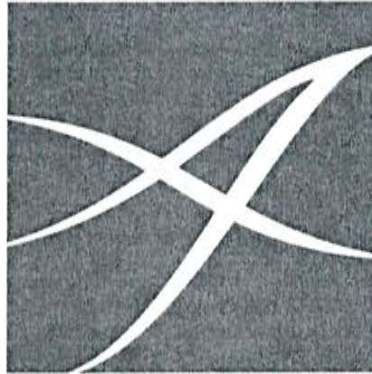


JOINT-STOCK COMPANY BELGRADE NIKOLA TESLA AIRPORT



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 2018
CONTAINING ALSO DATA
FOR THE PERIOD I-VI 2018**



Content

1. **FINANCIAL STATEMENTS 30 JUNE 2018**
 1. INCOME SHEET for the period I-VI 2018;
 2. BALANCE SHEET on 30 June 2018;
 3. REPORT ON OTHER RESULTS for the period I-VI 2018;
 4. STATEMENT ON CHANGES IN CAPITAL for the period I-VI 2018;
 5. CASH FLOW STATEMENT for the period I-VI 2018; and
 6. NOTES TO THE FINANCIAL STATEMENTS with 30 June 2018.

2. **Report on company operations for the second quarter of 2018 and for the period I-VI 2018.**

3. **Statement**

FINANCIAL STATEMENTS June 30, 2018

1. INCOME SHEET for the period I-VI 2018
2. BALANCE SHEET on June 30, 2018
3. REPORT ON OTHER RESULTS for the period I-VI 2018
4. STATEMENT ON CHANGES IN CAPITAL for the period I-VI 2018
5. CASH FLOW STATEMENT for the period I-VI 2018
6. NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

07 August 2018

FINANCIAL STATEMENTS June 30, 2018

INCOME SHEET

in the period from January 1 to June 30, 2018

INCOME SHEET							
for the period from 01/01/2018 to 30/06/2018							
- in thousand RSD -							
Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2018)	Cumulative (01/01-30/06/2018)	Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)
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		2,650,482	4,724,461	2,371,317	4,330,402
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007 + 1008)	1002	5	476	920	10,115	10,421
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	476	920	10,115	10,421
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0	0	0
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	2384056	4,261,120	2,112,241	3,872,550
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	982,968	1,704,952	885,646	1,641,063
615	6. Revenues from sale of products and services in foreign markets	1015	7	1,401,088	2,556,168	1,226,595	2,231,487
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0	0	0
65	IV OTHER OPERATING REVENUES	1017	9	265,950	462,421	248,961	447,431

FINANCIAL STATEMENTS June 30, 2018

INCOME SHEET (continued)
in the period from January 1 to June 30, 2018

INCOME SHEET							
for the period from 01/01/2018 to 30/06/2018							
- in thousand RSD -							
Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2018)	Cumulative (01/01-30/06/2018)	Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)
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		1,465,504	2,988,297	1,204,703	2,575,858
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	320	598	14,052	14,259
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	43,893	119,420	21,999	95,781
513	VI. COSTS OF FUEL AND ENERGY	1024	12	58,927	140,368	57,122	140,475
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	891,646	1,788,451	744,579	1,505,235
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	105,153	206,810	97,775	203,743
540	IX. AMORTISATION COSTS	1027	15	283,631	542,393	131,412	366,398
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028		0	0	5,370	5,370
55	XI. INTANGIBLE COSTS	1029	16	81,934	190,257	132,394	244,597
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		1,184,978	1,736,164	1,166,614	1,754,544
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031					
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		39,139	61,996	41,033	78,994
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	17	19,754	37,968	25,690	47,424
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS.EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	18	19,385	24,028	15,343	31,570

FINANCIAL STATEMENTS June 30, 2018

INCOME SHEET (continued)

in the period from January 1 to June 30, 2018

INCOME SHEET							
for the period from 01/01/2018 to 30/06/2018							
- In thousand RSD -							
Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2018)	Cumulative (01/01-30/06/2018)	Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)
1	2	3	4	5	6	7	8
56	Đ. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		11,998	42,705	145,158	164,203
56 except 562, 563 & 564	I. FINANCIAL EXPENDITURES FROM RELATED PARTIES RELATION AND OTHER FIN. EXPENDITURES (1042 + 1043 + 1044 + 1045)	1041		0	0		
560	1. Financial expenditures from relation with parent companies and subsidiaries	1042					
561	2. Financial expenditures from relation with other related parties	1043					
565	3. Expenditures from participation in the loss of associated legal entities and joint ventures	1044					
566 and 569	4. Other financial expenditures	1045					
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046	19	6,535	16,111	10,136	19,001
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	20	5,463	26,594	135,022	145,202
	E. PROFIT FROM FINANCING(1032 – 1040)	1048		0	0	0	0
	Ž. LOSS FROM FINANCING(1040 – 1032)	1049		-27,141	-19,291	104,125	85,209
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	21	828	902	868	963
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	22	40,663	40,663	-120	25,038
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	23	5,494	11,426	4,206	9,080
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	24	6,098	20,163	8,237	14,730
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		1,171,680	1,706,957	1,059,446	1,639,610

FINANCIAL STATEMENTS June 30, 2018

INCOME SHEET (continued)

in the period from January 1 to June 30, 2018

INCOME SHEET							
for the period from 01/01/2018 to 30/06/2018							
- In thousand RSD -							
Group of accounts - account	POSITION	ADP	Note No.	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2018)	Cumulative (01/01-30/06/2018)	Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)
1	2	3	4	5	6	7	8
	L. OPERATING LOSS BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055					
69-59	M. NET INCOME FROM DISCONTINUED OPERATIONS, THE EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1056	25	0	0	733	641
59-69	N. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1057	25	2,280	12,111		
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	1,169,400	1,694,846	1,060,179	1,640,251
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059					
	p. PROFIT TAX						
721	I. INCOME TAX EXPENDITURE	1060	26	169,288	249,933	143,142	215,647
part 722	II. DEFERRED TAX EXPENDITURE	1061	27	8,051	8,472	40,044	37,373
part 722	III. DEFERRED INCOME TAX	1062	27	0	0	0	0
723	R. EARNINGS PAID BY EMPLOYER	1063					
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28	992,061	1,436,441	876,993	1,387,231
	T. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065					
	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					
6	TOTAL REVENUES			2,695,971	4,798,870	2,418,922	4,420,937
5	TOTAL EXPENDITURES			1,526,571	3,104,024	1,358,743	2,780,686

FINANCIAL STATEMENTS June 30, 2018

BALANCE SHEET

On 30 June 2018

BALANCE SHEET						
On 30/06/2018						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/06/2018	Final balance 31/12/2017	Initial balance 01/01/2017
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		26,967,004	25,480,013	0
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0008 + 0009)	3	29	265,643	173,389	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	133,634	105,963	
013 & part 019	3. Goodwill	6				
014 & part 019	4. Other intangible assets	7				
015 & part 019	5. Intangible assets in progress	8		124,524	59,941	
016 & part 019	6. Advances for intangible assets	9		7,485	7,485	
2	II. REAL ESTATES, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	10	29	26,526,807	25,128,977	0
020, 021 & part 029	1. Land	11	29	9,867,828	9,437,117	
022 & part 029	2. Buildings	12	29	10,978,151	10,177,454	
023 & part 029	3. Plant and equipment	13	29	5,426,585	5,119,779	
024 & part 029	Investment property	14	29	29,516	29,516	
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	221,108	349,493	
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	0	11,999	
3	III. BIOLOGICAL RESOURCES (0020 + 0021 + 0022 + 0023)	19		123	123	0
030, 031 & part 039	1. Forests and perennial plants	20				
032 & part 039	2. Livestock unit	21	29	123	123	
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		135,050	136,261	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 held to maturity	32				
048 & part 049	9. Other long-term financial investments	33	31	135,049	136,260	

FINANCIAL STATEMENTS June 30, 2018

BALANCE SHEET (continued)

On 30 June 2018

BALANCE SHEET						
On 30/06/2018						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/06/2018	Previous year	
					Final balance 31/12/2017	Initial balance 01/01/2017
1	2	3	4	5	6	7
	ASSETS					
5	V. LONG-TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	34		39,381	41,263	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	39,381	41,263	
288	V. DEFERRED TAX ASSETS	42				
	G. TURNOVER ASSETS					
	(0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	43		7,509,034	6,566,562	0
Class 1	I STOCKS (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	44		179,847	133,226	0
10	1. Material, spare parts, tools and small inventory	45	32	109,865	93,771	
11	2. Unfinished production and unfinished services	46				
12	3. Ready products	47				
13	4. Goods	48	33	4,820	4,863	
14	5. Non-current assets intended for sale	49				
15	6. Advances paid for stock and services	50	34	65,162	34,592	
20	II RECEIVABLES FROM SALE	51		1,332,025	1,118,684	0
	(0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)					
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	533,375	426,265	
205 & part 209	6. Buyers abroad	57	36	798,650	692,419	
206 & part 209	7. Other receivables from sale	58				
21	III RECEIVABLES FROM SPECIFIC OPERATIONS	59				
22	IV OTHER RECEIVABLES	60	37	91,834	81,537	
236	V FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME SHEET	61				
23 except 236 & 237	VI SHORT-TERM FINANCIAL INVESTMENTS	62		3,576,553	2,760,377	0
	(0063 + 0064 + 0065 + 0066 + 0067)					
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	70,462	80,386	
233 & part 239	4. Short-term credits and loans abroad	66				
234, 235, 238 & part 239	5. Other short-term financial investments	67	39	3,506,091	2,679,991	
24	VII CASH AND CASH EQUIVALENTS	68	41	2,294,483	2,386,010	
27	VIII VALUE ADDED TAX	69				0
28 except 288	IX PREPAYMENTS AND ACCRUED INCOME	70	42	34,292	86,728	
	D. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	71		34,476,038	32,046,575	0
88	Ø. OFF-BALANCE SHEET ASSETS	72	62	653,435	668,417	

FINANCIAL STATEMENTS June 30, 2018

BALANCE SHEET (continued)

On 30 June 2018

BALANCE SHEET						
On 30/06/2018						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/06/2018	Final balance 31/12/2017	Initial balance 01/01/2017
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	29,898,821	29,708,442	0
30	I CORE CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	402	43	21,492,680	20,573,610	
300	1. Share capital	403	43; 44	20,645,923	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	43	109,580		
309	8. Other core capital	410	43	737,177		
31	II NON-PAID UP SUSCRIBED CAPITAL	411				
047 and 237	III REPURCHASED OWN SHARES	412				
32	IV RESERVES	413	45	6,356,456	5,254,126	
330	V. REVALUATION RESERVES BASED ON THE REVALUATION OF INTANGIBLE PROPERTY, PLANT AND EQUIPMENT	414	45	595,393	596,114	
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	17,482	17,482	
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	1,436,810	3,267,110	0
340	1. Non-distributed profit of previous years	418	46	369	1,436	
341	2. Non-distributed profit of the current year	419	46	1,436,441	3,265,674	
	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		794,042	802,690	0
40	I LONG -TERM RESERVES (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	425	47;48	221,272	227,955	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	127,196	131,379	
405	5. Reserves for litigations	430	47;48;49	94,076	96,576	
402 and 409	6. Other long-term reserves	431				
41	II LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	432		572,770	574,735	0
410	1. Liabilities that may be converted into capital	433		0		
411	2. Liabilities toward parent companies and subsidiaries	434		0		
412	3. Liabilities toward other related parties	435		0		

FINANCIAL STATEMENTS June 30, 2018

BALANCE SHEET (continued)

On 30 June 2018

BALANCE SHEET						
On 30/06/2018						
- in thousand RSD -						
Group of accounts - account	POSITION	ADP	Note No.	Amount		
				Current year 30/06/2018	Previous year	
					Final balance 31/12/2017	Initial balance 01/01/2017
1	2	3	4	5	6	7
	LIABILITIES					
413	4. Liabilities from securities for a period longer than one year	436		0		
414	5. Long-term credits and loans in the country	437		0		
415	6. Long-term credits and loans abroad	438	50;51	572,770	574,735	
416	7. Liabilities based on financial leasing	439		0		
419	8. Other long-term liabilities	440		0	0	0
498	V. DEFERRED TAX LIABILITIES	441	27	464,725	456,253	
42 to 49 (except 498)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	442		3,318,450	1,079,190	0
42	I SHORT-TERM FINANCIAL OBLIGATIONS (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	443		49,207	98,752	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	49,207	98,752	
430	II RECEIVED PREPAYMENTS, DEPOSITS AND BAILS	450	53	143,620	124,908	
43 except 430	III BUSINESS LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	451		491,541	522,262	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	456,575	401,299	
436	6. Suppliers abroad	457	55	13,782	6,398	
439	7. Other liabilities from operation	458	56	21,184	114,565	
44, 45 & 46	IV OTHER SHORT-TERM LIABILITIES	459	57	2,310,787	152,802	
47	V LIABILITIES FROM VALUE ADDED TAX	460	58	62,464	1,339	
48	VI LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	461	59; 60	30,344	15,490	
49 except 498	VII ACCRUALS AND DEFERRED INCOME	462	61	230,487	163,637	
	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		34,476,038	32,046,575	0
89	E. OFF-BALANCE SHEET LIABILITIES	465	62	653,435	668,417	

FINANCIAL STATEMENTS June 30, 2018

REPORT ON OTHER RESULTS in the period from January 1 to June 30, 2018

REPORT ON OTHER RESULTS							
for the period from 01/01/2018 until 30/06/2018							
- in thousand RSD -							
Group accounts, account	POSITION	ADP	Notes No	Amount			
				Current year		Previous year	
				Quarter (01/04-30/06/2018)	Cumulative (01/01-30/06/2018)	Quarter (01/04-30/06/2017)	Cumulative (01/01-30/06/2017)
1	2	3	4	5	6	7	8
	A. NET RESULTS FROM OPERATIONS						
	I. NET PROFIT (ADP 1064)	2001	28	992,061	1,436,441	876,993	1,387,231
	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	
	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
	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
	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		992,061	1,436,441	876,993	1,387,231
	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		992,061	1,436,441	876,993	1,387,231
	1. Attributable to majority owners of capital	2027					
	2. Attributable to owners who do not have control	2028					

FINANCIAL STATEMENTS June 30, 2018

CASH FLOW STATEMENT
for the period from 01/01 until 30/06/2018

CASH FLOW STATEMENT

in the period from 01.01.2018 to 30.06.2018

- 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		5,129,533	4,770,364
1. Sale and received advance payments	3002		4,687,981	4,221,140
2. Interest received from business activity	3003		2,113	22,955
3. Other inflows from regular operations	3004		439,439	526,269
II. Cash outflow from business activities (1 to 5)	3005		3,232,013	2,835,943
1. Payments for suppliers and given advance payments	3006		857,203	849,202
2. Salaries, salary compensations and other personal expenses	3007		1,794,281	1,493,455
3. Paid interest	3008		14,850	17,713
4. Income tax	3009		232,618	248,006
5. Payment from other public revenues	3010		333,061	227,567
III. Net cash inflow from business activities (I-II)	3011		1,897,520	1,934,421
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		33,165	1,137,802
1. Sale of shares and portions (net inflows)	3014		0	0
2. Sale of intangible investments, properties, plants, equipment and biological agencies	3015		0	40
3. Other financial investments (net inflows)	3016		0	1,086,984
4. Interest received from investment activity	3017		33,165	50,778
5. Dividend received	3018		0	0
II. Cash outflow from investment activities (1 to 3)	3019		1,964,072	1,924,799
1. Purchase of shares and portions (net outflows)	3020		0	0
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	3021		1,154,245	1,924,799
3. Other financial investments (net outflows)	3022		809,827	0
III. Cash net inflow from investment activities (I-II)	3023			
IV. Cash net outflow from investment activities (II-I)	3024		1,930,907	786,997

FINANCIAL STATEMENTS June 30, 2018

CASH FLOW STATEMENT (cont'd)
for the period from 01/01 until 30/06/2018

CASH FLOW STATEMENT				
in the period from 01/01/2018 until 30/06/2018				
- 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		49,263	1,166,926
1. Redemption of own shares and portions	3032		0	0
2. Long-term loans (outflows)	3033		49,263	51,119
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		0	1,115,807
III. Cash net inflow from financing activities (I-II)	3038		0	0
IV. Cash net outflow from financing activities (II-I)	3039		49,263	1,166,926
G. OVERALL CASH INFLOW (3001 + 3013 + 3025)	3040		5,162,698	5,908,166
D. OVERALL CASH OUTFLOW (3005 + 3019 + 3031)	3041		5,245,348	5,927,668
Ø. OVERALL CASH INFLOW (3040 – 3041)	3042		0	0
E. OVERALL CASH OUTFLOW (3041 – 3040)	3043		82,650	19,502
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	3044		2,386,010	740,102
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3045		2,543	2,420
I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	3046		11,420	16,781
J. CASH AT THE END OF ACCOUNTING PERIOD	3047		2,294,483	706,239
(3042 – 3043 + 3044 + 3045 – 3046)				

JSC AIRPORT NIKOLA TESLA BELGRADE

NOTES TO THE FINANCIAL STATEMENTS
30 June 2018

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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 June 30, 2018 the Company had 2,385 engaged workers of which 1,707 employees of the Company including 1,190 permanent employees, 508 employees on a definite period of time, 381 workers engaged through youth organizations and 278 engaged in temporary and occasional jobs (on 31 December 2017 there were 2,382 engaged workers: 1,715 employees, of which 1,206 permanent employees, 509 employees for a definite period of time, 374 workers engaged through youth organizations and 293 engaged in temporary and occasional jobs).

In I-VI 2018, the average number of employees engaged by the Company at the end of each month was 2,375 of which average number of employees of the Company is 1,712 (1,200 permanent employees, 512 employees for a definite period of time), 381 workers engaged through youth organizations, averagely 283 engaged in temporary and occasional jobs (during 2017 there were on average 2,067 employees: 1,408 employees, of which 1,042 permanent employees, 366 employees for a definite period of time, 393 workers engaged through youth organizations and 266 engaged in temporary and occasional jobs).

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

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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 Supervisory Board of the Company assigns the Executive directors.

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.

1.5. Selection of concessionaire

On 05/01/2018 the Decision on the best Bid in the procedure 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 which was registered with the Ministry of Construction, Traffic and Infrastructure under the number: 023-00-1/2018-12 dated 05/01/2018 and with ANT under the number: GD 111/2018 dated 05/01/2018. The best bidder selected is VINCI AIRPORTS, France.

The Concession Agreement 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 at Airport Nikola Tesla Belgrade between the Government as a representative of the Republic of Serbia, the Joint Stock Company Aerodrom Nikola Tesla Belgrade, "VINCI AIRPORTS Serbia" and "Vinci Airports SAS, France was signed on March 22, 2018.

2. 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 2018 are prepared in a manner and in accordance with the legislation applied for preparation of annual financial statements for 2017 and which is completely stated in the Note 2 to Financial statement for the year of 2017.

The financial statements for the period I-VI 2018 are approved on the meeting of the Supervisory Board of the Company on 14/08/2018.

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, 2018

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 based on 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, 2018

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	30/06/2018	31/12/2017
Middle exchange rate of NBS:	Value in RSD	
EUR	118.0676	118.4727
USD	101.3369	99.1155
CHF	101.9230	101.2847
GBP	132.8991	133.4302

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	30/06/2018	31/12/2017
Contracted exchange rate:	Value in RSD	
EUR - for EIB loan	118.4218	118.8281

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 31/12/2017.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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 I-VI 2018, as well as the rate of amortization calculated based on the useful life of the assets applied in 2017 are given in the following table:

DESCRIPTION	2018	2017
Buildings	%	%
Water and electricity facilities	2,27 - 7,14	2,27 - 7,14
Roads, airports and parking lots	2,22 - 33,33	2,22 - 33,33
Other building facilities	5,00 - 25,00	5,00 - 25,00
Flats given to employees for use	1.49	1.49
Equipment	%	%
New specific equipment	6,67 - 50,00	6,67 - 50,00
Equipment for road traffic	5- 50,00	5- 50,00
Equipment for PTT and TV	7,14 - 50,00	7,14 - 50,00
Equipment for air-traffic	4 - 50,00	4 - 50,00
Measuring and control devices and specific devices	4,00 - 33,33	4,00 - 33,33
Labor.equipment, teaching aids and med. devices	20,00 - 25	20,00 - 25
Electronic, calculating machines and computers	10- 50,00	10- 50,00
Furniture and equipment for general purpose	4- 50,00	4- 50,00
Equipment for road traffic under financial leasing	8,33 - 33,33	8,33 - 33,33
Equipment and plants	10,00 - 25,00	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 31/12/2017. 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, 2018

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 June 30, 2018, 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, 2018

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 2018, the earliest previous tax period from which they can use unused tax credit is the tax account or PK form in 2008. The company has completely utilised tax credit until and including its utilisation in 2017.

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, 2018

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 2017. 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, 2018

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, 2018

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, 2018

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, 2018

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 June 30, 2018 in the amount of about RSD 54.239 thousand (and for the period ended on 30 June 2017: RSD 36.640 thousand).

3.17.2. Correction of values of uncollectable receivables

Value correction for receivables older than 60 days, is calculated based on the estimated losses due to customer inability to fulfil the obligations. Estimation 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, 2018

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

Article 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 2018, 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 2018 in which financial results of the airport operator's activities and activities of ground handling services are shown separately, as follows:

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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 01/01/2018 until 30/06/2018

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount						
				Current year			Previous year			
				AIRPORT OPERATOR (01/01-30/06/2018)	GROUND HANDLING (01/01-30/06/2018)	Total AIRPORT (01/01-30/06/2018) 7(5+6)	Airport operator (01/01-30/06/2017)	Ground handling (01/01-30/06/2017)	Total Airport (01/01-30/06/2017) 10(8+9)	
1	2	3	4	5	6	7(5+6)	8	9	10(8+9)	
	REVENUES OF REGULAR BUSINESS									
60 to 65, except 62 & 63	A. OPERATING REVENUES (1002 + 1009 + 1016 + 1017)	1001		3,793,584	930,877	4,724,461	3,555,500	774,902	4,330,402	
60	I REVENUES FROM SALE OF GOODS (1003 + 1004 + 1005 + 1006 + 1007 + 1008)	1002	5	920	0	920	10,421	0	10,421	
604	5. Revenues from sale of goods in domestic market	1007	5	920	0	920	10,421	0	10,421	
605	6. Revenues from sale of goods in foreign markets	1008	5	0	0	0	0	0	0	
61	II REVENUES FROM SALE OF PRODUCTS AND SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009	6,7,8	3,330,243	930,877	4,261,120	3,097,648	774,902	3,872,550	
614	5. Revenues from sale of products and services to other related parties in domestic	1014	6	1,245,746	459,206	1,704,952	1,284,413	356,650	1,641,063	
615	6. Revenues from sale of products and services in foreign markets	1015	7	2,084,497	471,671	2,556,168	1,813,235	418,252	2,231,487	
64	III REVENUES FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS ETC.	1016		0	0	0	0	0	0	
65	IV OTHER OPERATING REVENUES	1017	9	462,421	0	462,421	447,431	0	447,431	
	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		2,083,099	905,198	2,988,297	1,874,124	701,734	2,575,858	
50	I. PURCHASE VALUE OF SOLD GOODS	1019	10	598	0	598	14,259	0	14,259	
51 except 513	V. COSTS OF MATERIALS	1023	11	66,074	53,346	119,420	48,633	47,148	95,781	
513	VI. COSTS OF FUEL AND ENERGY	1024	12	107,009	33,359	140,368	98,605	41,870	140,475	
52	VII. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	1025	13	1,051,018	737,433	1,788,451	1,006,879	498,356	1,505,235	
53	VIII. COSTS OF PRODUCTION SERVICES	1026	14	191,761	15,049	206,810	185,211	18,532	203,743	
540	IX. AMORTISATION COSTS	1027	15	491,757	50,636	542,393	300,286	66,112	366,398	
541 to 549	X. COSTS OF LONG-TERM RESERVING	1028	15a	0	0	0	5,370	0	5,370	
55	XI. INTANGIBLE COSTS	1029	16	174,882	15,375	190,257	214,881	29,716	244,597	
	V. OPERATING PROFIT (1001 – 1018) ≥ 0	1030		1,710,485	25,679	1,736,164	1,681,376	73,168	1,754,544	

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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 01/01/2018 until 30/06/2018

- in thousand RSD -

Group of accounts - account	POSITION	ADP	Note No.	Amount					
				Current year			Previous year		
				AIRPORT OPERATOR (01/01-30/06/2018)	GROUND HANDLING (01/01-30/06/2018)	Total AIRPORT (01/01-30/06/2018) 7(5+6)	Airport operator (01/01-30/06/2017)	Ground handling (01/01-30/06/2017)	Total Airport (01/01-30/06/2017) 10(8+9)
1	2	3	4	5	6	7(5+6)	8	9	10(8+9)
66	D. FINANCIAL REVENUES (1033 + 1038 + 1039)	1032		61,728	268	61,996	78,645	349	78,994
662	II. INTEREST REVENUE (FROM THIRD PARTIES)	1038	17	37,968	0	37,968	47,424	0	47,424
663 and 664	III. FOREIGN EXCHANGE GAINS AND POS. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1039	18	23,760	268	24,028	31,221	349	31,570
56	D. FINANCIAL EXPENDITURES (1041 + 1046 + 1047)	1040		42,207	498	42,705	163,099	1,104	164,203
562	II. INTEREST EXPENDITURES (TOWARD THIRD PERSONS)	1046	19	16,111	0	16,111	19,001	0	19,001
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEG. EFFECTS OF CURRENCY CLAUSE (TOWARD THIRD PARTIES)	1047	20	26,096	498	26,594	144,098	1,104	145,202
	E. PROFIT FROM FINANCING(1032 – 1040)	1048		0		0	0	0	0
	Z. LOSS FROM FINANCING(1040 – 1032)	1049		-19,521	230	-19,291	84,454	755	85,209
683 and 685	Z. REVENUES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1050	21	902	0	902	963	0	963
583 and 585	I. EXPENDITURES FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME SHEET	1051	22	40,663	0	40,663	25,038	0	25,038
67 & 68, except 683 & 685	J. OTHER REVENUES	1052	23	11,389	37	11,426	7,852	1,228	9,080
57 & 58, except 583 & 585	K. OTHER EXPENDITURES	1053	24	19,470	693	20,163	12,879	1,851	14,730
	L. OPERATING PROFIT BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054		1,682,164	24,793	1,706,957	1,567,820	71,790	1,639,610
69-59	M. NET PROFIT FROM CORRECTION OF MISTAKS FROM PREVIOUS YEARS	1057	25	0	0	0	641	0	641
59-69	M. NET LOSS FROM CORRECTION OF MISTAKS FROM PREVIOUS YEARS	1057	25	11,675	436	12,111	0	0	0
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	26	1,670,489	24,357	1,694,846	1,568,461	71,790	1,640,251
	p. PROFIT TAX								
721	I. INCOME TAX EXPENDITURE	1060	26	246,343	3,590	249,933	204,878	10,769	215,647
part 722	II. DEFERRED TAX EXPENDITURE	1061	27	8,472	0	8,472	37,373	0	37,373
part 722	III. DEFERRED INCOME TAX	1062	27	0	0	0	0	0	0
	S. NET PROFIT (1058 – 1059 – 1060 – 1061 + 1062)	1064	28	1,415,674	20,767	1,436,441	1,326,210	61,021	1,387,231
6	TOTAL REVENUES (1001+1032+1050+1052)			3,867,688	931,182	4,798,870	3,644,458	776,479	4,420,937
5	TOTAL EXPENDITURES (1018+1040+1051+1053)			2,197,199	906,825	3,104,024	2,075,997	704,689	2,780,686

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

5. REVENUES FROM SALE OF GOODS	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Revenues from sale of beverages in catering facilities	920	663
Revenues from sale of fuel in domestic market	0	0
Revenues from sale of crude oil	0	9,758
Revenues from sale of goods in domestic market	920	10,421
Revenues from sale of goods - kerosene (re-export)	0	0
Revenues from sale of fuel in foreign market	0	0
Revenues from sale of goods in foreign market	0	0
	920	10,421

REVENUES FROM THE SALE OF SERVICES of the Airport in domestic and foreign markets in the period I-VI 2018 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 2018					I-VI 2017				
	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 *	450,671	18,520	469,191	50,661	418,530	591,758	25,333	617,091	48,006	569,085
Security fee	252,962	0	252,962	13,493	239,469	266,426	0	266,426	12,413	254,013
Landing	99,804	0	99,804	15,975	83,829	105,517	0	105,517	17,190	88,327
Aircraft handling *	-	281,101	281,101	21,242	259,859	-	112,402	112,402	19,527	92,875
Infrastructure	156,091	0	156,091	13,408	142,683	64,975	0	64,975	13,528	51,447
Air-bridges *	33,558	3,729	37,287	2,223	35,064	3,610	401	4,011	4,001	10
Lighting	24,333	0	24,333	951	23,382	28,266	0	28,266	658	27,608
Aircraft abode tax	2,370	0	2,370	248	2,122	2,221	0	2,221	28	2,193
Aircraft de-icing services *	0	42,041	42,041	6,388	35,653	0	70,654	70,654	3,839	66,815
Commercial use of apron	26,742	0	26,742	-	26,742	29,473	0	29,473	-	29,473
Usage of the CUTE system	25,294	0	25,294	2,515	22,779	35,353	0	35,353	2,421	32,932
Services on special request *	3,333	33,411	36,744	78	36,666	3,055	65,370	68,425	361	68,064
Renting of advertisement space	22,448	0	22,448	-	22,448	34,838	0	34,838	-	34,838
Public services	78,543	0	78,543	438	78,105	83,118	0	83,118	499	82,619
Cargo-custom services *	0	78,189	78,189	581	77,608	0	80,702	80,702	341	80,361
DCS services *	0	0	-	-	-	0	0	-	-	-
Lost and found services *	0	558	558	558	0	0	552	552	552	0
Use of parking lots	63,617	0	63,617	374	63,243	31,208	0	31,208	308	30,900
Other services *	5,980	1,657	7,637	247	7,390	4,595	1,236	5,831	256	5,575
I Total services in domestic market	1,245,746	459,206	1,704,952	129,380	1,575,572	1,284,413	356,650	1,641,063	123,928	1,517,135

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, 2018

7. REVENUES FROM SALE OF SERVICES IN DOMESTIC MARKET WITH REVENUES OF GROUND HANDLING SERVICES	I-VI 2018					I-VI 2017					
	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)	2	3	4 (2+3)	5	6 (4+5)
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
Passenger service *	1,006,591	33,041	1,039,632	50,661	1,090,293	835,545	27,298	862,843	48,006	910,849	
Security fee	284,608	0	284,608	13,493	298,101	239,829	0	239,829	12,413	252,242	
Landing	361,721	0	361,721	15,975	377,696	332,145	0	332,145	17,190	349,335	
Aircraft handling *	0	337,623	337,623	21,242	358,865	0	301,807	301,807	19,527	321,334	
Infrastructure	234,956	0	234,956	13,408	248,364	215,499	0	215,499	13,528	229,027	
Air-bridges *	90,950	10,107	101,057	2,223	103,280	86,964	9,663	96,627	4,001	100,628	
Lighting	36,884	0	36,884	951	37,835	35,162	0	35,162	658	35,820	
Aircraft abode tax	9,542	0	9,542	248	9,790	13,746	0	13,746	28	13,774	
Aircraft de-icing services *	0	51,177	51,177	6,388	57,565	0	45,318	45,318	3,839	49,157	
Usage of the CUTE system	51,396	0	51,396	2,515	53,911	46,732	0	46,732	2,421	49,153	
Services on special request *	2,841	11,814	14,655	78	14,733	2,771	9,824	12,595	361	12,956	
Renting of advertisement space	0	0	0	-	-	0	0	0	-	-	
Public services	553	0	553	438	991	544	0	544	499	1,043	
Cargo-custom services *	0	7,190	7,190	581	7,771	0	6,089	6,089	341	6,430	
Consulting services	0	0	0	-	-	0	0	0	-	-	
DCS services *	0	10,044	10,044	-	10,044	0	7,936	7,936	-	7,936	
Lost and found services *	0	7,738	7,738	558	8,296	0	7,077	7,077	552	7,629	
Use of parking lots	11	0	11	374	385	5	0	5	308	313	
Other services *	4,444	2,937	7,381	247	7,628	4,293	3,240	7,533	256	7,789	
II Total services in foreign market	2,084,497	471,671	2,556,168	129,380	2,685,548	1,813,235	418,252	2,231,487	123,928	2,355,415	
III Total revenues from the sale of products and services (I+II)	3,330,243	930,877	4,261,120	-	4,261,120	3,097,648	774,902	3,872,550	-	3,872,550	

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

8. Revenues from sale of <u>services per geograph.region</u>	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Serbia	1,704,952	1,517,135
Germany (Lufthansa+Eurowings +Europi.+Air Berlin+Eurojet)	341,237	342,587
Montenegro (Montenegro+other buyers in MN)	253,845	247,426
Austria (branch of Austrian Airlines +Niki)	128,126	122,948
Switzerland (Swis Air)	164,544	163,878
Russia (Aeroflot)	189,077	188,511
Turkey (Turkish +Pegasus+Atlas Global)	364,996	339,191
Spain (Swift Air)	21,198	20,151
Italy (Al italia)	81,372	81,289
Abu Dhabi (branch Etihad Air+Etihad Air)	87,319	82,590
Hungary (Wiz Air)	403,371	320,264
Romania (Tarom)	29,262	27,146
Tunisia (Tunis Air)	15,692	16,712
Greece (Aegean)	48,514	40,204
England (Easyjet)	38,824	38,198
Norway (Norwegian)	51,673	48,484
Poland (Polskie linie LOT)	56,752	50,199
Dubai (Fly Dubai)	86,214	53,959
Qatar (Qatar Airways)	82,635	45,636
Israel (El Al Israel + Israil Airlines+Arkia)	49,297	78,054
Other foreign buyers	62,220	47,988
	4,261,120	3,872,550

Revenues from sale <u>of services per buyers</u>	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Air Serbia - Serbia	1,246,997	1,219,191
Deutsche Lufthansa - Germany	299,736	298,949
Montenegro Airlines - Montenegro	238,121	243,066
Branch of Austrian Airlines - Austria	128,126	122,948
Swiss International Airlines - Switzerland	164,544	163,878
Turkish Airlines - Turkey	223,750	193,696
Aeroflot - Russia	189,077	188,511
Polskie linie LOT - Poland	56,752	50,199
Alitalia Societa Aerea Italiana S.R.L. - Italy	81,372	81,289
Swift Air Aviation - Spain	21,198	20,151
European Air - Germany	27,079	23,754
Norwegian Air - Norway	51,673	48,484
Easyjet - England	38,824	38,198
Wizz Air+branch (Hungary)	403,371	320,264
Tarom Romanian Air Transport - Romania	29,262	27,146
Pegasus Airlines - Turkey	60,326	49,516
Tunis Air - Tunisia	15,692	16,712
Fly Dubai - Dubai	86,214	53,959
Aegean airlines - Greece	48,514	40,204
Iran Air - Iran	13,001	0
Qatar Airways Q.C.S. - Qatar	82,635	45,636
Etihad Airways PJSC + branch Etihad Airways PJSC - Abu Dhabi	87,319	82,590
NIS AD - Serbia	26,095	26,324
JAT Technica - Serbia	3,622	9,460
Parking service - Serbia	11,137	14,382
Alma Quatro - Serbia	993	10,600
Dufry doo Belgrade - Serbia	26,285	27,296
Israil Airlines - Israel	30,656	53,301
Other domestic buyers - Serbia	389,823	209,882
Other foreign buyers	178,926	192,964
	4,261,120	3,872,550

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

9. OTHER BUSINESS REVENUES	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Revenues from lease to domestic legal persons	457,305	443,639
Revenues from lease to foreign legal persons	5,116	3,792
	462,421	447,431

10. PURCHASE VALUE OF SOLD GOODS	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Purchase value of sold retail goods	598	477
Purchase value of sold kerosene - re-export	-	-
Purchase value of sold crude oil	-	13,782
Purchase value of sold fuel	-	-
	598	14,259

11. COSTS OF MATERIALS	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Costs of production material (basic materials, tools and inventory, working and official clothing and footwear)	69,453	75,411
Overhead costs of material (office material)	13,348	11,374
Costs of spare parts	36,619	8,996
	119,420	95,781

12. COSTS OF FUEL AND ENERGY	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Costs of gasoline and diesel fuel	35,200	34,853
Costs of oil fuel for heating	15,964	18,697
Costs of electric energy	89,204	86,925
	140,368	140,475

13. COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Gross salaries and salary reimbursements - employees	1,025,541	835,322
Gross salaries and salary reimbursements - management	21,224	18,469
Taxes and contributions at cost of employer	187,371	152,828
Costs of reimburs. per service contract and royalties	200	208
Costs of reimbursement for youth organisations etc.	314,323	316,161
Costs of reimburs. for member of SB, SA, rev. committee	4,788	4,378
Transport of employees	61,751	35,931
Cots of business trip	10,015	7,362
Terminal wages and jubilee bonuses	1,702	1,707
Difference for payment to the budget of RS, based on the Law on reduction of public sector wages	95,047	77,229
Premiums for voluntary pension insurance	57,349	44,813
New Year presents for children of employees - not subject to taxa	-	-
Compensation on Contracts for professional development	386	2,209
Solidarity allowance (newborns, treatment, natural disasters etc.)	8,754	8,618
Other personal expenditures	-	-
	1,788,451	1,505,235

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

14. COSTS OF PRODUCTION SERVICES	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
IT services on passenger and baggage check-in	17,642	19,183
Costs of phone and other PTT services	13,638	10,635
Costs of maintenance services	85,622	87,908
Lease costs	19,448	17,514
Advertising costs	51,689	48,282
Costs of catering services of tenants - (re-invoiced to airlines)	899	699
Costs of utilities	15,377	17,096
Costs of production services	2,495	2,426
	206,810	203,743

15. AMORTISATION COSTS	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Amortisation costs for intangible investments	28,213	21,390
Amortisation costs for property	176,045	162,959
Amortisation costs for equipment	338,135	182,049
	542,393	366,398

15 a COSTS OF LONG-TERM RESERVING	I-VI 2018	I-VI 2017
	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
	-	5,370

16. INTANGIBLE COSTS	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Costs of health services	8,678	8,372
Costs of cleaning services	18,323	29,804
Costs of consulting services	5,190	57,645
Costs of different kinds of assessments	30,806	34,348
Costs of professional development	12,849	10,376
Costs of services for the current accounting software	3,414	6,483
Costs of other non-production services	14,717	10,809
Costs of representation	6,579	1,688
Costs of insurance	22,816	17,303
Costs of payment system	3,124	2,953
Memberships	3,272	1,381
Property tax and other reimbursements	43,627	40,218
Other intangible costs	16,862	23,217
	190,257	244,597

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

17. INTEREST INCOME	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Interest in term deposits in RSD	15,110	15,705
Interest for RSD deposits in current accounts	503	809
Interest in term deposits in foreign currency	18,935	29,736
Interest for foreign currency deposits in current accounts	1,491	678
Interest on housing loans	1,207	447
Interests upon court decisions	714	49
Interest on arrears for untimely payment of buyers	8	-
	37,968	47,424

18. POSITIVE EXCHANGE RATE DIFFERENCES AND POSITIVE EFFECTS OF CURRENCY CLAUSE TOWARD THIRD PARTIES)	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Revenues from realized exchange rate differences	5,128	14,775
Revenues from non-realized exchange rate differences	18,783	16,697
Revenues from effects of contracted currency clause (realized)	117	9
Revenues from effects of contracted currency clause (non-realized)	-	89
	24,028	31,570

19. INTEREST EXPENDITURES	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Interests for long-term EIB loan	13,669	17,251
Default interest in the country	2,265	1,746
Interest for untimely paid public revenues	177	4
	16,111	19,001

20. NEGATIVE EXCHANGE RATE DIFFERENCES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Negative exchange rate differences-realized	20,496	42,608
Negative exchange rate differences - non-realized	5,184	98,412
Expenditures from effects of contr. currency clause - realised	245	96
Expenditures from effects of contr. currency clause - non-realised	669	4,086
	26,594	145,202

21. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Value adjustment of receivables:	-	-
- from buyers for services	81	-
- from buyers for interests	-	-
- from natural persons for housing loans (cancellation of impairment on collection basis)	821	963
Other non-mentioned revenues	-	-
	902	963

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

22. EXPENDITURES FROM VALUE ADJUSTMENT OF OTHER ASSETS	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Impairment of receivables from housing loans	984	869
Value adjustment of receivables from buyers	37,169	24,169
Value adjustment of receivables from employees	9	-
Costs from val.corr. of receiv. for serv.and interest	2,501	-
Other expenditures from impairment	-	-
	40,663	25,038

23. OTHER REVENUES	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Revenues from sale of equipment and materials	859	645
Revenues of collected, corrected receivables from buyers	6	45
Revenues from cancel.of reserv. for litigations and empl.benefits	2,513	-
Revenues from indemnity from legal and natural persons	3,952	4,356
Revenues from charged court costs	1,304	401
Positive effects of contracted revaluation	-	10
Other non-mentioned revenues	2,792	3,623
	11,426	9,080

24. OTHER EXPENDITURES	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Loss from sale and write-off of equipment	537	2,652
Litigation costs	451	1,537
Costs for humanitarian, health and scientific purposes	15,933	7,607
Other non-mentioned expenditures	753	429
Expenditures from trade unions	2,489	2,505
	20,163	14,730

25. NET PROFIT - LOSS FROM CORRECTION OF MISTAKES FROM PREVIOUS PERIODS	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Subsequently established revenues from previous years	85	1,498
Total established revenues from previous years	85	1,498
Subsequently established expenditures from previous years	12,196	857
Total established expenditures from previous years	12,196	857
NET PROFIT - LOSS from correction of mistakes from previous periods	(12,111)	641

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

26. PROFIT TAX

26. PROFIT TAX		
<i>a) Components of profit tax</i>	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Period tax expenditure	249,933	215,647
Correction of period tax expenditure	-	-
Period tax expenditure after correction	249,933	215,647
Deferred period tax expenditure	8,472	37,373
Deferred income tax	-	-
Correction of deferred income tax	-	-
	258,405	253,020
Effective tax rate	15.25%	15.43%

<i>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</i>	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Profit before tax	1,694,846	1,640,251
Profit tax calculated at rate of 15%	254,227	246,038
Tax effect of expenditures not acknowledged in tax balance	3,348	2,196
Correction in tax effect of amortisation expenditures not acknowledged in tax balance	(7,642)	(9,851)
Tax credit for investment in fixed assets of previous years	-	(22,736)
Correction of using tax credits from previous years	-	-
Period tax expenditure	249,933	215,647

<i>v) Achieved, unused and unrecognized tax credit (TC)</i>					in 000 RSD	
	Year of expiry	Amount of transferred TC	Correction of TC	Used TC	Outstanding TC for transfer	
year of origin and expiration of tax credit		from 2017		in 2018	30.06.2018	
2012	2022	-	0	-	-	
2013	2023	-	0	-	-	
Balance of tax credit (TC)		-	0	-	-	

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

27. DEFERRED PERIOD TAX REVENUES AND EXPENDITURES

Changes on account of deferred tax liabilities and deferred tax assets as of 31/12/2017 and as of 30/06/2018 are shown in the following table:

27. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

in 000 RSD				
<u>a) Deferred tax assets (deferred tax liabilities) 2017</u>	01/01/2017	Recognised in other gains & losses I-XII 2017	Recognised in income sheet I-XII 2017	31/12/2017
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(426,918)	-	(65,387)	(492,305)
Long-term liabilities				
Provisions for retirement and other employee benefits	19,547	-	160	19,707
Provisions for litigations	12,075	-	2,412	14,487
Short-term liabilities				
Liabilities for taxes, contributions and fees	198	-	42	240
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	2,079	-	(461)	1,618
Unused tax credits	22,736	-	(22,736)	-
	(370,283)	-	(85,970)	(456,253)

<u>b) Deferred tax assets (deferred tax liabilities) 2018</u>	01/01/2018	Recognised in other gains & losses I-VI 2018	Recognised in income sheet I-VI 2018	30/06/2018
Long-term assets				
Intangible assets, property, plant, equipment and investment property	(492,305)	-	(7,583)	(499,888)
Long-term liabilities				
Provisions for retirement and other employee benefits	19,707	-	(627)	19,080
Provisions for litigations	14,487	-	(375)	14,112
Short-term liabilities				
Liabilities for taxes, contributions and fees	240	-	(101)	139
Calculated, but not paid employee earnings, art 9, paragraph 2 of the Law	1,618	-	214	1,832
Other				
	(456,253)	-	(8,472)	(464,725)

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

DEFERRED PERIOD TAX REVENUES AND EXPENDITURES (cont'd)

Balance of recognized deferred tax assets as of 30/06/2018 amounts RSD 35,163 thousand and all refers to deferred tax assets on 30/06/2018 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 30/06/2018 amounts to RSD 499,888 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 30/06/2018 amounts to RSD 464,725 thousand (on 31/12/2017 RSD 456,253 thousand).

Effects from changes in deferred tax assets and liabilities in relation to the initial balance, in the amount of RSD 8,472 thousand, are recorded at the account of the deferred period tax expenditures.

28. PROFIT PER SHARE	I-VI 2018	I-VI 2017
	in 000 RSD	in 000 RSD
Net profit for owners	1,436,441	1,387,231
Net profit correction	-	-
Net profit after correction	1,436,441	1,387,231
Averaged weighted number of shares	34,409,871	34,289,350
Basic earnings per share <u>in RSD</u>	41.75	40.46

29.a. INTANGIBLE ASSETS

in 000 RSD

DESCRIPTION	30/06/2018	31/12/2017
Purchase value		
Initial balance,	260,952	187,042
Procurements during the year	120,467	80,702
Advances for intangible investment	7,485	7,485
Alienation, removal from inventory and sale	-	(6,792)
Other		
Final balance	388,904	268,437
Value correction		
Initial balance	95,048	51,312
Amortisation in current year	28,213	44,252
Alienation, removal from inventory and sale	-	(516)
Value correction of advanced payments	-	-
Final balance	123,261	95,048
Net present value	265,643	173,389

Total investment into intangible assets in the relevant period of 2018 amounts RSD 120,467 thousands. In the period I-VI 2018 the intangible investment was activated in the amount of RSD 55,884 thousand. The balance of intangible investment under preparation on 30/06/2018 amounted RSD 124,524 thousand (on 31/12/2017 it amounted RSD 59,941 thousand).

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

29. b. 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	-	-	-	-	-	2,530,288	-	2,530,288	48	
Transfer from current investments	20,827	847,517	2,497,626	-	-	(3,365,970)	-	-	-	
Alienation, disbursement and sale	-	(15,154)	(23,646)	-	-	(2,927)	(108,508)	(41,727)	(80)	
Other	-	-	-	-	-	-	-	(108,508)	-	
Assets fair value estimation										
Revaluation reserves	-	-	-	-	-	-	-	-	-	
Reduction on account of revaluation reserves	-	-	-	-	-	-	-	-	-	
Revaluation revenues	-	-	-	2,991	-	-	-	2,991	11	
Revaluation expenditures	-	-	-	-	-	-	-	-	(1)	
Reduction of present value for amort. accumulation	-	-	-	-	-	-	-	-	-	
Final balance 31/12/2017	9,437,117	10,511,358	5,579,334	29,516	3,619	349,493	27,811	25,938,248	123	
Value 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	-	346,048	458,177	-	-	-	-	804,225	-	
Alienation, disbursement and sale	-	(12,144)	(2,952)	-	-	-	-	(15,096)	-	
Cancellation of property value per fair value of the property 31/12/2017	-	-	-	-	-	-	-	-	-	
Value correction of advanced payments	-	-	-	-	-	-	-	-	-	
Final balance 31/12/2017	-	333,904	459,555	-	-	-	15,812	809,271	-	
Net present value, 31/12/2017	9,437,117	10,177,454	5,119,779	29,516	3,619	349,493	11,999	25,128,977	123	
Net present value, 01/01/2017	9,416,290	9,678,995	3,101,024	26,525	3,619	1,188,102	120,507	23,535,062	145	

Total investment into property, plants and equipment in the period I-XII 2017 amounts RSD 2,530,288 thousand.

In the reported period RSD 3,365,970 thousand of property, plants and equipment is activated, as follows: for land in the amount of RSD 20,827 thousand; construction and increase of construction facility value in the amount of RSD 847,517 thousand and equipment in the amount of RSD 2,497,626 thousand. Ongoing investments from previous years in the amount of RSD 2,927 thousand were annulled.

Balance of non-activated investments, i.e. ongoing investments on 31/12/2017 amount RSD 349,493 thousand. An estimation of fair value of investment real estate was performed on 31/12/2017. The effects of the assessment are shown in the table:

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

29.c. PROPERTY, PLANTS, EQUIPMENT, BIOLOGICAL RESOURCES 2018 (cont'd)										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 01/01/2018	9,437,117	10,511,358	5,579,334	29,516	3,619	349,493	27,811	25,938,248	123	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2017 after correction	9,437,117	10,511,358	5,579,334	29,516	3,619	349,493	27,811	25,938,248	123	
Procurements during the year	-	-	-	-	-	1,930,991	-	1,930,991	-	
Transfer from current investments	430,711	977,179	651,486	-	-	(2,059,376)	-	-	-	
Alienation, disbursement and sale	-	(1,160)	(7,533)	-	-	-	(11,999)	(8,693)	-	
Other	-	-	-	-	-	-	-	-	-	
Assets fair value estimation										
Final balance 30/06/2018	9,867,828	11,487,377	6,223,287	29,516	3,619	221,108	15,812	27,848,547	123	
Value correction										
Initial balance 01/01/2018	-	333,904	459,555	-	-	-	15,812	809,271	-	
Initial balance correction based on estimate	-	-	-	-	-	-	-	-	-	
Balance on 01/01/2018 after correction	-	333,904	459,555	-	-	-	15,812	809,271	-	
Amortisation in current year	-	176,045	338,135	-	-	-	-	514,180	-	
Alienation, disbursement and sale	-	(723)	(988)	-	-	-	-	(1,711)	-	
Final balance 30/06/2018	-	509,226	796,702	-	-	-	15,812	1,321,740	-	
Net present value, 30/06/2018	9,867,828	10,978,151	5,426,585	29,516	3,619	221,108	-	26,526,807	123	
Net present value, 01/01/2018	9,437,117	10,177,454	5,119,779	29,516	3,619	349,493	11,999	25,128,977	123	

Total investment in real estate, plants and equipment in the period I-VI 2018 amount RSD 1,930,991 thousand (of which RSD 919,069 thousand is at the cost of increase of the capital).

In the reported period RSD 2,059,376 thousand for property, plants and equipment is activated, as follows: land in the amount of RSD 430,711 thousand (increase of land capital in the amount of RSD 181,892 thousand and procurement of land in the amount of RSD 248,819 thousand), construction facility in the amount of RSD 977,179 thousand (increase of the capital of the garage and car park RSD 737,177 thousand, of new facilities and increase of the capital of the existing facilities in the amount of RSD 181,892 thousand) and equipment in the amount of RSD 651,486 thousand.

Balance of non-activated investments, i.e. ongoing investments on 30/06/2018 amount RSD 221,108 thousand.

The last estimation of fair value of real estate, plants and equipment by an authorised appraiser was carried out on 31/12/2016 and of investment real estate on 31/12/2017.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

30. SHARES IN CAPITAL OF OTHER LEG. ENTITIES & SECURITIES	30/06/2018	31/12/2017
	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>	(392)	(392)
	-	-
<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
Minus: value correc.of partic. in capital of banks in liquidation	(19,693)	(19,693)
	-	-
<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
Minus: value corr.of particip. in capital of Mondial Bodrum - Turkey	(358,598)	(358,598)
	1	1
	1	1
31.a. OTHER LONG-TERM FINANCIAL INVESTMENTS	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	5,379	5,261
Long-term loans to employees	247,160	254,174
Receivables for sold socially owned housing	341	881
Receivables for purchase of solidarity housing	2,064	2,169
Total gross	254,944	262,485
Current maturities of long-term investments in SITA	(652)	(638)
Current maturities of long-term loans to employees	(6,327)	(12,005)
Adjustment of fair value of long-term loans to employees	(112,916)	(113,582)
	135,049	136,260

Receivables from employees for long-term loans for purchase and tenant purchaser of apartments as of 30/06/2018 amount to RSD 254,944 thousand ((including current maturities in the amount of RSD 6,327 thousand). Effects of adjustment to fair value amount to total of RSD 113,105 thousand (RSD 112,916 thousand for the part of long-term receivables from employees and RSD 189 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 31/12/2017 is performed by a certified assessor by projection of future cash flows from collection of receivables for housing loans using discount rates: from 5.0% to 18%, 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	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Receivables from buyers based on an Agreement on debt rescheduling	39,381	41,263
	39,381	41,263

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

32. MATERIAL, SPARE PARTS, TOOLS AND SUPPLIES	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Basic material	44,760	67,392
Spare parts	28,071	22,003
Tools and supplies	37,144	5,382
Value correction of material and spare parts stock	(110)	(1,006)
	109,865	93,771

33. CARGO	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Goods in warehouse-kerosene	4,755	4,754
Goods in retail trade	65	109
	4,820	4,863

34. ADVANCES PAID FOR STOCK AND SERVICES	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Advances for services in the country	81,085	33,086
Advances for foreign services	1,816	1,506
Advance value correction	(17,739)	-
	65,162	34,592

35. BUYERS IN THE COUNTRY	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Total balance of receivables from buyers in the country-gross	801,978	658,159
-Value correction of the previous period	(231,434)	(231,744)
-Value correction of the current period	(37,169)	(150)
Total balance of value correction	(268,603)	(231,894)
	533,375	426,265

Receivables from the buyers in the country on 30/06/2018 amount RSD 801,978 thousand, of which to undue receivables refer RSD 411,260 thousand, due receivables up to 30 days RSD 109,265 thousand and due receivables over 30 days RSD 281,453 thousand.

Total value correction of receivables from buyers in the country in the amount of RSD 268,603 thousand mainly relates to value correction of receivables from sued domestic buyers in the amount of RSD 211,924 thousand and other domestic buyers RSD 56,679 thousand.

36. BUYERS ABROAD	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Total balance of receivables from foreign buyers-gross	809,561	703,301
-Value correction of the previous period	(10,911)	(10,290)
-Value correction of the previous period	-	(592)
Total balance of value correction	(10,911)	(10,882)
	798,650	692,419

Receivables from foreign buyers on 30/06/2018 amount RSD 809,561 thousand (undue receivables RSD 539,667 thousand, due receivables up to 30 days RSD 118,447 thousand and due receivables over 30 days RSD 151,447 thousand). Total value correction of receivables from foreign buyers in the amount of RSD 10,911 thousand relates to value correction of receivables from sued domestic buyers in the amount of RSD 6,133 thousand and other foreign buyers RSD 4,778 thousand.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

37. OTHER RECEIVABLES	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Receivables from buyers in the country for default interest	8,337	4,909
Receivables for interest on term deposit	36,666	31,281
Receivables from employees	1,119	1,837
Other receivables	51,441	46,733
Receivables for overpaid income tax	-	-
Total receivables - gross	97,563	84,760
- Value corr.from buyers for default interest of previous years	(294)	(276)
- Value corr.from buyers for default interest of the current year	(2,502)	(18)
-Value correction of the earlier period	(570)	(570)
-Value correction of the current period	(4)	-
- Value corr.of other receivables	(2,359)	(2,359)
Total balance of value correction	(5,729)	(3,223)
	91,834	81,537

38. SHORT-TERM CREDITS AND LOANS IN THE COUNTRY	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Short-term loans to employees (wint .stores , heating means - 6 mon	70,462	80,386
	70,462	80,386

39. OTHER SHORT-TERM FINANCIAL INVESTMENTS	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Short-term time deposits	3,499,301	2,667,692
Current maturities of long-term housing loans to employees	6,327	12,005
Current maturities of long-term investment in SITA	652	638
	3,506,280	2,680,335
Adjustment of fair value of current maturities of housing loans to employees	(189)	(344)
	3,506,091	2,679,991

Short-term time deposits with balance on 30/06/2018 are disclosed in the amount of RSD 3,499,301 thousand, and relate to foreign currency and dinar deposits, for the period of six months.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

40. CHANGES ON VALUE CORRECTION till 30/06/2018						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)	Receivabl. from buyers for goods, services and default interest (Notes 35, 36,37)	Short-term financial investments (Notes 39)	Total
Initial balance 01/01/2017	138,400	62	-	294,592	464	433,518
Correction at cost of current period	-	944	-	760	-	1,704
Devaluation of long-term finan.invest. and securities	-	-	-	-	-	-
Charged corrected receivables	(1,512)	-	-	(1,721)	(332)	(3,565)
Value reconciliation	(16,362)	-	-	(30,747)	256	(46,853)
Write-off	(6,944)	-	-	(16,064)	(44)	(23,052)
Exchange rate differences	-	-	-	(821)	-	(821)
Other	-	-	-	-	-	-
Final balance 31/12/2017	113,582	1,006	-	245,999	344	360,931
Correction at cost of current and previous periods	-	-	17,739	39,675	-	57,414
Devaluation of long-term finan.invest. and securities	-	-	-	-	-	-
Charged corrected receivables	-	-	-	(5)	(145)	(150)
Value reconciliation	-	-	-	-	-	-
Write-off (cancel.of val. corr for hous.loans due to transf to curr	(666)	(944)	-	(460)	(10)	(2,080)
Exchange rate differences	-	-	-	34	-	34
Other	-	48	-	-	-	48
Final balance 30/06/2018	112,916	110	17,739	285,243	189	416,197

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

41. CASH AND CASH EQUIVALENTS	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Current account - in RSD	143,029	144,108
Current account - in foreign currency	2,147,619	2,238,882
Treasury	50	113
Other funds	3,785	2,907
Total cash-balance	2,294,483	2,386,010

42. PREPAYMENTS AND ACCRUED INCOME	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Prepaid VAT + overpaid VAT	4,134	15,731
Prepaid insurance costs for the future period	13,400	27,221
Prepaid other costs for the future period Consult.services for the futu	0	0
Prepaid other costs for the future period	12,074	21,217
Calculated and non-invoiced revenues for the current period	0	22,464
Other accruals	4,684	95
	34,292	86,728

43. CAPITAL	30/06/2018	Changes on capital I-VI 2018	31/12/2017
	in 000 RSD	in 000 RSD	in 000 RSD
Share capital (1st issue shares)	20,573,610	-	20,573,610
Share capital (2nd issue shares)	72,313	72,313	-
Share capital (Total 1st and 2nd issue shares)	20,645,923	72,313	20,573,610
Issue premium (2nd issue shares)	109,580	109,580	-
Core capital (In kind contribution-RoS - Share capital for which a request for subscription of 3rd issue share was filed)	737,177	737,177	-
Reserves	6,356,456	1,102,330	5,254,126
Revaluation reserves	595,393	(721)	596,114
Actuarial gains	17,482	-	17,482
Undistributed profit 2017 (Transfer of rev.reser.in profit, for alienation of fix.assets)	-	(1,436)	1,436
Undistributed profit from operation for 2017)	-	(3,265,674)	3,265,674
Undistr.profit 2018 (Transfer of rev.reser.in profit, for alienation of fix.assets)	369	369	-
Undistributed profit from operation for the current 2018	1,436,441	1,436,441	-
	29,898,821	190,379	29,708,442

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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

44. SHARE CAPITAL (cont'd)

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

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

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

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

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

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:

44. SHARE CAPITAL

<u>Share capital 25/01/2011 (transition to open joint stock company)</u>	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%

During the reported period RoS made an "in kind" capital in the amount of RSD 181,892 thousand, namely on 30/04/2018 an increase to core capital was made and subscription of the second issue of shares (120,521 **ordinary shares** of individual nominal value of RSD 600.00, in the total amount of RSD 72,313 thousand), thereafter the amount and the pattern of the share capital on 30/06/2018 and 31/12/2017 are as follows:

Shareholder	30/06/2018			31/12/2017		
	Value in thousand RSD	Number of shares	% of particip.	Value in thousand RSD	Number of shares	% of particip.
Republic of Serbia	17,178,635	28,631,059	83.21%	17,106,323	28,510,538	83.15%
Domestic and foreign natural persons	1,990,831	3,318,051	9.64%	1,978,846	3,298,077	9.62%
Domestic and foreign legal persons	702,623	1,171,038	3.40%	792,416	1,320,694	3.85%
Custody entities	773,834	1,289,723	3.75%	696,025	1,160,041	3.38%
	20,645,923	34,409,871	100.00%	20,573,610	34,289,350	100.00%

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

45. OTHER COMPONENTS OF THE CAPITAL	Reserves	Revaluation reserves based on the revaluation of property, plant and equipment	Actuarial gains
Balance on 01/01/2017	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	-	(5,713)	-
Actuarial gains on reserves for retirement benefits	-	-	892
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	-
Balance on 31/12/2017	5,254,126	596,114	17,482
Legal reserves	-	-	-
Statutory reserves	1,102,330	-	-
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	-	(721)	-
Actuarial gains on reserves for retirement benefits	-	-	-
Recognition of DTL (deferred tax liabilities) charged to revaluation reserves	-	-	-
Balance on 30/06/2018	6,356,456	595,393	17,482

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

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

46. NON-DISTRIBUTED PROFIT	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Initial balance 01/01	3,267,110	1,775,235
Correction of initial balance	-	-
Corrected initial balance 01/01	3,267,110	1,775,235
Distribution of undistributed profit for dividend	(1,964,780)	(503,368)
Transfer to statutory reserves	(1,102,330)	(1,133,867)
Participation of employees in profit distribution	(200,000)	(138,000)
Net profit of the current period	1,436,441	3,265,674
Net profit correction	-	-
Total net profit of the current period	1,436,441	3,265,674
Decision on distribution of interim dividend	0	0
Undistributed profit of the current period	1,436,441	3,265,674
Profit of the previous years, resulting from transfer of revaluation reserves into profit at selling fixed assets in the current year	369	1,436
Correction of undistributed profit of earlier period	0	0
Total undistributed profit of earlier years	369	1,436
Undistributed profit	1,436,810	3,267,110

Total balance of undistributed profit on **30/06/2018** in the amount of RSD **1,436,810** thousand is a result of the realized net profit from the current period, i.e. I-VI 2018 in the amount of RSD 1,436,441 thousand, increased for RSD 369 thousand on the bases of transfer of revaluation reserves into revenue for alienated fixed assets within the relevant period. Undistributed profit from the previous year, 2017 in the amount of RSD 3,267,110 thousand, was completely distributed by the Decision of the Shareholders Assembly of the Company from 28/06/2018 (RSD 1,964,780 thousand for the dividend of the RoS and other shareholders; RSD 1,102,330 thousand for statutory reserves and RSD 200,000 thousand for the participation of employees in the profit).

47. LONG-TERM RESERVES	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Reserves for terminal wages	46,333	48,021
Reserves for jubilee awards	80,863	83,358
Reserves for litigations	94,076	96,576
	221,272	227,955

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

48. CHANGES ON LONG-TERM RESERVES

Changes in long-term provisions for retirement benefits, jubilee awards and litigations in the period I-VI of 2018, compared to 31/12/2017 are shown in the following table:

in 000 RSD				
CHANGES ON LONG-TERM RESERVES	Terminal wages	Jubilee bonuses	Total	Litigations
Balance on 01/01/2017	42,946	82,890	125,836	80,496
Reserves during the year	7,644	12,289	19,933	20,010
Actuarial gains	(892)	-	(892)	-
Cancellation during the year	-	-	-	-
Pay-off during the year	(1,677)	(11,821)	(13,498)	(3,930)
Balance on 31/12/2017	48,021	83,358	131,379	96,576
Balance on 01/01/2018	48,021	83,358	131,379	96,576
Reserves during the year	0	0	0	0
Actuarial gains	-	-	-	-
Cancellation during the year	(13)	-	(13)	(2,500)
Pay-off during the year	(1,675)	(2,495)	(4,170)	-
Balance on 30/06/2018	46,333	80,863	127,196	94,076

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

<i>a) The assumptions used when making calculation of reserves for retirement benefits and jubilee bonuses</i>	2017	2016
Discount rate	4.50%	4.50%
Estimated growth rate of average earnings	1.00%	1.00%
Fluctuation percentage	1.50%	1.50%
Amount of the net earning XI/.....	73,724	73,724
Total number of employees on 31/12	1323	1323
Number of retired workers who received terminal wage at retirement	5	5

in 000 RSD		
<i>b) The calculation of the reserves for employee benefits on 31/12/2017</i>	Retirement bonuses	Jubilee bonuses
	in 000 RSD	in 000 RSD
1. Reserves on 31/12/2016	42,946	82,890
2. Interest expense	1,933	3,730
3. Cost of current work	5,711	10,304
4. Cost of past work	-	-
5. Actuarial (gain)/loss	(892)	(1,745)
6. Cancellation of provisions during 2017 in the business books of the Company	(1,677)	(11,821)
7. Total net change in the amount reserved in 2017 (1+2+3+4+5+6)	5,075	468
8. Balance of reserving on 31/12/ 2017 (1+7)	48,021	83,358

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

50. LONG-TERM LOANS	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Abroad	621,977	673,487
Current maturities	(49,207)	(98,752)
	572,770	574,735

51. LONG-TERM LOANS	Annual interest rates	Date of maturity	Remaining amount 30/06/2018 (EUR)	30/06/2018	31/12/2017
				in 000 RSD	in 000 RSD
<u>Long-term credits abroad</u>					
European Investment Bank	4,07-5,16%	2025	5,252,217.79	621,977	673,487
Total long-term credits (a+b)			5,252,217.79	621,977	673,487
Current maturities of long-term credits:			-415,524.19	-49,207	-98,752
			4,836,693.60	572,770	574,735

Long-term loans abroad reported on 30/06/2018 in the amount of RSD 621.977 thousand (EUR 5.252.217,79, of which in 2018 it is due for payment EUR 415.524,19 or RSD 49.207 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.

<i>Receivable maturity from long-term loans</i>	Principle		Non-booked interest	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD	in 000 RSD	in 000 RSD
up to one year	49,207	98,752	13,723	28,655
one to two years	98,414	98,752	24,118	24,201
two to three years	98,414	98,752	19,679	19,746
three to four years	98,414	98,752	15,240	15,292
four to five years	98,414	98,752	10,801	10,838
five to ten years	179,114	179,727	11,926	11,967
over ten years	-	-	-	-
	621,977	673,487	95,487	110,699

52. OTHER SHORT-TERM FINANCIAL LIABILITIES	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Current maturities of long-term loan EIN	49,207	98,752
	49,207	98,752

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

53. RECEIVED ADVANCES, DEPOSITS AND BAILS	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Advances received from domestic buyers	59,949	59,692
Advances received from foreign buyers	14,411	14,361
Subscriptions from domestic buyers	7,658	12,676
Subscriptions from foreign buyers	61,602	38,179
	143,620	124,908

54. SUPPLIERS IN THE COUNTRY	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Suppliers in the country-for services	117,583	179,830
Suppliers in the country- for investments in progress	12,356	106,986
Suppliers in the country-for equipment	326,636	114,483
	456,575	401,299

55. SUPPLIERS ABROAD	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Suppliers abroad-for services	13,782	6,398
Suppliers abroad-for equipment	-	-
	13,782	6,398

56. OTHER LIABILITIES FROM OPERATION	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Liabilities for charged purchase on behalf of other companies	18,199	14,699
Other liabilities from operation	2,950	582
Other liabilities from operation-factoring	35	99,284
	21,184	114,565

57. OTHER SHORT-TERM LIABILITIES	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Liabilities from salaries	107,138	110,141
Liabilities from participation in the profits-gross	200,000	-
Liabilities for dividend of RoS-gross	1,633,654	-
Liabilities from gross dividend of other shareholders for 2017	331,126	-
Other short-term liabilities	38,869	42,661
	2,310,787	152,802

58. Liabilities for VAT	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Liabilities for VAT	62,464	1,339
	62,464	1,339

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

59. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Liabilities for income tax	20,043	2,728
Correction of liabilities for income tax from prev.years	0	0
Liabilities for taxes, custom duties and other levies	490	717
Taxes, contributions and other levies	9,811	12,045
	30,344	15,490

60. LIABILITIES FOR INCOME TAX - structure	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Balance on 01/01 of the current year	2,728	0
Correction of income tax	0	0
Corrected initial balance	2,728	0
Specified income tax liabilities for the current year	249,933	529,000
Correction of income tax liabilities	-	-
Specified income tax liabilities for the current year-total	249,933	529,000
Paid income tax liabilities	(2,728)	(287,360)
Pre-payment of income tax	-	(238,912)
Advance payment of income tax until 31/12	(229,890)	-
Liabilities for income tax	20,043	2,728

61. ACCRUALS AND DEFERRED INCOME	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Accrued expenses for the reporting period	106,369	73,788
Calculated costs for ongoing investments	63,264	17,052
Calculated revenues for the future period	13,327	12,631
Other accruals and deferred income	266	11,418
Other accruals and deferred income(calc.discounts to buyers)	47,261	48,534
Taxes, contributions and other levies	0	214
	230,487	163,637

62. OFF-BALANCE REGISER	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Received blank bills - piece	971	1,925
Given blank bills domestic - pieces	20	20
Received guarantees - RSD	522,854	499,382
Received guarantees - foreign currency	125,458	163,911
Given guarantees - RSD	4,500	4,500
Given guarantees - foreign currency	-	-
Solidarity funds from employee salaries	622	622
Total off-balance assets and liabilities	653,435	668,417

Received guarantees in Dinars in the amount of RSD 522.854 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 125.458 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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

63. FAIR VALUE OF ASSETS

ASSETS	Accounting value in 000 RSD 30/06/2018	Fair value in 000 RSD 30/06/2018	Accounting value in 000 RSD 31/12/2017	Fair value in 000 RSD 31/12/2017	Hierarchy of fair value- Levels	Valuation techniques and inputs
1	2	3	4	5	6	7
Fixed assets	26,276,183	26,276,183	24,737,969	24,737,969	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	29,516	29,516	29,516	29,516	Level 3	Assessment of a certified assessor 31/12/2017 (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	136,460	136,460	143,298	143,298	Level 3	Assessment of a certified actuary with a balance on 31/12/2017 - Discounting of cash flows as follows: 18% for housing loans which are not being revalued ; 6% for housing loans with value adjusted annually and with interest rate 0,5%, 5,0% for housing loans with currency clause and interest rate 0,5%; 6,25% for housing loans with value adjusted semi-annually and 6,5% for housing loans with value adjusted annually
Other long-term receivables	39,381	39,381	41,263	41,263	Level 3	Estimation of collectibility by management according to IAS 39
Receivables from buyers	1,332,025	1,332,025	1,118,684	1,118,164	Level 3	Estimation of collectibility by management according to IAS 39
Other receivables	91,834	91,834	81,537	81,537	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, 2018

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

in 000 RSD

Financial instrument categories	30/06/2018			31/12/2017		
	Total	val.correction	net amount	Total	val.correction	net amount
1 Long term investments	666,030	(491,599)	174,431	669,789	(492,265)	177,524
- Long-term time deposits	4,727	-	4,727	4,623	-	4,623
- 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	243,238	(112,916)	130,322	245,219	(113,582)	131,637
- Other long-term receivables	39,381	-	39,381	41,263	-	41,263
2 Receivables expressed at nominal value	5,285,844	(285,432)	5,000,412	4,206,941	(246,343)	3,960,598
- Receivables from buyers	1,611,539	(279,514)	1,332,025	1,361,460	(242,776)	1,118,684
- Short-term financial investments	3,576,742	(189)	3,576,553	2,760,721	(344)	2,760,377
- Receivables for interests	45,003	(2,796)	42,207	36,190	(294)	35,896
- Other receivables	52,560	(2,933)	49,627	48,570	(2,929)	45,641
3 Cash and cash equivalents	2,294,483	-	2,294,483	2,386,010	-	2,386,010
	8,246,357	(777,031)	7,469,326	7,262,740	(738,608)	6,524,132
Financial liabilities						
1 - Long-term loans	572,770	-	572,770	574,735	-	574,735
2 - Current maturities of I-term loans	49,207	-	49,207	98,752	-	98,752
3 - Curr. maturities of I-term fin.lease	-	-	-	-	-	-
4 - Short-term liabilities	491,541	-	491,541	522,262	-	522,262
	1,113,518	-	1,113,518	1,195,749	-	1,195,749

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, 2018

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	
	30/06/2018		31/12/2017		30/06/2018	31/12/2017
	gross	net	gross	net		
EUR	5,385,921	5,256,176	4,553,475	4,425,444	635,622	677,644
USD	492,717	492,717	477,141	477,141	137	134
CHF	322	322	320	320	0	0
GBP	93	93	630	630	0	1,069
Total dinar counter-val. of assets and liab. stated in for. currency	5,879,053	5,749,308	5,031,566	4,903,535	635,759	678,847
Value of assets and liab. stated in dinars	2,367,304	1,720,018	2,231,174	1,620,597	477,759	516,902
Total	8,246,357	7,469,326	7,262,740	6,524,132	1,113,518	1,195,749

By analysis of the currency structure of financial assets and liabilities as of 30/06/2018, along with the balance as of 31/12/2017, it can be concluded that

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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

30/06/2018

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%
Gain/loss	462,055	-462,055	49,258	-49,258	32	-32	9	-9

in 000 RSD

31/12/2017

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%
Gain/loss	374,780	-374,780	47,701	-47,701	32	-32	-44	44

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, 2018

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	30/06/2018			31/12/2017		
	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	39,381	-	39,381	41,263	-	41,263
Receivables from buyers	1,611,539	(279,514)	1,332,025	1,361,460	(242,776)	1,118,684
Receivables for interests and oth.receiv.	97,563	(5,729)	91,834	84,760	(3,223)	81,537
Short-term fin. invest.	70,462	-	70,462	80,386	-	80,386
Non-interest-total	2,197,629	(663,926)	1,533,703	1,946,553	(624,682)	1,321,871
Fixed interest rate						
Long term fin.investments	247,965	(112,916)	135,049	249,842	(113,582)	136,260
Short term fin.investments	3,506,280	(189)	3,506,091	2,680,335	(344)	2,679,991
Fixed-total	3,754,245	(113,105)	3,641,140	2,930,177	(113,926)	2,816,251
Floating interest rate						
Cash and cash equiv.	2,294,483	-	2,294,483	2,386,010	-	2,386,010
Floating-total	2,294,483	0	2,294,483	2,386,010	0	2,386,010
	8,246,357	(777,031)	7,469,326	7,262,740	(738,608)	6,524,132
Financial liabilities						
Non-interest						
Liabilities from operation	491,541	0	491,541	522,262	0	522,262
Non-interest-total	491,541	0	491,541	522,262	0	522,262
Fixed interest rate						
Long-term loans	572,770	0	572,770	574,735	0	574,735
Current maturities of long-t. liab.	49,207	0	49,207	98,752	0	98,752
Fixed-total	621,977	0	621,977	673,487	0	673,487
Floating interest rate						
Current maturities of long-t. liab.	0	0	0	0	0	0
Floating-total	0	0	0	0	0	0
	1,113,518	0	1,113,518	1,195,749	0	1,195,749

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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.

Structure of receivables from buyers	30/06/2018	participa	31/12/2017	participat
	in 000 RSD	tion	in 000 RSD	ion
Air Serbia	252,980	15.70%	204,823	15.04%
Jat Tehnika	114,581	7.11%	126,106	9.26%
Dufry doo	184,177	11.43%	70,508	5.18%
International CG	41,492	2.57%	41,492	3.05%
Air Serbia-Catering ltd	39,562	2.45%	36,794	2.70%
Aviogenex ltd.	50,820	3.15%	50,820	3.73%
Austrian-branch	18,634	1.16%	27,908	2.05%
Other domestic buyers	99,732	6.19%	99,708	7.32%
Total domestic buyers	801,978	49.76%	658,159	48.34%
Montenegro Airlines	59,187	3.67%	42,272	3.10%
Wizz Air	151,418	9.40%	120,188	8.83%
Deutsche Lufthansa	88,205	5.47%	84,053	6.17%
Turkish Airlines	37,977	2.36%	38,100	2.80%
Etihad Airlines	20,201	1.25%	28,220	2.07%
Aeroflot	35,402	2.20%	33,290	2.45%
Allitalia	39,034	2.42%	51,853	3.81%
Qatar Airways	17,351	1.08%	24,236	1.78%
Swiss Air	53,698	3.33%	25,372	1.86%
Fly Dubai	18,155	1.13%	24,529	1.80%
Pegasus	13,801	0.86%	11,545	0.85%
LOT Polskie Linie	13,125	0.81%	14,525	1.07%
Other foreign buyers	262,007	16.26%	205,118	15.07%
Total foreign buyers	809,561	50.24%	703,301	51.66%
Total gross receivables from domestic and foreign buy	1,611,539	100.00%	1,361,460	100.00%
Total value correction	279,514		242,776	
Total net receivables	1,332,025		1,118,684	

Gross receivables from domestic and foreign buyers on 30/06/2018 amount RSD 1,611,539 thousand (RSD 1,361,460 thousand on 31/12/2017), 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.

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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd)**II - CREDIT RISK (cont'd)**

Receivables from domestic buyers for goods and services on 30/06/2018 in the amount of RSD 801,978 thousand, accounted for 49.76% of total receivables from buyers for goods and services. Total balance of value adjustment of receivables from domestic buyers was RSD 268,603 thousand (RSD 231,434 thousand charged to results of previous years and RSD 37,169 thousand charged to results of the current period), so the net value of receivables from domestic buyers amounts to RSD 533,375 thousand.

Receivables from foreign buyers for goods and services amounted to RSD 809,561 thousand, which makes 50.24% of total receivables for goods and services. Total balance of value adjustment of receivables from foreign buyers was RSD 10,911 thousand (all charged to results of previous years), so the net value of receivables from foreign buyers amounts to RSD 798,650 thousand.

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. The Company made reconciliation of its assets and liabilities on 30/06/2018.

The Company has reconciled receivables with buyers on 30/06/2018 for 57.10% of receivables. Out of 42.90% of non-reconciled receivables of domestic clients on 30/06/2018, 2.58% refers to undisputed receivables and 40.32% to OIS without response (of which 13.91% refers to sued clients with no answer to OIS).

As for foreign client receivables, the Company reconciled 38.92% of foreign receivables as of 30/06/2018. Unreconciled receivables mainly refer to receivables with sent and not responded OIS.

At the end of the business year, with the balance on 30/06/2018, receivables with Air Serbia and Montenegro Airlines were reconciled.

Age structure of receivables	30/06/2018	participati	31/12/2017	participati
	in 000 RSD	on	in 000 RSD	ion
Undue receivables from buyers-uncorrected	950,927	59.01%	812,675	59.69%
Undue receivables from buyers-corrected	0	0.00%	0	0.00%
Total undue receivables	950,927	59.01%	812,675	59.69%
Due receivables up to 60 days-uncorrected	267,451	16.60%	155,573	11.43%
Due receivables up to 69 days-corrected	0	0.00%	0	0.00%
Total due receivables up to 60 days	267,451	16.60%	155,573	11.43%
Due receivables over 60 days-uncorrected	113,647	7.05%	150,436	11.05%
Due receivables over 60 days-corrected	279,514	17.34%	242,776	17.83%
Total due receivables over 60 days	393,161	24.40%	393,212	28.88%
Total receivables-gross	1,611,539	100.00%	1,361,460	100.00%
Total value correction	279,514		242,776	
Total receivables - net (gross-correction)	1,332,025		1,118,684	

Undue receivables from domestic and foreign buyers for goods and services, on 30/06/2018, amounted to RSD 950,927 thousand (and on 31/12/2017 they amounted to RSD 812,675 thousand). Due receivables from domestic and foreign buyers for goods and services, on 30/06/2018 not older than 60 days, amounted to RSD 267,451 thousand (and on 31/12/2017 they amounted to RSD 155,573 thousand).

Due receivables from domestic and foreign buyers for goods and services, that on 30/06/2018 were older than 60 days, amounted to RSD 393,161 thousand (and on 31/12/2017 they amounted to RSD 393,212 thousand).

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

64. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT (cont'd)**II - CREDIT RISK (cont'd)**

Due corrected receivables from domestic and foreign buyers for goods and services older than 60 days as on 30/06/2018 amounted to RSD 279,514 thousand, of which RSD 242,345 thousand is at the cost of value correction of receivables from previous years and RSD 37,169 thousand is at the cost of value correction of the current period (due corrected receivables from domestic and foreign buyers for goods and services older than 60 days on 31/12/2017 amounted to RSD 242,776 thousand).

Due uncorrected receivables from domestic and foreign buyers for goods and services older than 60 days, on 30/06/2018, amounted to RSD 113,647 thousand (and on 31/12/2017 they amounted to RSD 150,436 thousand). These receivables are not corrected due to the assessment of certainty of collection of those receivables.

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	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Less than 30 days	3,683,102	3,552,969
1 - 3 months	1,883,530	2,742,254
3-12 months	1,728,262	51,385
1 - 5 years	49,061	51,157
over five years	125,371	126,367
	7,469,326	6,524,132

The average time to collect receivables from customers in the period I-VI 2018 amounted to 52 days (2017: 48 days).

Maturity of receivables for interests	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Less than 30 days	5,803	6,595
1 - 3 months	23,007	29,301
3-12 months	13,397	0
	42,207	35,896

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.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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

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

Maturity of financial liabilities	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Less than 30 days	491,541	522,262
1 - 3 months	11,842	11,883
3-12 months	37,365	86,869
1 - 5 years	393,657	470,760
over five years	179,113	103,975
	1,113,518	1,195,749

In the total liabilities of the Company the largest share have liabilities based on long-term loans in the amount of RSD 621.977 thousand, of which in 2018 becomes due RSD 49.207 thousand.

Liabilities towards suppliers on June 30 2018 are expressed in the amount of RSD 491,541 (on December 31, 2017: RSD 522,262 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 in the period I-VI 2018 is 46 days (in 2017 it was 40 days).

Maturity of liabilities for interests (for loans)	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
Less than 30 days	-	-
1 - 3 months	3,159	3,458
3-12 months	10,564	25,197
1 - 5 years	69,838	70,077
over five years	11,926	11,967
	95,487	110,699

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 2018 and the end of 2017 were as follows:

	30/06/2018	31/12/2017
	in 000 RSD	in 000 RSD
1 Indebtedness (ADP 432 + ADP 443)	621,977	673,487
2 Cash and cash equivalents (ADP 068)	2,294,483	2,386,010
I GROSS INDEBTEDNESS (1-2)	(1,672,506)	(1,712,523)
3 Ratio indebtedness/capital (I/5)	-0.0559	-0.0576
4 Short-term financial investment (ADP 062)	3,576,553	2,760,377
II NET INDEBTEDNESS (I - 4)	(5,249,059)	(4,472,900)
5 Capital (ADP 401)	29,898,821	29,708,442
6 Ratio indebtedness/capital (II/5)	-0.1756	-0.1506

NOTES TO THE FINANCIAL STATEMENTS June 30, 2018

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 30/06/2018: 23 members; on 30/06/2017: 23 member). In the period I - VI 2018 RSD 26,012 thousand was paid in the gross amount (in the period I- VI 2017: RSD 22,847 thousand).

Management earnings	30/06/2018	I-VI 2018	30/06/2017	I-VI 2017
Management	Number	Amount in 000 RSD	Number	Amount in 000 RSD
Earnings	14	21,224	14	18,469
Participation in profit distribution		0		0
Total management	14	21,224	14	18,469
Compensations to members of the Supervisory Board	7	3,510	7	3,304
Compensations to members of the Commission for Revision and the Shareholders Assembly	1	643	1	470
Compensations to members of the Shareholders Assembly	1	635	1	604
Total for members of the Supervisory Board, the Commission for Revision and the Shareholders Assembly	9	4,788	9	4,378
TOTAL:	23	26,012	23	22,847

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, 2018, against the Company there are litigations in the amount of RSD 123,373 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 2018 the Company has made provisions for potential losses on these litigations in the amount of RSD 94,076 thousand (on 31/12/2017 it was RSD 96,576 thousand) (Notes 47 and 48). According to the assessment of the Company's management on this basis they do not expect additional significant losses in the future period.

68. EVENTS AFTER THE REPORTING PERIOD

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 objectivity of the financial statements for the period that ended on 30 June 2018, or would require adjustment of the financial statements.

In Belgrade, 07 August 2018



 Legal representative
 Executive Director Zarko Suvačarov under Power of Attorney
 No. UOP-IV: 797-2018 dated 08.08.2018.

**JOINT STOCK COMPANY
BELGRADE NIKOLA TESLA AIRPORT**

**BUSINESS REPORT FOR THE SECOND QUARTER OF 2018 AND
FOR THE PERIOD
I – VI 2018**



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1. GENERAL DATA OF THE COMPANY

Business name		JOINT STOCK COMPANY AIRPORT NIKOLA TESLA BELGRADE
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	Registration number: BD 4874/2005 Date of registration: 15/06/2005 Registration number: BD 91540/2012 Date of registration: 09/07/2012 Registration number: BD 100187/2012 Date of registration: 20/07/2012
4	Activity (code and description)	5223 - Air- traffic services
5	Number of employees	1698 employees on 30/06/2018,
6	Core capital value	RSD 21.492.679.477 (on 30/06/2018)
7	Name, head office of auditor who revised the last financial statement for 2017	„IEF“ d.o.o. Bulevar Mihajla Pupina 106/I, Belgrade
8	Number of issued shares, ISIN number and CFI COD	Number of ordinary shares 34.409.871 (on 30/06/2018) 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

06/17/2018

Ten largest shareholders on 30/06/2018

No.	Name of shareholder	Number of shares	% of share
1	REPUBLIC OF SERBIA	28,631,059	83.21
2	KJK FUND II SICAV SIF	441.137	1.28
3	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	412.375	1.20
4	VOJVODJANSKA BANKA AD NOVI SAD JOINT ACCOUNT	372.169	1.08
5	SOCIETE GENERALE BANK SERBIA CUSTODY ACC - FO	161.722	0.47
6	EAST CAPITAL – EAST CAPITAL BALK	125.038	0.36
7	GLOBAL MACRO CAPITAL OPPORTUNI	95.682	0.28
8	CONVEST A.D. NOVI SAD-JOINT ACCOUNT	90.895	0.26
9	POLUNIN DISCOVERY FUNDS	70.516	0.20
10	KERAMIKA JOVANOVIC DOO	65.461	0.19

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2. MANAGEMENT DATA

Management members for the period I-VI 2018:

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 Dejković, 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	Дипломирани економиста, Заменик директора – Национална служба за запошљавање
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	Žarko Suvačarov, Belgrade	Specialist Professional Traffic Engineer, 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

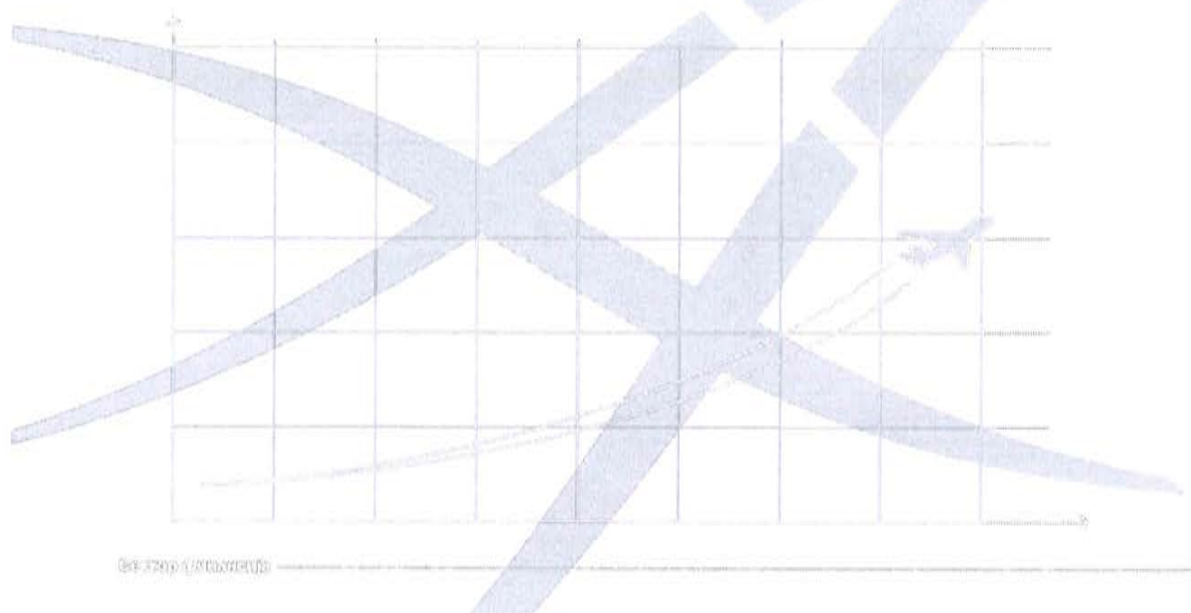
JSC Belgrade Nikola Tesla Airport, as a member of the Chamber of Commerce of Serbia adopted the *Code of Corporate Governance* that was published in the Official Gazette of the Republic of Serbia, No. 99/2012, as well as on the Company's website www.beg.aero.

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 2018 it was achieved total air traffic turnover, as follows:

- 27,855 air movements;
- 2,463,752 passengers and
- 11,860 tons of cargo and mail.

In the period IV-VI 2018 it was achieved total air traffic turnover, as follows:

- 15,677 air movements;
- 1,466,234 passengers and
- 6,170 tons of cargo and mail.

3.1. AIR MOVEMENT TURNOVER

Achieved number of air movements per traffic types in the period I-VI 2018 is shown in the following table:

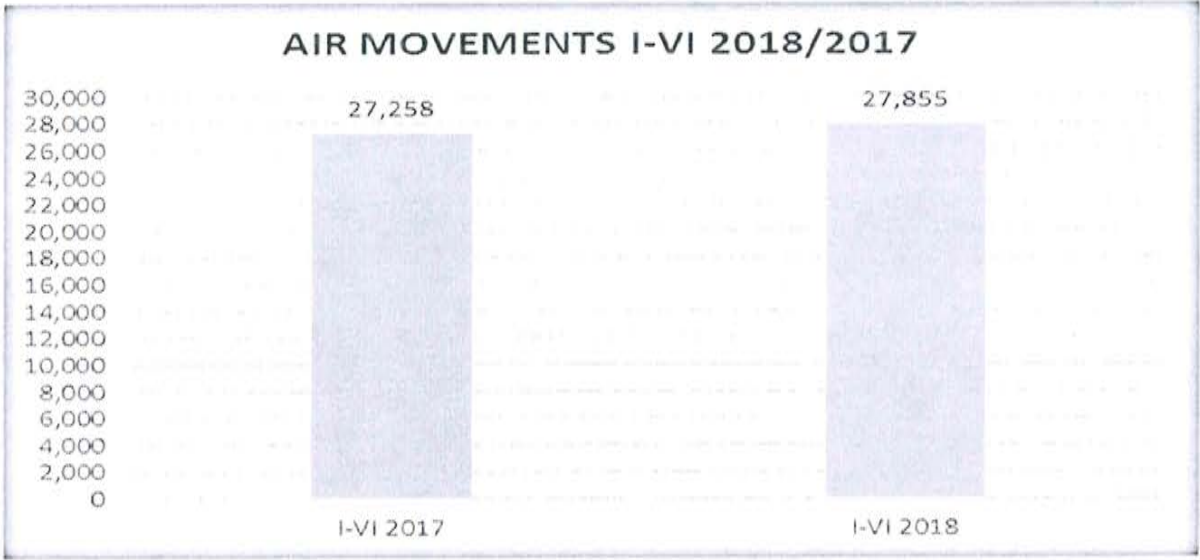
Number of air movements per air-traffic types							
Air-traffic types	Achievement I-VI 2017	Rebalancing Plan III I-VI 2018	Achievement I-VI 2018	Index	Index	Participation I-VI 2017	Participation I-VI 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	27	27	12	44	44	0.10	0.04
International air-traffic-domestic carriers	14,748	14,492	14,023	95	97	54.10	50.34
International air-traffic-foreign carriers	12,483	13,150	13,820	111	105	45.80	49.62
TOTAL:	27,258	27,669	27,855	102	101	100.00	100.00

The data from the table indicate total number of air movements in the period from I-VI 2018, which is higher by 2% than last year in the same period and 1% higher than the one prescribed in the Rebalancing plan III for the period I-VI 2018.

Within carrier pattern of the total traffic in the period I-VI 2018 the domestic carriers in international air traffic have a dominant role with 50.34%, followed by foreign carriers in international air traffic with 49.62% and at the end domestic carriers in domestic air traffic with 0.04% share.

In comparison to the last year, there was fall in the share of domestic carrier in international air traffic by 3.76% and growth in share of foreign carriers in international air traffic by 3.82%.

In international air traffic of domestic carriers total turnover of 14,023 air movements is achieved which is by 5% lower compared to the same period of the previous year and by 3% lower in comparison to the Rebalancing Plan III for the period I-VI 2018. The domestic carriers in international air traffic are the following: Air Serbia, Avio Služba, Princ Aviation and Air Pink.



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

Carriers	Achievement I-VI 2017	Rebalancing Plan III I-VI 2018	Achievement I-VI 2018	Index	Index	Participation I-VI 2017	Participation I-VI 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Montenegro Airlines	1,408	1,407	1,429	101	102	11.28	10.34
Lufthansa	1,359	1,357	1,386	102	102	10.89	10.03
Wizz Air	1,448	1,510	1,803	125	119	11.60	13.05
Austrian Airlines	877	877	910	104	104	7.03	6.58
Turkish Airlines	768	757	792	103	105	6.15	5.73
Aeroflot	721	721	726	101	101	5.78	5.25
Swiss International	607	616	624	103	101	4.86	4.52
Swift Air	492	492	493	100	100	3.94	3.57
Swiftair Hellas S.A	246	246	247	100	100	1.97	1.79
Alitalia	356	374	358	101	96	2.85	2.59
Etihad Airways	362	364	368	102	101	2.90	2.66
Tarom	370	408	401	108	98	2.96	2.90
Transavia	78	240	258	331	108	0.62	1.87
Polskie Linie LOT	362	298	404	112	136	2.90	2.92
Aegean Airlines	214	214	191	89	89	1.71	1.38
Qatar Airways	206	348	364	177	105	1.65	2.63
Easy Jet	148	142	144	97	101	1.19	1.04
European Air	254	254	257	101	101	2.03	1.86
Pegasus Airlines	206	210	220	107	105	1.65	1.59
Flydubai	196	370	361	184	98	1.57	2.61
Norwegian Air	156	174	174	112	100	1.25	1.26
Belavia	112	110	136	121	124	0.90	0.98
Tunis Air	74	76	66	89	87	0.59	0.48
Aircairo Company	74	68	116	157	171	0.59	0.84
Arka	83	105	79	95	75	0.66	0.57
Israir Airlines	184	152	106	58	70	1.47	0.77
Hainan Airlines	0	52	105	0	202	0.00	0.76
Iran Air	0	0	66	0	0	0.00	0.48
Croatia Airlines	43	40	38	88	95	0.34	0.27
Vueling Airlines	24	24	62	258	258	0.19	0.45
Ellinair	16	16	0	0	0	0.13	0.00
Gazprom	4	4	5	125	125	0.03	0.04
Atlasglobal Airlines	220	320	230	105	72	1.76	1.66
Air Horizont Ltd.	1	0	0	0	0	0.01	0.00
Corendon Airlines	4	0	0	0	0	0.03	0.00
Adria Airways	4	0	0	0	0	0.03	0.00
Freebird Airlines	2	2	6	300	300	0.02	0.04
Sun Express	2	2	4	200	200	0.02	0.03
Bora Jet	2	0	0	0	0	0.02	0.00
Other	800	800	891	111	111	6.41	6.45
TOTAL:	12,483	13,150	13,820	111	105	100.00	100.00

In the period I-VI of 2018 we present the most significant foreign air carriers (34 foreign air carrier)

In international air traffic of foreign carriers in the period I-VI 2018 total turnover of 13,820 air movements is achieved which is by 11% higher compared to the same period of the previous year and by 5% higher in comparison to the Rebalancing Plan III for the period I-VI 2018.

In the pattern of foreign carriers in the period I-VI 2018 the most significant roles based on number of air-movements are of Wizz Air with 13.05% of share, then Montenegro Airlines with 10.34% and Lufthansa with 10.03% of share. These three air carriers achieve 33.42% in international air traffic of foreign carriers.

With the share ranging from 6.58% to 3.57% in this type of air traffic there are: Austrian Airlines (6.58%), Turkish Airlines (5.73%), Aeroflot (5.25%), Swiss International (4.52%), Swift Air (3.57%), with total share of 25.65%.

Scheduled **Cargo transport** of express mail in the period I-VI 2018 was carried out by 4 (four) foreign carriers: Turkish Airlines, Swiftair Aviation, European Air Transporter Leipzig GmbH and Swiftair Hellas

The most important **Low cost carriers** in the period I-VI 2018 are: Easyjet, Flydubai, Norwegian Air Shuttle, Wizz Air, Vueling, Transavia, Pegasus Air and Red Wings.

II quarter

The achieved number of air movements per air traffic type in the second quarter of 2018 is disclosed in the table.

Number of air movements per air-traffic types							
Air-traffic types	Achievement IV-VI 2017	Rebalancing Plan III IV-VI 2018	Achievement IV-VI 2018	Index	Index	Participation IV-VI 2017	Participation IV-VI 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	14	14	6	43	43	0.09	0.04
International air-traffic-domestic carriers	8,311	8,367	8,124	98	97	54.87	51.82
International air-traffic-foreign carriers	6,822	7,073	7,547	111	107	45.04	48.14
TOTAL:	15,147	15,454	15,677	103	101	100.00	100.00

Data from the table show that total achieved number of air movements in the second quarter of 2018 amount 15,677 and that it is higher by 3% than in the same period of 2017 and by 1% higher in comparison to the Rebalancing Business Plan III in the second quarter of 2018.

Within carrier pattern of the total traffic in the second quarter 2018 the largest share is of domestic carriers in international air traffic with 51.82%, followed by foreign carriers in international air traffic with 48.14% and at the end domestic carriers in domestic air traffic with 0.04% share.

In international air traffic of domestic carriers in the second quarter of 2018 turnover of 8,124 air movements is achieved which is by 2% lower compared to achievement of the same period of the previous year and by 3% lower in comparison to the Rebalancing Plan III for the second quarter of 2018.

In international air traffic of foreign carriers in the second quarter of 2018 total turnover of 7,547 air movements is achieved, which is by 11% higher compared to the same period of the previous year and by 7% higher in comparison to the Rebalancing Plan III for the second quarter of 2018.

Foreign carrier that started operating in the second quarter of 2018 are the following: Iran Air, Qeshm Airlines and Mahan Air.

3.2. PASSENGER TURNOVER

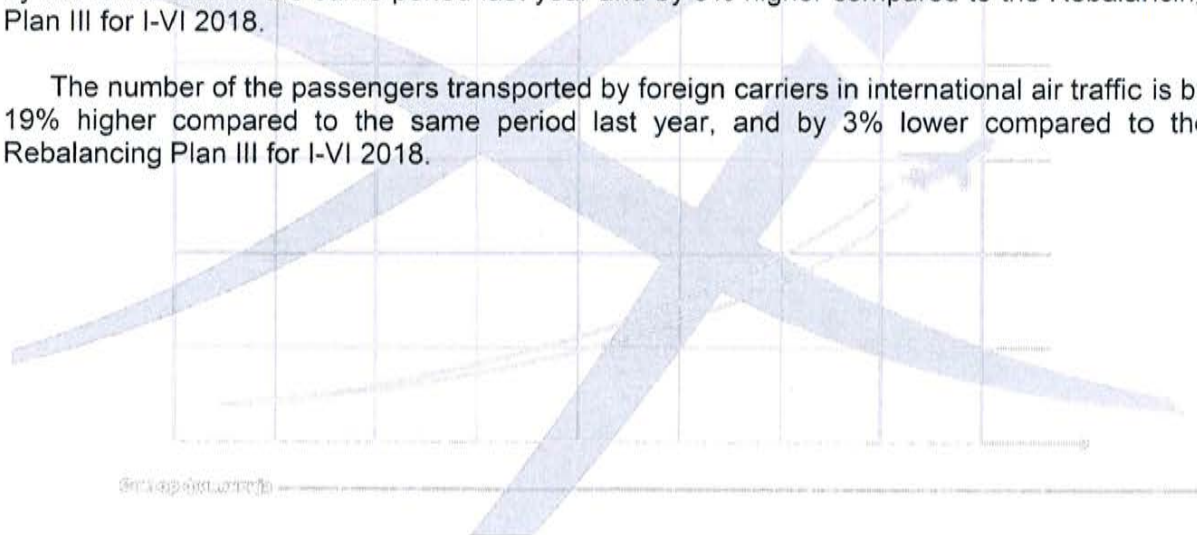
In the period I-VI 2017 a total passenger turnover of 2,463,752 passengers was achieved, which represent an increase 7% in comparison to the same period in 2017 and it is at the same level as in the Rebalancing Plan III for the period I-VI 2018.

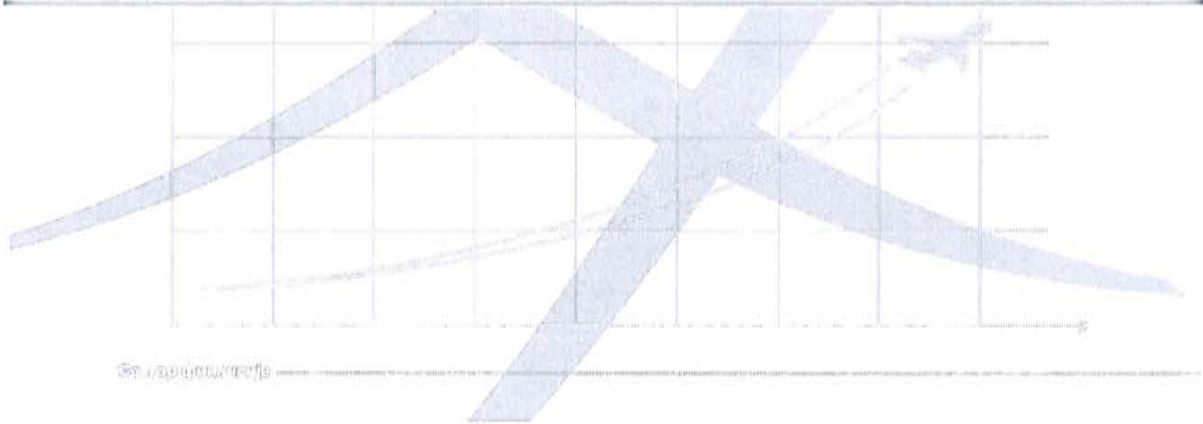
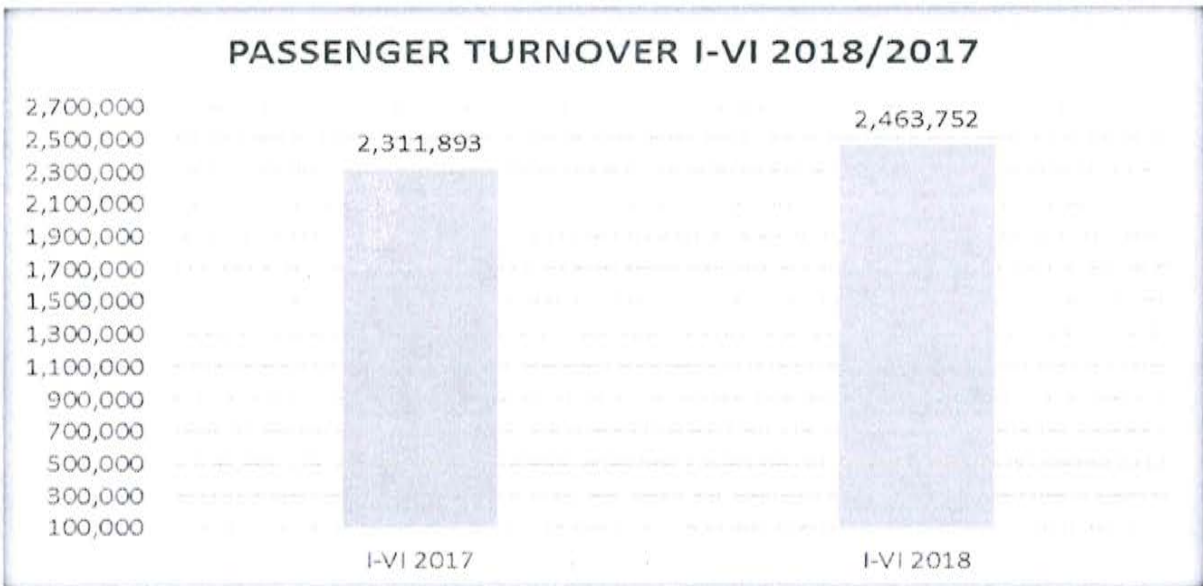
Passenger turnover per air-traffic types							
Air-traffic types	Achievement I-VI 2017	Rebalancing Plan III I-VI 2018	Achievement I-VI 2018	Index	Index	Participation I-VI 2017	Participation I-VI 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	64	64	8	13	13	0.00	0.00
International air-traffic-domestic carriers	1,148,705	1,029,395	1,076,161	94	105	49.69	43.68
International air-traffic-foreign carriers	1,163,124	1,431,116	1,387,583	119	97	50.31	56.32
TOTAL:	2,311,893	2,460,575	2,463,752	107	100	100.00	100.00

The greatest participation in passenger turnover per air traffic types for the period I-VI 2018 is of foreign carriers in international air traffic with 56.32%, then domestic carriers in international air traffic with 43.68%.

The number of passengers transported by domestic carriers in the period I-VI 2018 is lower by 6% lower than in the same period last year and by 5% higher compared to the Rebalancing Plan III for I-VI 2018.

The number of the passengers transported by foreign carriers in international air traffic is by 19% higher compared to the same period last year, and by 3% lower compared to the Rebalancing Plan III for I-VI 2018.





II quarter

Planned and realized passenger traffic in the II quarter of 2018, as well as comparative data on realized turnover in the same period of 2017 are shown in the table review.

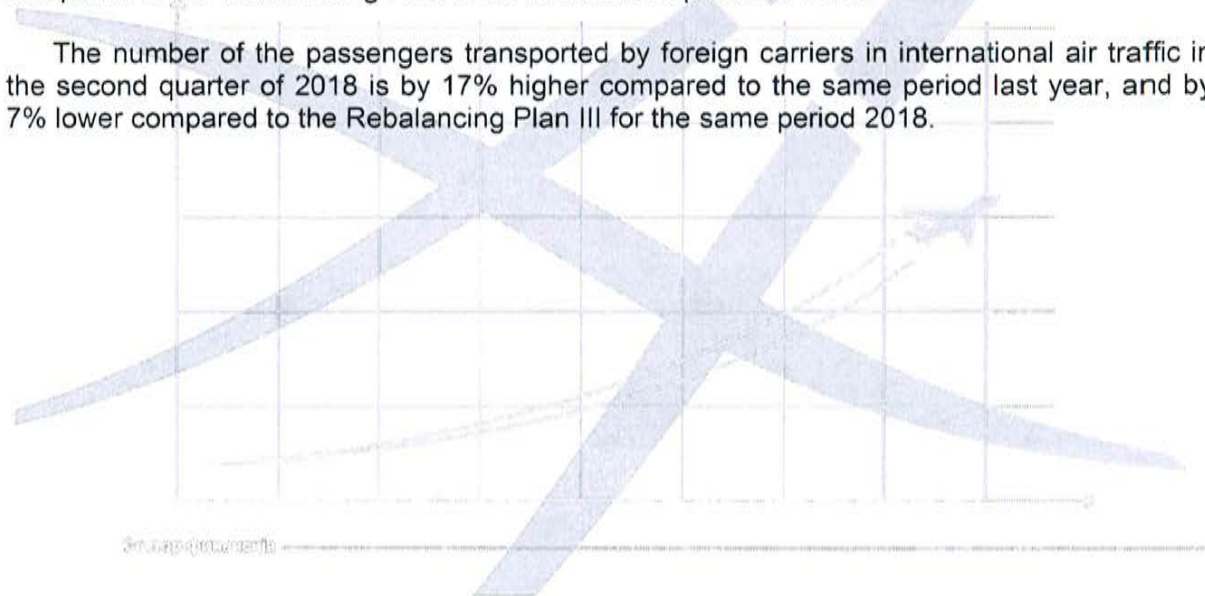
Passenger turnover per air-traffic types							
Air-traffic types	Achievement IV-VI 2017	Rebalancing Plan III IV-VI 2018	Achievement IV-VI 2018	Index	Index	Participation IV-VI 2017	Participation IV-VI 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	31	31	6	19	19	0.00	0.00
International air-traffic-domestic carriers	682,976	615,476	677,282	99	110	50.37	46.19
International air-traffic-foreign carriers	672,898	849,398	788,946	117	93	49.63	53.81
TOTAL:	1,355,905	1,464,905	1,466,234	108	100	100.00	100.00

Based on the data presented, it can be concluded that passenger traffic in the II quarter of 2018 increased by 8% in relation to the achievement for the same period of 2017 and amounted to 1,466,234 passengers, which is at the same level as the Rebalancing Plan III for the same period of 2018.

The greatest participation in passenger turnover per air traffic types for the second quarter of 2018 is of foreign carriers in international air traffic with 53.81%, then domestic carriers in international air traffic with 46.19%.

The number of the passengers transported by domestic carriers in international air traffic in the second quarter of 2018 is 1% lower than in the same period last year and by 10% higher compared to the Rebalancing Plan III for the second quarter of 2018.

The number of the passengers transported by foreign carriers in international air traffic in the second quarter of 2018 is by 17% higher compared to the same period last year, and by 7% lower compared to the Rebalancing Plan III for the same period 2018.

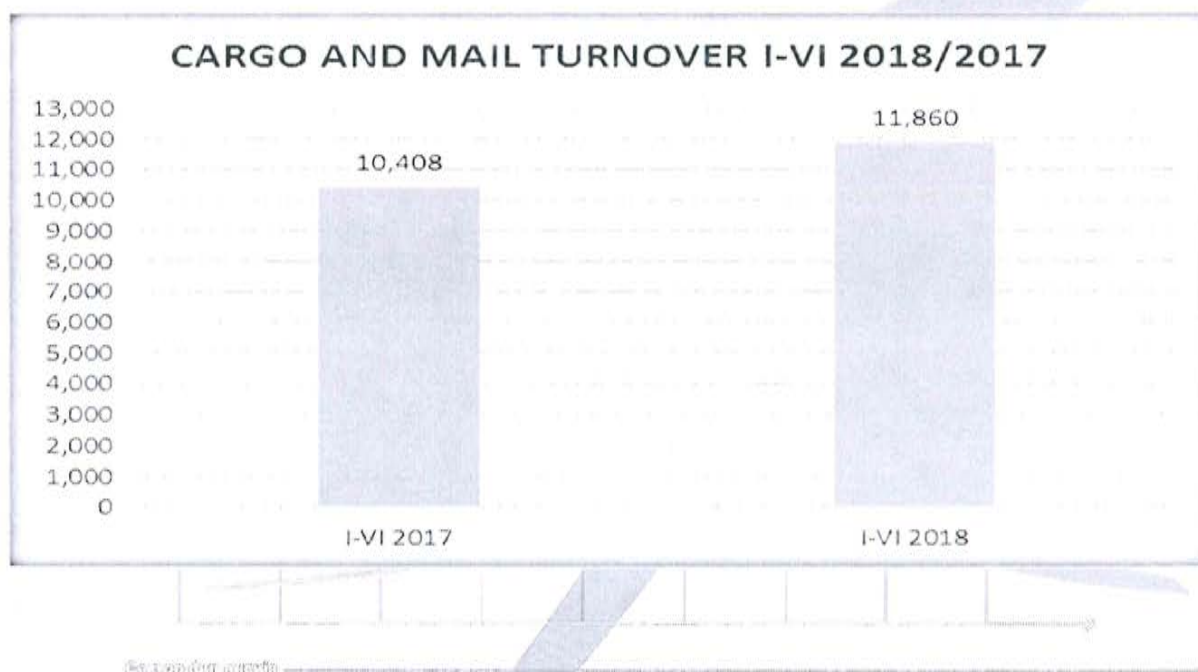


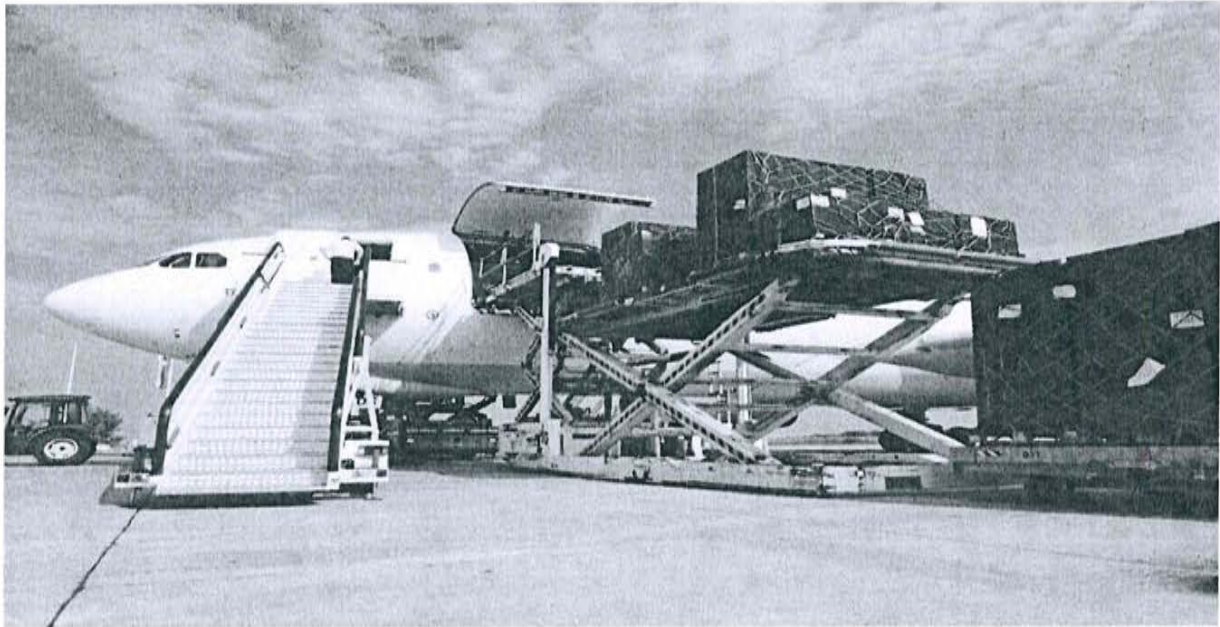
3.3. CARGO AND MAIL TURNOVER

In the period I-VI 2018 total cargo turnover of 11,860 tons is achieved which is by 14% higher compared to the same period of the previous year and by 2% higher in comparison to the Rebalancing Plan III for the period I-VI 2018.

In international air traffic of domestic carriers, cargo and mail turnover in the period I-VI 2018 was 1% higher than the turnover for the same period of 2017 and by 5% lower than in the Rebalancing Plan III for the period I-VI 2018, while in international air traffic of foreign carriers, achievement in the period I-VI 2018 was 20% higher than in the same period of the previous year and by 4% higher than in the Rebalancing Plan III for the period I-VI 2018.

Cargo and mail turnover in tons							
Air-traffic types	Achievement I-VI 2017	Rebalancing Plan III I-VI 2018	Achievement I-VI 2018	Index	Index	Participation I-VI 2017	Participation I-VI 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	0	0	0	0	0	0.00	0.00
International air-traffic-domestic carriers	3,203	3,396	3,233	101	95	30.77	27.26
International air-traffic-foreign carriers	7,205	8,288	8,627	120	104	69.23	72.74
TOTAL:	10,408	11,684	11,860	114	102	100.00	100.00





II quarter

In the second quarter of 2018 total cargo and mail turnover of 6,170 tons is achieved which is by 11% higher compared to the subject period of the previous year and is at by 9% lower in comparison to the Rebalancing Plan III for the second quarter of 2018.

Cargo and mail turnover in tons							
Air-traffic types	Achievement IV-VI 2017	Rebalancing Plan III IV-VI 2018	Achievement IV-VI 2018	Index 5(4/2)	Index 6(4/3)	Participation IV-VI 2017	Participation IV-VI 2018
1	2	3	4	5(4/2)	6(4/3)	7	8
Domestic air-traffic	0	0	0	0	0	0.00	0.00
International air-traffic-domestic carriers	1,620	1,718	1,692	104	98	29.02	27.42
International air-traffic-foreign carriers	3,962	5,029	4,478	113	89	70.98	72.58
TOTAL:	5,582	6,747	6,170	111	91	100.00	100.00

In international air traffic of domestic carriers, cargo and mail turnover in the second quarter of 2018 was 4% higher than the achieved turnover for the same period of previous year and by 2% lower than in the Rebalancing Plan III for the second quarter of 2018.

In international air traffic of foreign carriers, cargo and mail turnover in the second quarter of 2018 was 13% higher than the achievement for the same period of previous year and by 11% lower than in the Rebalancing Plan III for the second quarter of 2018.

www.airport.lv

PHYSICAL VOLUME OF AIR TRAFFIC

Air-traffic types	Achievement I-VI 2017		Rebalancing Plan III I-VI 2018		Achievement I-VI 2018		Index	
	1	2	3	4	5(4/2)	6(4/3)		
	Participation		Participation		Participation			
Domestic air-traffic								
Air movements	27	0	27	0	12	0	44	44
Passengers	64	0	64	0	8	0	13	13
Cargo and mail air (t)	0	0	0	0	0	0	0	0
International air-traffic - domestic carriers								
Air movements	14,748	54	14,492	52	14,023	50	95	97
Passengers	1,148,705	50	1,029,395	42	1,076,161	44	94	105
Cargo and mail air+truck (t)	3,203	31	3,396	29	3,233	27	101	95
International air-traffic - foreign carriers								
Air movements	12,483	46	13,150	48	13,820	50	111	105
Passengers	1,163,124	50	1,431,116	58	1,387,583	56	119	97
Cargo and mail air+truck (t)	7,205	69	8,288	71	8,627	73	120	104
Total								
Air movements	27,258	100	27,669	100	27,855	100	102	101
Passengers	2,311,893	100	2,460,575	100	2,463,752	100	107	100
Cargo and mail air+truck (t)	10,408	100	11,684	100	11,860	100	114	102

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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 2018 JSC Belgrade Nikola Tesla Airport achieved the **total revenue** in amount of **RSD 4,798,869,995**. Thus achieved total revenue is 9% higher in comparison to the achieved revenues in the same period of the previous year and 2% lower in relation to the Rebalancing Plan III for the period I-VI 2018.

The pattern of the achieved revenues for I-VI 2018 is shown in the table **Revenue pattern by service types**.

In the pattern of achieved revenues for the period I-VI 2018 **business revenues** have the greatest participation amounting to **RSD 4,724,460,958** which is 98% of the total revenues. Thus achieved business revenues are 9% higher than the same in the same period of the previous year and 2% lower in relation to Rebalancing Plan III for the period I-VI 2018.

Part of business revenues generated by providing **air services** in the amount of **RSD 1,684,226,743** makes 36% of the total revenues. These revenues are 28% higher than in the same period of the previous year, while they are by 11% higher than it is predicted in the Rebalancing Plan III for the period I-VI 2018.

Within revenues from air services – domestic air carriers in the period I-VI 2018 the highest growth is recorded in section of:

- ground handling;
- infrastructure, as well as
- use of air-bridges.

Revenues from **passenger service and security fees** are realised in the amount of **RSD 2,046,392,720** for the period I-VI 2018, which makes 43% of totally achieved revenues. Thus achieved revenues from passenger service and security fees are 3% higher than the same in the same period of the previous year and 1% lower in relation to Rebalancing Plan III for the period I-VI 2018.

Within revenues from passenger service, there is increase of 20% from passenger service-foreign air carriers in relation to the same period previous year.

In the period I-VI 2018 revenues from **rendering services in cargo-customs warehouse** were achieved in the amount of **RSD 85,380,063**. Such realized revenues from services in cargo-customs warehouse are lower by 2% than revenues on this basis in the same period last year.

In the period I-VI 2018 revenues from **other expenditures** were achieved in the amount of **RSD 445,120,101**. Such realized revenues from other services are lower by 9% than revenues on this basis in the same period last year.

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Revenues from the sale of goods are realized in the amount of RSD 919,854.

In the period I-VI 2018 revenue from **lease of business facilities** amounts **RSD 462,421,476** and it is 3% higher than in the same period of the previous year. The most part of these revenues refers to lease of business facilities to Dufry Ltd.

Financial revenues in the period I-VI 2018 amount **RSD 61,996,363** and they are 22% lower than in the same period of the previous year.

This decrease of financial expenditures in the period I-VI 2018 in comparison to the same period of the last year partly resulted from decrease of interest rates and partly from the fall of RSD exchange rate for Euro (1EUR on 30/06/2018 equalled RSD 118.0676, while on 30/06/2017 it was RSD 120.8486).

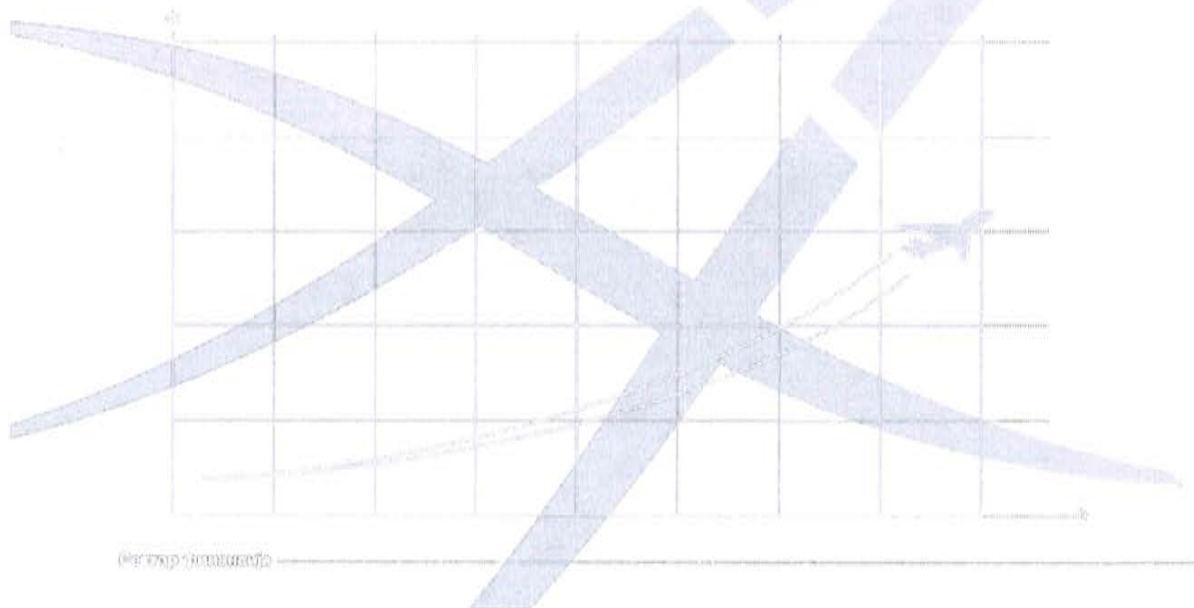
The pattern of financial revenues for I-VI 2018 is composed of:

- revenues from the interest amount RSD 37,967,883 and they participate with 61% in the pattern of total financial revenues.
- revenues from exchange rate differences - non-realised in the amount of RSD 18,782,636 and participate with 30% in the pattern of total financial revenues;
- revenues from exchange rate differences - realised in the amount of RSD 5,245,844 and participate with 9% in the pattern of total financial revenues.

Other revenues in the period I-VI 2018 in the amount **RSD 12,412,674** and they are 8% higher than in the same period of the previous year.

Major foreign buyers from the point of their participation in revenues from sale in the period I-VI 2018 are:

- Wizz Air RSD 402,906 thousand (9.45%);
- Deutsche Lufthansa RSD 299,736 thousand (7.03%);
- Montenegro Airlines RSD 238,121 thousand (5.59%);



REVENUE STRUCTURE							
No.	Service type	Service description	Achievement I-VI 2017	Rebalancing Plan III I-VI 2018	Achievement I-VI 2018	Indices	
1	2	3	4	5	6	7(6/4)	8(6/6)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	88,326,562	92,326,630	83,828,858	95	91
	614010+614014+614310+614312+614313+614314	Lighting	27,607,957	27,964,583	23,381,996	85	84
	614030+614034+614330+614332+614333+614334	GH	92,875,352	276,191,646	259,859,397	280	94
	614040+614042+614043+614044	Infrastructure	51,446,738	53,151,851	142,683,497	277	268
	614050	Air-bridges	10,388	5,770	36,520,616	351,572	632,915
	614020+614024+614320+614323+614324	Aircraft abode revenue	2,192,656	2,686,070	2,121,770	97	79
I	Total air services (domestic carrier):		262,469,652	462,326,650	548,396,136	209	121
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	349,335,245	354,632,054	377,696,411	108	107
	615020+615021+615022+615023+615024	GH	321,333,370	321,385,485	358,864,444	112	112
	615030+615031+615032+615033+615034	Lighting	35,819,613	36,408,506	37,835,882	106	104
	615040+615042+615043+615044	Infrastructure	229,027,379	240,419,419	248,364,461	108	103
	615060+615062	Air-bridges	100,627,747	102,583,953	103,279,741	103	101
	615000+615001+615002+615003+615004	Aircraft abode revenue	13,774,555	14,807,055	9,789,668	71	66
II	Total air services (international carrier):		1,049,917,907	1,070,236,472	1,136,830,607	108	106
I+II	Total air services		1,312,377,659	1,522,563,022	1,684,226,743	128	111
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	872	474	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.a/i.a.t.	569,084,044	517,639,984	418,529,711	74	81
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	910,848,579	1,001,603,578	1,090,293,287	120	109
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	506,254,911	556,619,984	537,569,723	106	97
III	Total passenger service		1,986,188,405	2,075,864,021	2,046,392,720	103	99
I+II+III	Total air services and passenger service		3,298,666,965	3,598,427,043	3,730,619,464	113	104
	CCM service						
	614500+614510	CCM service dom.market	80,361,488	82,013,371	77,608,683	97	95
	615300 +615310 (foreign)	CCM service international market	6,429,469	9,160,504	7,771,380	121	85
IV	Total CCM services		86,790,957	91,173,875	85,380,063	98	94
V	Total services related to air traffic (I to IV):		3,385,366,922	3,689,600,918	3,815,999,527	113	103
	Other services						
1	614360+615100+615102	DCS services	7,935,789	9,580,611	10,112,377	127	106
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	81,020,160	86,150,892	51,398,626	63	60
3	614130+614131+615071+615072	VIP lounge	3,692,085	3,402,406	3,186,622	86	94
4	614140+614142+615090+615092	CUTE (dom.+intl)	82,085,273	96,624,471	76,690,104	93	79
5	614380+615080	Lost and found	7,629,351	9,750,696	8,295,511	109	85
6	6146+615120+615400+615401	Public services	83,662,561	79,093,794	79,095,122	95	100
7	614820+615170	Catering services business class	725	109,569	113,779	15,694	104
8	614870+615810	Advertising space	34,838,527	36,322,843	22,447,796	64	62
9	614883	Commercial usage of the apron	29,472,441	32,064,701	26,741,631	91	83
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	115,972,405	69,583,443	93,217,433	80	134
11	614860+614861+614865+614866+614867+614868+615880+615885+615887+615888	Parking space	31,212,473	91,191,276	63,627,893	204	70
12	Other non-mentioned services dom+intl		9,671,454	10,992,934	10,193,206	105	93
VI	Other services (1 to 11):		487,193,245	624,867,435	445,120,101	91	86
VII	Total 61 - Revenues from sale of services (V+VI)		3,872,560,166	4,214,468,353	4,261,119,628	110	101
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		10,420,992	30,917,566	919,864	9	3
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		3,882,971,169	4,245,385,918	4,262,039,482	110	100
X	64 & 65 - Lease of business premises		447,431,076	695,180,233	462,421,476	103	78
XI	OPERATING REVENUES (IX+X)		4,330,402,235	4,840,566,151	4,724,460,958	109	98
XII	66 - FINANCIAL REVENUES		78,994,498	49,626,299	61,996,363	78	125
1	interest		47,424,278	39,075,944	37,967,883	80	97
2	exchange rate differences - realised		14,784,293	10,549,354	5,245,844	35	50
3	exchange rate differences - non-realised		16,785,927	0	18,782,636	112	0
XIII	67, 68 and 69 OTHER REVENUES		11,540,186	15,341,760	12,412,674	108	81
XIV	Total revenues (XI+XII+XIII)		4,420,936,919	4,906,533,210	4,798,869,995	109	98

II quarter

In the period IV-VI 2018 JSC Belgrade Nikola Tesla Airport achieved the **total revenue** in the amount of **RSD 2,695,970,989**. Thus achieved total revenue is 11% higher in comparison to the achieved revenues in the same period of the previous year and 2% lower in relation to the Rebalancing Plan III for the period IV-VI 2018.

The pattern of the achieved revenues for IV-VI 2018 is shown in the table **Revenue pattern by service types**.

In the pattern of achieved revenues for the period IV-VI 2018 **business revenues** have the greatest participation amounting to **RSD 2,650,482,323** which is 98% of the total revenues. Thus achieved business revenues are 12% higher than the same in the same period of the previous year and 3% lower in relation to Rebalancing Plan III for the period IV-VI 2018.

Part of business revenues generated by providing **air services** in the amount of **RSD 941,398,750** makes 36% of the total operational revenues. These revenues are 32% higher than in the same period of the previous year, while they are by 11% higher than it is predicted in the Rebalancing Plan III for the period IV-VI 2018.

Within revenues from air services – domestic air carriers in the period IV-VI 2018 the highest growth is recorded in section of:

- ground handling;
- infrastructure, as well as
- use of air-bridges.

Revenues from **passenger service and security fees** are realised in the amount of **RSD 1,196,090,460** for the period IV-VI 2018, which makes 45% of totally achieved revenues. Thus achieved revenues from passenger service and security fees are 3% higher than the same in the same period of the previous year and 3% lower in relation to Rebalancing Plan III for the period IV-VI 2018.

Within revenues from passenger service, there is increase of 18% from passenger service-foreign air carriers in relation to the same period previous year.

In the period IV-VI 2018 revenues from **rendering services in cargo-customs warehouse** were achieved in the amount of **RSD 43,358,012**. Such realized revenues from services in cargo-customs warehouse are lower by 3% than revenues on this basis in the same period last year.

In the period IV-VI 2018 revenues from **other expenditures** were achieved in the amount of **RSD 203,208,971**. Such realized revenues from other services are lower by 4% than revenues on this basis in the same period last year.

Revenues from the sale of goods are realized in the amount of **RSD 475,873**.

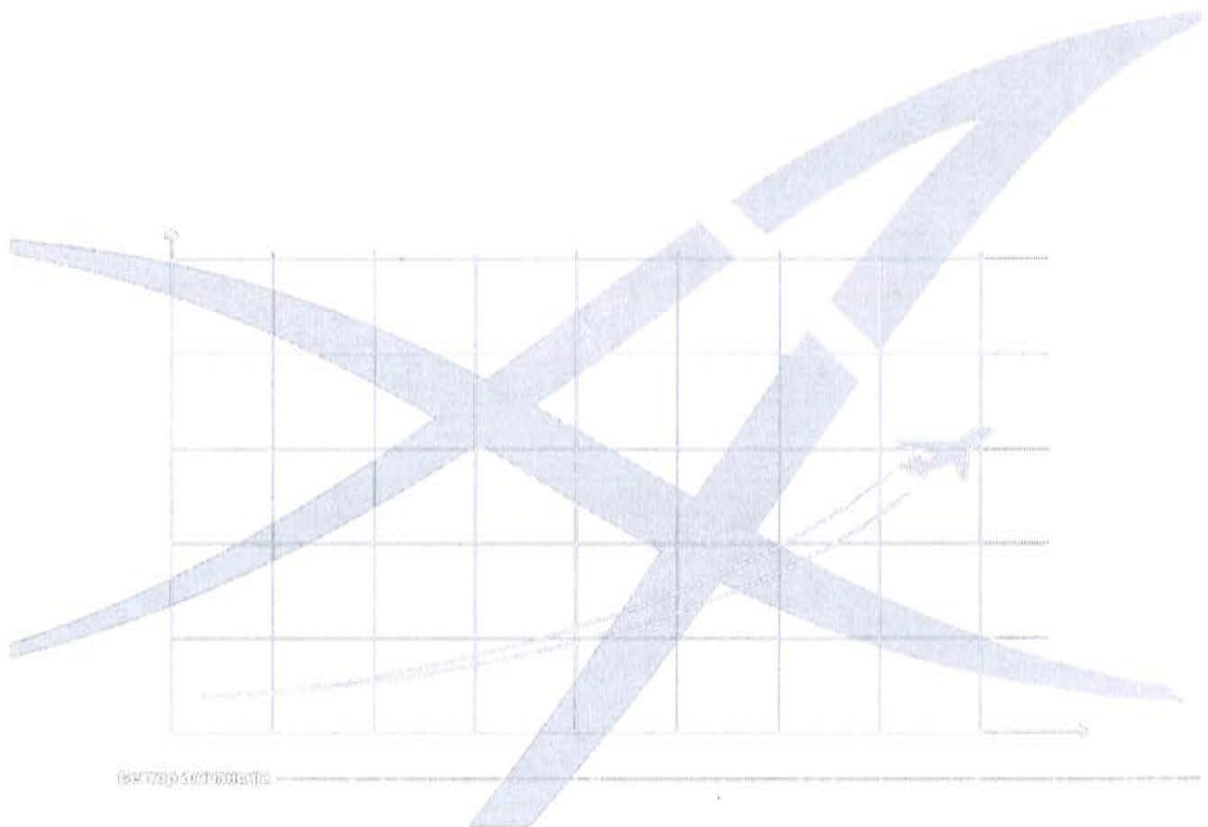
In the period IV-VI 2018 revenue from **lease of business facilities** amounts **RSD 265,950,257** and it is 7% higher than in the same period of the previous year. The most part of these revenues refers to lease of business facilities to Dufry Ltd.

Financial revenues in the period IV-VI 2018 amount **RSD 39,139,555** and they are 5% lower then in the same period of the previous year.

The pattern of financial revenues for IV-VI 2018 is composed of:

- revenues from the interest amount RSD 19,754,284 and they participate with 50% in the pattern of total financial revenues.
- revenues from exchange rate differences - non-realised in the amount of RSD 16,288,305 and participate with 42% in the pattern of total financial revenues;
- revenues from exchange rate differences - realised in the amount of RSD 3,096,965 and participate with 8% in the pattern of total financial revenues.

Other revenues in the period IV-VI 2018 amount **RSD 6,349,112** and they are lower by 3% then in the same period of the previous year.



REVENUE STRUCTURE

No.	Service type	Service description	Achievement IV-VI 2017	Rebalancing Plan III IV-VI 2018	Achievement IV-VI 2018	Indices	
						7(6/4)	8(6/5)
1	2	3	4	5	6	7(6/4)	8(6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	49,421,163	51,558,509	48,518,286	98	94
	614010+614014+614310+614312+614313+614314	Lighting	13,109,907	15,616,429	11,250,605	86	72
	614030+614034+614330+614332+614333+614334	GH	51,822,784	154,235,343	152,896,067	295	99
	614040+614042+614043+614044	Infrastructure	28,712,798	29,681,904	83,599,446	291	282
	614050	Air-bridges	6,918	3,222	21,996,822	317,954	682,643
	614020+614024+614320+614323+614324	Aircraft abode revenue	1,561,084	1,499,998	993,260	64	66
I	Total air services (domestic carrier):		144,634,664	252,595,406	319,254,488	221	126
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	192,654,044	198,039,287	209,223,192	109	106
	615020+615021+615022+615023+615024	GH	173,927,858	179,473,208	197,792,934	114	110
	615030+615031+615032+615033+615034	Lighting	14,910,434	20,331,818	15,918,748	107	78
	615040+615042+615043+615044	Infrastructure	125,873,550	134,258,846	136,688,973	109	102
	615060+615062	Air-bridges	55,172,347	57,286,567	57,304,259	104	100
	615000+615001+615002+615003+615004	Aircraft abode revenue	8,031,359	8,268,792	5,216,158	65	63
II	Total air services (International carrier):		570,569,592	597,658,518	622,144,265	109	104
I+II	Total air services		715,204,246	850,253,924	941,398,750	132	111
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	872	280	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.a/i.a.t.	331,563,775	305,573,025	263,929,056	80	86
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service International carrier	519,735,814	595,328,962	613,898,381	118	103
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	305,179,201	329,683,107	318,263,023	104	97
III	Total passenger service		1,156,479,662	1,230,585,374	1,196,090,460	103	97
I+II+III	Total air services and passenger service		1,871,683,908	2,080,839,297	2,137,489,210	114	103
	CCM service						
	614500+614510	CCM service dom.market	41,155,837	44,811,240	39,623,155	96	88
	615300 +615310 (foreign)	CCM service International market	3,379,715	6,105,136	3,734,857	111	61
IV	Total CCM services		44,535,552	50,916,376	43,358,012	97	86
V	Total services related to air traffic (I to IV):		1,916,219,460	2,131,755,673	2,180,847,222	114	102
	Other services						
1	614360+615100+615102	DCS services	4,845,758	4,790,306	7,102,651	147	148
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	43,204,584	43,075,346	29,214,392	68	68
3	614130+614131+615071+615072	VIP lounge	1,967,143	1,701,203	1,788,693	91	105
4	614140+614142+615090+615092	CUTE (dom.+intl)	47,386,855	48,312,235	44,655,256	94	92
5	614380+615080	Lost and found	3,941,312	4,875,348	4,810,749	122	99
6	6146+615120+615400+615401	Public services	39,091,644	39,546,897	35,763,218	91	90
7	614820+615170	Catering services business class	725	54,785	113,779	15,694	208
8	614870+615810	Advertising space	18,224,874	18,161,421	10,978,694	60	60
9	614883	Commercial usage of the apron	15,258,668	16,032,350	15,274,516	100	95
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	0	34,791,721	0	0	0
11	614860+614861+614865+614866+614867+614868+615880+615885+615887+615888	Parking space	16,504,298	45,596,638	46,605,685	282	102
12	Other non-mentioned services dom+intl		5,596,075	5,496,467	6,901,337	123	126
VI	Other services (1 to 11):		196,021,935	262,433,717	203,208,971	104	77
VII	Total 61 - Revenues from sale of services (V+VI)		2,112,241,395	2,394,189,391	2,384,056,193	113	100
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		10,114,949	15,458,783	475,873	5	3
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		2,122,356,343	2,409,648,173	2,384,532,066	112	99
X	64 & 65 - Lease of business premises		248,960,636	309,840,117	265,950,257	107	86
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	2,371,316,979	2,719,488,290	2,650,482,323	112	97
XII	66 - FINANCIAL REVENUES		41,033,421	24,812,649	39,139,555	95	168
1	interest		25,690,354	19,537,972	19,754,284	77	101
2	exchange rate differences - realised		6,535,927	5,274,677	3,096,965	47	59
3	exchange rate differences - non-realised		8,807,140	0	16,288,305	185	0
XIII	67, 68 and 69 OTHER REVENUES		6,571,115	7,670,880	6,349,112	97	83
XIV	Total revenues (XI+XII+XIII)		2,418,921,515	2,751,971,819	2,695,970,989	111	98

Source: Airport Authority

- - **costs of maintenance services** which in the period I-VI 2018 amount RSD **85,621,615** and they are 3% lower than in the same period of the previous year due to decrease of the costs of the current maintenance of IT equipment.
- **the costs of lease** in the period I-VI 2018 amount RSD **19,447,531** and they are 11% higher than in the same period of the previous year. They mostly refer to renting of business facilities of legal persons;
- **the costs of advertising** amount RSD **51,688,600**;
- **the costs of other services** mostly refers to costs of watering, sewage, achieved in the amount of RSD **19,042,244** and they are 6% lower than in the same period of the previous year.

The costs of amortisation and reserves (group 54) in the period I-VI 2018 amount RSD **542,392,902** and they are 46% higher than in the same period of the previous year, due to significant increase of costs of amortisation.

The increase in depreciation costs in the period I-VI of 2018 was the result of the activation of a significant number of fixed assets in the second half of 2017 and 2018, and consequently a significant increase in depreciation costs occurred.

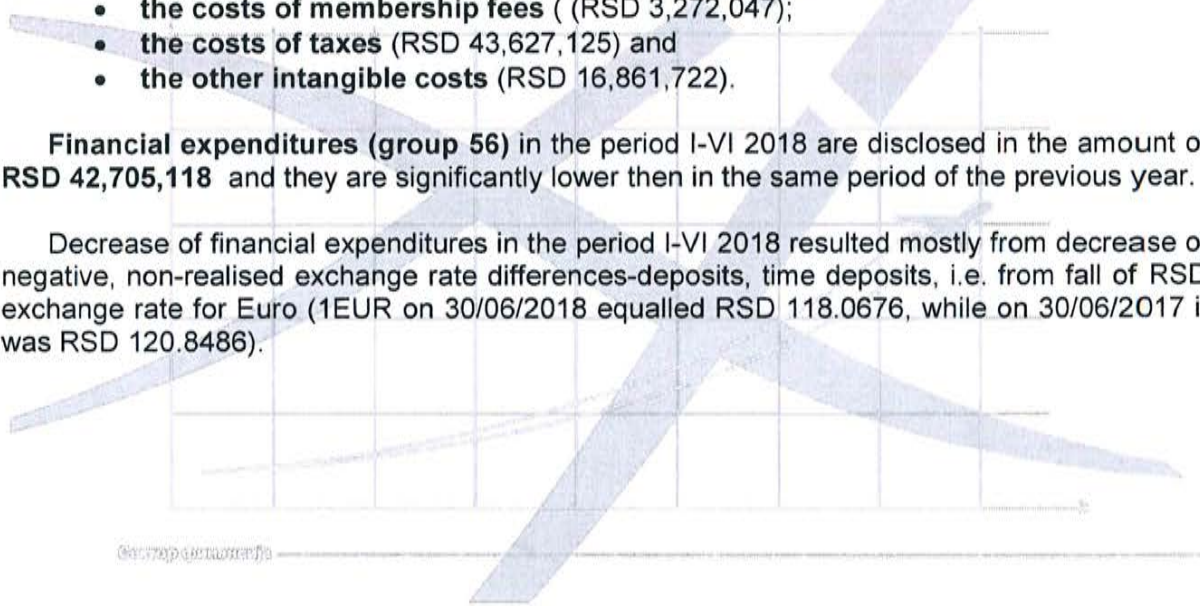
Intangible costs (group 55) in the period I-VI 2018 are disclosed in the amount of RSD **190,256,679** and they are 22% lower than in the same period of the previous year.

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

- **the costs of non-productive services** are the most significant in the group of intangible costs and are achieved in the amount of RSD **93,977,227** mostly referring to costs of other types of assessments and cleaning. Costs of non-productive services have the largest decrease in the part of costs for consulting services and costs of cleaning services;
- **the costs of representations** (RSD 6,578,510);
- **the costs of insurance premiums** (RSD 22,815,832);
- **the costs of money transfers** (RSD 3,124,216);
- **the costs of membership fees** (RSD 3,272,047);
- **the costs of taxes** (RSD 43,627,125) and
- **the other intangible costs** (RSD 16,861,722).

Financial expenditures (group 56) in the period I-VI 2018 are disclosed in the amount of RSD **42,705,118** and they are significantly lower than in the same period of the previous year.

Decrease of financial expenditures in the period I-VI 2018 resulted mostly from decrease of negative, non-realised exchange rate differences-deposits, time deposits, i.e. from fall of RSD exchange rate for Euro (1EUR on 30/06/2018 equalled RSD 118.0676, while on 30/06/2017 it was RSD 120.8486).



Grup 55 - intangibilni troškovi

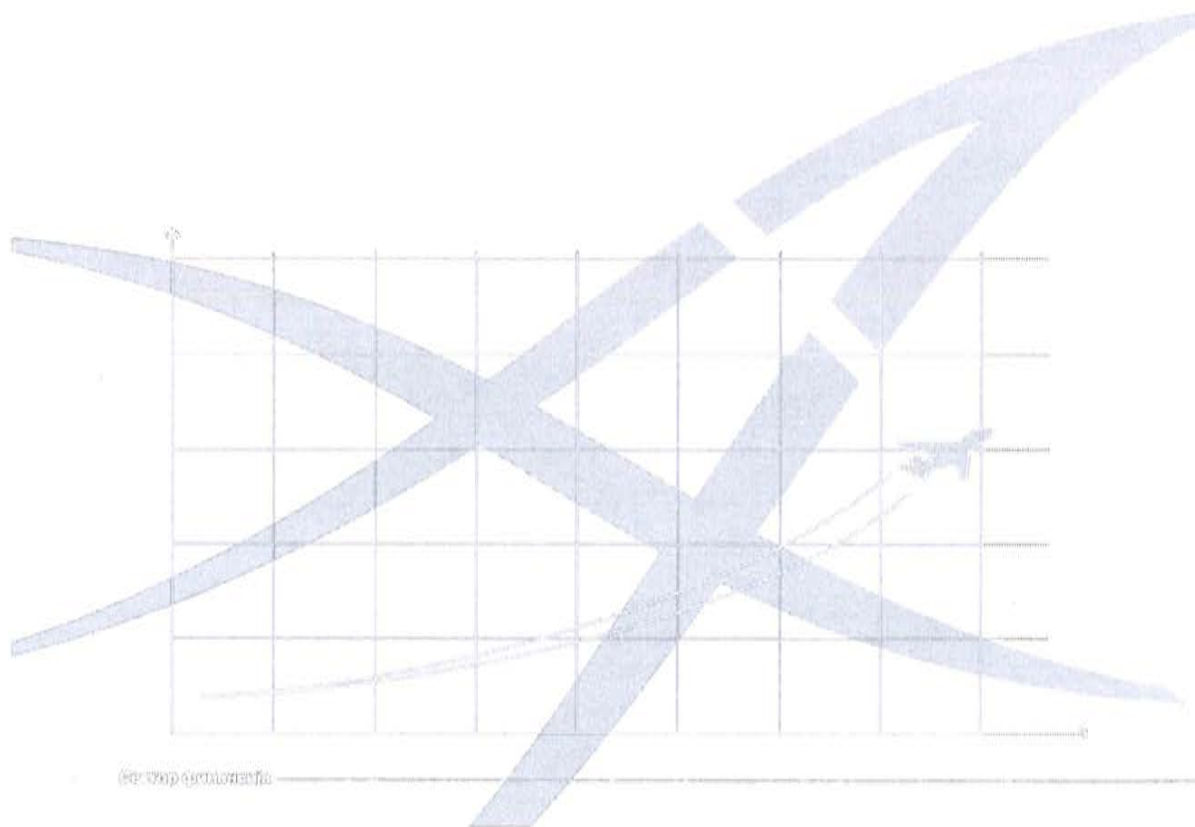
The pattern of financial expenditures for I-VI 2018 is composed of:

- **revenues from exchange rate differences - realised** in the amount of **RSD 20,741,172** and they participate with 48% in the pattern of total financial revenues;
- **expenditures from the interest** in the amount of **RSD 16,111,313** and they participate with 38% in the pattern of total financial expenditures. They mostly refer to interest from long-term loans liabilities (EIB - reconstruction of the Terminal building).
- **revenues from exchange rate differences - non-realised** in the amount of **RSD 5,852,634** and participate with 14% in the pattern of total financial expenditures.

Other expenditures (group 57, 58 and 59) in the period I-VI 2018 are realized in the amount of **73,021,587 RSD** and are by 80% higher in relation to the same period last year, and mostly due to increase in costs of value correction of domestic buyers (JAT техника, Air Serbia catering etc.), as well as increase of costs based on expenditure from previous years.

The main suppliers in terms of turnover in the period I-VI 2018 are:

- Enetel solutions d.o.o. RSD 262,791 thousand;
- Ras Inženjering RSD 142,650 thousand;
- JP Elektroprivreda Srbije RSD 125,069 thousand etc.



EXPENDITURES STRUCTURE

Account t	Account name	Achievement I-VI 2017	Rebalancing Plan III I-VI 2018	Achievement I-VI 2018	INDICES	
					6(5/3)	7(5/4)
1	2	3	4	5	6(5/3)	7(5/4)
60	PURCHASE VALUE OF SOLD GOODS	14,268,842	26,620,000	698,208	4	2
501	PURCHASE VALUE OF SOLD GOODS	14,268,842	26,620,000	598,208	4	2
61	COSTS OF MATERIAL AND ENERGY	236,265,546	296,664,468	269,787,666	110	88
511	COSTS OF MAKING MATERIAL	75,410,681	81,542,739	69,381,852	92	86
512	COSTS OF OVERHEAD MATERIALS	11,373,936	7,124,740	13,347,835	117	187
513	COSTS OF FUEL AND ENERGY	140,474,624	167,500,000	140,367,854	100	84
514	COSTS OF SPARE PARTS	8,996,304	38,384,858	36,618,712	407	96
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	0	2,012,132	71,312	0	4
62	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	1,605,234,869	1,647,969,909	1,788,461,169	119	109
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	853,790,528	969,745,462	1,046,764,427	123	108
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	152,828,519	174,350,500	187,371,129	123	107
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	207,889	158,151	200,392	96	127
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	316,160,712	314,713,434	314,322,982	99	100
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	4,378,211	4,342,366	4,788,261	109	110
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	177,868,999	184,659,996	235,003,969	132	127
63	COSTS OF PRODUCTION SERVICES	203,742,589	364,687,655	206,810,345	102	58
531	COSTS OF TRANSPORTATION SERVICES	29,845,021	30,021,439	31,010,355	104	103
532	COSTS OF MAINTENANCE SERVICES	87,908,124	230,123,888	85,621,615	97	37
533	COST OF LEASE	17,513,882	25,257,312	19,447,531	111	77
535	ADVERTISING COSTS	48,281,804	35,345,608	51,688,600	107	146
539	COSTS OF OTHER SERVICES	20,193,757	33,839,409	19,042,244	94	56
64	COSTS OF AMORTISATION AND RESERVES	371,768,581	420,095,000	542,392,902	146	129
540	AMORTISATION COSTS	368,398,581	415,000,000	542,392,902	148	131
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	5,370,000	5,095,000	0	0	0
65	INTANGIBLE COSTS	244,597,210	426,888,766	190,266,679	78	46
550	COSTS OF NON-PRODUCTION SERVICES	157,836,477	346,114,396	93,977,227	60	27
551	COSTS OF REPRESENTATION	1,688,184	6,057,991	6,578,510	390	109
552	COSTS OF INSURANCE PREMIUMS	17,302,995	20,383,768	22,815,832	132	112
553	COSTS OF PAYMENT SYSTEM	2,953,361	2,641,767	3,124,216	106	118
554	COSTS OF MEMBERSHIPS	1,380,964	2,460,380	3,272,047	237	133
555	COSTS OF TAXES	40,217,925	37,877,163	43,627,125	108	116
559	OTHER INTANGIBLE COSTS	23,217,304	11,353,290	16,861,722	73	149
I	OPERATING EXPENDITURES	2,875,867,627	3,172,626,788	2,988,296,868	116	94
66	FINANCIAL EXPENDITURES	164,202,502	47,821,296	42,706,118	26	89
562	INTEREST EXPENDITURES	19,001,114	17,812,803	16,111,313	86	90
563	NEGATIVE EXCHANGE RATE DIFFERENCES	141,019,425	29,976,960	25,680,007	18	86
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	4,181,963	31,532	913,799	22	2898
II	FINANCIAL EXPENDITURES	164,202,502	47,821,296	42,706,118	26	89
67	OTHER EXPENDITURES	14,730,266	17,166,192	19,682,064	133	114
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INV. IN REAL ESTATES AND EQUIPM	2,571,612	2,716,114	537,109	21	20
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	80,000	48,000	0	0	0
574	DEFICIT	581	1,627	0	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV RESERVE	0	3,877	0	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	1,212,812	0	0	0
577	WRITE-OFF	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	12,078,062	13,182,762	19,044,955	168	144
68	EXPENDITURES FROM PROPERTY IMPAIRMENT	25,038,422	0	41,243,398	166	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	868,778	0	883,647	102	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	24,169,644	0	39,779,280	166	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	580,472	0	0
69	EXPENDITURES OF PREVIOUS YEARS	866,910	0	12,196,124	1423	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	866,910	0	12,196,124	1423	0
III	OTHER EXPENDITURES	40,626,687	17,166,192	73,021,687	180	426
	TOTAL EXPENDITURES	2,780,685,716	3,237,612,276	3,104,023,663	112	96

57 12/31/2018

II quarter

In the period IV-VI 2018 **total expenditures** were achieved in the amount of **RSD 1,526,570,605**. Thus realised revenues are 12% higher than in the same period of the previous year, while they are by 9% lower than it is predicted in the Rebalancing Plan III for the period IV-VI 2018.

Purchase value of sold goods (group 50) in the period IV-VI 2018 amount **RSD 320,006** and they mostly refer to purchase value of sold beverages in the referent period.

Costs of materials and energy (group 51) in the period IV-VI of 2018 amounted to **102,820,088 RSD** and are 30% higher than in the same period in 2017. Goods and energy expenditures participate in total expenditures with 7% and mostly refer to:

- costs for consumed electricity which are 6% higher than the costs on the same basis for the period IV-VI 2018;
- costs for spent spare parts for current maintenance of fixed assets that are higher by four times compared to the same period of the previous year;
- expenditures for spent office supplies which are higher by 52% in relation to expenses on the same basis for the period IV-VI of 2018, etc.

Hugest amount within total expenditures refers to the **costs of salaries, reimbursements and other personal expenditures (group 52)** amounting for the period IV-VI 2018 **RSD 891,646,095** and they are 20% higher than in the same period of the previous year, while they are 8% higher than in the Rebalancing Plan III for the period IV-VI 2018. Change of number of employees (taking over of 340 employees from Air Serbia for OU Ground handling) and 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 608,253,244**, while **costs of persons engaged through youth organisations** (account 524000) amount **RSD 90,697,814** (youth organisations Fan, Beograd, Knez, Medijator and Europa).

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

The costs of production services (group 53) in the period IV-VI 2018 amount **RSD 105,153,660** and they are 8% higher then in the same period of the previous year.

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

- **costs of transportation services** in the period IV-VI 2018 amount **RSD 15,485,961** and they are 7% lower then in the same period of the previous year. Most part refers to monthly ITT support for passenger and baggage registration, information costs and passenger check-in costs and other;

Grupa 53

- **the costs of maintenance services** in the period IV-VI 2018 amount RSD 42,309,480 and they are 20% higher than in the same period of the previous year. They mostly refer to costs of maintenance of other fixed assets;
- **the costs of lease** in the period IV-VI 2018 amount RSD 9,111,380 and they are 44% higher than in the same period of the previous year. They mostly refer to renting of business facilities of legal persons;
- **the costs of advertising** amount RSD 28,321,439;
- **the costs of other services** mostly refers to costs of watering, sewage, achieved in the amount of RSD 9,925,400 and they are 6% lower than in the same period of the previous year.

The costs of amortisation and reserves (group 54) in the period IV-VI 2018 amount RSD 283,631,138 and they are twice as high as in the same period of the previous year.

The increase in depreciation costs in the period IV-VI of 2018 is the result of the activation of a significant number of fixed assets in the second half of 2017 and 2018, and consequently a significant increase in depreciation costs occurred.

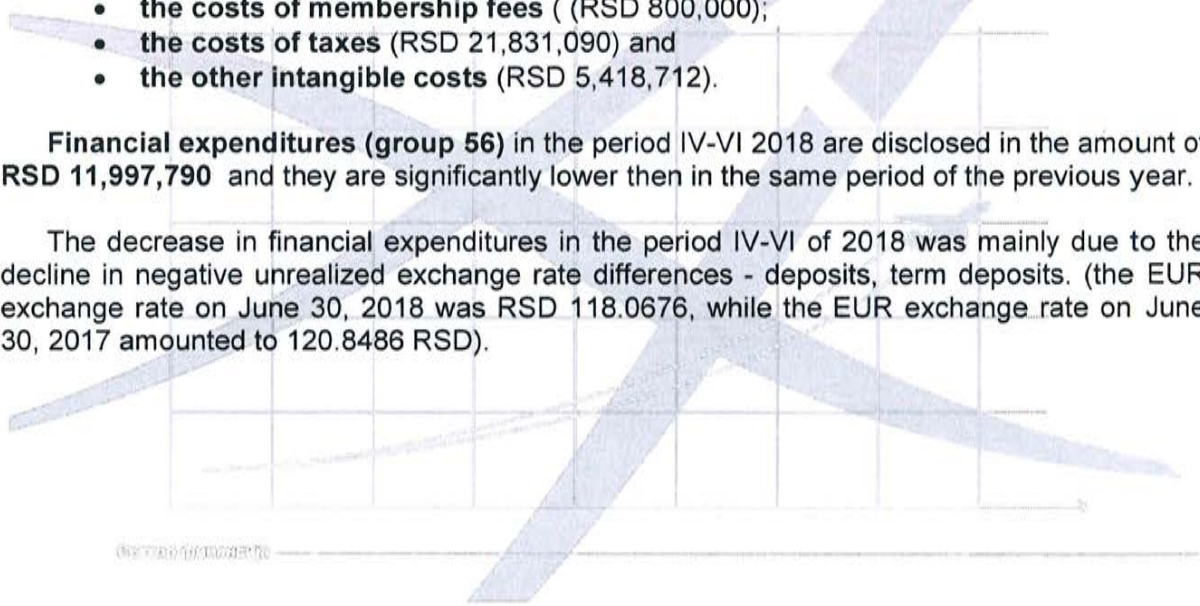
Intangible costs (group 55) in the period IV-VI 2018 are disclosed in the amount of RSD 81,933,498 and they are 38% lower than in the same period of the previous year.

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

- **the costs of non-productive services** are the most significant in the group of intangible costs and are achieved in the amount of RSD 39,380,926 mostly referring to costs of other types of assessments and cleaning. Costs of non-productive services recorded the largest decrease in the cost of consulting services and the cost of cleaning services;
- **the costs of representations** (RSD 1,758,898);
- **the costs of insurance premiums** (RSD 10,943,678);
- **the costs of money transfers** (RSD 1,800,194);
- **the costs of membership fees** (RSD 800,000);
- **the costs of taxes** (RSD 21,831,090) and
- **the other intangible costs** (RSD 5,418,712).

Financial expenditures (group 56) in the period IV-VI 2018 are disclosed in the amount of RSD 11,997,790 and they are significantly lower than in the same period of the previous year.

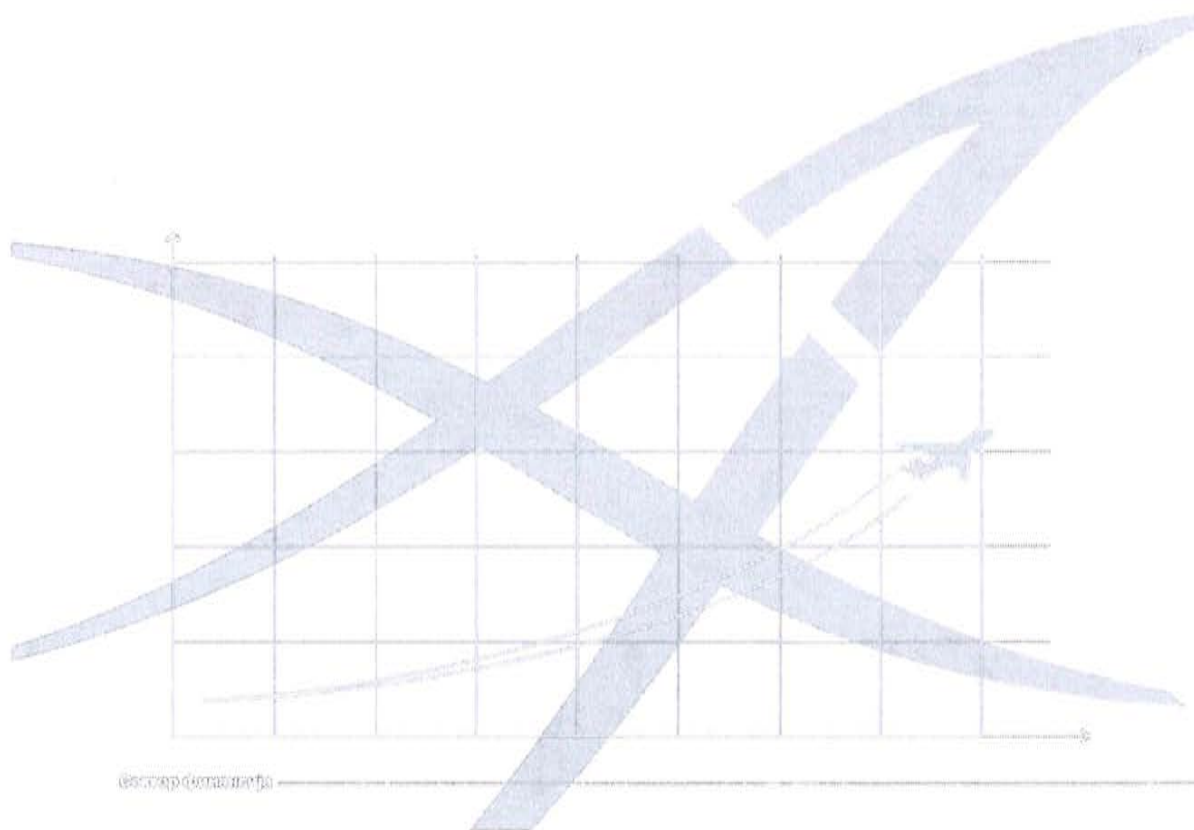
The decrease in financial expenditures in the period IV-VI of 2018 was mainly due to the decline in negative unrealized exchange rate differences - deposits, term deposits. (the EUR exchange rate on June 30, 2018 was RSD 118.0676, while the EUR exchange rate on June 30, 2017 amounted to 120.8486 RSD).



The pattern of financial expenditures for IV-VI 2018 is composed of:

- **revenues from exchange rate differences - realised** in the amount of **RSD 7,077,087** and they participate with 59% in the pattern of total financial revenues;
- **expenditures from the interest** in the amount of **RSD 6,535,436** and they participate with 31% in the pattern of total financial expenditures. They 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 IV-VI of 2018 were realized in the amount of **RSD 49,068,329** and were significantly higher compared to the same period last year, mainly due to the increase in the cost of the correction of the value of domestic customers (JAT technique, Air Serbia catering and others), as well as an increase in expenditures based on expenditures from previous years.



EXPENDITURES STRUCTURE

Account t	Account name	Achievement IV-VI 2017	Rebalancing Plan III IV-VI 2018	Achievement IV-VI 2018	INDICES	
					6(5/3)	7(5/4)
1	2	3	4	5		
50	PURCHASE VALUE OF SOLD GOODS	14,051,367	13,260,000	320,006	2	2
501	PURCHASE VALUE OF SOLD GOODS	14,051,367	13,260,000	320,006	2	2
51	COSTS OF MATERIAL AND ENERGY	79,120,666	149,699,734	102,820,088	130	69
511	COSTS OF MAKING MATERIAL	9,299,461	38,463,869	12,997,819	140	34
512	COSTS OF OVERHEAD MATERIALS	8,462,400	3,687,370	12,865,736	162	349
513	COSTS OF FUEL AND ENERGY	57,122,138	83,750,000	58,927,233	103	70
514	COSTS OF SPARE PARTS	4,236,666	22,692,429	17,957,989	424	79
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	0	1,006,066	71,312	0	7
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	744,579,107	825,234,955	891,646,095	120	108
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	419,286,656	484,872,731	515,906,057	123	106
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	75,052,316	87,175,250	92,347,187	123	106
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	111,389	79,076	0	0	0
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	161,006,576	157,356,717	160,121,561	99	102
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	2,337,073	2,171,183	2,327,590	100	107
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	86,785,096	93,579,998	120,943,699	139	129
53	COSTS OF PRODUCTION SERVICES	97,774,766	211,668,828	105,153,660	108	50
531	COSTS OF TRANSPORTATION SERVICES	16,567,408	15,010,719	15,485,961	93	103
532	COSTS OF MAINTENANCE SERVICES	35,377,387	144,686,944	42,309,480	120	29
533	COST OF LEASE	6,309,941	11,628,656	9,111,380	144	78
535	ADVERTISING COSTS	28,990,969	23,422,804	28,321,439	98	121
539	COSTS OF OTHER SERVICES	10,529,062	16,919,705	9,925,400	94	59
54	COSTS OF AMORTISATION AND RESERVES	136,782,971	210,047,500	283,631,138	207	135
540	AMORTISATION COSTS	131,412,971	207,500,000	283,631,138	216	137
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	5,370,000	2,547,500	0	0	0
55	INTANGIBLE COSTS	132,393,748	239,995,503	81,933,498	62	34
550	COSTS OF NON-PRODUCTION SERVICES	89,460,631	199,432,198	39,380,926	44	20
551	COSTS OF REPRESENTATION	863,173	3,028,995	1,758,898	204	58
552	COSTS OF INSURANCE PREMIUMS	8,698,300	10,243,009	10,943,678	126	107
553	COSTS OF PAYMENT SYSTEM	1,545,472	1,320,883	1,800,194	116	136
554	COSTS OF MEMBERSHIPS	745,949	1,230,190	800,000	107	65
555	COSTS OF TAXES	20,086,480	18,938,582	21,831,090	109	116
559	OTHER INTANGIBLE COSTS	10,963,762	5,801,645	5,418,712	49	93
I	OPERATING EXPENDITURES	1,204,702,623	1,649,806,519	1,466,504,486	122	89
56	FINANCIAL EXPENDITURES	145,156,840	23,910,647	11,997,790	8	50
562	INTEREST EXPENDITURES	10,136,281	8,906,401	6,535,436	64	73
563	NEGATIVE EXCHANGE RATE DIFFERENCES	130,881,322	14,988,480	4,699,876	4	31
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	4,139,238	15,766	762,478	18	4836
II	FINANCIAL EXPENDITURES	145,156,840	23,910,647	11,997,790	8	50
57	OTHER EXPENDITURES	8,237,218	9,832,596	5,517,174	67	56
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INV. IN REAL ESTATES AND EQUIP	2,571,612	1,358,057	0	0	0
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	80,000	24,000	0	0	0
574	DEFICIT	0	814	0	0	0
575	CONTRACTED RISK PROTECTION NOT PRESENTED AS REV. RESERVE	0	1,938	0	0	0
576	EXPENDITURES FROM DIRECT WRITE-OFF OF RECEIVABLES	0	606,406	0	0	0
577	WRITE-OFF	0	0	0	0	0
579	OTHER NON-MENTIONED EXPENDITURES	5,585,606	7,841,381	5,517,174	99	70
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	-119,650	0	41,243,398	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	868,778	0	883,647	102	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	-988,426	0	39,779,280	0	0
589	IMPAIRMENT OF OTHER PROPERTY	0	0	580,472	0	0
59	EXPENDITURES OF PREVIOUS YEARS	765,113	0	2,307,757	302	0
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	765,113	0	2,307,757	302	0
III	OTHER EXPENDITURES	8,882,681	9,832,596	49,068,329	552	499
	TOTAL EXPENDITURES	1,368,742,144	1,683,549,762	1,526,570,605	112	91

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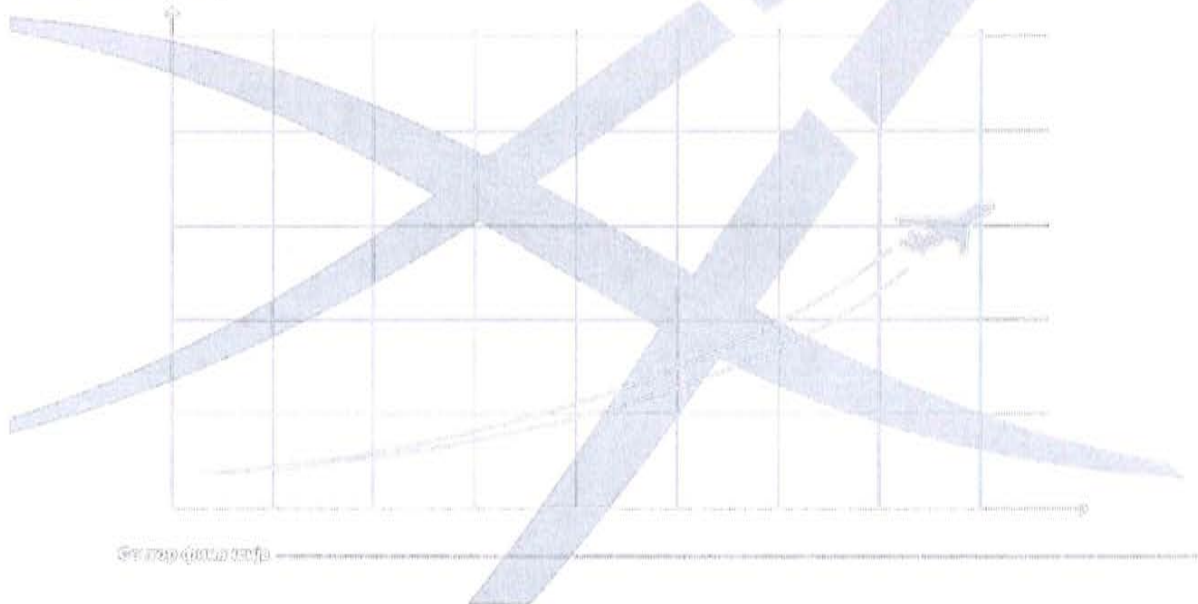
4.3. SALARIES

In the period I-VI 2018 the total amount of **RSD 1,046,764,426 (gross I)** was paid for **salaries**. It is 23% higher than in the same period 2017 and 8% higher than the planned figures for the period I-VI 2018.

SALARIES GROSS I					
Month	Achievement I-VI 2017	Rebalancing Plan I-VI 2018	Achievement I-VI 2018	Index	
				5(4/2)	6(4/3)
1	2	3	4		
January	141,135,782	161,624,244	195,534,606	139	121
February	136,689,966	161,624,244	170,052,384	124	105
March	156,678,124	161,624,244	165,271,379	105	102
April	141,617,053	161,624,244	176,921,236	125	109
May	140,301,835	161,624,244	172,701,107	123	107
June	137,367,769	161,624,244	166,283,714	121	103
Total salaries:	853,790,529	969,745,462	1,046,764,426	123	108

In the period I-VI 2018 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 105,378** and it is lower than in the previous year by 4%. In the period I-VI 2018 the **average net salary** in the Company amounted **RSD 75,370** and it is 4% lower than in the same period last year.



AVERAGE GROSS I SALARIES		AVERAGE NET SALARIES	
Month	AD ANT	Month	AD ANT
January	117,542 дин.	January	83,895 дин.
February	102,386 дин.	February	73,273 дин.
March	99,964 дин.	March	71,575 дин.
April	106,880 дин.	April	76,423 дин.
May	104,341 дин.	May	74,643 дин.
June	101,158 дин.	June	72,412 дин.
Average I-VI 2018	105,378 дин.	Average I-VI 2018	75,370 дин.
Average I-VI 2017	110,341 дин.	Average I-VI 2017	78,530 дин.
I-VI 2018/I-VI 2017	96	I-VI 2018/I-VI 2017	96

Average number of employees and engaged persons

NUMBER OF EMPLOYEES I-VI 2018						
Period	Determined	Undetermin.	Total	Youth org	Temp & occas	Total:
Average I-III 2018	515	1203	1718	365	287	2370
Average I-VI 2018	512	1200	1712	381	283	2375

Ст. 129-130, 132-133

II quarter

In the period IV-VI 2018 **gross profit** of the Company was achieved in the amount of **RSD 1,169,400,384**.

Thus expressed gross profit is 10% higher than gross profit in the same period 2017 and by 9% higher than gross profit planned in the Rebalancing Plan III for 2018.

FINANCIAL RESULT						
No.	Position	Achievement IV-VI 2017	Rebalancing Plan IV-VI 2018	Achievement IV-VI 2018	Index	
1	2	3	4	5	6(5/3)	6(5/4)
1	Operating revenues	2,371,316,979	2,719,488,290	2,650,482,323	112	97
2	Operating expenditures	1,204,702,623	1,649,806,519	1,465,504,486	122	89
3	Business profit (1-2)	1,166,614,356	1,069,681,771	1,184,977,837	102	111
4	Financial revenues	41,033,421	24,812,649	39,139,555	95	158
5	Financial expenditures	145,156,840	23,910,647	11,997,790	8	50
6	Financial profit (4-5)		902,002	27,141,765	0	3,009
6a	Financial loss (5-4)	104,123,419			0	0
7	Other revenues	6,571,115	7,670,880	6,349,112	97	83
8	Other expenditures	8,882,681	9,832,596	49,068,329	552	499
9	Other profit (7-8)					
9a	Other loss (8-7)	2,311,567	2,161,716	42,719,217	1,848	1,976
10	Total revenues (1+4+7)	2,418,921,515	2,751,971,819	2,695,970,989	111	98
11	Total expenditures (2+5+8)	1,358,742,144	1,683,549,762	1,526,570,605	112	91
12	Total gross profit (10-11)	1,060,179,371	1,068,422,057	1,169,400,384	110	109
12a	Total gross loss (11-10)					
13	Period tax expenditure	143,141,347	160,263,309	169,288,291	118	106
14	Deferred period tax expenditure	37,373,426	75,000,000	8,051,650	22	11
15	Deferred income tax	-2,671,708			0	0
16	Earnings paid by employer					
17	Net profit	876,992,889	833,158,748	992,060,443	113	119

In the period IV-VI 2018 **net profit** of the Company was disclosed in the amount of **RSD 992,060,443**. Thus expressed net profit is 13% higher than gross profit in the same period 2017 and by 19% higher than net profit planned in the Rebalancing Plan III for 2018.

4.5. ECONOMIC BUSINESS INDICATORS FOR THE PERIOD I-VI 2018

BUSINESS RATIO OF THE COMPANY FOR THE PERIOD I-VI 2018					
NO.	Description of ratio indicators		ADP	RATIO NUMBER FOR I-VI 2017	RATIO NUMBER FOR I-VI 2018
1	LIQUIDITY RATIO	Cash ratio (current capital / short-term liabilities)	0043 / 0442	4.57	2.26
		Acid test ratio (current capital / short-term liabilities)	(0043-0044) / 0442	4.45	2.21
		Cash ratio (cash equivalents and cash / short-term liabilities)	0068 / 0442	0.60	0.69
		Financial stability ratio (fixed assets / capital assets + long-term liabilities)	0002 / (0402+0432)	1.17	1.22
2	Profitability ratio	Net profit margin (net profit / profit from sale of goods + profit from sale of services)	1064 / (1002+1009+1017) *100	32.03	30.40
		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	37.88	35.87
		Return on assets (ROA) Net profit / Total assets*100	1064 / 0071*100	4.58	4.17
3	PRODUCTIVITY RATIO	Leverage ration (total liabilities / fixed assets)	(0424+0442) / 0002	0.08	0.15
		Return of short-term assets ratio (total profit / working capital)	tot.prof. / 0043	0.82	0.64
4	EBIT	EBIT (operating profit - operating expenditures)	1001-1018	1,754,544,607.83	1,736,164,100.31
5	EBITDA	EBITDA (operating profit-operating expenditures) + amortisation	(1001-1018)+1027	2,120,943,189.30	2,278,557,002.27
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)	14.68	8.38
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	48.98	48.23
8	NET CURRENT ASSETS	Net current assets - NCA (current assets-short-term liabilities)	0043-0442	4,192,988,728.72	4,190,584,513.77
9	BUYERS TURNOVER RATIO	365 / Average receivables charging time		3.28	3.46
10	SUPPLIER TURNOVER RATIO	365 / Average liability settlement time		9.34	3.96

5. OU GROUND HANDLING IN AIRPORT NIKOLA TESLA BEOGRAD

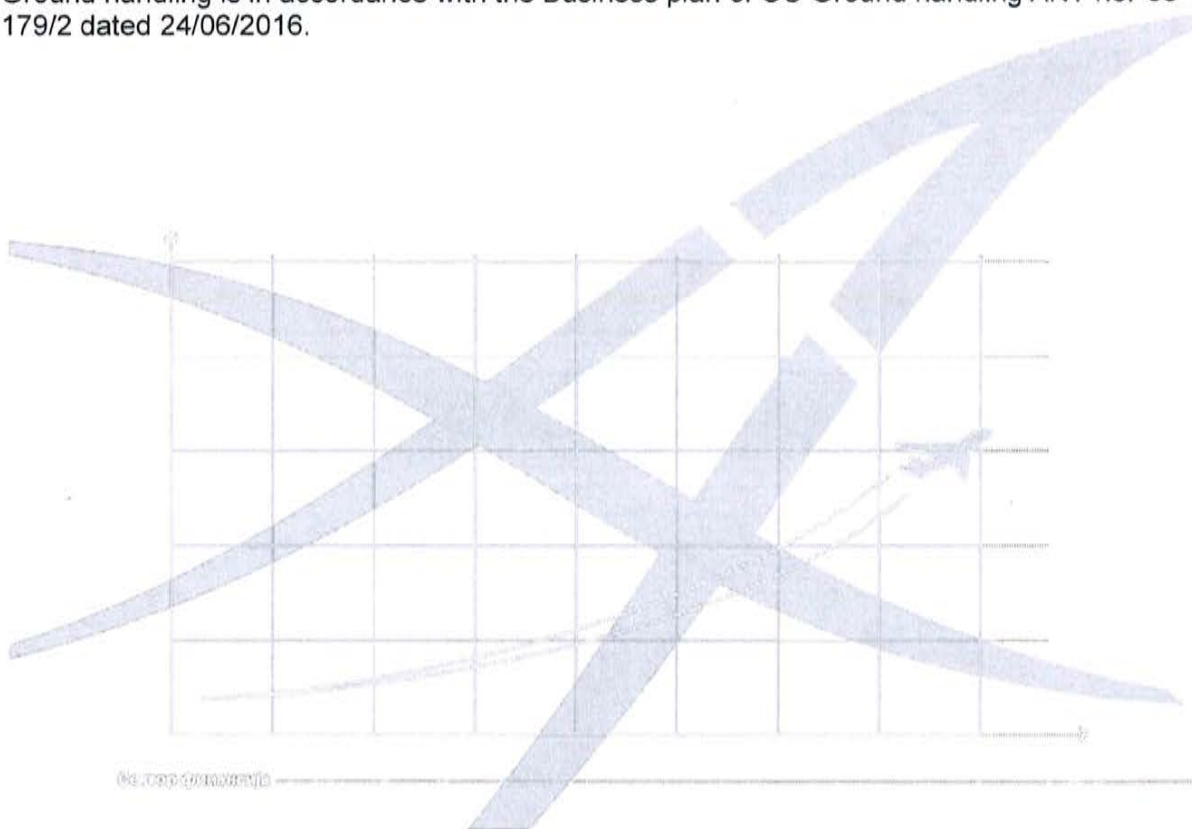
According to the Regulation on the provision of ground handling services at airports (Official Gazette of the Republic of Serbia no. 61/2015-hereinafter the Regulation) Belgrade Nikola Tesla Airport drew up the Business plan of OU Ground handling within ANT, no. 33-179/2 dated on 24/06/2016.

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-IV 2018 of the OU Ground handling is in accordance with the Business plan of OU Ground handling ANT no. 33-179/2 dated 24/06/2016.



5.1. REVENUES OF OU GROUND-HANDLING

OU Ground Handling in the period I-VI of 2018 realized the *total income* of 931,181,919 RSD, which is 19% of the total revenues at the company level and by 20% is higher than the total realized income in the same period of 2017.

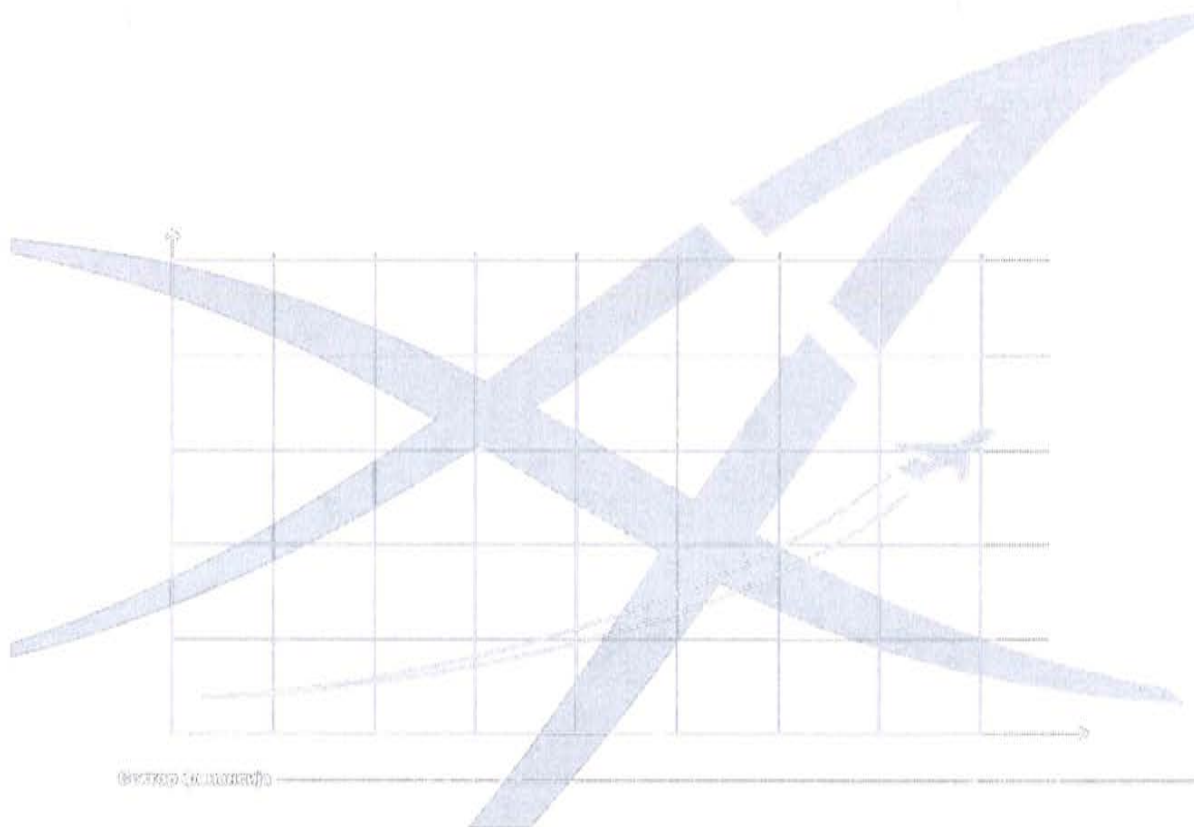
Total realised business revenues based on services provided by OU GH in ANT in the period I-VI 2018 amount RSD 930,876,430 and participates with 20% in the realised business revenues of ANT for 2018. They are 20% higher than total business revenues realised in the same period of 2017.

Within operating revenues, the largest share is:

- revenues from air-services (participation of 68%) realized in the amount of RSD 632,705,248 and they are 49% higher than in the same period of 2017;
- revenues from CCW services (participation of 9%) in the amount of 85,380,063 RSD;
- revenues from passenger services (participation 6%) in the amount of 51,560,992 RSD

Financial revenues are realised in the amount of RSD 268,306 for the period I-VI 2018 and they mostly refer to realised exchange rate differences.

Other revenues are realised in the amount of RSD 37,183 for the period I-VI 2018 and they mostly refer to revenues from sale of secondary materials.



REVENUE STRUCTURE							
No.	Service type	Service description	Achievement I-VI 2017 GH	Achievement I-VI 2018 ANT	Achievement I-VI 2018 GH	INDEX	SHARE
1	2	3	4	5	6	7(64)	8(65)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	0	83,829,858	0	0	0
	614010+614014+614310+614312+614313+614314	Lighting	0	23,381,998	0	0	0
	614030+614034+614330+614332+614333+614334	GH	92,875,352	259,859,397	259,859,397	280	100
	614040+614042+614043+614044	Infrastructure	0	142,683,497	0	0	0
	614050	Air-bridges	1,039	36,520,616	3,874,331	372,890	11
	614020+614024+614320+614323+614324	Aircraft abode revenue	0	2,121,770	0	0	0
I	Total air services (domestic carrier):		92,876,391	548,396,136	263,733,728	284	48
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	0	377,695,411	0	0	0
	615020+615021+615022+615023+615024	GH	321,333,370	358,854,444	358,854,444	112	100
	615030+615031+615032+615033+615034	Lighting	0	37,835,882	0	0	0
	615040+615042+615043+615044	Infrastructure	0	248,364,461	0	0	0
	615060+615062	Air-bridges	10,062,775	103,279,741	10,107,076	100	10
	615000+615001+615002+615003+615004	Aircraft abode revenue	0	9,789,668	0	0	0
II	Total air services (international carrier):		331,396,144	1,135,830,607	368,971,520	111	32
I+II	Total air services		424,272,535	1,684,226,743	632,705,248	149	38
	Passenger service						
	614400+614404 - domestic carriers - domestic air traffic	Passenger service d.c/i.c.	0	0	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.at/i.at	24,073,393	418,529,711	17,021,827	71	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	28,557,431	1,090,293,287	34,539,155	121	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	0	537,569,723	0	0	0
III	Total passenger service		52,630,823	2,046,392,720	51,560,992	98	3
I+II+III	Total air services and passenger service		476,903,358	3,730,619,464	684,266,241	143	18
	CCM service						
	614500+614510	CCM service dom.market	80,361,483	77,608,683	78,189,381	97	101
	615300+615310 (foreign)	CCM service international market	6,429,459	7,771,380	7,190,683	112	93
IV	Total CCM services		86,790,957	85,380,063	85,380,063	98	100
V	Total services related to air traffic (I to IV):		563,694,315	3,815,999,527	769,646,304	137	20
	Other services						
1	614250+615100+615102	DCS services	7,935,789	10,112,377	10,112,377	127	100
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	75,193,330	51,398,626	45,224,455	60	68
3	614130+614131+615071+615072	VIP lounge	0	3,186,622	0	0	0
4	614140+614142+615090+615092	CUTE (dom+intl)	0	76,690,104	0	0	0
5	614380+615080	Lost and found	7,629,361	6,295,511	7,737,988	101	93
6	6146+615120+615400+615401	Public services	0	79,095,122	0	0	0
7	614820+615170	Catering services business class	0	113,779	0	0	0
8	614370+615310	Advertising space	0	22,447,796	0	0	0
9	614883	Commercial usage of the apron	0	26,741,831	0	0	0
10	614160+614163+614164+615110+615112+615113+615114	Aircraft deicing services	115,972,405	93,217,433	93,217,433	80	100
11	614850+614861+614865+614866+614867+614868+615880+615885+615887+615888	Parking space	0	83,627,893	0	0	0
12	Other non-mentioned services dom+intl		4,476,138	10,193,206	4,937,876	110	48
VI	Other services (1 to 11):		211,207,012	445,120,101	161,230,126	76	36
VII	Total 61 - Revenues from sale of services (V+VI)		774,901,327	4,261,119,628	930,876,430	120	22
VIII	60 - Revenues from sale of goods		0	919,854	0	0	0
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		774,901,327	4,262,039,482	930,876,430	120	22
X	64 & 65 - Lease of business premises		0	462,421,475	0	0	0
XI	OPERATING REVENUES (IX+X)	60+61+62+64+65	774,901,327	4,724,460,958	930,876,430	120	20
XII	66 - FINANCIAL REVENUES		350,597	61,996,363	268,306	77	0
1	interest		0	37,967,883	0	0	0
2	ex change rate differences - realised		350,597	5,245,844	268,306	77	5
3	ex change rate differences - non-realised		0	18,782,636	0	0	0
XIII	67, 68 and 69 OTHER REVENUES		1,227,264	12,412,674	37,183	3	0
XIV	Total revenues (XI+XII+XIII)		776,479,188	4,798,869,995	931,181,919	120	19

GRUPO AEROPORTUÁRIO

II quarter

OU Ground Handling in the period IV-VI of 2018 realized the **total income** of 472,718,828 RSD, which is 18% of the total revenues at the company level and by 32% is higher than the total realized income in the same period of 2017.

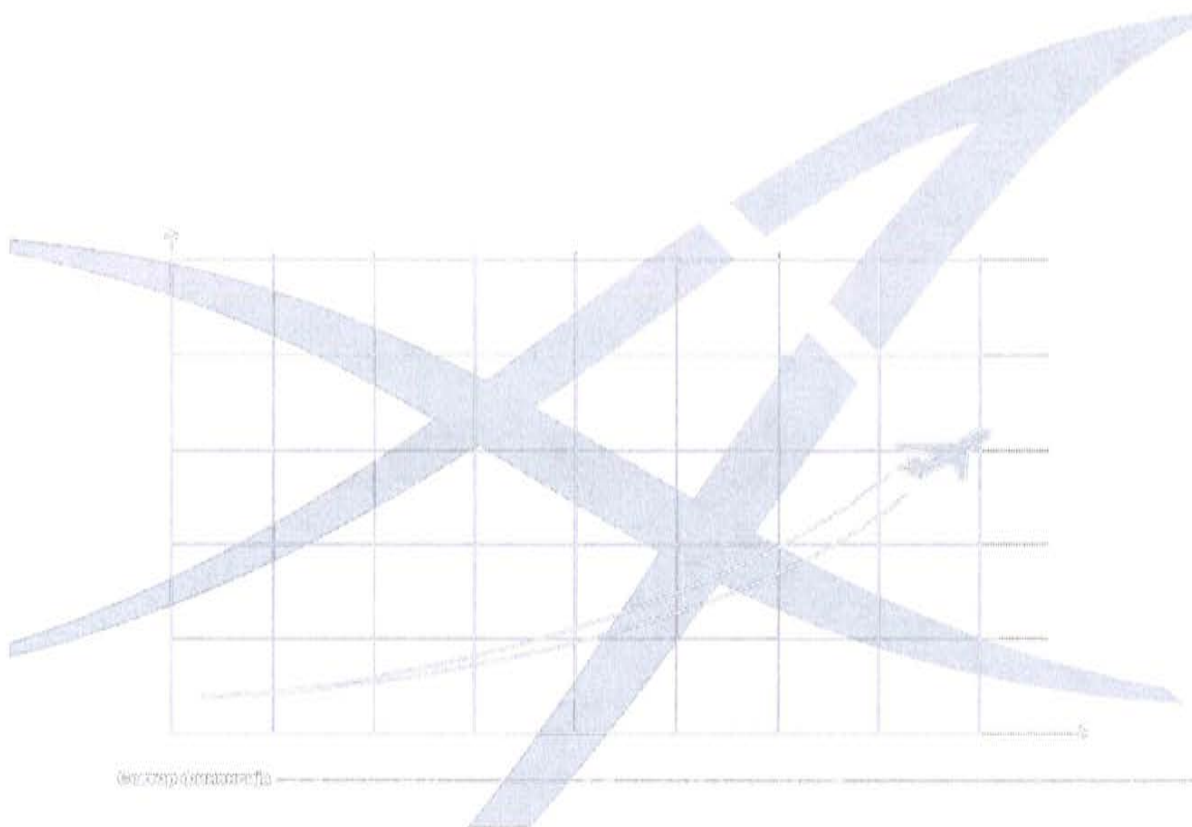
Total realised business revenues based on services provided by OU GH in ANT in the period IV-VI 2018 amount RSD 472,637,068 and participates with 18% in the realised business revenues of ANT for 2018. They are 32% higher than total business revenues realised in the same period of 2017.

Within operating revenues, the largest share is:

- revenues from air-services (participation of 76%) realized in the amount of RSD 358,629,950 and they are 55% higher than in the same period of 2017;
- revenues from CCW services (participation of 9%) in the amount of 43,358,012 RSD;
- revenues from passenger services (participation 6%) in the amount of 30,180,265 RSD

Financial revenues are realised in the amount of RSD 55,432 for the period IV-VI 2018 and they mostly refer to realised exchange rate differences.

Other revenues are realised in the amount of RSD 26,328 for the period IV-VI 2018 and they mostly refer to revenues from sale of secondary materials.



REVENUE STRUCTURE							
No.	Service type	Service description	Achievement IV-VI 2017 GH	Achievement IV-VI 2018 ANT	Achievement IV-VI 2018 GH	INDEX 7(6/4)	SHARE 8(6/5)
1	2	3	4	5	6	7(6/4)	8(6/5)
	Air services of domestic carrier						
	614000+614004+614300+614302+614303+614304	Landing	0	48,518,286	0	0	0
	614010+614014+614310+614312+614313+614314	Lighting	0	11,250,605	0	0	0
	614030+614034+614330+614332+614333+614334	GH	51,822,784	152,896,067	152,896,067	295	100
	614040+614042+614043+614044	Infrastructure	0	83,599,446	0	0	0
	614050	Air-bridges	692	21,996,822	2,421,951	349,993	11
	614020+614024+614320+614323+614324	Aircraft abode revenue	0	993,260	0	0	0
I	Total air services (domestic carrier):		51,823,476	319,254,486	155,318,018	300	49
	Air services of foreign carrier						
	615010+615011+615012+615013+615014	Landing	0	209,223,192	0	0	0
	615020+615021+615022+615023+615024	GH	173,927,858	197,792,934	197,802,404	114	100
	615030+615031+615032+615033+615034	Lighting	0	15,918,748	0	0	0
	615040+615042+615043+615044	Infrastructure	0	136,688,973	0	0	0
	615060+615062	Air-bridges	5,517,235	57,304,259	5,509,528	100	10
	615000+615001+615002+615003+615004	Aircraft abode revenue	0	5,216,158	0	0	0
II	Total air services (international carrier):		179,446,093	622,144,266	203,311,932	113	33
I+II	Total air services		231,269,569	941,398,750	358,629,950	165	38
	Passenger service						
	614400+614404 - domestic carriers - domestic air-traffic	Passenger service d.c/i.c.	0	0	0	0	0
	614181+614182+614183+614190+614192(BRS and PRM)+614410+614412+614413+614414	Passenger service d.at/ul.at	14,248,396	263,929,056	10,677,757	75	4
	615150+615152+615200+615210+615212+615213+615214+615215+615862+615864+615896-PRM	Passenger service international carrier	16,410,228	613,898,381	19,502,509	119	3
	614420+614430+614432+614433+614434+615230+615232+615233+615234	Security fee	0	318,263,023	0	0	0
III	Total passenger service		30,658,623	1,196,090,460	30,180,265	98	3
I+II+III	Total air services and passenger service		261,927,192	2,137,489,210	388,810,215	148	18
	CCM service						
	614500+614510	CCM service dom.market	41,155,837	39,623,155	40,203,852	98	101
	615300 +615310 (foreign)	CCM service international market	3,379,715	3,734,857	3,154,159	93	84
IV	Total CCM services		44,535,552	43,358,012	43,358,012	97	100
V	Total services related to air traffic (I to IV):		306,462,744	2,180,847,222	432,168,227	141	20
	Other services						
1	614360+615100+615102	DCS services	4,845,758	7,102,651	7,102,651	147	100
2	614110+614112+614115+614116+614170+614173+614180+614184+614391+615872+615873+615874+615875+615876+615877+615891+615892+615895	Work order	40,115,723	29,214,392	26,933,845	65	89
3	614130+614131+615071+615072	VIP lounge	0	1,788,693	0	0	0
4	614140+614142+615090+615092	CUTE (dom.+intl)	0	44,655,256	0	0	0
5	614390+615080	Lost and found	3,941,312	4,810,749	4,253,224	108	88
6	6146+615120+615400+615401	Public services	0	35,763,218	0	0	0
7	614820+615170	Catering services business class	0	113,779	0	0	0
8	614870+615810	Advertising space	0	10,978,694	0	0	0
9	614883	Commercial usage of the apron	0	15,274,516	0	0	0
10	614160+614163+614164+615110+615112+615113+615114	Aircraft de-icing services	0	0	0	0	0
11	614860+614861+614865+614866+614867+614868+615880+615885+615887+615888	Parking space	0	46,605,665	0	0	0
12	Other non-mentioned services dom+intl		2,407,637	6,901,337	3,179,121	132	46
VI	Other services (1 to 11):		61,310,430	203,208,971	40,468,841	79	20
VII	Total 61 - Revenues from sale of services (V+VI)		367,773,174	2,384,056,193	472,637,068	132	20
	Revenues from sale of goods						
VIII	60 - Revenues from sale of kerosene + goods		0	475,873	0	0	0
IX	Total (60+61) REVENUES FROM SALE (VII+VIII)		367,773,174	2,384,532,066	472,637,068	132	20
X	64 & 65 - Lease of business premises		0	265,950,267	0	0	0
XI	OPERATING REVENUES (IX+X)		367,773,174	2,650,482,323	472,637,068	132	18
XII	66 - FINANCIAL REVENUES		69,007	39,139,656	55,432	80	0
1	interest		0	19,754,284	0	0	0
2	exchange rate differences - realised		93,189	3,096,965	55,651	60	2
3	exchange rate differences - non-realised		-24,182	16,288,305	-219	1	0
XIII	67, 68 and 69 OTHER REVENUES		1,205,100	6,349,112	26,328	2	0
XIV	Total revenues (XI+XII+XIII)		369,047,281	2,695,970,989	472,718,828	132	18

For preparation only

5.2. EXPENDITURES OF OU GROUND-HANDLING

In the period I-VI of 2018, **total expenditures** of the GH were realized in the amount of RSD 906,825,157, which represents 29% of the total realized ANT expenditures on this basis for the mentioned period in 2018 and are 29% higher than the total realized expenditures in the same period of 2017.

The total realized business expenditure on the basis of the services rendered to the ANT in the period I-VI of 2018 is 905,198,552 RSD and accounts for 30% of the total realized expenses of ANT for 2018 and for 29% is higher than the total realized business expenditure in the same period of 2017.

Within **operating expenditures** there are following expenditures:

-the highest share of 81% are costs incurred on the basis of salary, fees and other personal expenses in the amount of RSD 737,433,698;

The change in the number of employees (taking over 340 employees from Air Serbia for the needs of OU Ground Handling) influenced the increase in wage and salary costs by 48% in relation to the same period of the previous year;

- Material and energy costs account for 10% of expenses within operating expenses and amount to 86,704,236 RSD and are lower by 3% compared to the same period of 2017;

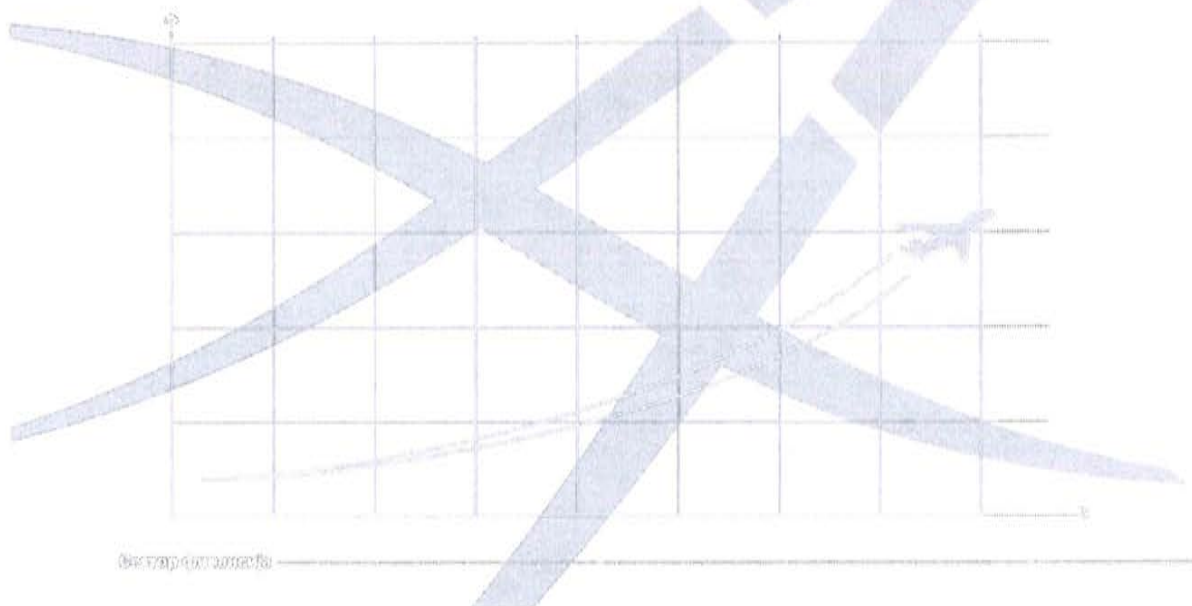
- depreciation and provisioning costs amount to 50,635,494 RSD and constitute 6% of operating expenses of the Public Procurement Office and are 23% less than the same period in 2017;

- costs of production services amount to 15,050,089 RSD and are lower by 19% compared to the same period of 2017;

- non-material expenses amount to RSD 15,375,034 and are lower by 48% compared to the same period in 2017.

Financial expenditures are realised in the amount of RSD 498,016 for the period I-VI 2018 and they refer to negative exchange rate differences.

Other expenditures are realised in the amount of RSD 1,128,589 for the period I-VI 2018.



EXPENDITURES STRUCTURE

Account t	Account name	Achievement I-VI 2017 GH	Achievement I-VI 2018 ANT	Achievement I-VI 2018 GH	INDEX	SHARE
1	2	3	4	5	6 (5/3)	7 (5/4)
60	PURCHASE VALUE OF SOLD GOODS	0	598,208	0	0	0
501	PURCHASE VALUE OF SOLD GOODS	0	598,208	0	0	0
61	COSTS OF MATERIAL AND ENERGY	89,017,797	259,787,565	86,704,236	97	33
511	COSTS OF MAKING MATERIAL	44,270,978	69,381,852	43,053,392	97	62
512	COSTS OF OVERHEAD MATERIALS	1,562,765	13,347,835	1,696,805	109	13
513	COSTS OF FUEL AND ENERGY	41,869,308	140,367,854	33,359,099	80	24
514	COSTS OF SPARE PARTS	1,314,746	36,618,712	8,594,939	654	23
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	0	71,312	0	0	0
62	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	498,356,055	1,788,451,159	737,433,698	148	41
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	268,917,223	1,046,764,427	416,445,412	155	40
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	48,136,190	187,371,129	74,545,067	155	40
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	0	200,392	0	0	0
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	132,740,507	314,322,982	152,004,066	115	48
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	501,915	4,788,261	398,862	79	8
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	48,060,220	235,003,969	94,040,270	196	40
63	COSTS OF PRODUCTION SERVICES	18,531,729	206,810,345	16,050,089	81	7
531	COSTS OF TRANSPORTATION SERVICES	11,099,622	31,010,355	8,935,198	81	29
532	COSTS OF MAINTENANCE SERVICES	3,708,596	85,621,615	3,226,699	87	4
533	COST OF LEASE	537,432	19,447,531	0	0	0
535	ADVERTISING COSTS	0	51,688,800	0	0	0
539	COSTS OF OTHER SERVICES	3,186,079	19,042,244	2,888,192	91	15
64	COSTS OF AMORTISATION AND RESERVES	66,111,849	542,392,902	50,635,494	77	9
540	AMORTISATION COSTS	66,111,849	542,392,902	50,635,494	77	9
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	0	0	0	0	0
65	INTANGIBLE COSTS	29,716,596	190,256,679	15,375,034	52	8
550	COSTS OF NON-PRODUCTION SERVICES	17,230,446	93,877,227	4,124,954	24	4
551	COSTS OF REPRESENTATION	149,457	6,578,510	7,660	5	0
552	COSTS OF INSURANCE PREMIUMS	5,739,797	22,815,832	6,124,148	107	27
553	COSTS OF PAYMENT SYSTEM	245,069	3,124,216	247,677	101	8
554	COSTS OF MEMBERSHIPS	460,281	3,272,047	396,627	86	12
555	COSTS OF TAXES	3,322,242	43,627,125	4,473,968	135	10
559	OTHER INTANGIBLE COSTS	2,569,304	16,861,722	0	0	0
I	OPERATING EXPENDITURES	701,734,026	2,988,296,858	905,198,562	129	30
66	FINANCIAL EXPENDITURES	1,103,534	42,705,118	498,016	45	1
562	INTEREST EXPENDITURES	0	16,111,313	0	0	0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	1,103,534	25,690,007	498,016	45	2
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	0	913,799	0	0	0
II	FINANCIAL EXPENDITURES	1,103,534	42,705,118	498,016	45	1
67	OTHER EXPENDITURES	1,851,395	19,582,064	692,495	37	4
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INV. IN REAL ESTATES AND EQUIPMENT	1,034,228	537,109	16,749	2	3
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	0	0	0	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	817,167	19,044,955	675,746	83	4
68	EXPENDITURES FROM PROPERTY IMPAIRMENT	0	41,243,398	0	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	883,647	0	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	0	39,779,280	0	0	0
589	IMPAIRMENT OF OTHER PROPERTY	0	580,472	0	0	0
69	EXPENDITURES OF PREVIOUS YEARS	0	12,196,124	436,094	0	4
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM PREV. YEARS MATERIALLY INSIGNIFICANT	0	12,196,124	436,094	0	4
III	OTHER EXPENDITURES	1,851,395	73,021,587	1,128,589	61	2
	TOTAL EXPENDITURES	704,688,955	3,104,023,563	906,825,157	129	29

II quarter

In the period IV-VI 2018 **total expenditures** of GH were achieved in the amount of RSD 414,351,661, which represents 27% of realised expenditures of ANT on this bases for the relevant period of 2018 and they are 26% higher than in the same period of 2017.

Total realised business expenditures based on services provided by OU GH in ANT in the period IV-VI 2018 amount RSD 414,799,509 and participates with 28% in the realised business expenditures of ANT for 2018. They are 27% higher than in the same period of 2017.

Within operating expenditures there are the following expenditures:

- the highest share of 88% are costs incurred on the basis of costs of salaries, fees and other personal expenses in the amount of RSD 366,555,884;
Change in the number of employees (taking over 340 employees from Air Serbia for the needs of OU Ground Handling) influenced the increase in wage costs and salaries, by 45% compared to the same period last year;
- Material and energy costs represent 5% of costs within operating expenses and amount to 20,609,439 RSD and are 2% higher than in the same period in 2017;
- depreciation and provisioning costs amount to RSD 12,167,044 and constitute 3% of operating expenses of the Public Procurement Office and 57% less than in the same period in 2017;
- production services costs amount to RSD 4,358,519 and are 52% lower than in the same period in 2017;
- non-material expenses amount to RSD 11,108,622 and are 32% lower than in the same period of 2017.

Financial expenditures are realised in the amount of RSD 221,283 for the period IV-VI 2018 and they refer to negative exchange rate differences.

Other expenditures are realised in the amount of RSD 669,131 for the period IV-VI 2018.



EXPENDITURES STRUCTURE

Account t	Account name	Achievement IV-VI 2017 GH	Achievement IV-VI 2018 ANT	Achievement IV-VI 2018 GH	INDEX	SHARE
f	2	3	4	5	6 (5/3)	7 (5/4)
50	PURCHASE VALUE OF SOLD GOODS	0	320,006	0	0	0
501	PURCHASE VALUE OF SOLD GOODS	0	320,006	0	0	0
51	COSTS OF MATERIAL AND ENERGY	20,254,991	102,820,088	20,609,439	102	20
511	COSTS OF MAKING MATERIAL	2,069,601	12,997,819	3,854,085	186	30
512	COSTS OF OVERHEAD MATERIALS	1,237,850	12,865,736	1,373,561	111	11
513	COSTS OF FUEL AND ENERGY	16,164,954	58,927,233	8,785,313	54	15
514	COSTS OF SPARE PARTS	782,586	17,957,989	6,596,480	843	37
515	COSTS OF SINGLE WRITE-OFF OF TOOLS AND INVENTORY	0	71,312	0	0	0
52	COSTS OF SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES	252,631,684	891,646,095	366,656,884	145	41
520	COSTS OF SALARIES, SALARY COMPENSATIONS (GROSS)	131,387,329	515,906,057	192,287,802	146	37
521	COSTS OF SALARY TAXES, CONTRIBUTIONS AND COMPENSATIONS - EMPLOYER	23,518,334	92,347,187	34,419,518	146	37
522	COSTS OF COMPENSATIONS FOR SERVICE CONTRACTS - GROSS	0	0	0	0	0
524	COSTS OF COMPENSATIONS FOR TEMPORARY AND OCCASIONAL JOBS - GROSS	73,830,735	160,121,561	81,618,750	111	51
525	COMPENSATION TO NATURAL PERSONS FOR OTHER CONTRACTS - GROSS	0	0	0	0	0
526	COMPENSATION TO DIRECTOR, I.E. MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES	252,811	2,327,590	122,987	49	5
529	OTHER PERSONAL EXPENDITURES AND COMPENSATIONS	23,642,475	120,943,699	58,106,828	246	48
53	COSTS OF PRODUCTION SERVICES	9,043,039	106,163,660	4,366,619	48	4
531	COSTS OF TRANSPORTATION SERVICES	5,687,313	15,485,961	4,513,802	79	29
532	COSTS OF MAINTENANCE SERVICES	1,646,564	42,309,480	-1,417,317	0	0
533	COST OF LEASE	137,662	9,111,380	-183,562	0	0
535	ADVERTISING COSTS	0	28,321,439	0	0	0
539	COSTS OF OTHER SERVICES	1,571,500	9,925,400	1,445,595	92	15
54	COSTS OF AMORTISATION AND RESERVES	28,389,237	283,631,138	12,167,044	43	4
540	AMORTISATION COSTS	28,389,237	283,631,138	12,167,044	43	4
545	RESERVES FOR EMPLOYEE COMPENSATION	0	0	0	0	0
549	OTHER LONG-TERM RESERVES	0	0	0	0	0
55	INTANGIBLE COSTS	16,251,439	81,933,498	11,108,622	68	14
550	COSTS OF NON-PRODUCTION SERVICES	8,956,478	39,380,926	3,252,967	36	8
551	COSTS OF REPRESENTATION	78,014	1,758,898	-103,455	0	0
552	COSTS OF INSURANCE PREMIUMS	2,883,365	10,943,678	6,124,148	212	56
553	COSTS OF PAYMENT SYSTEM	218,314	1,800,194	126,700	58	7
554	COSTS OF MEMBERSHIPS	396,603	800,000	184,982	47	23
555	COSTS OF TAXES	2,325,235	21,831,090	2,211,839	95	10
559	OTHER INTANGIBLE COSTS	1,393,430	5,418,712	-688,559	0	0
I	OPERATING EXPENDITURES	326,670,390	1,466,604,466	414,799,609	127	28
56	FINANCIAL EXPENDITURES	1,068,475	11,997,790	221,283	21	2
562	INTEREST EXPENDITURES	0	6,535,436	0	0	0
563	NEGATIVE EXCHANGE RATE DIFFERENCES	1,058,475	4,699,876	221,283	21	5
564	EXPENDITURES FOR EFFECTS OF CURRENCY CLAUSE	0	762,478	0	0	0
II	FINANCIAL EXPENDITURES	1,068,475	11,997,790	221,283	21	2
67	OTHER EXPENDITURES	1,408,670	5,517,174	-774,099	0	0
570	LOSSES FROM EXPENDITURES AND SALE OF INTANGIBLE INV. IN REAL ESTATES AND EQUIPM	1,034,228	0	0	0	0
571	LOSS FROM WRITE-OFF AND SALE OF BIOLOGICAL RESOURCES	0	0	0	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	374,342	5,517,174	-774,099	0	0
58	EXPENDITURES FROM PROPERTY IMPAIRMENT	0	41,243,398	0	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	883,647	0	0	0
585	IMPAIRMENT OF RECEIVABLES OF SHORT-T. FIN. INVEST	0	39,779,280	0	0	0
589	IMPAIRMENT OF OTHER PROPERTY	0	580,472	0	0	0
59	EXPENDITURES OF PREVIOUS YEARS	0	2,307,757	104,968	0	5
591	EXPENDITURES OF PREVIOUS YEARS	0	0	0	0	0
592	EXPENDITURES FROM ERROR CORR. FROM. PREV. YEARS MATERIALLY INSIGNIFICANT	0	2,307,757	104,968	0	5
III	OTHER EXPENDITURES	1,408,670	49,068,329	-669,131	0	0
	TOTAL EXPENDITURES	329,037,436	1,626,670,606	414,361,661	126	27

5.3. FINANCIAL RESULT OF OU GROUND HANDLING

From the above tables it can be concluded that for the period I-VI 2018 Ground Handling realized total revenues in the amount of RSD 931,181,919, total expenditures in the amount of RSD 906,825,157 which resulted in gross profit in the amount of RSD 24,356,763.

FINANCIAL RESULT						
No.	Position	Achievement I-VI 2017 GH	Achievement I-VI 2018 ANT	Achievement I-VI 2018 GH	INDEX	SHARE
1	2	3	4	5	6(5/3)	7(5/4)
1	Operating revenues	774,901,327	4,724,460,958	930,876,430	120	20
2	Operating expenditures	701,734,026	2,988,296,858	905,198,552	129	30
3	Business profit (1-2)	73,167,301	1,736,164,100	25,677,879	35	1
3a						
4	Financial revenues	350,597	61,996,363	268,306	77	0
5	Financial expenditures	1,103,534	42,705,118	498,016	45	1
6	Financial profit (4-5)		19,291,244			0
6a	Financial loss (5-4)	752,937		229,710	31	
7	Other revenues	1,227,264	12,412,674	37,183	3	0
8	Other expenditures	1,851,395	73,021,587	1,128,589	61	2
9	Other profit (7-8)					
9a	Other loss (8-7)	624,131	60,608,913	1,091,406	175	2
10	Total revenues (1+4+7)	776,479,188	4,798,869,995	931,181,919	120	19
11	Total expenditures (2+5+8)	704,688,955	3,104,023,563	906,825,157	129	29
12	Total gross profit (10-11)	71,790,233	1,694,846,432	24,356,763	34	1
12a	Total gross loss (11-10)					
13	Period tax expenditure	10,768,535	249,933,229	3,590,187	33	1
14	Deferred period tax expenditure		8,472,074	0	0	0
15	Deferred income tax					
16	Earnings paid by employer					
17	Net profit	61,021,698	1,436,441,129	20,766,576	34	1

OU Ground Handling in the period I-VI 2018 realized net profit in the amount of RSD 20,766,576.

Strategija

II quarter

From the above tables it can be concluded that for the period IV-VI 2018 Ground Handling realized total revenues in the amount of RSD 472,718,828, total expenditures in the amount of RSD 414,351,661 which resulted in gross profit in the amount of RSD 58,367,167.

FINANCIAL RESULT						
No.	Position	Achievement IV-VI 2017GH	Achievement IV-VI 2018 ANT	Achievement IV-VI 2018 gh	INDEX	SHARE
1	2	3	4	5	6(5/3)	7(5/4)
1	Operating revenues	357,773,174	2,650,482,323	472,637,068	132	18
2	Operating expenditures	326,570,390	1,465,504,486	414,799,509	127	28
3	Business profit (1-2)	31,202,784	1,184,977,837	57,837,559	185	5
3a						
4	Financial revenues	69,007	39,139,555	55,432	80	0
5	Financial expenditures	1,058,475	11,997,790	221,283	21	2
6	Financial profit (4-5)		27,141,765			0
6a	Financial loss (5-4)	989,468		165,851	17	
7	Other revenues	1,205,100	6,349,112	26,328	2	0
8	Other expenditures	1,408,570	49,068,329	-669,131	0	0
9	Other profit (7-8)					
9a	Other loss (8-7)	203,470	42,719,217	-695,459	0	0
10	Total revenues (1+4+7)	359,047,281	2,695,970,989	472,718,828	132	18
11	Total expenditures (2+5+8)	329,037,435	1,526,570,605	414,351,661	126	27
12	Total gross profit (10-11)	30,009,846	1,169,400,384	58,367,167	194	5
12a	Total gross loss (11-10)					
13	Period tax expenditure	4,501,477	169,288,291	3,590,187	80	2
14	Deferred period tax expenditure		8,051,650			
15	Deferred income tax					
16	Earnings paid by employer					
17	Net profit	25,508,369	992,060,443	54,776,980	215	6

OU Ground Handling in the period IV-VI 2018 realized net profit in the amount of RSD 54,776,980.

Grupa dionarska

6. INFORMATION ON INVESTMENTS FOR PROTECTION OF ENVIRONMENT

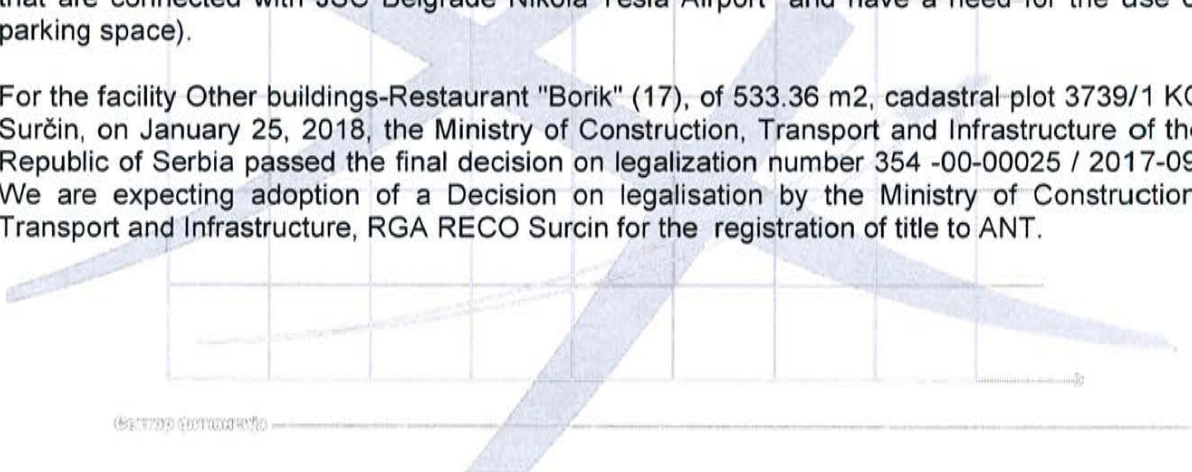
Joint Stock Company Belgrade Nikola Tesla Airport is actively involved in solving the problems of environmental pollution and raising the environmental awareness of all employees and other persons ANT has direct and indirect contact with.

7. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES IN THE PERIOD I-VI 2018

The following text describes all significant occurrences which happened at the Airport Nikola Tesla Belgrade in the period I-VI 2018:

- French company VINCI, on March 22, 2018 signed an Agreement on concession of Belgrade Nikola Tesla Airport for a period of 25 years.
- From 10.03.2018 Iranian state airline Iran Air started flights on the Belgrade-Tehran route, with A320 aircraft, twice a week.
- Mahan Air started with flights on March 20, 2018 with A310, and regular flights will start from 04.06.2018, twice a week, on the route Belgrade - Tehran.
- Qeshm Air started on March 19, 2018. with A320, and will continue flights from 31.05.2018 twice a week, on the Belgrade-Tehran route.
- Transavia has increased frequency on the route Belgrade - Amsterdam with flights 6 times a week from 26.02.2018 which practically doubled the number of flights with B737-800.
- From 01.05.2018 (six months from the entry into force of the Lease Agreement), the effects of favorable conditions for leasing shall apply to the lessee "Dufry", MGN 2, in the amount of EUR 2.50 per each outgoing international passenger;
- On 15.05. to May 16, 2018 at 00 hours the handover of two parking lots was carried out, as follows: parking P1 and public parking garage, between JSC Belgrade Nikola Tesla Airport and JKP Parking Service Belgrade based on which further management was transferred to JSC Belgrade Nikola Tesla Airport, which of business strategic significance. In accordance with the subject amendment dated 16.05.2018 the new price list of parking places and short-term stops came into force. By taking over parking lot P1 and public parking garage from JKP Parking Service Belgrade, new conditions and ways of using parking spaces have been created, and accordingly a proposal of the new Price list has been prepared. During the development of a new Price List for parking places and short-term stops, business partners and employees of business partners were specially taken care of (business and legal entities that are connected with JSC Belgrade Nikola Tesla Airport and have a need for the use of parking space).

For the facility Other buildings-Restaurant "Borik" (17), of 533.36 m², cadastral plot 3739/1 KO Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the final decision on legalization number 354 -00-00025 / 2017-09; We are expecting adoption of a Decision on legalisation by the Ministry of Construction, Transport and Infrastructure, RGA RECO Surcin for the registration of title to ANT.



For the facility of technical maintenance department, the area of 704 m², cp 3739/1 KO Surčin, on March 8, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00044 / 2017-09.

For the facility Parking lot P 2.1, area 1200 m², cp 3739/1 KO Surčin, on 05.03.2018, MGSI RS passed the final decision on legalization (number 354-00-00793 / 2017-09). MGSI RGZ SKN Surcin is expected to submit a decision on the legalization in order to register the ownership right in favor of ANT.

For the facility Parking lot P4, area 3153 m², cp 3739/1 KO Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the final decision on legalization number: 354-00-00023 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on legalization, in order to register ownership rights in favor of ANT.

For the facility Parking lot P6, area 2600 m², cp 3739/1 KO Surčin, on 05.03.2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia finally adopted the Decision on legalization number: 354-00-00734 / 2017-09. MGSI RGZ SKN Surcin is expected to submit a decision on legalization in order to register the ownership right in favor of ANT.

For the facility Parking lot P7, area 4460 m², cp 3739/1 KO Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia finally adopted the Decision on legalization number: 354-00-00022 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on legalization in order to register the ownership right in favor of ANT.

For the facility Parking lot P8, with handling area of 4000m², cp 3739/1 KO Surčin, on 25.01.2018. The Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed the Final Decision on legalization number: 354-00-00026 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on legalization in order to register the ownership right in favor of ANT.

For the facility Parking lot P10, area 3950 m², cp 3739/1 KO Surčin, on January 25, 2018, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia adopted the final Decision on legalization number: 354-00-00027 / 2017-09; MGSI RGZ SKN Surcin is expected to submit a decision on legalization in order to register the ownership right in favor of ANT.

The Government of the Republic of Serbia, on January 31, passed Conclusion 05 No. 464-910 / 2018 by which it agreed that the immovable property in the ownership of the Republic of Serbia, as follows: cad. plots No. 3733, 3735/1, 3750/1, 3750/6, 3750/7, 3750/9, 3750/11, 3750/13, 3750/16, 3995/3, 3996/3, 3997/3, 3998/3, 3999/3, 4140/1, 4263/1, 4264/1, 4264/2, 4265, 4266/1, 4267/1, 4267/3, 4268/1, 4268/6, 4269/2, 4272/1, 4275/6, KO Surčin, is entered as contribution in kind of the Republic of Serbia into the company JSC Belgrade Nikola Tesla Airport, in order to increase the basic capital of the company through non-monetary stakes.

Assembly of JSC Belgrade Nikola Tesla Airport at its extraordinary 19th session, held on March 20, 2018, decided to increase the basic capital based on the new contributions in kind of the shareholder - the Republic of Serbia and issue ordinary shares to the Republic of Serbia on behalf of its contributions in kind.

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The Government of the Republic of Serbia, on 01.03.2018 made a Conclusion 05 Number: 464-1883 / 2018 by which it agreed that the immovable property owned by the Republic of Serbia, facilities "buildings no. 26, building Public garage-Public parking garage "and 7600/12233 ideal parts of the facility "facility no. 41, Parking lot", on cad.plot number 3739/1, registered in RE list No. 6519, KO Surčin, be entered as contribution in kind of the Republic of Serbia, to JSC Belgrade Nikola Tesla Airport, for the purpose of increasing the share capital.

The Government of the Republic of Serbia, on 01.03.2018 made a Conclusion 05 Number: 464-1891 / 2018, deciding to alienate from the public property without compensation, in the procedure of expropriation, cadastral plot No. 4107/1, 4107/2, 4110/1, 4110/2, registered in Real Estate List no. 1165 KO Surčin and cadastral plots no. 4111/1, 4111/3, 4112/1, 4112/2, registered in List of real estate number 6412 KO Surčin, in favor of JSC Belgrade Nikola Tesla Airport.

The Government of the Republic of Serbia, on March 22, 2018 made a Conclusion 05 Number: 464-2698 / 2018, deciding to dispose of publicly owned land, by means of a direct negotiation, building land which is cad.plot No. 4111/2 KO Surčin, total area of 1 a 4 m², registered in the Real Estate List No. 6657 KO Surčin for the purpose of resolving property relations in order to realize the project of concession for financing, development through construction and reconstruction, maintenance and management of infrastructure of JSC Belgrade Nikola Tesla Airport and performing the activities of the airport operator, in favor of JSC Belgrade Nikola Tesla Airport, for a total purchase price of 416,000.00 RSD.

By the decision of the Republic Geodetic Authority - Real Estate Cadastre Office Surčin no. 952-02-4-895 / 2018 of 24.04.2018 the registration of the ownership right in favor of JSC Belgrade Nikola Tesla Airport is allowed on the cadastral plot no. 3733, 3735/1, 3750/1, 3750/6, 3750/7, 3750/9, 3750/11, 3750/13, 3750/16, 3995/3, 3996/3, 3997/3, 3998/3, 3999/3, 4140/1, 4263/1, 4264/1, 4264/2, 4265, 4266/1, 4267/1, 4267/3, 4268/1, 4268/6, 4269/2, 4272/1, 4275/6, in the list of immovable property number 2348 KO Surčin.

For the building of Annex to Terminal 1, with an area of approximately 24870 m² basically, kp 3739/1 KO Surčin and a part of 3745 KO Surčin, the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia passed a decision on legalization number 354-00-00328 / 2017-09 of 04/25/2017. Waiting room A10 legalized - issued a decision on legalization number 354-00-00096 / 2018-09 of 10.05.2018.

For the building of the Barracks for urea, area of 320 m², kp 3739/1 KO Surčin, on 03. / 05 / / 2018, the Ministry of Construction, Traffic and Infrastructure of the Republic of Serbia adopted final Legalization decision number: 354-00-00087 / 2018-09. Gross area from the legalization decision is 289.02 m².

For the building of meteorological observation post, the area of 150 m², kp 3739/1 KO Surčin, on 03. / 05 / / 2018 the Ministry of Construction, Traffic and Infrastructure of the Republic of Serbia adopted final Legalization decision number: 354-00-00085 / 2018-09. Gross area from the legalization decision is 146.07 m².

For the object Upholstery workshop, surface area 40 m², kp 3739/1 KO Surčin, on 03. / 05 / / 2018 the Ministry of Construction, Traffic and Infrastructure of the Republic of Serbia adopted final Legalization decision number: 354-00-00089 / 2018-09. Gross area from the legalization decision is 39.60 m².

For the building Air traffic building - Garage for de-icing, kp 3739/1 KO Surčin, registration of ownership rights in favor of ANT was carried out in RGZ SKN Surčin based on the decision of RGZ number 952-02-20-200 / 2017 of 05.06.2018. on the surface of 628 m2.

For the building Air Traffic Building - Firefighting garage for equipment, area of 1432.12 m2, kp 3739/1 KO Surčin, in the RGZ SKN Surčin, registration of the ownership right in favor of the ANT was made based on the decision of RGZ number 952-02-20-200 / 2017 of 06/05/2018. year, on an area of 1158 m2.

For the building Air Traffic Building - Auxillary building, area 418 m2, kp 3739/1 KO Surcin, in the RGZ SKN Surčin, registration of the ownership right in favor of the ANT was carried out based on the decision of RGZ number 952-02-20-200 / 2017 of 05.06.2018, on the surface of 418 m2.

For the object Fire water pool R-264, area 13 m2, kp 3739/1 KO Surčin was registered in RGZ SKN Surčin registration of property right in favor of ANT based on the decision RGZ number 952-02-20-200 / 2017 of 05.06. 2018, on the surface of 13 m2.

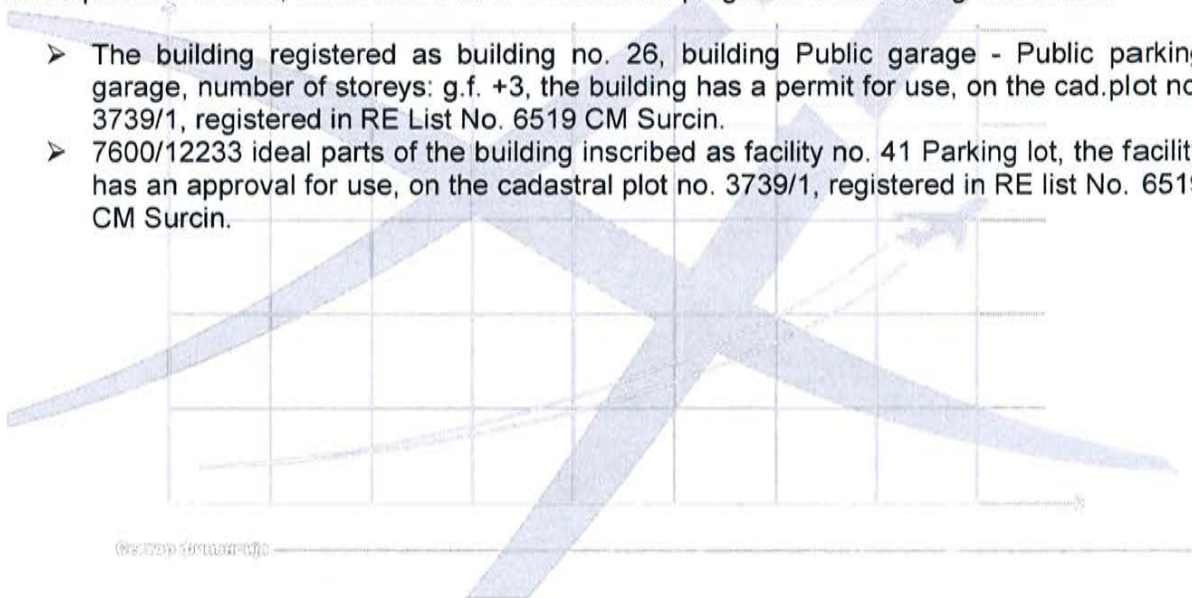
For the facility – aircraft handling drivers, area 401.86 m2, kp 3739/1 KO Surcin, in the RGZ SKN Surčin, registration of ownership rights in favor of the ANT was carried out based on the decision of RGZ number 952-02-20-200 / 2017 of 05.06.2018.

For the building - crematorium building, area 30.45 m2, kp 3739/1 KO Surčin, the registration of ownership rights in favor of ANT was carried out in RGZ SKN Surčin based on the decision of RGZ number 952-02-20-200 / 2017 of 05.06.2018.

For the construction facility for dogs, measuring 83.43 m2, kp 3739/1 KO Surcin, in the RGZ SKN Surčin, registration of ownership rights in favor of the ANT was made based on the decision of RGZ number 952-02-20-200 / 2017 of 05.06.2018.

Assembly of JSC Belgrade Nikola Tesla Airport at the extraordinary 20th session, held on 06.06.2018 made a decision to increase the basic capital on the basis of contribution in kind of the Republic of Serbia, which consists of the ownership right on the following real estate:

- The building registered as building no. 26, building Public garage - Public parking garage, number of storeys: g.f. +3, the building has a permit for use, on the cad.plot no. 3739/1, registered in RE List No. 6519 CM Surcin.
- 7600/12233 ideal parts of the building inscribed as facility no. 41 Parking lot, the facility has an approval for use, on the cadastral plot no. 3739/1, registered in RE list No. 6519 CM Surcin.



Prefabricated containers for employees with space for accommodation aircraft handling equipment

- **Purpose:** The initiative for the implementation of the project was undertaken with the aim of creating a unique space for the accommodation of employees in operational services, as well as the formation of handling and parking spaces for vehicles and space for the disposal of equipment used for aircraft handling purposes.
The total area of the two facilities is about 1,700m², and the interior is equipped with modern office furniture, tea kitchens and shower cabins, which enables employees in the operational services who work continuously 24 hours a day, adequate comfort and working conditions. The accommodation capacity of the facilities is 230 people.
The realization of this project enabled the liberation and more adequate operational and commercial exploitation of the space in the terminal facility, which was previously used for accommodation of employees in operational services.
- **Status:** Works on the construction of prefabricated container facilities for employees with space for the accommodation of equipment for aircraft handling were completed on March 5, 2018.

Arrangement of Terminal 2

Purpose: Nikola Tesla Belgrade Airport is continuously improving its offer to passengers and other users of airport services, and as a logical continuation of the arrangement of the Terminal 1 registration hall, which was completed in 2017, the Terminal 2 registration hall has been upgraded. The works involved improvement of the visual identity, space designation and enabling the automation of the registration of passengers and baggage. A reorganization of the existing commercial space has been completed and new commercial facilities have been added - bank and airline companies counters.

Status: Subject works on arrangement of Terminal 2 were completed on 30.05.2018.

Arrangement of the parking lot P10

Purpose: The project envisages the execution of works on the arrangement of the parking lot P10, in the zone near the Red building. The existing parking lot will be divided into two independent, functional units, total area around 3950m² and planned capacity of up to 180 parking spaces. It is envisaged that around 1850 m² of parking area is intended for parking vehicles of employees, and approximately 2100 m² of parking area will be for TAXI vehicles. The parking space will be equipped with a card access control system. It is planned that TAXI vehicles from the parking lot P9 will be moved to the parking lot P10 to better organize and regulate their work and avoid crowds that are currently being created in front of the Terminal.

Status: In the procurement procedure the Contract for execution of works is awarded to a group of contractors the leading member being Ras inženjering niskogradnja. The Contractor was introduced in job on 28.06.2018. Works are in progress.

Construction of sidewalk

Purpose: The project is being implemented in order to raise the level of safety of road users, primarily pedestrians, in the public zone of the airport complex, and in accordance with the Decision of the City Administration of the City of Belgrade - the Secretariat for Transport. The construction of the sidewalk on the former regional road R266 is planned to be carried out in the zone of Nikola Tesla Airport, Belgrade, with a total length of 950m. The works will include the establishment of a stop for public transport vehicles, vehicles for the transport of employees, and the formation of positions for TAXI vehicles on hold.

Status: The contract for the execution of works is in the public procurement procedure assigned to the group of bidders in which the contractor is *Intergradnja Coop*. The procedure for starting the Decision by the Secretariat for Transport is in progress.

Contract for execution of works in the public procurement procedure is awarded to the group of tenderers led by the main contractor *Intergradnja Coop*. Obtaining of the Decision by the Secretariate of Transportation is in progress.

Enforcement of floor construction

Purpose: The reinforcement of the floor construction is planned to allow the installation of a new X-ray device for baggage screening, which is significantly larger than the existing one. Considering that the existing floor structure of the Terminal 2 facility is not designed for additional load, a technical documentation will be prepared which will provide for load capacity verification and reinforcement of the floor structure and all other additional load-bearing structural elements. After the development of technical documentation and the necessary approval of the competent authorities, the implementation of the works is foreseen.

Status: In the public procurement procedure decision was made to award Contract to the group of tenderers with main contractor *Ras inženjering niskogradnja*.

Improving the security control of passport check points

Purpose: The works were carried out in accordance with the request of the Ministry of Internal Affairs in order to improve the security control of passenger flows on passport check points and improve efficiency.

Status: The works on improving the security control of passport check points were completed on June 10, 2018.

Service of maintenance and integration of human resources monitoring and analysis system in the business information system

- **Purpose:** The purpose of the procurement is to maintain the aforementioned system, as well as integration with the SAP ERP business information system, the implementation of which is in progress.

Human Resource Monitoring and Analysis System is a portal that, integrated with the business information system SAP ERP, enables the automation of personnel-related processes in the enterprise. This primarily relates to the possibility for employees to use employees' services on their own and, through them, have the possibility to create requests for absences, have insight into the team calendar, input information for promotion, the ability to review and update their own profile etc. On the other hand, human resource management services are enabled processes for managing work performance, talent management and the successor planning process.

Implementation of the system for monitoring and analysis of human resources is realized. Commissioning of the system is related to the project of implementation of SAP ERP system.

Value: RSD 24,480,820.00, VAT excluded

Supplier: Sapiens Solutions d.o.o, pursuant to the Contract no. UJNV-14/2018 dated 27/02/2018.

Active network equipment - Part 1 - Active network equipment

- **Purpose:** The subject of the contract is procurement of active network equipment of the computer and communication network of Belgrade Nikola Tesla Airport. The renewal of the existing equipment of the computer and communication network by this purchaser has been completed. Due to obsolete equipment and technical and technological weaknesses in the capacity of existing equipment, it was necessary to carry out modernization of equipment, all in order to support new more modern capacities, services and features that modern technologies can provide.

Implementation of active network equipment is in progress, and the agreed deadline for realization is 30 days.

- **Value:** 10,949,160.00 RSD without VAT

- **Supplier:** *DBS Konsel Security Service.*, Under Contract no. UJNV-8/2018 of February 21, 2018.

Active network equipment - Part 2 - Optimizing access to server infrastructure

- **Purpose:** The subject of the contract is procurement of server equipment of the computer and communication network of Belgrade Nikola Tesla Airport. The aforementioned procurement foresees that all business information services of the Airport are optimized and accelerated in a way that modern technologies allow. This means that access to services by users will be done in a faster and more efficient way, and that the services themselves will be more reliable and accessible for users.

Optimization of access to server infrastructure is completed within agreed deadline and is put into operation.

Value: RSD 8,988,200.00, VAT excluded

Supplier: *DBS Konsel Security Service*, pursuant to the Contract no. UJNV-9/2018 dated 21/02/2018.

Active network equipment - part 3 - Telecommunication and installation work on the network for X-ray devices

- **Purpose:** The subject of the contract is execution of works on X-ray devices networking. Nikola Tesla Airport owns X-ray devices, which are control and scan baggage and goods of the users of airport services. For security reasons and security procedures, X-ray devices must be networked in a single computer-communication system so that they are independent of other systems. In this way, a separate communication network is formed, which is totally independent of other networks. Thanks to a unique X-ray communication network, all information and data collected from all X-ray devices will be available to the central computer, which is controlled and managed by X-ray security service.

The work on X-ray devices networking is completed within agreed deadline and the new network is put into operation.

Value: RSD 6,948,400.00, VAT excluded

Supplier: *DBS Konsel Security Service*, pursuant to the Contract no. UJNV-10/2018 dated 21/02/2018.

Information system for protection against complex and targeted threats

- **Purpose:** The subject of the contract is the procurement of an information system for protection against complex and targeted threats. It is necessary to protect applications that are exposed to Internet, or external influences, from DOS / DDos attacks, in order to preserve the functioning of information systems. The envisaged information system must enable traffic analysis and, based on traffic characteristics, have the ability to learn and recognize malicious use of traffic, as well as to automatically define the rules for eliminating the threat. DOS / DDos attacks are a significant threat to corporations, and they make computing and information systems inaccessible by shutting down servers, a computer network, and even end-user systems and devices with useless content and information, which leads to the fact that certain business services are inaccessible for end users. The information system for protection against complex and targeted threats monitors and purifies traffic and has a rapid response to changes in the techniques used by the attack. The system itself has the ability to fine-tune and modify detection and filtering depending on the threat itself, which is an additional level of protection.

The procurement envisaged improves the protection of the computer and communication network, as well as the business information systems, in order to preserve the functioning of the information system service.

Implementation of the information system for protection against complex and targeted threats is completed within agreed deadline and information system is put into operation.

Value: RSD 12,712,980.60, VAT excluded

Supplier: *Digit*, under Contract No. UJNV-21/2018 dated 08/03/2018

Bar code readers and auxiliary equipment for baggage reconciliation

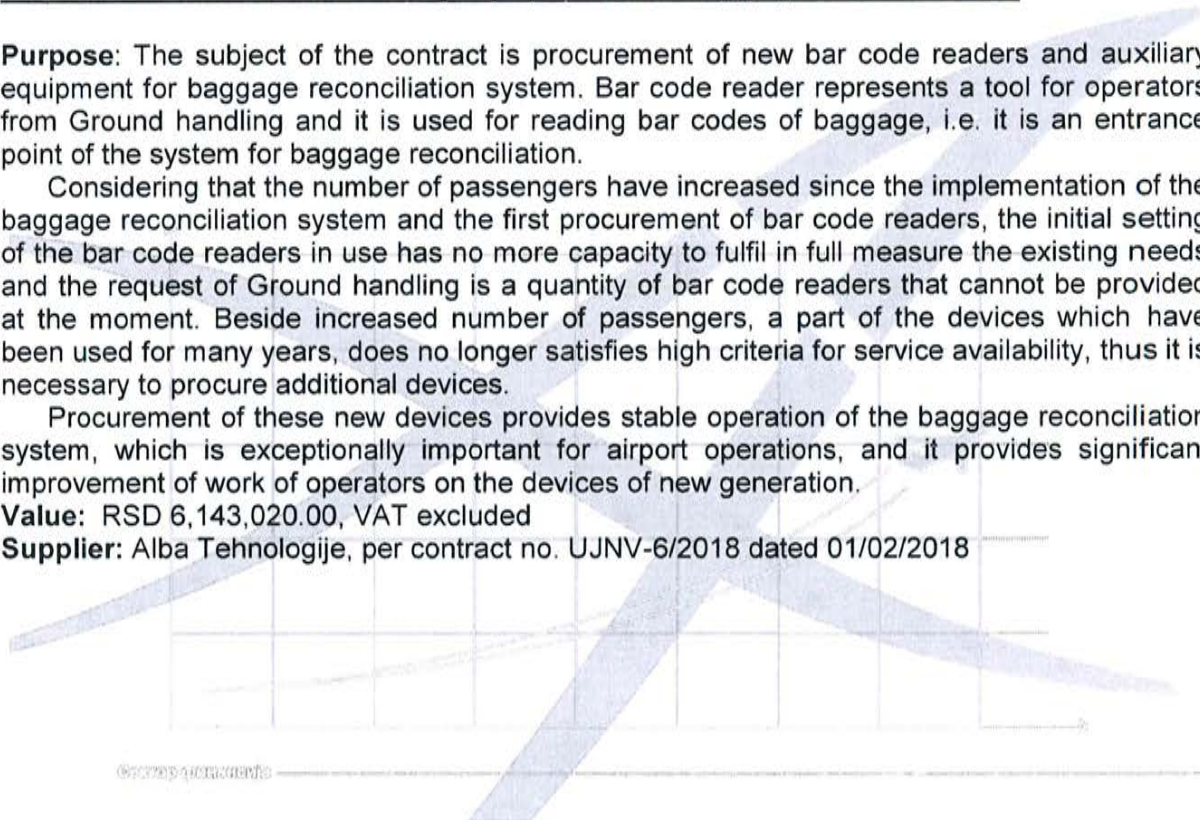
Purpose: The subject of the contract is procurement of new bar code readers and auxiliary equipment for baggage reconciliation system. Bar code reader represents a tool for operators from Ground handling and it is used for reading bar codes of baggage, i.e. it is an entrance point of the system for baggage reconciliation.

Considering that the number of passengers have increased since the implementation of the baggage reconciliation system and the first procurement of bar code readers, the initial setting of the bar code readers in use has no more capacity to fulfil in full measure the existing needs and the request of Ground handling is a quantity of bar code readers that cannot be provided at the moment. Beside increased number of passengers, a part of the devices which have been used for many years, does no longer satisfies high criteria for service availability, thus it is necessary to procure additional devices.

Procurement of these new devices provides stable operation of the baggage reconciliation system, which is exceptionally important for airport operations, and it provides significant improvement of work of operators on the devices of new generation.

Value: RSD 6,143,020.00, VAT excluded

Supplier: *Alba Tehnologije*, per contract no. UJNV-6/2018 dated 01/02/2018



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Extension of the system for access control and evacuation

- **Purpose:** Subject of the contract is extension of access control and evacuation system. The procurement expands the existing access control system, the evacuation system and the record of working time, in a way that will connect and network existing equipment, purchased through the extension of Finger Halls A and C and the first phase of the extension of the access control system, the evacuation system and the system for recording work time into a single centralized system.

The second phase of access control should cover all locations that were not covered by the procurement of the extension of Finger Halls A and C and the first phase of the upgrade of the access control and evacuation system, as well as extend the time recording system with the installation of additional reading devices and advanced functionality.

The first phase covered locations that ANTB was required to cover under the TSA (Transportation Security Administration) in order to raise the level of security to a higher level and to meet the safety requirements that were one of the conditions for the authorization to continue for now flights to USA. The first phase procured equipment and connected all readers of access control systems and evacuation modules to SiPass server and necessary licenses were purchased, as well as software for production of identification passes (badges).

By deciding that the A side (gate A6 to A10) is not to be reconstructed, and in the first phase of the extension of the access control system and the evacuation system these locations were not included due to the planned reconstruction, all the above gates, air bridges, finger halls and waiting rooms are left uncovered by the system for access control and evacuation system. In order to fulfill all the security conditions and implement access control systems and the evacuation system completely, it is necessary to cover all listed locations as well as those identified by the OU Security as areas that must be covered in accordance with the above.

This procurement also envisages the purchase of handheld readers (HH - Hand Held devices) needed for employees to be identified at any time on the apron, when entering gates or restrictive areas. When entering gates, security workers will have the ability to read all information about the person entering the area, such as whether he is authorized to access that location, if he is the authorized escort, may he bring in the tool, etc.

In this way, an identification pass (the badge) will be made to which the ANTB should obtain the CAD approval. This is another important requirement for the system to be fully operational. HH devices will be connected to the SiPass server database from which they will have all the data necessary for controlling entry into restrictive areas and checking the persons moving in the same.

An integral part of this procurement will be the obligation of the system's suppliers to develop as-built design. OU ITT, OU Logistics and OU Security will work on a project for works that must be approved by the Border Police, so that the works can be carried out without interruption.

By covering all controlled areas, the system will define the right of access of all employees in accordance with the permit issued by the Border Police and the elements on the badge that are defined in accordance with the OU Security requirement. The system will record in logs all the readings by areas which will significantly improve the security, as well as the control of movement and control of the entry / exit of the person in controlled areas.

The evacuation system as part of the access control system will integrate with the fire protection system, thus enabling these two systems to communicate and forward alarms about the incidents caused by the activation of the evacuation system, as well as whether the cause of the incident is fake activation of the module or not. Integration of these two

systems will not only increase the efficiency in detecting the resulting causes, but also the safety in the evacuation areas.

The working time-record system implemented during the first phase is also linked to the presence control system, and this acquisition requires the acquisition of additional licenses as well as terminals in order to read staff more quickly at locations where the concentration of employees is large as well as installation to new locations for which the need arose.

The airport as a company that rationalizes costs in all segments, increasing profits through rational consideration of needs and investing and introducing various information systems that aim to create opportunities for increasing revenue through advertising and exchange of digital content, introduces systems that rationalize costs identified as priorities in rationalization. One of the systems is a Smart Building Management System (BMS). This system is in the phase of developing a technical specification and one of the systems to be integrated is precisely the access control system with all its modules. By integrating the access control system into the smart building management system, smart and optimal control of all consumers will be enabled, for example, in gates, so that all lights, air conditioning and other consumers will automatically switch on and off via information from the access control system in such a way that opening of gates will activate all the mentioned consumers of electricity and in this way will control the consumption of electricity by minimizing it, which will directly increase the lifetime of expensive equipment exploitation and reduce maintenance costs.

Extension of the system for access control and evacuation is in progress.

Value: RSD 39,813,537.50, VAT excluded

Supplier: Smart Building Technologies, per Contract No. UJNV-25/2018 dated 13/03/2018

Extension and Expansion of Microsoft Licenses (True-Up and SA - Software Assurance) **- Part 1 - Extension and Extension of Microsoft Licenses (SA - Software Assurance)**

Purpose: The contract subject is renewal and extension of Microsoft licences as the valid contract expired in February 2018.

The realization of this acquisition has ensured that Microsoft licenses are renewed on time. If we stopped paying the three-year SA, we would be left with the last version of the software we bought. Moreover, we would have to buy all new versions per regular prices, i.e. per model where we pay the licence (LIC model) and maintenance (SA model). In that case, licences are more expensive as they are paid per LIC/SA model, while in case of regular renewal of the licence we pay only SA model. ANTB is obliged to monitor the newest of all versions of operative systems due to new information systems under implementation and due to security corporate network proposed by Microsoft and in accordance with the Act on Information Security. For that reason the newest versions are necessary as that is the condition of all suppliers of the system for implementation of new and upgrade of the existing information systems. If we do not renew the contract for Microsoft licences we will not be able to implement the systems planned in this year and if we do not sign a new contract in time the value of the planned procurement for licence extension will increase by 30%.



Microsoft licenses are not solely related to licenses for servers and workstations, but also for databases and other Microsoft platforms:

1. Microsoft Exchange Server - E-mail server ANTB
2. SQL Server - All systems on an ANTB that require a database use SQL database
3. Microsoft Skype for Business Server - Communication server
4. Microsoft Office - Word, Excel, Outlook, etc.
5. Microsoft SharePoint - An internal portal in which the electronic office module is implemented
6. Microsoft Visio - application for drawing diagrams, processes, etc.
7. Microsoft Project-application for planning and tracking projects and creating a curriculum
8. Microsoft WSUS Server - a server for installing security patches on the corporate network
9. Microsoft System Center - server to monitor, control, and report on the status of all servers and workstations in the ANTB corporate network.

Value: USD 790,473.43, VAT excluded

Supplier: E- Smart Systems, per Contract No. UJNV-11/2018 dated 21/02/2018

Extension and expansion of Microsoft licenses (true-up and SA - Software Assurance) - Part 2 - Extension and expansion of Microsoft licenses of cloud azure platform

Purpose: The subject of the contract is the extension and expansion of Microsoft cloud azure. The subject of this procurement is expansion of the existing licences through which additional licences will be paid as well as the Azure prescription for the next three years for a spare copy of all critical servers in ANTB would be paid in order to provide continual operation of all servers in the Server room at remote location. Disaster Recovery (DR) is necessary for operation of all servers and services in ANTB in case the servers and services in the Server room break operation. DR is one of the important operation segments and all issues in regard with the concession process where connected with the question whether we have DR location and which solution is implemented. Payment will be realised in three equal annual instalments.

Value: USD 295,711.40, VAT excluded

Supplier: E- Smart Systems, per Contract No. UJNV-34/2018 dated 22/03/2018

IT equipment - lot 1 - Equipment for SAP ERP

Purpose: The subject of this procurement which includes a new central equipment (servers, storage and licences for virtual platform) for operation of a new SAP ERP solution in accordance with SAP requirement that the infrastructure must be certified for SAP. The central equipment must have such characteristics and capacities necessary to meet hardware requirements of SAP ERP solution, considering that for appropriate operation and upgrade of SAP solution three environments (development, testing and production) with the same characteristics are necessary. For their operation a resilient and large hardware environment is required.

Value: RSD 40,847,001.00, VAT excluded

Supplier: Serbian Business Systems, under Contract No. UJNV-20/2018 dated 07/03/2018

06-TRIP-012018-010

IT equipment - lot 2 - Data storage system and equipment and backup system for video surveillance and integration with the existing system

Purpose: The subject of the contract is procurement, which is envisaged to provide system and equipment for data storage and backup video surveillance and integration with the existing system. Such a system must include the following equipment:

- Tape library for data storage and backup
- Server for organizing data and installing HSM software with the following technical characteristics
- The offered HSM software, which must enable the organizing and long storage of a large number of files, depending on the number of accesses, will be automatically, by the pre-defined policy, placed on the appropriate media defined by the policies.

The above must be purchased so that within the existing video surveillance system, the video can be stored for a longer period of time. With available resources, it is currently possible to store and view videos not older than two months, which meets the prescribed minimum of 30 days. By implementing this solution, the airport predicted that the minimum period of video recording would be 12 months, which would allow the availability of video for a longer period of time, ensuring that eventual incident situations can be reviewed and much later after the event itself, which can be of great importance and contribution to situations when needed.

Value: RSD 17,928,000.00, VAT excluded

Supplier: EWE COMP and NEPO SISTEM, per Contract no. UJNV-23/2018 dated 09/03/2018

IT equipment – Lot 3 - desktop (All in one) computers

- **Purpose:** The subject of the contract is the purchase of desktop (All in One) computers. Based on the stated needs of all organizational units for the aforementioned equipment and in order to ensure that business processes are performed in an optimal, effective and appropriate manner, it is necessary to provide the specified equipment and cover all the defined positions that participate in business processes with the appropriate computers.

Increasing the number of employees and positions requiring a computer is one of the main reasons why there is a need to purchase new computers.

New computer and information systems and service to be purchased, amended and extended, as well as those in use require new information equipment with technical characteristics that comply with all technically and technologically demanding systems and services. This replacement of existing obsolete computers, which is still in widespread use, is another of the main reasons why there is a need for the purchase of new computers.

By procurement of these computers we will remove possible difficulties in operation and make basic preconditions for unimpeded operation with new computer and information systems and services.

Procurement of the indicated equipment would ensure more efficient, more comfort operation of higher quality. With this procurement obsolete and deteriorated equipment is replaced and equipment quality and reliability level are maintained.

Value: RSD 11,399,220.00, VAT excluded

Supplier: Oblak Tehnologije, per contract no. UJNV-18/2018 dated 06/03/2018

06/03/2018

IT equipment - lot 4 - Mobile and tablet devices

- **Purpose:** Based on the stated needs of all organizational units for the mentioned equipment and in order to ensure that business processes are performed in an optimal, effective and appropriate manner, it is necessary to provide the said equipment and provide it to all employees who need the appropriate telephone for daily communication and mobility in work itself. Mobility implies availability of services such as e-mail, internet and remote access to airport systems and services, even when employees are out of office space. Efficient and timely performance of all tasks requiring access to these systems and services, regardless of the current location of employees, requires the use of appropriate smart phones.

By increasing the number of employees, based on the Rules on Mobile Telephony, the number of mobile phone applications that need to be provided increases. Also, the aforementioned Rulebook foresees the possibility of replacing a mobile phone after a certain period of use due to technical and technological obsolescence.

The aforementioned procurement foresees to provide mobile devices and / or tablets for employees, which will meet the technical requirements of the employees' work requirements.

Value: RSD 6,415,623.00, VAT excluded

Supplier: Informatika AD, per contract no. UJNV-24/2018 dated 09/03/2018

IT equipment - lot 5 - Printers, photocopiers and multifunctional devices

- **Purpose:** The subject of the contract is procurement for the provision of printers, photocopiers and multifunctional devices, which would ensure more efficient, more comfortable and quality work of employees.

The purchase of printers, multifunctional devices and photocopiers is necessary due to the age and weariness of existing devices and the incompatibility with new operating systems, and it is necessary to replace existing old devices with new ones. This ensures the possibility of complete functionality in working with the latest computer and information systems and services. This procurement would provide equipment that would replace the old and worn equipment in use, which increases the reliability and quality in the realization of business tasks. In addition, the cost of consumables (toners, ribbons and cartridges) is reduced, as they are cheaper for new devices, as well as maintenance costs, as the frequency of failures in older devices is higher.

Value: RSD 5,840,036.00, VAT excluded

Supplier: Malex - City Copy Service, under Contract no. UJNV-22/2018 of 08.03.2018.

IT equipment - lot 6 - Audio and video equipment

- **Purpose:** The subject of the contract is procurement of audio and video equipment, among which are: speakers, projectors, televisions, cameras, audioreceivers and other, thus continuing the process of modernization of audio and video equipment in use, initiated by previous procurement, as well as equipping new positions.

Replacing an audio system in representative showrooms involves replacing existing obsolete equipment as well as replacing old worn audio installations. Replacing the audio system involves the replacement of audio components in rack cabinets, as well as the purchase of new components that we did not have in the audio system so far. This improves the sound quality and provides new possibilities for processing and managing sound. This would contribute to ensuring that the coverage of representative lounges with a higher quality sound

level at all levels. By replacing worn-out installations and installing newer generation installations ensures that the sound quality be preserved during transmission and the reduction of interference produced by various sources from the environment. Representative lounges are places where important press conferences and presentations are often held, and for this reason the audio system is an important item that should be maintained at the highest level of quality.

For representative lounges, it is necessary to replace the video system and to carry out replacement of old and worn installations. The purchase includes the replacement of TVs, video players and other video equipment. Replacing worn-out installations and installing newer generation installations ensures that image quality is maintained during transmission and interference produced by various sources from the environment reduced. This procurement would eliminate possible problems in representative lounges, which are direct consequence primarily of the deterioration of equipment and installations.

Procurement of new wall and ceiling loudspeakers should replace existing obsolete speakers, in airport areas which were not included in some of the equipment procurement. Since they are speakers that have not been replaced for a great number of years, many of them have a significant deviation from the defined radiation characteristics due to the wear of the parts involved in the production of sound. Over time, many speakers have suffered minor or greater damage. All of the aforementioned causes distortion of sound and, as a consequence, the listener has the incomprehensibility of the broadcasted content. Replacing the old speakers would contribute to ensuring coverage with a higher quality sound of a uniform level, high level of intelligibility in all parts that need to be covered with sound.

Value: RSD 3,975,784.00, VAT excluded

Supplier: Oblak Tehnologije, per contract no. UJNV-16/2018 dated 06/03/2018

IT equipment - lot 7 – Notebook computers

Purpose: The subject of the contract is the purchase of Notebook computers. In order to create opportunities for introducing new trends, applications and software, and facilitating the holding of sessions and other events taking place in representative lounges and possibly other locations, and in order to provide mobility of equipping training classrooms within the training center, equipping of defined classrooms for workshops for SAP ERP (there are 3 designated locations for SAP ERP workshops), there is a need for the purchase of portable notebooks, which creates opportunities for the development of these business processes as well as their improvement of yielding to the efficiency, transparency and facilitate the training, holding of meetings and other events.

Value: RSD 2,93,261.00, VAT excluded

Supplier: Informatika AD, per contract no. UJNV-26/2018 dated 14/03/2018

IT equipment - Lot 8 - Spare parts for computers and electronics

Purpose: The subject of the contract is the procurement of spare parts for computers and electronics. ANTB as a huge and socially responsible company should take steps toward computer literacy and support to institutes performing responsible jobs such as schools, hospitals and help them to carry out their jobs in a more qualitatively and improved manner.

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Thus the better image of the airport is spread - as a company ready to support and the one that contributes improvement of work in schools and hospitals and likewise institutions.

Procurement of 10 standard desktop computers with OS is planned for the purpose of donation to institutions in need of help with provision of information equipment and with the purpose of improvement of information conditions in these institutions.

Value: RSD 2,967,234.00, VAT excluded

Supplier: Informatika AD, per contract no. UJNV-27/2018 dated 14/03/2018

IT equipment - lot 9 - Donation computers

Purpose: The subject of the contract is purchase of computers for donation. ANTB as a huge and socially responsible company should take steps toward computer literacy and support to institutes performing responsible jobs such as schools, hospitals and help them to carry out their jobs in a more qualitatively and improved manner. Thus the better image of the airport is spread - as a company ready to support and the one that contributes improvement of work in schools and hospitals and likewise institutions.

Procurement of 10 standard desktop computers with OS is planned for the purpose of donation to institutions in need of help with provision of information equipment and with the purpose of improvement of information conditions in these institutions.

Value: RSD 2,973,880.00, VAT excluded

Supplier: Informatika AD, per contract no. UJNV-29/2018 dated 14/03/2018

IT equipment - lot 10 - UPS devices

Purpose: The subject of the contract is procurement for the provision of UPS devices haaving main task to provide uninterrupted power supply for consumers at the Airport, where the majority of consumers are personal computers with associated equipment, as well as other systems in which the problem of regular power supply can cause serious consequences, security, financial or functional. UPS devices are used inter alia to provide uninterrupted power supply for active network equipment, access control systems and evacuation systems, as well as other systems whose parts can shut down in the event of a power cuts from the city network, which may lead to interruptions in one section or entire system, as well as the inability of the system users work because of unavailability of the system. This procurement envisages equipping all hubs with UPS devices where there is currently no protection as well as replacement of UPS devices in hubs where the existing ones do not perform the intended function as they are worn out.

Because of steady increase in the number of consumers, in order to avoid any inconvenience due to lack of power supply, it is necessary to provide additional UPS devices.

Value: RSD 1,485,000.00, VAT excluded

Supplier: Oblak Tehnologije, per contract no. UJNV-17/2018 dated 06/03/2018

Computer equipment - partition 11 - Thin client computers

• **Purpose:** The subject of the contract is the procurement of thin client computers. By switching from the old system to display the operating flight schedule to the new one, there was a need to purchase new equipment to replace old devices. Previous procurement has provided a number of thin clients to cover a certain part of existing positions. As the pricelist of communication services foresees the possibility for third parties to provide an operational flight schedule with renting of a thin client computer, it is necessary to provide them to adequately

respond to the requirements for this service and equipment, and which renting increases the profit of the airport from non-airport services. Also, based on the stated needs of all organizational units for the mentioned equipment, in order to ensure that business processes are performed in an optimal, effective and appropriate manner it is necessary to provide the specified equipment. Organizational units of airports that have needs for displaying flight schedules and setting up thin client computers, in order to organize optimal business processes, may additionally request the specified equipment. This procurement envisages the purchase of an additional number of thin clients to cover the remaining existing positions, new positions that should be equipped as well as provide a number of them for leasing by third parties.

Value: RSD 988,880.00, VAT excluded

Supplier: Informatika AD, per contract no. UJNV-28/2018 dated 14/03/2018

Works on extension of the service of DATA video surveillance centre

Purpose: Expansion of the DATA Centre service for IP surveillance includes adding new racks, pulling out telecommunication installations and power cables, and connecting with the main system room of the Airport. Existing video surveillance consists of an IP camera, a data recording system, and a storage system for recorded material. Given that the purchased equipment for the IP video surveillance system meets all the technical and technological standards that the video surveillance system should have, it is necessary to improve and expand the services of the existing DATA Center for IP video surveillance. In order for the correct and uninterrupted operation of the IP video surveillance service to take place, it is necessary to raise the conditions of the DATA video surveillance center to the highest level. In this regard, it is necessary to establish a reliable and secure IT infrastructure and the ability to terminate the service to a minimum. This means that high-level equipment that guarantees stable operation and full functionality must be provided for the equipment of the IP video surveillance system, with adequate microclimate conditions and redundancy of cable connection and power supply. In addition to the network and computer infrastructure, in the DATA Center for video surveillance it is also necessary to provide a system of uninterruptible power supply, cooling and heat removal system, which will provide adequate temperature and humidity, then internal redundant cabling, storage cabinets, as well as system for fire protection.

Value: RSD 9,630,726.00, VAT excluded

Supplier: Telegroup d.o.o, per contract no. UJNV-40/2018 dated 25/05/2018

Training of employees in the Training Centre

Staff who indirectly affects the safety of air traffic must be trained in a Training Centre authorized by CAD 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

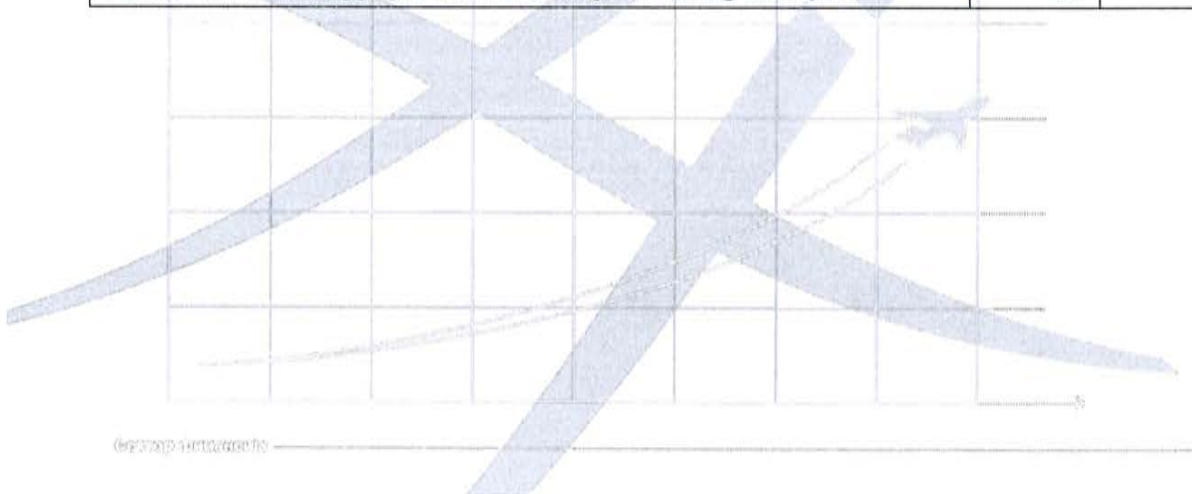
Сектор за обуку

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 01/01/2018 – 30/06/2018:

	ANT	third persons
Steward/-ess (level 1)	121	1
Ground handling controller (category 1)	21	-
Ground handling controller (category 3)	16	3
Marshaller (level 1)	9	-
Airport equipment operator (level 1)	103	-
Generator operator	12	-
Foreman of the sorting area	10	-
Foreman of cargo transshipment	37	-
Worker on hold baggage, mail and cargo handling at airport	57	-



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

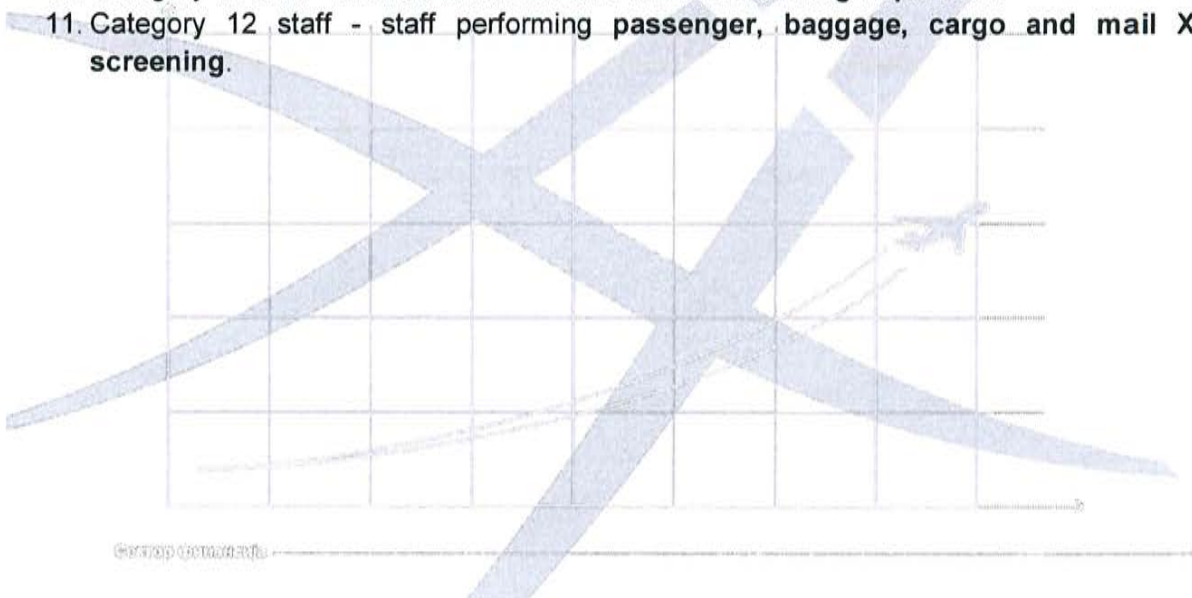
1. Commander;
2. Professional fire-rescuer (**fire-rescue unit and fire prevention section**);
3. support staff (**primarily employed on other duties**);
4. instructor (**practical training instructors**).

Number of trained persons in the period 01/01/2018 – 30/06/2018:

	ANT	third persons
Professional fire-fighter	62	-
Support staff	28	-
Support staff - practice	35	-

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 01/01/2018 – 30/06/2018:

	ANT	third persons
Transport of dangerous goods in air traffic, cat. 7	10	-
Transport of dangerous goods in air traffic, cat. 10	60	12
Transport of dangerous goods in air traffic, cat. 9	82	13
Transport of dangerous goods in air traffic, cat. 8	-	14
Transport of dangerous goods in air traffic, cat. 5 and 8	120	13
Transport of dangerous goods in air traffic, cat. 12/ module 19	34	19

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 01/01/2018 – 31/03/2018:

	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 01/01/2018 – 30/06/2018/

	ANT	third persons
Security awareness training	303	137
Module 3 - Basic refreshment training for security check	95	19
Module 4 - X-ray screening of persons	33	18
Module 4 - Additional training QPS (training for operation on X-ray screener for screening of persons)	12	-
Module 5 - X-ray screening of cabin baggage and items carried on board	11	-
Module 5 - additional training CONV5	-	3
Module 6 - X-screening of hold baggage	7	-
Module 7 - X-screening of cargo and mail	1	-
Module 8 - X-screening of materials and mail of air-carriers, in-flight supplies and airport supplies	9	-
Module 9 - Check of vehicles	17	-
Module 10 - Access control, surveillance and patrol	17	-
Module 13 - passenger and baggage reconciliation	120	-
Module 15- Security control of mail and materials of air-carriers, in-flight supplies and airport supplies by methods other than X-ray screening.	4	16

Module 17 - Special training of supervisors	10	-
Module 18- Special training of security managers	1	-
Module 20 - Treating persons of unacceptable behaviour	46	-

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.

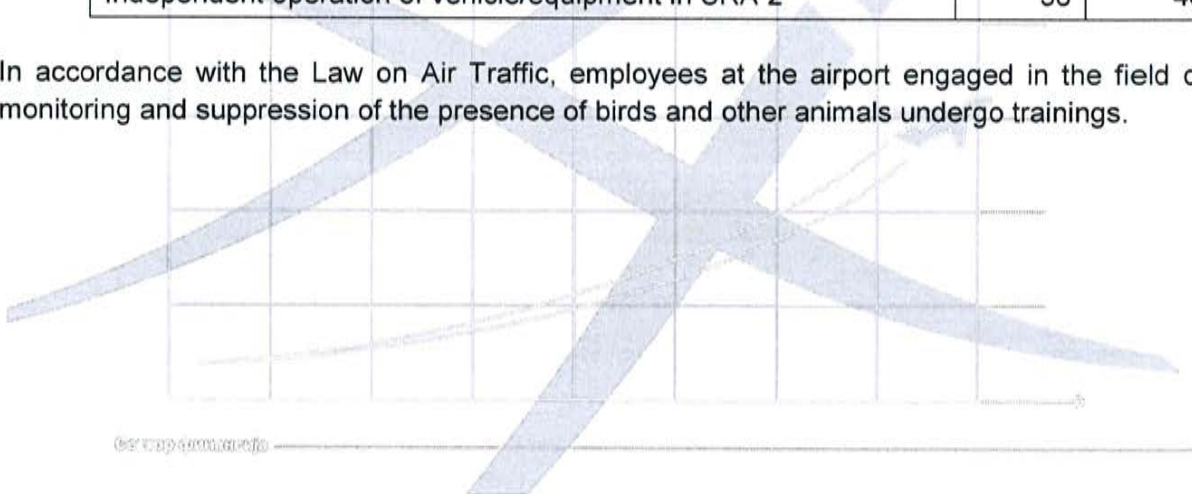
Beside the listed trainings, all persons performing jobs within SRA (employees and persons engaged in ANT, as well as third persons) must be undergone the training on Aviation security:

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 01/01/2018 – 30/06/2018:

	ANT	Third persons
Basics of air traffic safety;	110	9
Independent operation of vehicle/equipment in SRA 1	2	-
Independent operation of vehicle/equipment in SRA 2	58	46

In accordance with the Law on Air Traffic, employees at the airport engaged in the field of monitoring and suppression of the presence of birds and other animals undergo trainings.



Number of trained persons in the period 01/01/2018 – 30/06/2018:

	ANT	Third persons
Worker on suppression of the presence of birds and other animals at the airport	2	-

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 01/01/2018 – 30/06/2018:

	CAD	Foreign CAD	Companies
Inspections	6	1	5

The Centre for professional development also organizes 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 01/01/2018 – 30/06/2018:

	Aviation Academy	Faculty of transport and traffic engineering
Visits	3	-

Interior equipment

In the public procurement procedure, a framework agreement was concluded on January 29, 2018 with the bidder EUROSALON FABRIKA DOO BEOGRAD for lot 2 - Desks and office cabinets up to 2,000,000.00 RSD without VAT.

Annual maintenance of facilities at the airport complex is planned - equipping of working and public spaces, replacement of worn out furniture in order to improve the working conditions of employees and provide services to users at ANTB.

Equipment and tools for maintenance of park surfaces on the complex of ANT-Tools for maintenance of park surfaces

In the public procurement procedure, on May 30, 2018 the contract was concluded with the tenderer "Alpinastar doo" in the amount of 86,216.32 RSD, VAT excluded.

Purchase order is concluded for a period of one year or until the consumption of funds, depending on which of these two conditions is comes first.

Implementation of systematic disinfection, disinsection and pest control

The Purchaser of service is JSC Belgrade Nikola Tesla Airport, provider of service „EKO SISTEM CO DOO“. The purchase order was concluded on 31/05/2018 for the total amount of RSD 298,000.00 VAT excluded. Purchase order is concluded for a period of one year or until the consumption of funds.

Consultancy services of chemical adviser in the preparation of supporting documents for registration in the chemicals register

The purchase order was concluded on 06/03/2018 for the amount of RSD 60,000.00 VAT excluded. Purchase order is concluded for a period of one year or until the consumption of funds.

Sampling of drinking water, wastewater, laboratory testing of microbiological and physical and chemical properties

The service provider is the "Institute for Public Health of Serbia", Dr Milan Jovanović Batut. The work order was concluded on 16/03/2018 for an approximate amount of RSD 400,000.00 excluding VAT. It is concluded for a period of one year or up to the expenditure of the above mentioned funds.

Consumables for cleaning, paper products, chemical agents for cleaning of terminal and bags

Lot 3 - mats and tracks, framework agreement, value of 450,000.00 RSD without VAT, with company ARS NOVA d.o.o.

Consumables for cleaning, paper products, chemical agents for cleaning of terminal and bags

Lot 1 – chemical agents for cleaning of aircraft, sanitary premises and terminals, value of 1,300,000.00 RSD excluding VAT, with company MASTER CLEAN EXPRESS d.o.o.

Consumables for cleaning, paper products, chemical agents for cleaning of terminal and bags

Lot 2 - jumbo towels and jumbo toilet paper, value 4,000,000.00 RSD excluding VAT, with company Meta Product d.o.o.

Consumables for cleaning, paper products, chemical agents for cleaning of terminal and bags

Folding towels and foldable toilet paper, value 4,350,000.00 RSD excluding VAT, with company Meta Product d.o.o.

Spare parts and equipment for the video surveillance system

The public procurement procedure was concluded on March 8, 2018 Contracts for lot 1 - Equipment for monitoring logs on video surveillance system in the amount of 5,498,302.12 RSD excluding VAT and for lot 2 - Equipment and spare parts for video surveillance system in the amount of 944,524.40 RSD excluding VAT with the bidder TELEGROUP DOO BEOGRAD. The deadline for delivery of goods in both lots is 30 days from the date of delivery of the written order by the Purchaser.

The use of this system enables the automation of the work of the services that are at ANT dealing with the control and management of the video surveillance system. The designed solution provides control of access rights to the video surveillance system at the level of the INDIGOVISION Control Center application, records each activity of users over data and protects the IT environment from unauthorized use.

Central equipment for the public address system

In the period 01.01.2018. - 01.04.2018. works on the replacement of central equipment on the public address system have been completed. The contract is concluded with the bidder SMART BUILDING TECHNOLOGIES DOO, the total realized value is 23.732.744,40 dinars. The procurement was carried out by OJ ITT and the monitoring of the execution of the contract and the maintenance of the system is within the competence of OJ Logistics.

The work involved replacing all central units of the system, replacing all the equipment that was installed in 2005 on ANTB and which could no longer respond to user requests. Siemens - Novigo equipment is installed, which makes the entire system centralized and control of the system from the central location is enabled. The system has the ability to integrate with all other technical protection systems and is currently connected to the fire alarm system.

Water dispensers

In the public procurement procedure, a contract was concluded on April 20, 2018 with the bidder LA FANTANA DOO BELGRADE for the amount up to 1,800,000.00 RSD without VAT. Delivery of goods will take place successively according to needs on an annual basis.

Works on disassembly and installation of textile and vinyl floor coverings with delivery of materials

In the procedure of public procurement, a contract was concluded on February 12, 2018 with the bidder INFORMA DOO BEOGRAD for the amount up to 3,000,000.00 RSD without VAT. Realization is planned annually for the needs of arranging and maintaining public, lounge, public and office space at ANTB.

Purchase car park equipment

In the public procurement procedure, a contract with the bidder JKP PARKING SERVIS was concluded for an amount up to 13,789,780.95 RSD without VAT.

Conclusion of the Government of the RS No. 464-1883 / 2018 of 01.03.2018 gave consent that real estate owned by the Republic of Serbia - the existing infrastructure facilities, the Public Garage Building and the Parking Facility will be entered as contribution in kind of the Republic of Serbia to the company JSC Belgrade Nikola Tesla Airport. The takeover of the aforementioned facilities entails the necessity of purchasing equipment from the JKP Parking Servis, which will enable smooth functioning of the parking lots P1.1, P1.2, P2 and the Parking Garage. Realization of the complete project will result in a significant increase in ANTB revenue.

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Office supplies

In the procedure of public procurement, framework agreements for lot 1 - Photocopier paper were awarded to the amount up to 4,000,000.00 dinars without VAT and lot 2 - Tabulas for the amount up to 3,400,000 RSD without VAT, to the bidder MEHANOPRINT DOO.

For lot 4 - Toners, a framework agreement was awarded for an amount of up to 7,650,000.00 RSD excluding VAT to the group of bidders whose leader is IVAĐO DOO BEOGRAD-ZEMUN.

Coffee and beverage for the kitchenettes on ANT

In the procedure of public procurement, framework agreement is awarded for lot 2- coffee and beverages for requirements of kitchenettes a the complex of ANT. The purchaser amount is 1,900,000.00 RSD excluding VAT, with company TIM 99 D.:O.

Framework Agreement for Lot 1- espresso coffee for requirements of kitchenettes a the complex of ANT, value 400,000.00 RSD excluding VAT. Agreement is at the stage of signing, with company ARCADIA TEAM d.o.o.

Coffee machine servicing

In the procedure of public procurement, the Purchase Order for the aforementioned procurement is awarded in the value of 280,000.00 RSD excluding VAT. The contract is in the phase of signing with the company Tax free d.o.o.

Ceiling tiles wash service in Terminal 2

In the procedure of public procurement, the contract was awarded to the bidder BFS SERVICE DOO BEOGRAD in the amount of 1.962.900,00 dinars excluding VAT. The deadline for execution is 60 days from the date of entry into the business.

The service will include the disassembly of metal ceilings (60x60 cm) at Terminal 2, their washing and assembly, which will improve the aesthetic and visual effect on ANTB.

Works on upholstery and window blinds

In the procedure of public procurement, contracts were awarded to the bidder PODIUM GROUP DOO BELGRADE for lot 1 - Change of soft furniture coatings up to 1,800,000.00 RSD without VAT and lot 2 – Upholstery of worn out seats in vehicles and machinery up to 800,000.00 RSD without VAT.

Upholstery works at Nikola Tesla Airport are planned for the maintenance of terminal and other facilities on an annual basis and will be performed successively according to the needs created.

Maintenance of CSNU systems

In the procedure of public procurement, the contract was awarded to the bidder IMP AUTOMATIKA DOO BEOGRAD in the amount of RSD 4,789,450.00 excluding VAT. Realization involves the provision of weekly and monthly maintenance and repair services of the central monitoring and management system as well as the replacement of equipment as needed on an annual basis.

Radio stations and equipment

During the public procurement procedure, the contract was awarded to the tenderer TELEGROUP DOO BEOGRAD in the amount of 29,910,382.00 RSD excluding VAT. The deadline for the delivery and installation of the equipment is 45 days from the order date. This acquisition extends the digital radio network by adding another repeater to the UHF band, and a sufficient number of UHF, VHF and Air band VHF radio stations are purchased. In this way, aircraft handling service of Air Serbia separates itself into a special channel which enables quicker and direct communication between the services.

Maintenance of passenger and van programs

In the public procurement procedure for Lot 1 - Maintenance of FIAT passenger and van program within the warranty period contract was awarded to tenderer AUTO KUĆA KOLE in value of 1,500,000.00 RSD excluding VAT, and for Lot 3 - Maintenance of passenger and van program FIAT, RENAULT, PEUGEOT – 1,750,000.00 RSD excluding VAT.

The realization of the procurement will be carried out with the aim of regular and ongoing maintenance of the fleet on the ANTB.

For Lot 2 - Maintenance of passenger and van program ŠKODA, OPEL, VOLKSWAGEN – 1,750,000.00 RSD and Lot 4 - Maintenance of passenger-cargo program TOYOTA, MITSUBISHI – 1,000,000.00 RSD procedure was repeated and publishing of the same is in progress.

Special towing vehicle

In the procedure of public procurement, the contract was awarded to the tenderer INOTO MOTORS DOO BEOGRAD in the amount of 6,150,000.00 RSD excluding VAT. Realization implies delivery of the vehicle.

Successful completion of the professional examination of all workers, which means that we fulfill the requirement of the republican fire protection law on the training of members of the unit.

Fire safety nozzles were delivered to the OU Rescue & Fire Fighting, after which a functional test was carried out, familiarization of all employees with technical characteristics of the same and they were assigned to fire trucks.

Regular servicing of fire extinguishers and hydrants continued according to planned schedule. Also, regular checking of the flap-resistant to the fire continued, as well as the regular control of the smoke exhaust system and the system of overpressure ventilation according to the plan and foreseen schedule.

The Fire Protection Plan is being updated to make changes to the facilities created during 2017 and 2018 due to works carried out in Terminal 1, the Connecting part between Terminals 1 and 2 and Terminal 2, the installation of modular structures at the security check point "D" completion of the de/anti-icing pad etc.

Contracts were signed:

- "Maintenance of fire protection system", Lot 1 - Maintenance of fire-extinguishing system with water-sprinkler", with a group of suppliers consisting of" IPON SYSTEM "d.o.o., Belgrade-Zemun and "Dunex" d.o.o. Belgrade;
- "Maintenance of fire protection system", Lot 3 - Maintenance of fire-extinguishing system with gas-inergen, with supplier "TVI" doo, Belgrade;
- "Maintenance of fire protection system", Lot 4 - Maintenance of anti-fire and fire protection curtains", with the supplier "ELSAT" d.o.o. from Cacak;
- A contract for the service of insulating respiration equipment has been signed and servicing is being performed by the authorized service agency "Drager" Tehnika Beograd;
- A contract for "Firefighting appliances and protective equipment" was signed for Lot 6, as follows:
 - Lot 1: Rescue equipment - complete with winch and pull-out system;
 - Lot 3: Firefighting suits;
 - Lot 4: Fire boots;
 - Lot 5: Fire appliances, hoses and fittings;
 - Lot 7: Dangerous goods suits;
 - Lot 8: Battery powered hydraulic rescue tools.

Battery powered hydraulic rescue tools and firefighting suits are delivered.

In the period from 15-16 January 2018, a high-level Japanese delegation headed by the Prime Minister of Japan was in an official visit to the Republic of Serbia at the invitation of President Aleksandar Vucic and the Government of the Republic of Serbia. In addition to the official state delegation, there was also a large business delegation. The delegation was welcomed with the highest state honors at the Nikola Tesla Airport Belgrade. The delegation arrived in Belgrade with two state Boeing 747 aircraft.

In the period from 9-10 May 2018, to the official visit to the Republic of Serbia at the invitation of President Aleksandar Vucic and the Government of the Republic of Serbia was came the President of Cyprus with a high state delegation, which was greeted with the highest state honors at JSC Belgrade Nikola Tesla Airport. The delegation arrived in Belgrade by the state aircraft Boing 738 BBJ2.

In the period from 16-21 May 2018, EUROLEAGUE BASKETBALL FINAL FOUR 2018 was held in Belgrade, which included basketball clubs Fenerbahce, CSK Moscow, Zalgiris and Real Madrid. In the mentioned period JSC Belgrade Nikola Tesla Airport accepted 79 flights with passengers who arrived to attend the event. Of the total number: 13 flights were made on wide-board A330-200/300 aircraft of Turkish Airlines and Aeroflot, and only on 21.05.2018 there were 7 such flights. As guests in the unofficial visits during this period were: President and Prime Minister of Lithuania, MIA of Turkey and Minister of Sports of Turkey, then Minister of Sports of Spain and many distinguished guests from the sports world. The entire acceptance and dispatch at JSC Belgrade Nikola Tesla Airport has passed on a high level.

At JSC Belgrade Nikola Tesla Airport from 21.05.2018 to 25.05.2018 internal audit of processes and documentation in accordance with ISO 9001: 2008, ISO 14001: 2004 and OHSAS 18001: 2007 standards has been successfully carried out. The internal audit was carried out within the deadline and in accordance with document KV 02.01 Annual Internal Audit Plan.

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In the period from 22-23 May the Balkan Chiefs of Defence Conference was held in Belgrade with the associated members: Turkey and NATO. At JSC Belgrade Nikola Tesla Airport, participants of the summit were greeted at the highest level.

On 10.06.2018 *Runway Run BEG5K* was held on 5.4km in the organization of the Belgrade Marathon. The race was held in the night, from 01:30 to 04:30 local, due to the inability to use RWY during the day due to traffic.

In the first half of 2018, Safety Audits were carried out, as follows: 21.02.2018 by Tunisair; 05/22/2018 by Etihad Airways (Safety, ERP). Supervision by air carriers resulted in no objections.

Machines and special devices and vehicles for maintenance of manoeuvring areas

Purpose: The purpose of this project is to improve the existing technology in the area of maintenance of maneuvering surfaces and technological equipment, through the procurement of dedicated and special devices, machinery and equipment to support the maintenance of maneuvering surfaces under regular conditions as well as maintenance of equipment in the technological handling processes.

Status: Procurement realised Lot 1 – Special dedicated vehicle for cleaning of paved and non-paved surfaces the contract was concluded on 18/08/2017 with companies "GRADATIN" d.o.o., with the head office in Novi Sad, for the amount of RSD 36,615,947.30 VAT excluded. Vehicle delivered under invoice No. 218140 dated 05.04.2018 in the amount of 43,168,420.22 including VAT.

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 was finished.

Status: Works on replacement of fence completed on 10.02.2018.

Flags and mast – Delivery of mast with installation

Purpose: Purchasing and installing a mast with appropriate flags at the aerodrome complex provides exceptional visual communication representing the identity of the country and its associated company.

Considering that JSC ANTB is practically the "Gate of Serbia" and represents the first direct contact of incoming passengers with the country to which they come, it is necessary to present the identity of the country and the company in the best possible way.

Considering the planned height of the 25 meter mast with the associated flags, it can potentially turn into one of the recognizable symbols of JSC ANTB and be visible from the side of the E-75 highway as one of the entry points - the symbol of the City of Belgrade. One of the main reasons for setting up the mast is that it encourages the custom of setting up and observing state features. This shows the respect of the flag as a symbol of Serbian tradition. Setting up state-wide flags of great dimensions in visible places is the practice that exists in many cities in the world.

Status: Public procurement is announced according to procurement plan for 2018 in JNMV NO 6/18. Contract is signed with tenderer bidder "ELGRA VISION" d.o.o. to the amount of 9,250,000.00 RSD excluding VAT.

The public procurement contracted the preparation of technical documentation and the execution of works on the installation of a mast with flags at the airport complex Nikola Tesla Belgrade. The contract was signed on a turnkey basis. Drafting of technical documentation and obtaining approval of competent institutions is in progress.

7.1. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES AFTER THE PERIOD I-VI 2018

The following text describes all significant occurrences which happened at the Airport Nikola Tesla Belgrade after the period I-VI 2018:

- Russian airlines Red Wings will launch regular flights on the Belgrade-Moscow route, starting from 02.06.2018, three times a week with the A-320.
- We have sent a request and announcement of the Syrian airline Cham Wings to operate flights in the summer of 2018, starting from 01.06.2018, three times a week, on the Belgrade-Damascus line, with A-320 aircraft. The CAD approval process is in progress.

Blinds services

Opening of tenders in the procedure of this public procurement was held on 05.07.2018. A report on the professional evaluation of tenders was prepared.

The procurement is carried out for the purpose of ongoing and interventional maintenance of all facilities and assets on the ANT complex - replacement and repair of striped curtains, venetian blinds and rolo curtains. The framework agreement will be signed for the amount of 3,000,000.00 RSD excluding VAT with company ANKABO d.o.o.

Interior equipment

In the public procurement procedure, a decision was made to award framework agreement was on 03.07.2018 for Lot 1 – Work chairs and club program to company KTITOR d.o.o. in the amount of RSD 4,000,000.00 RSD excluding VAT.

Lot 2 - Custom furniture ZOMONT d.o.o for the amount of 3,000,000.00 RSD excluding VAT. Annual maintenance of facilities at the airport complex is planned - equipping of working and public areas, replacement of worn and worn out furniture in order to improve the working conditions of employees and provision of services to users at ANTB.

Service of maintenance of horticulture machines

In the public procurement procedure, on 14.06.2018 a contract was concluded with tenderer „Alpinastar d.o.o.“ for the amount of 446,420.60 RSD excluding VAT. Purchase order is concluded for a period of one year or until consumption of funds, whichever comes first.

Horticulture indoor and outdoor

This procurement is divided into two lots:

- Lot 1 – Horticulture outdoor. Tender opening session was carried out on 04/07/2018. Company that met all required conditions was „Biodekor doo“. Contact conclusion is in progress.
- Lot 2 – Horticulture indoor. Tender opening session was carried out on 04/07/2018. Making of Report on expert evaluation of tenders is in progress.

Maintenance of wells with accompanying electro and hydraulic equipment for the operation of the irrigation system

In the public procurement procedure, on 09.07.2018 a contract is concluded with tenderer. „Hidrogeocentar d.o.o.“ in the amount of 99,960.00. Purchase order is concluded for the period until 15.08.2018 or until consumption of funds.

Loading and disposing of mixed waste

A report on the professional evaluation of the tenders was made for this public procurement. Estimated value of the public procurement is RSD 1,000,000.00. Signing of the Public Procurement Contract is underway.

Container wheels

The purchaser order was concluded on 25/06/2018 for the amount of RSD 35,000.00 VAT excluding. Purchase order is concluded for the period of one year or until consumption of funds.

Office supplies

In the process of opening of tenders, the procurement value is RSD 8,500,000.00 without VAT.

The contract is expected to be signed by the end of July.

Maintenance of parking equipment

For this public procurement, the Decision on awarding the Contract with company CROMRO was signed. The signing of the Public Procurement Contract in the amount of RSD 2,000,000.00 is in progress.

Non-refundable magnetic cards for charging and parking control system

The contract with the company NEVKOŠ d.o.o. was concluded for this public procurement in the total amount of RSD 1,236,250.00 excluding VAT.

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

In accordance with regulations from aviation security field Airport Nikola Tesla Belgrade performs training on aviation security, i.e. 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 organized by the Nikola Tesla Airport Training Center in accordance with the curricula approved by the Civil Aviation Directorate of the Republic of Serbia.

Training for the staff of the Security Guards sector was continued in February 2018 and organised by the Employee training centre of the Airport Nikola Tesla Belgrade, namely for the trainings:

- Training for persons performing access control, surveillance and patrols;
- Training for persons who inspect the vehicles

OU X-ray screening continued performing trainings for X-ray screeners as follows:

- The training for persons screening hold baggage, 5 candidates, in June stated their initial training 2018;
- Training for persons screening passengers, non-travelers and things carried, 15 candidates in May and June 2018 – training completed.

In May 2018 a periodic training (refresher training) was carried out for supervisors.

Under car security Camera

A system of cameras for lower part of vehicle represents an additional method for under car security check of vehicle entering restricted area, i.e. in critical parts of the security-restricted area of the Airport. This system significantly enhances quality and comprehensiveness of under car check of vehicle in comparison to the check performed using under car security mirror. The system of cameras records lower part of a vehicle on entrance, no matter is it passenger vehicle, truck, bus or any other type of the vehicle. A permanent record file is created and it is linked to the licence plate number of the vehicle which is subject to check. The obtained record file is analysed by the operator with purpose to discover a prohibited item or its parts which can later be assembled into a prohibited item and used to undermine civil aviation security, endanger personnel or the property of the Airport or other entities which provide aviation services. Saved record file of the lower part of a certain vehicle is then used on each entry of that vehicle in order to determine whether there were any changes and discover prohibited item of parts thereof. The system automatically creates data base of all vehicles checked in this manner.

Public procurement published: 03/10/2017. The contract was concluded on 04/12/2017.

Value: RSD 32,286,260.00, VAT excluded

Supplier: MACCHINA SECURITY d.o.o. The goods were delivered on 05/02/2018.

Veterinary preparations

Veterinary preparations for the maintenance of health of official dogs. PPLV published: 07.02.2018.

Value: RSD 190,827.80, VAT excluded

Supplier: "Primavet doo" from 06/03/2018 The goods were delivered on 26/03/2018.

As regards procurements that relate to OU X-ray screening, the following are initiated:

- - X-ray device with automatic detection of explosives (for transfer baggage for flights to USA)
- Scanner equipment for screening of persons (for gates A2-3, A4-5 and A4aA4b)
- Samples collectors, explosives trace detectors;
- Maintenance of X-ray units;
- Maintenance of ETD devices

A tender for the procurement of towing vehicle for a mobile X-ray was completed (delivery expected in the third quarter of 2018).

06/03/2018

Regarding delivered equipment, in March 2018, 60 screen boards were delivered under the UJNM 133/2017 contract. Screens are positioned on all gates as protection of the operator from passenger influence. The Civil Aviation Directorate is notified that the measure has been implemented.

On 02.07.2018 in an official visit to the Republic of Serbia, came the Prime Minister of Norway and the President of Ukraine in their state aircraft: Falcon 2000 and A319. Participants were welcomed at the JSC Belgrade Nikola Tesla Airport at the highest level. During July 2018, Safety Audits was conducted, as follows: 2-3 July 2018 by SWISS (SMS, QM, ERP), which resulted in a single remark; 07/10/2018 by Vueling (SMS, QM, ERP) and July 11, 2018 by Swift Air (SMS) that resulted in no objections.

Improvement of securing the passport checkpoint

- **Purpose:** The works are carried out in cooperation with the Border Police Directorate in order to improve the security systems and control at passport checkpoints. The works are carried out in order to increase the security and control of passenger flows between the transit and the public area in the Terminal facility.

- **Status:** The contractor of the works is Energoprojekt Industrija. Works started on April 10, 2018. It is planned that project be completed by the end of June 2018.

Procurement of towed stairs - 4 pcs.

Purpose: increase of capacity and quality of services provided to air carriers during aircraft handling.

Value: RSD 12,394,973.36, VAT excluded

Supplier: EUROPLAST INTERNATIONAL d.o.o, Public procurement contract no 33/2018 dated 21/03/2018

Status: Towed stairs are delivered on 15.06.2018. They will be in operation from half of July 2018.

During the month of April, the relocation of employees in technical ground handling to a new prefabricated facility of 900 square meters.

In OU Passenger ground handling employees undergo training for work on passenger and baggage handling on the following systems: iPort, MACS, Troya, Sabre, SITA, as well as for manual check-in of passengers and baggage. Trainings are organised for the employees that were transferred from ASGA to the end of optimisation of processes and in order to achieve uninterrupted activities of operational services.

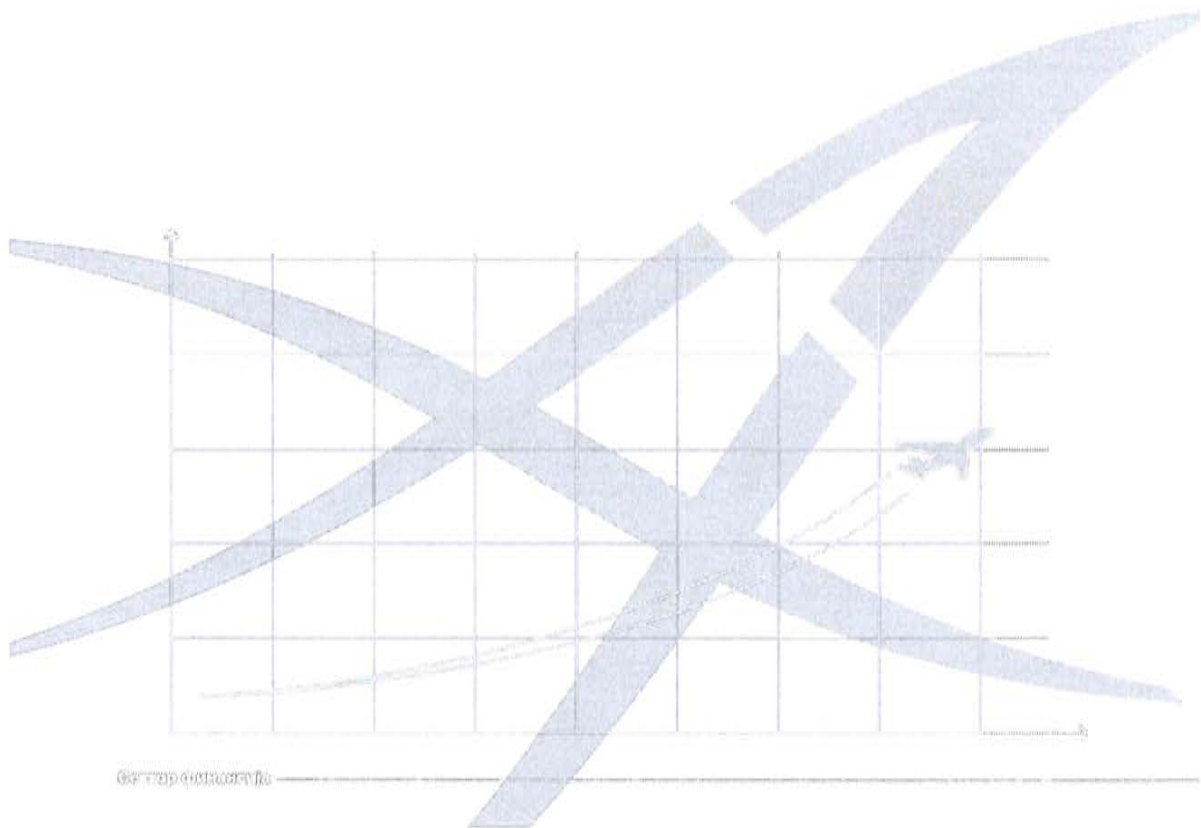
During March, the first flights of the airline Iran Air, Mahan Air and Qeshm Air were made to Tehran, Iran. Development of work procedures, familiarizing employees with the same, supervision by direct superiors are some of the additional activities that preceded the successful realization of the flights in question.

Одговорно: _____

Start of operations of RWZ Red Wings Airlines to DME, Russia, A320

The first flight of *RWZ Red Wings Airlines* from our airport is successfully realized on 26.06.2018, flight number *WZ538* to *DME, Moscow Domodedovo*. It is planned to fly three times a week. Additional staff training, supervision by direct managers are some of the additional activities that preceded the successful realisation of the flights in question.

During May and June, in OU Passenger ground handling employees undergo training for work on passenger and baggage handling on the following systems: *iPort*, *Sabre Alitalia particija*, *Sabre Air Serbia particija*, *Altea Qatar particija*, as well as for manuel registration of passengers and baggage. Trainings were organized in order to optimize processes and for undisturbed functioning of operational services.



8. DESCRIPTION OF THE MOST SIGNIFICANT RISKS AND UNCERTAINTIES IN THE PERIOD I-VI 2018

In the first half of the year, preparations were made for the start of investments and works are underway to open new facilities of the Lessee "Dufry" d.o.o., ie expansion of the existing main shop for *Duty Free* with the concept "walk-through" which would significantly influence the expected increase in turnover and calculation of lease fee based on percentages according to contractual terms. In the upcoming period, the completion of planned works is expected and the opening of one a catering facility in the A fingers hall and two sales facilities in the A and C finger halls.

The garage and parking lot at the Belgrade Nikola Tesla Airport were taken over.

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).

External risks

- Limitation of development in accordance to the existing obsolete Plan until adoption of the new plan;
- Growing competition of international neighbouring airports and competition on a local level,
- Inadequate connectedness with city centre and wider area in Serbia, considering the trend of passenger number increasing and introduction of direct flights to USA and China;
- Requirement for continuing improvement of security measures and consequently increase of expenses;
- 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.

Regarding the "risk and uncertainty", we would say that there is a great risk to the operational work at airport as we do not have support and maintenance for critical systems over a longer period of time because we do not have signed contracts.

Implementation of the reporting, analysis and analysis system (BI) and Service maintenance and integration of human resources monitoring and analysis systems in the business information system are partly or completely related to the implementation of the SAP ERP system, and the success of this project and deadlines is something that affects the realization and the success of these projects.

In the period I-III 2018 there was a risk of spreading of terrorist attacks from 2017, 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.

The measures from 2017 on flights to Moscow by the Russian air carrier continues to be implemented (supervision of the provision of passengers and their luggage, in view of the announced possibilities of threats to Russian airborne vessels) as well as the measures applicable to flights to the United States.

Fire-fighting service, a procedure for selection of a service for breathing apparatuses is in progress. Contract is not signed and we are not in position to implement servicing and inspection. At the moment none of brathing apparatuses has certificate on inspection and accuracy which directly affects safety and security of fire and rescue unit members.

As for flights to the United States, TSA representative was in attendance at the end of June, as additional control measures (hand luggage) were introduced in respect of powders. The visit was not of an inspection nature, but rather a familiarization with our work and application of flight measures for the United States as well as the handling of goods and mail to New York. A representative of TSA had no objections.

When it comes to OU R&F, a certain number of firefighters are still lacking for the smooth functioning of the sector, based on the rules on organization of fire protection according to the category of fire threat ("Official Gazette of RS" No. 92/2011) and based on the law on fire protection ("Official Gazette of the Republic of Serbia", No. 111/2009 and 20/2015). Training for firefighter rescuer is underway for three workers, which is insufficient for the smooth functioning of the sector.

We draw attention to the fact that the job competition for the firefighter rescuer was completed in March 2017 for 30 workers and that to date it has not been fully implemented. The total number of firefighters does not meet the minimum required number of workers for smooth functioning based on the above rules and laws.

An analysis of the required number of employees has been carried out of OU Ground Handling by positions according to the peak week of the summer flight schedule.

The result of the analysis is shown in the table that contains the current number of employees in the OU GH and the number of employees being short of for the implementation of the summer flight schedule for 2018.

Analysis Summer 2018 – OU GH

Organizational Unit (sector)	Current number of employees	number of employees being short of
PGH	442	58
TGH	518	75
CGH	103	6
Total	1063	139

Table of the number of employees being short of

As a supplement to the table above, we list the number of employees required by organizational units of the lower rank (services):

- PGH: a) passenger handling: 25 employees,
b) sorting area: 33 employees,
- TGH: a) aircraft handling and cargo handling: 47 employees
b) maintenance of the cleanliness of aircraft and official premises: 28 employees,
- CGH: a) cargo loading worker in cargo warehouse, driver, transport worker: 6 employees.

If the above mentioned number of employees is not hired, there is a risk of non-fulfillment of contractual obligations towards airlines. The above mentioned employees would be engaged exclusively through the youth cooperative as the basic type of engagement and seasonal increase in the volume of traffic.

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.

- a) Currency risk (foreign exchange risk)

Considering balance and sources of resources of the Company on 30/06/2018 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 30/06/2018, 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.

- b) 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

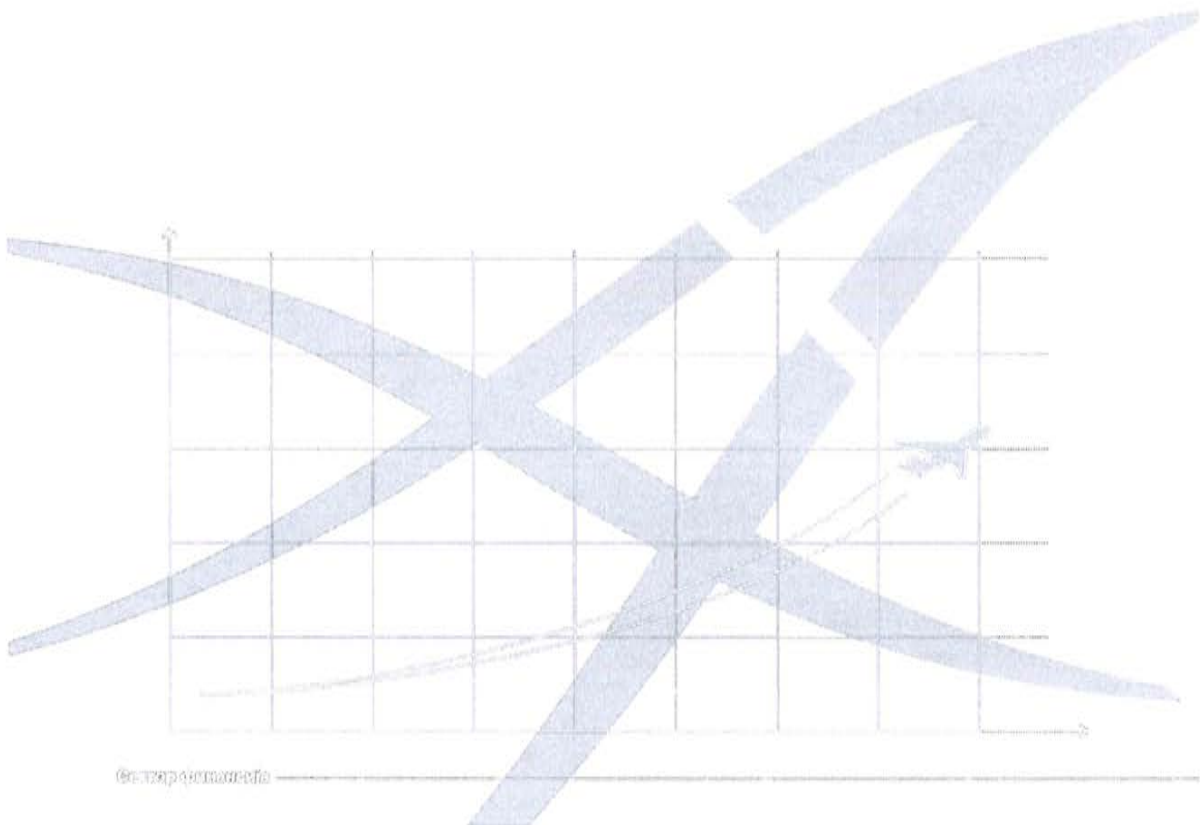
monitors the realisation of the collection, analyses the value of the collection achieved within the contracted period, payment delays and outstanding receivables.

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.

Observing liquidity indicators, we note that the current and accelerated liquidity ratios are over 2.2, which indicates 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 is at an average 52 days (55 days in the same period of 2017). It is important to give high priority to collecting matured receivables, provide payment mechanisms with constant monitoring of the balance of receivables and daily update of collections with permitted mechanisms, as indicated by the indicator of the customer turnover ratio, which is 3.5. The average payback time for suppliers is 46 days (19 days in the same period of 2017). We emphasize that the Company settles its current obligations within the agreed deadlines and that the supplier's turnover ratio is 4.0.



10. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

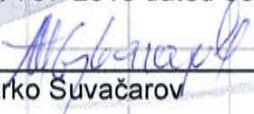
JSC Airport Nikola Tesla does not have any associated persons in terms of the Company Law (Official Gazette of RS nos. 36/2011, 99/2011, 83/2014 and 5/2015, article 62 and accordingly there are no business operations related to associated persons.

10.1. BRANCHES

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

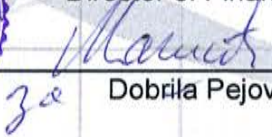
Belgrade, August 2018

Executive Director under Power of Attorney
No.UOP-IV: 797-2018 dated 08.08.2018


Žarko Šuvačarov



Director of Finance


Dobriša Pejović

Својеручно: _____

С.о.

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EXECUTIVE BOARD
Director General
President of the Executive Board**



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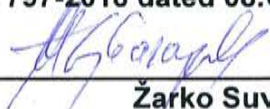
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STATEMENT


Hereby we state that, according to our best knowledge, the Quarterly report for the second quarter 2018, and for the period I-VI 2018, 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, under Power of Attorney
No.UOP-IV: 797-2018 dated 08.08.2018**



Žarko Suvačarov

Finance Director



Dobrila Pejović



Head of Accountancy



Zorka Latinović

E.O.