are older than 40 years, fire-rescue facility is not up to the conditions of such purpose),
- Unsolved property-legal relations in regard to land lots and facilities in the vicinity of the Airport, at the locations projected for potential expansion of airport complex.

External risks:

- Limitation of development in accordance to the existing obsolete Plan until adoption of the new plan.
- Growing competition of international neighbouring airports,
- Inadequate connectedness with city centre and wider area in Serbia, considering the trend of passenger number increasing and introduction of direct flights to USA.
- Requirement for continuing improvement of security measures and consequently increase of expenses,
- Expansion of other airports in Serbia and potential redirection of a part of traffic flow, competition increase at local level,
- Small number of bidder owning licences for drawing up of technical documentation, i.e. facility construction, for which the Ministry issues certificates (for airports for public air-traffic),
- Seasonality and demand fluctuation, which may represent a challenge in future capacity planning

Opinion of the Commission for protection of competition. On 02/02/2017 based on the filed Request for disclosure of information, submission of data and documentation to the Commission for protection of competition of the Republic of Serbia for individual exemption of the Lease agreement (revised text) no. 14-61/2016 dated 20/12/2016 with the Lessee Dufry, the most significant risk and uncertainties refer to the part of the agreement, where, at Dufry's insistence are added provision on indemnification in case of a negative decision of the Commission for protection o competition, according to which all term sheets of the Agreement, including lease price will be negotiated, but the Airport will not be liable for missed profit or possible fines prescribed by the Commission upon this Agreement, and for possible finds for the period from 2006 until 2016 provisions of the Basic Agreement will be applied, proscribing that Airport Nikola Tesla Belgrade is liable for all fines.

Procedure for granting concession for JSC Airport Nikola Tesla Belgrade, which was published on 10/02/2017, is in progress and numerous factors can impact the outcome of the procedure.

In the period I-III 2017 there was a risk of spreading of terrorist attacks from 2016, more and more often aiming airports. That indicated necessity of increased vigilance and control at Airport Nikola Tesla Belgrade. In the public area, where security checks are not carried out, great importance is attached to video surveillance and frequent security patrols.

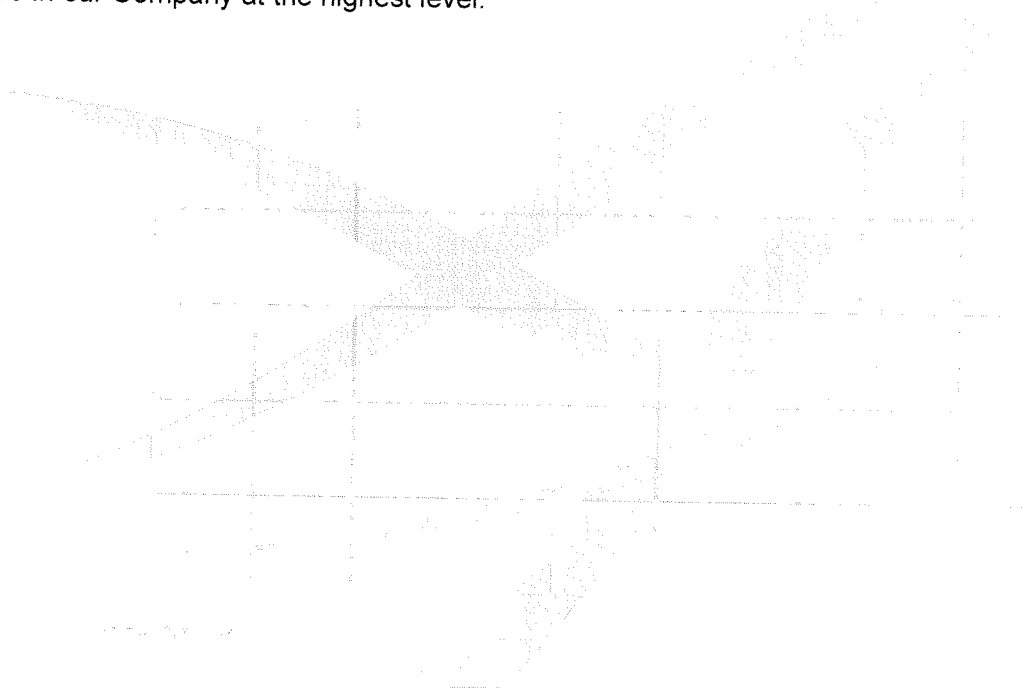
Based on risk assessment carried out by security authorities in 2106, it is recommended to introduce additional security measures amounting to procurement of new equipment and devices, as well as engagement of greater number of persons who will be trained for the indicated positions.

The additional security measures encompass training procedures for employees and public procurement of equipment and those cannot be completed in short period of time, which can cause vulnerability of security system at the Airport.

In relation to OU Sector for fire rescue and protection, in the period January - March 2017 the Airport risk fines from CAD and the Emergency Sector for non-performance of the procurement of professional examination in the field of Fire protection, servicing of fire extinguishers and fire hydrants and servicing of breathing apparatus as taking these measures is an obligation.

At the AOC meeting in June, announcements were made about the increased risks of the existence of electronic devices (most relevant to laptops) in hand luggage. It is stated that consideration is being given to possible measures that will be applied in terms of screening this type of devices. They also consider the prohibition of their carrying in hand luggage.

A smaller number of employees in the GH in relation to the needs anticipated by the analysis of the required number of employees, so that with the increased volume of traffic, passengers, goods and mail, employees are making an extraordinary effort to ensure that the flights are handled in the first place safely, and then on time according to quality standards that are in our Company at the highest level.



9. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Due to market risks influencing financial instrument, the management of the Company monitors in detail movements leading to risks and takes necessary risk management measures.

9.1. MARKET RISK

During analysis of the market and its impact on Company operations, primarily on financial instruments, the Company considers exchange rate changes risks (currency risk), risk of interest rate changes and risk of service price changes.

Currency risk (foreign exchange risk)

Considering balance and sources of resources of the Company on 30/06/2017 and primarily cash and cash equivalents, receivables from buyers, liabilities per long-term loans and similar we could say that the Company is not imposed to foreign exchange risks.

By detailed analysis of currency structure of the assets and liabilities on 30/06/2017, we can ascertain that the financial assets are contracted with currency clause and that they are higher than currency financial liabilities. Financial liabilities contracted in foreign currency are generally of long-term nature. Based on the above facts it results that Airport Nikola Tesla Belgrade does not operate with high currency risk.

a) Risk of interest rate change

Risk of interest rate change is not significant risk for the Company. Most of the financial instruments categories contracted with interest are defined with fixed interest rate.

9.2. CREDIT RISK

The company estimates that beside market risks to which financial instruments can be imposed it is also necessary to monitor credit risks. The company has receivables from domestic and foreign buyers so there is credit risk. To reduce this risk, the Company regularly monitors the realisation of the collection, analyses the value of the collection achieved within the contracted period, payment delays and outstanding receivables.

9.3. LIQUIDITY AND CASH FLOW RISK

Liquidity risk management requires special attention of the management of the Company which established business policy mainly based on financing from its own resources. Borrowed resources are mainly long-term resources and short-term liabilities can be covered with long-term receivables.

Looking at liquidity indicators, we note that current and accelerated liquidity ratios are above 4.4, indicating that the Company is able to settle its current and short-term liabilities within maturity of its own sources.

The average time of collection of receivables amounts to an average of 55 days (77 days in the same period of 2016). It is important to give high priority to collecting matured receivables, to provide payment mechanisms with constant monitoring of the balance of receivables and daily updating of payments with the permitted mechanisms, as indicated by the indicator of the

customer turnover ratio of 3.3. The average payback time for suppliers is on average 19 days (63 days in the same period of 2016). We emphasize that the Company settles its current obligations within the agreed deadlines and that the supplier's turnover ratio is 9.3.

10. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

JSC Belgrade Nikola Tesla Airport does not have any related parties under the Companies Act (Official Gazette of RS No. 36/2011, 99/2011, 83/2014 and 5/2015, Article 62), respectively, there are no business activities with related parties.

10.1. BRANCHES

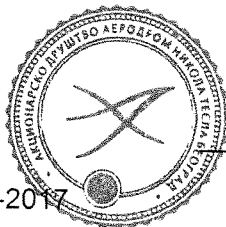
JSC Airport Nikola Tesla does not have any branches within the Company.

Belgrade, August 2017


Executive Director


Raša Ristivojević

Under power of attorney: UOP-I 3510-2017
dated 08/08/2017

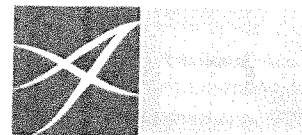


Director of OU Finance


Dobriša Pejović

C. o.

Director General's Office



11180 Београд 59, Србија

T: +381 11 209 4802

E: кабинет.абнт@бег.аеро

СИТА: БЕГОВХХ

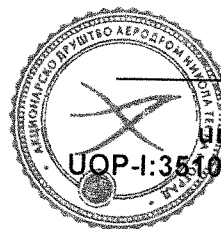
Ф: +381 11 2286187

www.бег.аеро

STATEMENT

Hereby we state that, according to our best knowledge, the Quarterly report for the second quarter, which contains data for the period I-VI 2017, 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.

Executive Director



Raša Ristić
Raša Ristić,
Under Power of Attorney
UOP-I:3510-2017 dated 08.08.2017

Finance Director

D. Pejović
Dobrila Pejović

Head of Accountancy

Zorka Latinović
Zorka Latinović

č. 10.