Aerodrom Ljubljana

Aerodrom Ljubljana, d.o.o.

ANNUAL REPORT 2015

March 2016

CONTENTS

A WORD FROM THE MANAGING DIRECTOR

Last year was one of major change for Aerodrom Ljubljana. In the early months of the year the majority owner, Fraport AG Frankfurt Airport Services Worldwide, obtained a 100% holding in Aerodrom Ljubljana, and on the final day of March the company was converted from a public limited company into a limited liability company. The remainder of the year therefore focused on integration into the Fraport Group, and the internal reorganisation of the company. There was significant growth in passenger transport at the airport, which at 10% was the fastest in the region, and almost double the average rate of growth in passenger transport recorded at European airports. Only six other EU countries had airports that succeeded in generating double-digit growth. The leap in traffic and the good business results are indicative of Aerodrom Ljubljana's high competitiveness, and the excellence and stability of its operations.

Total passenger numbers were up 9.4% on 2014, primarily as a result of a rise of 10% in passenger numbers in public transport. The number of aircraft movements was up 4.7% on the previous year. Nine airlines operated scheduled services from the airport in 2015, serving a total of 27 scheduled destinations (up from 25 in 2014). The domestic airline launched two new routes (Berlin and Stockholm), and recorded a slight rise in passenger numbers. The rise in passenger numbers in 2015 was nevertheless based primarily on growth in foreign airlines' traffic, most notably Swiss International, Air Serbia and Turkish Airlines.

The catering services at the passenger terminal were upgraded in the middle of the year as a new provider was added.

The increase in traffic was tracked by good performance. Operating revenues were up 8.9% on 2014 at EUR 34,899 thousand. Operating expenses were up slightly on the previous year, but were down 2.4% on the forecast. EBIT was up 4.9% on the forecast in the annual plan at EUR 9,142 thousand, and up 36.5% on 2014.

The work of the staff in 2015 was dominated by the internal reorganisation of the company and its integration into the Fraport Group, and by the adaptation to the group's standards and procedures. In general we focus a great deal at the company on risk management in all areas. The reorganisation of the business process management system is also in progress. All of this will contribute to greater efficiency and reliability in the company's operations.

We are endeavouring to improve services for passengers in conjunction with the operators of retail and catering outlets. Advanced approaches to communicating with the public are being introduced, and we value and give full consideration to feedback from our passengers and other airport users.

The company holds international ISO 9001:2008 certification. The certificate covers the management of the airport, ground handling for passengers, aircraft and cargo, and the marketing and sale of airport services, ground handling services and commercial services. The company's actions and its development are planned and implemented to support the development of the immediate and broader environments, and to prevent adverse impacts. We were awarded ISO 14001 certification in May, the company thereby demonstrating that it meets the requirements of the standard, and that it will work to permanently reduce the adverse impact of its activities on the environment. We are active participants in the European airport programme on the pathway to carbon neutrality under the Airport Carbon Accreditation Scheme. All of this certifications have raised the company's reputation in the broader sense, have ensured improved market competitiveness on the grounds of higher quality of service, and have consequently increased user satisfaction. We will work ceaselessly to improve the entire company's operations to retain our certification.

We endeavour to maintain a considerate attitude to our staff, to protect the immediate environment from noise and pollution, and to manage energy resources carefully. We feel a sense of responsibility for cultivating a social and cultural environment, for which reason we support social activities, arts and culture, sport, health awareness, knowledge and education. And not least, we have joined the ACI Europe initiative to improve access to water at airports, which was also welcomed by the European Commission.

There were changes of ownership at two of Aerodrom Ljubljana’s major partners last year and in the early part of 2016. Adria Airways Tehnika, in which Aerodrom Ljubljana had a holding of just over 47%, was sold in the autumn. The sale of Adria Airways itself entered its final phase in the second half of January 2016.

If last year centred mainly around internal changes, this year will again see a number of more outward-facing projects. Traffic is expected to continue growing in 2016, albeit slightly more modestly, and certain new routes are anticipated. Poland’s LOT will fly to Warsaw, Greece’s Aegean Airlines will serve Athens, and the domestic airline will launch a Cologne service, as well as increasing its flights on certain existing routes. The increase in traffic will have to be matched by infrastructural modernisation at the passenger terminal. Work will also begin on the project to move the nearby regional road, thereby allowing for the development of a commercial and logistics complex on the north side of the airport.

Alongside an increase in traffic, the main targets for 2016 include improving the travel experience. The bottleneck in the current passenger terminal remains a major challenge whose solution can no longer be deferred. The first refurbishment work, which will improve the capacity of a building that is now more than 50 years old, has already begun. The result of this first refurbishment phase will be an expansion of the space before security control, and the introduction of a fourth security inspection line, which will reduce queues before security. This will be followed by the construction of a new baggage sorting facility, which will yield a little extra space for check-in and for catering and retail services.

Aerodrom Ljubljana is an excellent team, and it gives me great pleasure that the new owner also sees committed, motivated and highly qualified individuals as a key strength of the company. I believe that in the coming years our combined strengths will allow Ljubljana Jože Pučnik Airport to develop along the lines of the previously outlined development plan, or even to surpass it.

Zmago Skobir

Managing Direktor

BUSINESS REPORT

1 INTRODUCTION

1.1 HIGHLIGHTS OF OPERATIONS

	1.-12./15	1.-12./14	Index 15/14
TRAFFIC			
Number of passengers	1,464,579	1,338,619	109.4
Aircraft movements	32,893	31,405	104.7
Cargo (in tonnes)	18,852	18,983	99.3
ANALYSIS OF PERFORMANCE			
Operating revenues - in thousand euros	34,899	32,049	108.9
Net sales revenue - in thousand euros	34,816	31,828	109.4
Operating expenses - in thousand euros	25,757	25,353	101.6
EBITDA - operating profit before interest, taxes and depreciation/amortization - in thousand euros	13,101	11,184	117.1
EBIT - operating profit - in thousand euros	9,142	6,695	136.5
Net finance income/expenses - in thousand euros	267	-1,716	/
Pre-tax profit - in thousand euros	9,409	4,979	189.0
Net profit - in thousand euros	8,442	3,594	234.9
Total comprehensive income for the period - in thousand euros	8,569	2,969	288.6
Value added - in thousand euros (operating revenues - costs of materials and services - other operating expenses excluding revaluation operating expenses and provisions)	26,394	23,441	112.6
BALANCE SHEET			
Assets as at 31.12.2015/31.12.2014 - in thousand euros	112,614	106,075	106.2
Equity as at 31.12.2015/31.12.2014 - in thousand euros	100,111	92,781	107.9
EMPLOYEES			
No. of employees as at 31 December	397	402	98.8
Average no. of employees based on hours worked	397.4	395.9	100.4
INDICATORS			
EBITDA margin	0.38	0.35	107.6
EBIT margin	0.26	0.21	125.4
Value added per employee - in euros (value added/average no. of employees based on hours worked)	66,408	59,208	112.2
Net profit per employee - in euros (net profit/average no. of employees based on hours worked)	21,239	9,078	234.0
Net ROE - in % (net profit/average equity excluding net profit for the period)	9.15%	3.36%	272.5
Net ROA - in % (net profit/average assets)	7.72%	3.03%	254.7

1.2 SIGNIFICANT EVENTS

1.2.1 SIGNIFICANT EVENTS IN 2015

- January's general meeting resolution on the squeeze-out of the remaining 1,285 small shareholders was entered in the companies register by Kranj District Court on 16 March 2015. Prior to that day the majority owner, Fraport AG Frankfurt Airport Services Worldwide of Frankfurt, held 97.99% of the company's shares. With the entry of the resolution in the companies register, the remaining 76,357 shares under the AELG ticker symbol were transferred to it. The minority shareholders received EUR 61.75 for each share, the price at which all the other Aerodrom Ljubljana shareholders had previously sold.
- At its 21st session of 31 March 2015 the general meeting passed a resolution delisting the shares from the regulated market, and a resolution on conversion from a public limited company into a limited liability company. The general meeting resolutions were entered in the register on 14 April 2015. The Aerodrom Ljubljana d.d. shares under the AELG ticker symbol were officially delisted from Ljubljana Stock Exchange on the basis of the resolution converting the company from a public limited company to a limited liability company.
- At its 21st session of 31 March 2015 the general meeting granted the official approval on the company's management board and supervisory board for their previous work.
- Zmago Skobir was appointed the company's managing director at the general meeting of 31 March 2015.
- At its 21st session of 31 March 2015 the general meeting appointed a Investors Committee for a five-year term, consisting of Dr Pierre Dominique Prümm, Kai Peter Holger Zobel and Gudrun Telöken, all three from Fraport AG.
- Aerodrom Ljubljana is reducing its carbon footprint. Having significantly reduced its carbon dioxide emissions (most notably through the gasification of the heating system in December 2013), Aerodrom Ljubljana was awarded a Level 2 Airport Carbon Accreditation in 2015 (where Level 2 stands for a reduction). The ACI Europe certification programme of 2008 is the only institutionally recognised standard for certification in the field of managing the carbon footprints of airports. In just five years, 125 airports from over 40 countries worldwide have taken part in the programme, reducing their carbon footprint by 212,460 tonnes to date.
- Slovenian Sovereign Holding (SDH) and Aerodrom Ljubljana, d.o.o. signed a contract on 24 November 2015 for the sale of shares in Adria Airways Tehnika d.d. A competitive bidding process resulted in the selection of Poland's Linetech Holding S.A. as the buyer, having submitted the best bid for a 100% holding in Adria Airways Tehnika d.d. The buyer also signed a contract with the two sellers for the transfer and takeover of the loan agreements that SDH and Aerodrom Ljubljana had approved for Adria Airways Tehnika in 2012. The aim of a competitive and transparent sale process was, in addition to achieving the best price, to allow Adria Airways Tehnika to acquire an owner that will support its growth and further development and will retain its key functions in Slovenia.

1.2.2 SIGNIFICANT EVENTS AFTER THE END OF 2015

- On 18 January 2016, following successful negotiations, in conjunction with the BAMC, SDH concluded a contract for the sale of a 91.58% holding in Adria Airways d.d., on behalf of the state and on its own behalf.
- The sale of a majority holding in Adria Airways d.d. was successfully completed on 15 March 2016. The vendors, SDH, acting on behalf of the state and on its own behalf, and the BAMC, transferred their holdings of shares in Adria Airways d.d. to the buyer, an investment fund named 4K Invest, on the basis of the sale contract

of 18 January 2016. 4K Invest is now the holder of 96.09% of Adria Airways d.d., including the recapitalisation of the company on 8 March 2016.

1.3 PRESENTATION OF AERODROM LJUBLJANA, D.O.O.

Aerodrom Ljubljana is the operator and manager of Slovenia's main airport. The company's principal line of business encompasses the operation and management of the airport, the development of airport infrastructure, the provision of ground handling services, and the provision of various commercial services. In light of its location, and the motorway network, the airport is accessible not only from Slovenia, but also from neighbouring regions. The airport's catchment area encompasses Slovenia, the southern part of Austria, the north-eastern part of Italy and part of Croatia, with approximately four million inhabitants in the aforementioned region. The route map extends from the main hubs in western Europe to destinations in the Balkan peninsula. In addition to its central national role, the airport is also a regional airport and a hub for the Balkans, both in passenger transport and in express freight. With a 3,300 metre runway and advanced equipment, the airport accommodates Category IIIb landings in conditions of reduced visibility. Aerodrom Ljubljana also has sufficient land at its disposal for further expansion of the airport, and the development of various business activities.

1.3.1 SIGNIFICANT INFORMATION

Firm:	Aerodrom Ljubljana, d.o.o.
Registered office:	Zg. Brnik 130a, 4210 Brnik-aerodrom, Slovenia Phone: +386 (0)4 206 10 00 email: info@lju-airport.si, http://www.lju-airport.si
Activity code:	52.230 – other auxiliary activities in air transport
Size:	large company according to the Companies Act
Management of the company:	Zmago Skobir, managing director
Procurator:	Robert Gradišar, chief operating officer
Number and date of entry of conversion to limited liability company in companies register:	Entry 2015/15628 of 14 April 2015
Registration number:	5142768000
VAT ID no.:	SI12574856
Nominal capital as at 31 December 2015:	EUR 15,842,626.44
Member	Fraport AG Frankfurt Airport Services Worldwide

Number of shares (in the period from 1.1. to 16.4.2015):	3,796,527 no-par-value shares, comprising 1,936,229 ordinary, freely transferable, no-par-value shares with voting rights and 1,860,298 preference participating no-par-value shares with restricted voting rights
Quotation of ordinary no-par value shares:	Ljubljana Stock Exchange, standard market (8.10.1997 to 16.4.2015)
Designation of ordinary no-par value shares:	AELG The resolution delisting the shares from the regulated market and the resolution on conversion from a public limited company into a limited liability company were passed by the company's general meeting at its 21st session of 31 March 2015, and were entered in the register on 14 April 2015.
Transaction accounts:	UniCredit Banka Slovenija d.d.: SI56 2900 0000 3291 455 Nova Ljubljanska banka, d.d. Ljubljana: SI56 0292 1001 4174 945
Financial year:	calendar year
Number of employees as at 31.12.2015:	397

1.3.2 ACTIVITIES

The company's principal lines of business encompass the management and operation of the airport, the provision of ground handling services for aircraft, passengers and cargo, and the provision of various commercial services.

1.3.3 MISSION, VISION AND STRATEGIC ORIENTATION

Mission statement

Company's mission is to ensure efficient and safe operation of Slovenia's gateway, provide competitive and high-quality services to our users, customer care, and to foster a beneficial and pleasant business environment for our partners and all stakeholders.

Vision

Vision of the company is to become a competitive point of entry to the Alpe-Adria region and the first choice for passengers, airlines and other users in the region, as well as to contribute to the sustainable development and progress of the company, the state and its inhabitants.

Strategic objectives of the company

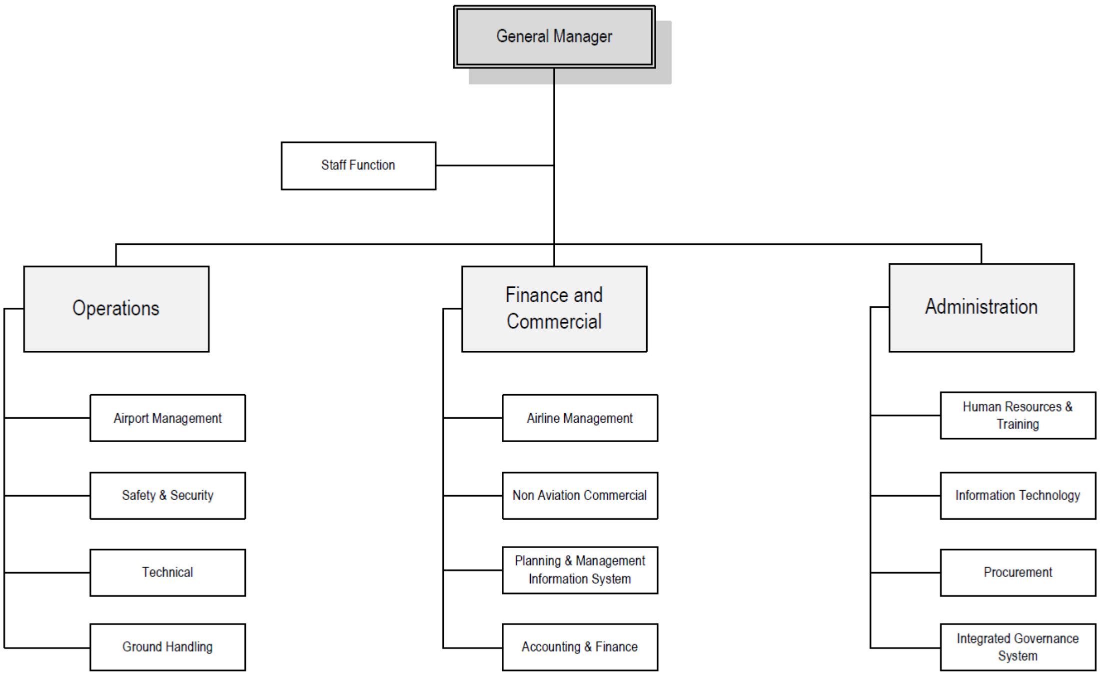
To accomplish its mission and vision, Aerodrom Ljubljana, d.o.o. has set the following strategic objectives for the 2014 to 2020 period:

- increasing traffic in terms of passengers, aircraft movements and cargo;

- increasing revenue, particularly from commercial services;
- developing human resources and encouraging innovation;
- ensuring the requisite investment in infrastructure and equipment to allow for further development in traffic.

1.3.4 ORGANISATION

Company structure of Aerodrom Ljubljana, d.o.o. effective from 1 November 2015



1.3.5 DATA ON COMPANIES UNDER THE MAJORITY OWNERSHIP OF AERODROM LJUBLJANA, D.O.O.

Company	Address	Ownership interest in % 31.12.2015	Ownership interest in % 31.12.2014	Book value of the investment in thousand euros 31.12.2015	Book value of the investment in thousand euros 31.12.2014
Aerodrom Portorož, d.o.o.*	Sečovlje 19, Sečovlje	30.46	30.46	0	0
Adria Airways Tehnika, d.d.**	Zg. Brnik 130 h, Brnik-aerodrom	0	47.67	0	411

* Investment stood at EUR 1,251,878 in nominal terms, and an adjustment for the entire amount was created in 2009.

** Investment, which stood at EUR 6,994,154 in nominal terms, was sold in November 2015. The investment was impaired in 2010, 2011 and 2014.

For more about investments in the aforementioned companies, see points 4.3, 5.1.3 and 5.4.1 of the Financial Report.

1.3.6 INTERNATIONAL ACTIVITIES

In 2015 the company continued its activities as a member of various expert groups operating under the aegis of ACI Europe. The advisor to the Management Board is a member of the Advisory Group within the framework of the Policy Committee, whose role is drawing up strategic guidelines for the management of ACI Europe, and coordinating and liaising between other committees and working groups. We remain members of the Aviation Security Committee, which deals with the issue of airport security and proposes new solutions in this area. We continued our membership in the Regional Airports Forum, an interest group that draws up proposals for small and medium-sized airports, and in the ACI Communication Group, which brings together communications experts at European airports. We are also a member of the Leadership and Human Resources Forum and the Digital Communications Forum.

1.4 COMPOSITION AND FUNCTIONING OF MANAGEMENT AND SUPERVISORY BODIES

Until 31 March 2015 the company was formally organised as a share company, with a supervisory board consisting of Milan Perovič (president), Peter Grašek, Peter Marn, Nina Mauhler, Drago Čotar and Tadeja Strupi. The supervisory board held two sessions between 1 January and 31 March 2015. The company had a three-person management board consisting of Zmago Skobir (president), Iztok Podbregar and Bernarda Trebušak. At its 21st session of 31 March 2015 the general meeting granted the official approval on the company's management board and supervisory board for their previous work. Under the general meeting resolution, all members of the management board and supervisory board were dismissed as of the day of the entry of the resolution in the companies register (14 April 2015). As of 1 April 2015 the company has been headed by its managing director, Zmago Skobir.

As of 1 April 2015 the company has been organised as a limited liability company. The governance and management of Aerodrom Ljubljana, d.o.o. is based on the law, the company's articles of association and the company's governance policy.

The company is governed by its sole member, Fraport AG Frankfurt Airport Services Worldwide. The sole member has final responsibility for issues relating to the company's business.

The sole member exercises its powers via resolutions passed by authorised representatives of the sole member or, when the sole member so decides, by the Investors Committee, which acts on behalf of the sole member.

The sole member has the power to decide on all issues in connection with the company, except where this power is explicitly reserved for others in accordance with the law or the articles of association.

The sole member passes resolutions whenever necessary, although in any case at least once a year it adopts an annual report, and makes a final decision on the distribution or reinvestment of the company's earnings for the financial year and a final decision in connection with the appointment of an auditor.

1.4.1 INVESTORS COMMITTEE

Via the resolution establishing a Investors Committee, the sole member may authorise the Investors Committee to exercise all or some of its powers in connection with the company on its behalf.

The Investors Committee consists of three members appointed by the sole member.

The Investors Committee has the authorisations set out by the sole member's resolution establishing a Investors Committee, or by the company's bylaws when such bylaws are adopted by means of a resolution by the sole member.

1.4.2 MANAGEMENT OF THE COMPANY

The everyday operations of the company are managed by the company's management. The management manages the company's operations, is authorised to act as statutory representative for the company and to act on behalf of the company in legal transactions with third parties, and has other authorisations set out by the articles of association or by a resolution by the sole member.

The company's management consists of a single director. The company's outward statutory representation is undertaken by the managing director and the procurator.

1.5 DECLARATION IN ACCORDANCE WITH ARTICLE 545 OF THE ZGD-1

In the circumstances known to us at the moment when each of the legal transactions was executed, Aerodrom Ljubljana, d.o.o. obtained appropriate consideration in each of its legal transactions with the controlling company Fraport AG and its affiliates, and did not suffer any deprivation. Neither was any act committed or omitted whereby Aerodrom Ljubljana, d.o.o. would incur any damage that would be the result of the influence of the controlling company Fraport AG over Aerodrom Ljubljana, d.o.o.

2 COMPANY OPERATIONS IN 2015 AND PLANS FOR 2016

2.1 SITUATION IN EUROPEAN AVIATION

According to European Commission figures, the aviation sector employs almost two million people in the EU, and contributes EUR 110 billion to the European economy. Aviation is a powerful driver of economic growth, job creation, trade and mobility in the EU, and plays a key role in the EU economy. Over the last 20 years the liberalisation of the internal market in air transport by the EU and the significant growth in demand for air transport in the EU and around the world have led to significant development of the European aviation sector. In 2012 Eurocontrol forecast that air transport would double by 2035.

The European Commission approved a new aviation strategy for Europe on 7 December 2015. The strategy sets out new guidelines for aviation in the years ahead, with a focus on connectivity, competitiveness and sustainable development. The strategy will ensure that the European aviation sector maintains its competitiveness and takes advantage of a fast-changing and developing global economy. The implementation of the strategy will allow European aviation to maintain its leading role in the world, and will ensure further economic development. European citizens will have greater opportunities to connect with the rest of the world at lower prices, with greater choice and increased levels of security.

One of the priorities under the strategy is establishing the EU in a leading position in international air transport, while simultaneously ensuring a level playing field for European aviation in respect of other regions. While previous aviation policy mostly focused on developing the internal European market, the new strategy will have an outward focus. Bilateral agreements are anticipated between the EU and countries and regions such as China, ASEAN, the Gulf states and Turkey. The aim of such agreements is opening markets while ensuring fair competition for all participants.

The strategy states that shortage of capacity is the main challenge for European airports and that, should this continue, it could endanger the traffic forecast for 2035 and with it up to 800,000 jobs. It therefore emphasises the importance of completing the Single European Sky project, thereby optimising flight routing and the use of the most congested airports in the EU.

The strategy aims to maintain the EU's high standards for safety, security, the environment, social issues and passenger rights, and to make progress in innovations, digital technology and investment.

The EU intends to invest EUR 430 million each year until 2020 into the Single European Sky air traffic management research project (SESAR). According to the European Commission, the timely introduction of SESAR solutions could help to create more than 300,000 jobs. The introduction and optimisation of information and communication technology are of particular importance to airport capacity and to the quality and level of service.

According to ACI Europe figures, passenger transport at European airports increased by 5.6% in 2015, as Slovenia and seven other EU countries recorded double-digit growth. By contrast, cargo tonnage in Europe increased by just 0.7% as the number of aircraft movements rose by 2.2%. It is interesting that European GDP is currently up only 3% on 2008, while passenger transport has increased by 13.6%. This gap is indicative of a sustained discrepancy in the usual high correlation between GDP growth and growth in air transport, and reflects the new dynamic in markets, changes in consumer appetites and, not least, the major importance of air transport to the European economy. The recovery of the European economy and the low fuel prices suggest that this trend will continue in 2016. There should also be no overlooking of risks such as an increased influx of migrants and the corresponding desire to abolish Schengen arrangements, British notions of leaving the EU, and the unstable situation in the Middle East.

2.2 ECONOMIC SITUATION IN SLOVENIA

In accordance with the winter economic forecasts released by the European Commission when this report was being drafted, Slovenia's GDP growth is expected to slow from 2.5% in 2015 to 1.8% in 2016, before increasing to 2.3% in 2017. The main engine of economic growth will be private consumption, while the situation in the majority of Slovenia's main trading partners (Germany, France, Italy) and their reduced growth forecasts will act in the opposite direction.

The economic forecast for Slovenia is slightly higher than the overall forecast for the euro area (of 1.6%), which is attributable to a slowdown in growth in developing economies, slower growth in China, and geopolitical risks such as terrorism, increased migration and the uncertainty surrounding Schengen.

In March 2016 the Institute of Macroeconomic Analysis and Development cut its growth forecast to 1.7%, as a result of a decline in government investment in the wake of a loss of EU funds and the deterioration in the economic situation in Europe.

2.3 MARKET POSITION AND MARKETING ACTIVITIES OF THE COMPANY

2.3.1 MARKET POSITION

Ljubljana Jože Pučnik Airport is the largest airport in Slovenia, but is classed as small in terms of traffic. The airport's catchment area encompasses Slovenia, the southern part of Austria, the north-eastern part of Italy and part of Croatia, with approximately four million inhabitants in the aforementioned region. This region is the company's target market, and covers a 250 km radius from the airport. The airport operates in the fiercely competitive environment of six neighbouring airports, the most notable of which are Venice (both airports) and Zagreb, owing to their superior route networks.

Passengers travelling on business, for leisure or personal reasons all choose Ljubljana Airport and the airlines at the airport. Airports' marketing activities are important, but they are not the only factor in growing passenger numbers, airline presence and cargo tonnage. In light of the above, and given the small size of the Slovenian market and individual market segments and the diverse travel needs of passengers, Aerodrom Ljubljana's marketing policy focuses on all passenger segments.

2.3.2 TRAFFIC AND AIRPORT SERVICES

The improvement in the economic situation and the discernible positive developments in air transport created an economic environment in which we succeeded in increasing passenger numbers and the number of aircraft movements at the airport relative to 2014. It is positive that the rise in passenger numbers was based on growth at the domestic airline and above all on a raise in foreign airlines' passenger numbers. A major factor in the rise in passenger numbers at the domestic airline was the launch of two new routes: Adria Airways operated services to Berlin and Stockholm in the summer timetable. The two routes met expectations with good load factors. The rise in passenger numbers on the foreign market was largely based on the launch of services by Swiss International, which with good load factors made a significant contribution to the rise in passenger numbers between Ljubljana and Zurich in 2015. Alongside the Swiss airline, the rise in passenger numbers was attributable to other airlines that in 2015 expanded their number of flights from Ljubljana. Air Serbia served Belgrade twice daily (compared with once daily in 2014), and Turkish Airlines added three more flights a week to its daily service. Wizz Air and Montenegro Airlines also expanded their services in the summer timetable.

Nine airlines operated scheduled services from the airport in 2015, serving a total of 27 scheduled destinations (up from 25 in 2014). All the scheduled airlines increased their traffic and passenger numbers, particularly in the summer. The terrorist attacks in Tunisia and Egypt and the refugee crisis had an adverse impact on charter operations, which was reflected in a partial decline in charter traffic.

Total passenger numbers in 2015 (1,464,579 passengers) were up 9.4% on 2014, primarily as a result of a rise in passenger numbers in public transport (10%). Domestic and foreign airlines alike recorded a rise in passenger numbers in public transport. The total number of aircraft movements (32,893) was up 4.7% on 2014.

		Realisation		Plan	Index		Proportion (in %)		
		1.-12./15	1.-12./14	Pl15	R15/R14	R15/Pl15	1.-12./15	1.-12./14	Pl15
1	**NO OF PASSENGERS**	**1,464,579**	**1,338,619**	**1,412,085**	**109.4**	**103.7**	**100.0**	**100.0**	**100.0**
1.1	PUBLIC TRANSPORT	1,438,304	1,307,379	1,381,407	110.0	104.1	98.2	97.7	97.8
1.1.1	Domestic carriers	951,563	906,966	906,323	104.9	105.0	65.0	67.8	64.2
1.1.2	Foreign carriers	486,741	400,413	475,084	121.6	102.5	33.2	29.9	33.6
1.2	GENERAL AVIATION	3,639	3,200	3,269	113.7	111.3	0.2	0.2	0.2
1.3	OTHER	22,636	28,040	27,409	80.7	82.6	1.5	2.1	1.9
2	**AIRCRAFT MOVEMENTS**	**32,893**	**31,405**	**32,296**	**104.7**	**101.8**	**100.0**	**100.0**	**100.0**
2.1	PUBLIC TRANSPORT	23,214	22,361	23,051	103.8	100.7	70.6	71.2	71.4
2.1.1	Domestic carriers	15,973	16,687	16,108	95.7	99.2	48.6	53.1	49.9
2.1.2	Foreign carriers	7,241	5,674	6,943	127.6	104.3	22.0	18.1	21.5
2.2	GENERAL AVIATION	8,443	7,789	7,976	108.4	105.9	25.7	24.8	24.7
2.3	OTHER	1,236	1,255	1,269	98.5	97.4	3.8	4.0	3.9
3	**CARGO TRANSPORT** (in tonnes)	**18,852**	**18,983**	**17,979**	**99.3**	**104.9**	**100.0**	**100.0**	**100.0**
3.1	Aircraft	8,943	8,774	8,322	101.9	107.5	47.4	46.2	46.3
3.2	Truck	8,414	8,936	8,244	94.2	102.1	44.6	47.1	45.9
3.3	Mail	1,190	1,046	1,109	113.8	107.3	6.3	5.5	6.2
3.4	Other	305	227	304	134.4	100.3	1.6	1.2	1.7

In 2015 scheduled truck cargo services were provided by Air France and Lufthansa, and there were occasional services by Korean Air, Cargolux, CSA Czech Airlines, Adria Airways and others. Alongside DHL, the other major express package operators with a presence at the airport are UPS and TNT, who use Ljubljana as a hub for south-eastern Europe.

In the cargo segment, there was an increase in air cargo tonnage, and a slight decline in truck cargo tonnage. This brought a slight decline (0.7%) in total cargo tonnage relative to 2014. The forecast in the annual plan was also surpassed in the cargo segment, by 4.9%.

Alongside public passenger transport and cargo, the general aviation segment also saw an increase in traffic relative to 2014.

The increase in traffic was attributable not only to external factors, but also to the dedicated work and marketing campaigns undertaken by the company. Alongside the activities aimed at airlines, the company also focused on strengthening our market position among airports in the region and on making our competitive advantages known. Several advertising campaigns were conducted to this end in conjunction with airlines in the cross-border markets of Italy and Austria. Our advertising used digital media in particular, and all the company's own resources and channels were utilised (its website, Facebook page, online news). These advertising campaigns raised awareness of the accessibility of Ljubljana Airport and its good travel opportunities. We expanded our cooperation with road transport providers, who play a vital role in linking the airport with foreign markets in the region.

In the Slovenian market our marketing activities also utilised established communication channels such as direct mail, a personal approach to partners, and advertising in the media and in tour operators' brochures, and online advertising. We also address target customers via the media communications that we manage ourselves. The airport website offers passengers and visitors a reliable user experience, good transparency, handy content, and a modern image. We also offer content tailored to users of smart devices and mobiles, who constitute an increasing share of business and leisure passengers.

2.3.3 COMMERCIAL ACTIVITIES

A significant amount of our marketing activity in 2015 was focused on commercial services, which are an increasingly important element of revenue generation and the safeguarding of the airport's future development. Our rent pricing policy remained the same, tailored to the location and the size of lease, and ensured good occupancy of our commercial premises. In conjunction with the tenants of our retail and catering premises, we continue to tailor our services to the needs of the passengers. New providers brought an expansion in our catering services, providing passengers with greater choice. In conjunction with our partners we marketed the airport as an attractive shopping destination, and organised several promotions mostly focusing on products of Slovenian provenance. Another element in the airport experience for passengers was the entertainment and culture programme aimed at promoting Slovenia as an attractive tourist destination with a rich cultural and culinary heritage.

Advanced forms of communication were also included in our commercial activities. In 2015 we strengthened the online community on the company's Facebook page, which allows it to connect with users on a more personal level and to draw them into the airport's services. On this platform we aim to establish ourselves above all as a user-friendly airport that provides high-quality services to passengers and achieves a level of service comparable to its competitors.

The flyljubljana loyalty programme provided price-sensitive passengers with added value that encourages them to return to Ljubljana Jože Pučnik Airport more often. The benefits enjoyed by members of the loyalty programme included advantages in parking and airport shopping, special treatment by airlines providing connections between Ljubljana Airport and the rest of the world, special offers by external partners with a good lifestyle match, and unforgettable experiences at the airport.

2.3.4 BETTER SURVEYS, BETTER SERVICES

In both segments of our business activities (airport services and commercial services) we monitor the needs and desires of the users of these services, thereby identifying our strengths and weaknesses, and improving company performance and user satisfaction.

Through surveys and complaints management the company strives to understand users' current and future needs, while it aims not only to meet their requirements, but to exceed their expectations. All the complaints and instances of positive feedback were handled with due seriousness and officially recorded, the deficiencies and irregularities were rectified by means of corrective measures, and a response was sent to all complainants.

In addition to systematic monitoring, two other methods are used to support the determination of user satisfaction. Mystery shopping was used to check the quality of various services at the airport, whether provided by Aerodrom Ljubljana or by external partners.

Another method for determining passenger opinion of the quality of service at the airport was the fun, user-friendly device, nicknamed Sophie. By pressing a button corresponding to one of four different levels of satisfaction, customers are able to express their opinion about the quality of a service or facility in a quick and easy manner.

2.3.5 PLANS FOR 2016

The traffic plan for 2016 has been drawn up to take account of the airlines' announced 2015/2016 winter timetables and 2016 summer timetables. The airline figures take account of their flights in previous years or their unofficial forecasts. The plan also takes account of economic trends and aviation trends and forecasts for 2016. The physical capacity of the passenger terminal and the range of commercial services provided there will be tailored to the development of passenger traffic.

Passenger numbers in 2016 are forecast to be up on 2015, primarily as a result of a rise in passenger numbers in scheduled services. The number of aircraft movements is also forecast to rise, primarily on the foreign market. The airport is expected to welcome LOT Polish Airlines in early March, who will operate six flights a week to Warsaw, connecting to a wide network of services. A rise in the number of flights is also planned at Turkish Airlines, which is expected to fly between Ljubljana and Istanbul twice daily. The launch of a service to Cologne is planned for the summer timetable. This new German destination will be served twice a week by Adria Airways. In June Greece's Aegean Airlines will launch a twice-weekly service to Athens.

In line with our objectives for 2016, by working together on marketing we aim to encourage airlines in launching new routes and increasing passenger numbers at the airport. We will continue developing Ljubljana as a regional hub in passenger and cargo transport. Through an active marketing policy we will work to increase the number of passengers from neighbouring countries and reduce the outflow of local passengers to neighbouring airports, and to increase cargo tonnage. We will focus marketing activities on raising our profile and strengthening the airport's competitive position in the region. We will actively work together with the airlines in the domestic market and the markets of neighbouring countries (Italy, Austria and Croatia).

We intend to maintain the scope of our market communications via local media and the internet, and will make greater use of the innovative marketing channels that the company operates (online social networks). Much of the marketing of our services will still be undertaken via direct contacts with existing and potential business partners. We will also work with tour operators to support holiday travel, and by advertising in their brochures we will strengthen the synergies to raise the profile of Ljubljana Jože Pučnik Airport.

With regard to commercial services we will continue our existing sales strategy and pricing policy, tailored to the location and the services that we provide. Capacity and the range of services will be tailored to the development of traffic, and will track demand from our business partners. With the improvement in the economic situation in the environment where the company operates, and a proactive approach, we will continue meeting our objectives and our development targets.

2.4 ANALYSIS OF PERFORMANCE

2.4.1 OPERATING PROFIT

	in euros			Index		Proportion		
	R1.–12./15	R1.–12./14	Pl2015	R15/R14	R15/Pl15	R1.–12./15	R1.–12./14	Pl2015
Operating revenues	**34,899,065**	**32,048,627**	**33,863,810**	**108.9**	**103.1**	**100.0**	**100.0**	**100.0**
Net sales revenue	34,816,006	31,827,518	33,843,810	109.4	102.9	99.8	99.3	99.9
Other operating revenues	83,059	221,109	20,000	37.6	415.3	0.2	0.7	0.1
Operating expenses	**25,756,772**	**25,353,143**	**25,144,905**	**101.6**	**102.4**	**73.8**	**79.1**	**74.3**
Costs of materials and services	8,314,641	8,390,285	8,446,408	99.1	98.4	23.8	26.2	24.9
Costs of materials	1,542,951	1,573,617	1,625,101	98.1	94.9	4.4	4.9	4.8
Costs of services	6,771,690	6,816,668	6,821,307	99.3	99.3	19.4	21.3	20.1
Labour costs	12,613,242	12,185,024	12,203,000	103.5	103.4	36.1	38.0	36.0
Depreciation/amortisation	3,958,263	4,488,359	4,308,133	88.2	91.9	11.3	14.0	12.7
Other operating expenses	870,626	289,475	187,364	300.8	464.7	2.5	0.9	0.6
Operating profit before interest, taxes and depreciation/amortization - EBITDA	**13,100,556**	**11,183,843**	**13,027,038**	**117.1**	**100.6**	**37.5**	**34.9**	**38.5**
Operating profit (EBIT)	**9,142,293**	**6,695,484**	**8,718,905**	**136.5**	**104.9**	**26.2**	**20.9**	**25.7**
Net finance income/expenses	**267,000**	**-1,716,044**	**-153,516**	**/**	**/**			
Finance income	726,405	1,524,834	202,375	47.6	358.9			
Finance expenses	459,405	3,240,878	355,891	14.2	129.1			
Pre-tax profit	**9,409,293**	**4,979,440**	**8,565,389**	**189.0**	**109.9**			
Income tax expense	530,353	1,187,554	1,310,577	44.7	40.5			
Deferred tax	437,343	197,975	-7,632	220.9	/			
Net profit	**8,441,597**	**3,593,911**	**7,262,444**	**234.9**	**116.2**			

The positive trends in traffic recorded in 2015 were reflected in realised operating revenues (EUR 34,899 thousand), which were up 8.9% on 2014 and up 3.1% on the forecast in the annual plan. There was also a slight increase in operating expenses (EUR 25,757 thousand), which were up 1.6% on 2014 and up 2.4% on the forecast.

EBITDA amounted to EUR 13,101 thousand, up 17.1% or EUR 1,917 thousand on 2014, and up 0.6% or EUR 74 thousand on the forecast.

EBIT (EUR 9,142 thousand), pre-tax profit (EUR 9,409 thousand) and net profit (EUR 8,442 thousand) were all up on 2014 and up on the forecasts.

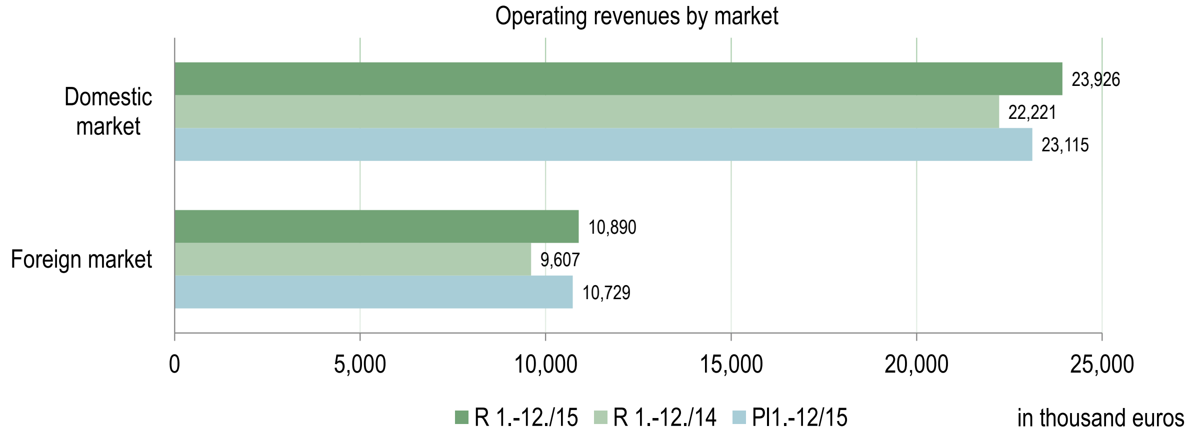
Operating revenues

The company generated operating revenues of EUR 34,899 thousand in 2015, up 8.9% or EUR 2,850 thousand on the previous year and up 3.1% or EUR 1,035 thousand on the forecast. The main factors in the increase in operating revenues in 2015 were the rise in passenger numbers and the number of aircraft movements, and a shift in the use of aircraft[1] in public transport.

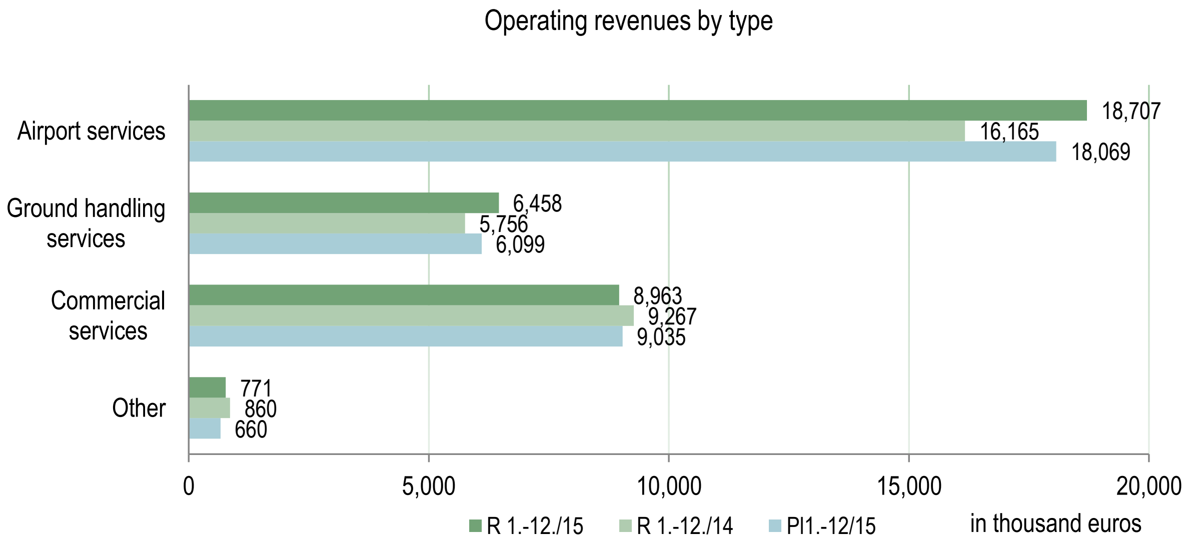
The vast majority of operating revenues (99.8%) comprised **net sales revenue**, which amounted to EUR 34,816 thousand. Services on the domestic market accounted for 68.7% of the total, at EUR 23,926 thousand, up 7.7% on 2014

[1] Airlines used larger and thus heavier aircraft overall, which had a positive impact on operating revenues, given that a significant proportion of the company's revenues are tied to aircraft weight.

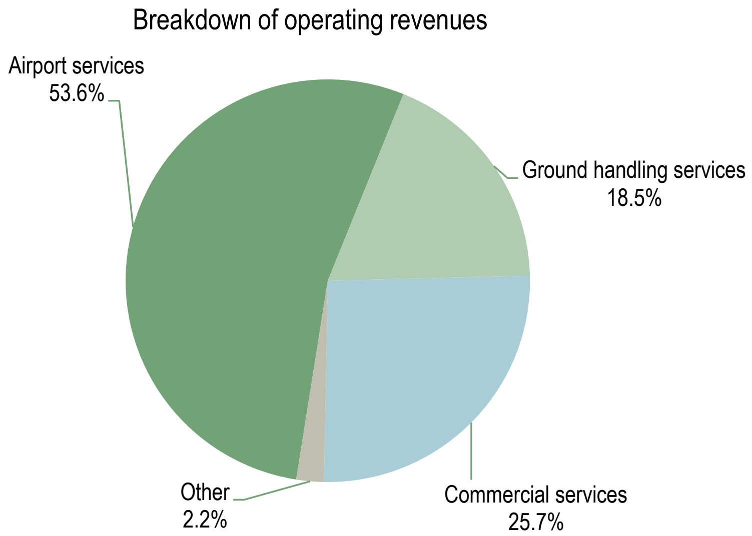
and up 3.5% on the forecast in the annual plan in connection with the increase in traffic. Growth in the foreign airlines segment was reflected in an increase in revenues generated on foreign markets (EUR 10,890 thousand or 31.3% of sales revenue), which were up 13.4% on the previous year, and up 1.5% on the forecast.



The increase in traffic is also being reflected in operating revenues in each segment. Revenue from airport services was up 15.7% on the previous year at EUR 18,707 thousand, and up 3.5% on the forecast. Revenue from ground handling services was up 12.2% on the previous year at EUR 6,458 thousand, and up 5.9% on the forecast. Revenue from commercial services (EUR 8,963 thousand) was up on the previous year and on the forecast in individual categories (parking fees, rents), thereby compensating for the decline in revenue in the sensitive segment of advertising, which was partly related to transactions of a one-off nature recorded in 2014.

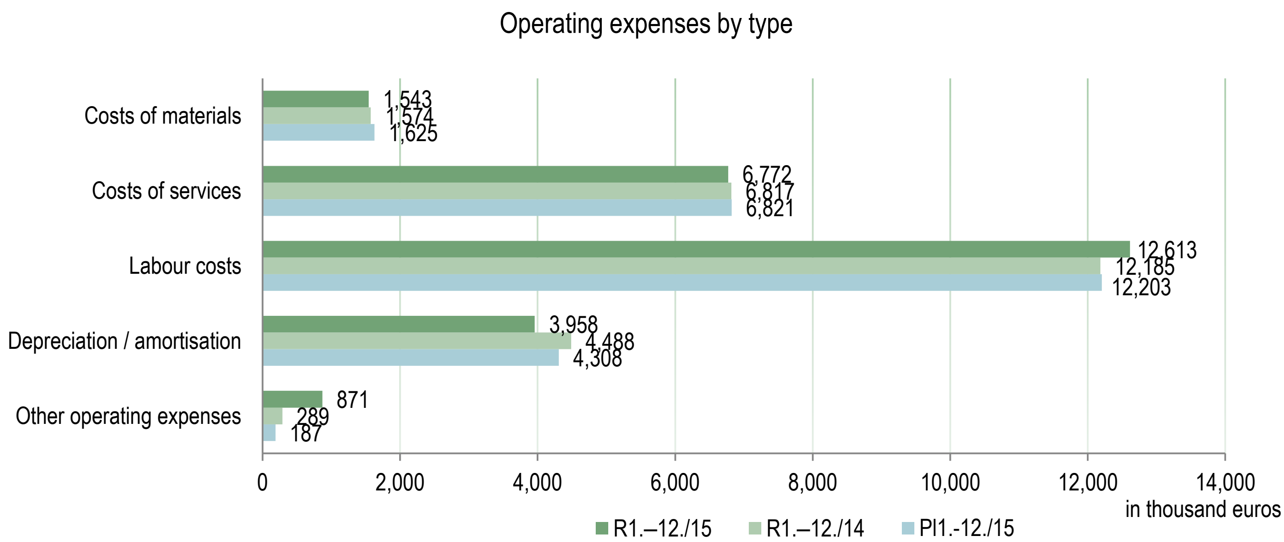


There were no significant changes in the breakdown of operating revenues in 2015 relative to the previous year. Revenue from airport services accounted for 53.6% of the total, revenue from ground handling services for 18.5% and revenue from commercial services for 25.7%.



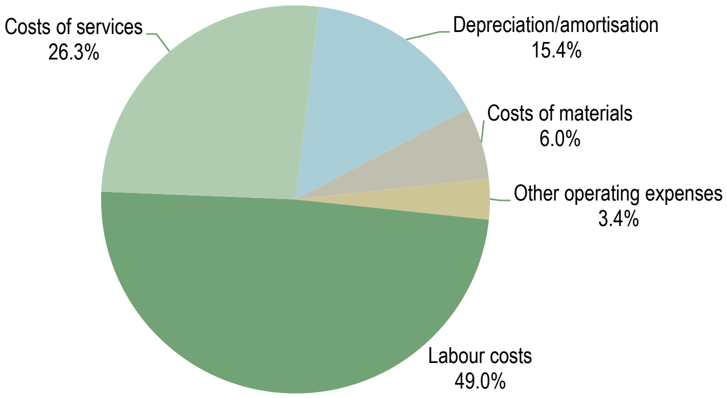
Operating expenses

Operating expenses amounted to EUR 25,757 thousand in 2015, up 1.6% (EUR 404 thousand) on the previous year and up 2.4% (EUR 612 thousand) on the forecast in the annual plan. An increase relative to 2014 and relative to the forecast was realised in labour costs and in other operating expenses, which is related to impairments of operating receivables. By contrast, costs of materials, costs of services and amortisation and depreciation costs were down on 2014 and on the forecast. Operating expenses are disclosed in greater detail in Point 5.2.2 of the Financial Report.



There were no significant changes in the breakdown of operating expenses compared with the previous year, and compared with the forecast in the annual plan. Labour costs accounted for the largest proportion (49% of the total), followed by costs of services (26.3%), amortisation and depreciation (15.4%), costs of materials (6%) and other operating expenses (3.4%).

Breakdown of operating expenses



Costs of materials amounted to EUR 1,543 thousand, down 1.9% (EUR 31 thousand) on 2014, and down 5.1% (EUR 82 thousand) on the forecast in the annual plan. Energy costs (electricity, heating and motor fuel) accounted for 60% of total costs of materials. The major items are costs of non-durables, materials for current maintenance, cleaning materials and small inventory. Costs of services amounted to EUR 6,772 thousand, down 0.7% on 2014 and on the forecast. Security services accounted for a quarter of costs of services, while the other major items are maintenance services, marketing services, services related to airport services, intellectual services, student work services, Civil Aviation Agency services and rents. Labour costs amounted to EUR 12,613 thousand in 2015, up 3.5% (EUR 428 thousand) on 2014, and up 3.4% (EUR 410 thousand) on the forecast. The increase in labour costs was partly related to the change in the company's management and the payment of higher leave allowances (because the company is no longer under government ownership, it is no longer subject to the restrictions with regard to leave allowance at the minimum wage level, although the amount of leave allowance complies with the applicable collective agreement). Amortisation and depreciation costs amounted to EUR 3,958 thousand, down 11.8% (EUR 530 thousand) on 2014, and down 8.1% (EUR 350 thousand) on the forecast. The decline in amortisation and depreciation costs was the result of the extension of the useful life of certain infrastructure and equipment (for more, see Point 5.2.2 of the Financial Report), and a decline in procurement of infrastructure and equipment. Other operating expenses amounted to EUR 871 thousand, the majority of which comprised impairments of operating receivables and the fee for the use of building land.

EBITDA and EBIT

The aforementioned operating revenues and expenses excluding amortisation and depreciation yielded **EBITDA** of EUR 13,101 thousand in 2015, up 17.1% (EUR 1,917 thousand) on the previous year and up 0.6% (EUR 74 thousand) on the forecast.

The change in amortisation and depreciation costs meant that there was a slightly larger increase in **EBIT**, which amounted to EUR 9,142 thousand, up 36.5% (EUR 2,447 thousand) on 2014, and up 4.9% (EUR 423 thousand) on the forecast in the annual plan.

Net finance income

Finance income was also higher than forecast (at EUR 726 thousand, 2.5 times the forecast), primarily as a result of the gain on the sale of the investment in Adria Airways Tehnika d.d. Finance income was down EUR 798 thousand on the previous year, primarily as a result of the gain on the sale of financial assets under asset management contracts in 2014, and partly as a result of a decline in interest income caused by the smaller amount of free cash and the general fall in interest rates.

Finance expenses amounted to EUR 459 thousand, down EUR 2,781 thousand on the previous year, as a result of the impairment of the investment in Adria Airways Tehnika d.d. in 2014.

Pre-tax profit and net profit

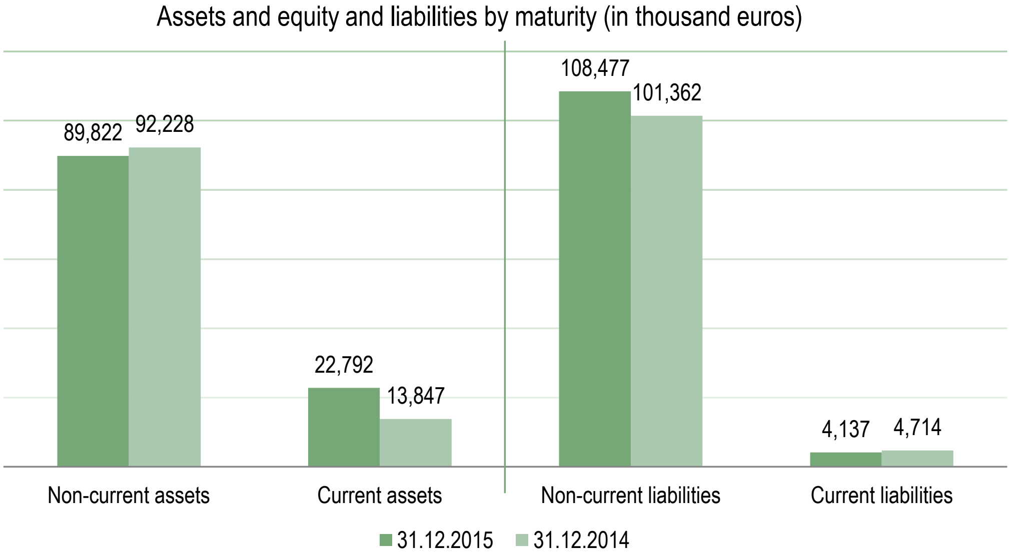
The aforementioned revenues and expenses in the 2015 financial year yielded a **pre-tax profit** of EUR 9,409 thousand, up EUR 4,430 thousand on the previous year, and up EUR 844 thousand on the forecast. Similarly, **net profit** amounted to EUR 8,442 thousand, up EUR 4,848 thousand on the previous year, and up EUR 1,179 thousand on the forecast.

2.4.2 BALANCE SHEET

in euros

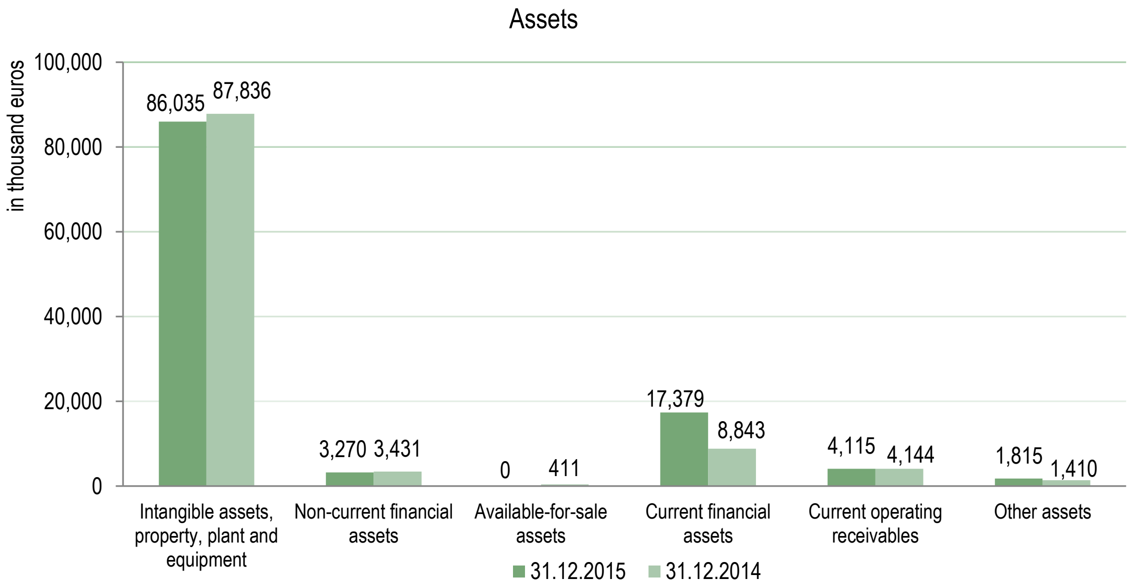
	31. 12. 2015	31. 12. 2014	Index 15/14	Proportion 15	Proportion 14
ASSETS	**112,614,155**	**106,075,424**	**106.2**	**100.0**	**100.0**
Non-current assets	**89,822,203**	**92,228,198**	**97.4**	**79.8**	**86.9**
Intangible assets	8,579,312	8,885,111	96.6	7.6	8.4
Property, plant and equipment	77,455,956	78,950,711	98.1	68.8	74.4
Non-current financial assets	3,269,838	3,431,189	95.3	2.9	3.2
Non-current operating receivables	59,873	59,873	100.0	0.1	0.1
Deferred tax assets	457,224	901,314	50.7	0.4	0.8
Current assets (total)	**22,791,952**	**13,847,226**	**164.6**	**20.2**	**13.1**
Current assets excluding prepayments and accrued income	**22,745,951**	**13,800,477**	**164.8**	**20.2**	**13.0**
Available-for-sale assets (disposal groups)	0	411,392	0.0	0.0	0.4
Inventories	272,155	339,501	80.2	0.2	0.3
Current financial assets	17,378,540	8,842,985	196.5	15.4	8.3
Current operating receivables	4,115,401	4,143,603	99.3	3.7	3.9
Cash and cash equivalents	979,855	62,996	1,555.4	0.9	0.1
Current prepayments and accrued income	**46,001**	**46,749**	**98.4**	**0.0**	**0.0**
EQUITY AND LIABILITIES	**112,614,155**	**106,075,424**	**106.2**	**100.0**	**100.0**
Equity	**100,110,897**	**92,781,304**	**107.9**	**88.9**	**87.5**
Nominal capital	15,842,626	15,842,626	100.0	14.1	14.9
Share premium	24,287,659	24,287,659	100.0	21.6	22.9
Profit reserves	43,933,874	43,933,874	100.0	39.0	41.4
Revaluation surplus	223,584	96,059	232.8	0.2	0.1
Retained earnings	15,823,154	8,621,086	183.5	14.1	8.1
Non-current liabilities (total)	**8,366,097**	**8,580,209**	**97.5**	**7.4**	**8.1**
Provisions and non-current accruals and deferred income	**1,264,261**	**1,359,847**	**93.0**	**1.1**	**1.3**
Provisions for jubilee benefits and termination benefits	1,160,765	1,244,604	93.3	1.0	1.2
Non-current accruals and deferred income	103,496	115,243	89.8	0.1	0.1
Non-current liabilities	**7,101,836**	**7,220,362**	**98.4**	**6.3**	**6.8**
Non-current operating liabilities	7,101,836	7,220,362	98.4	6.3	6.8
Current liabilities (total)	**4,137,161**	**4,713,911**	**87.8**	**3.7**	**4.4**
Current liabilities	**4,019,077**	**4,538,217**	**88.6**	**3.6**	**4.3**
Current operating liabilities	4,019,077	4,538,217	88.6	3.6	4.3
Current accruals and deferred income	**118,084**	**175,694**	**67.2**	**0.1**	**0.2**

Total assets amounted to EUR 112,614 thousand as at 31 December 2015, up EUR 6,539 thousand on 31 December 2014.



Non-current assets were down 2.6% on 31 December 2014 at EUR 89,822 thousand, and accounted for 79.8% of **total assets**. This was primarily a reflection of a decline of 1.9% in property, plant and equipment (as depreciation costs outweighed the increase in these assets during the reporting period).

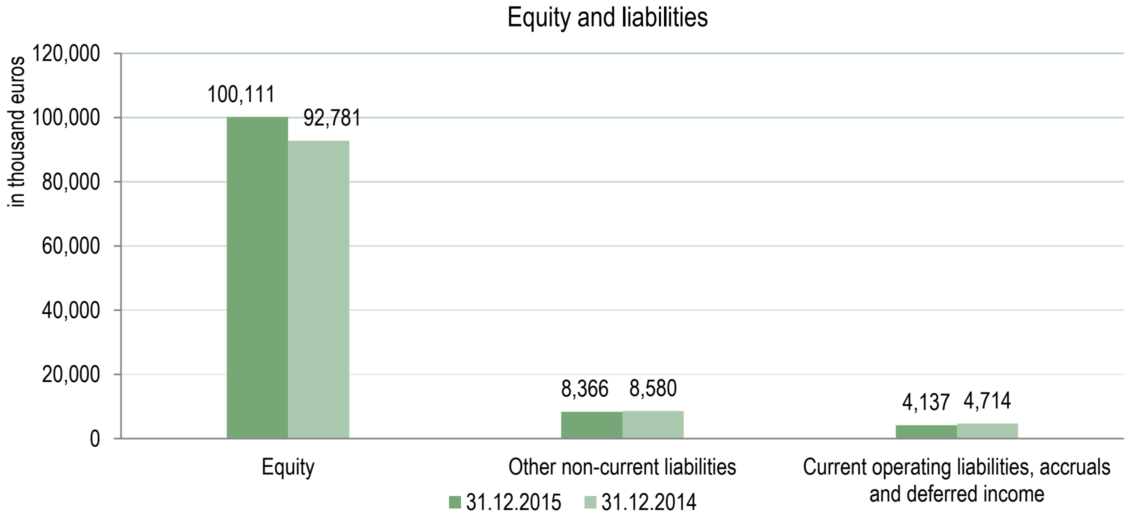
Current assets, which accounted for 20.2% of total assets as at 31 December 2015, were up 64.6% on 31 December 2014. The main increase was in current financial assets. The company was no longer disclosing available-for-sale assets as at 31 December 2015, owing to the sale of Adria Airways Tehnika d.d. in November 2015.



Non-current liabilities (EUR 108,477 thousand) accounted for 96.3% of **total equity and liabilities**, and are used to finance all of the company's non-current assets and a significant proportion of its current assets. Equity accounted for the majority of non-current liabilities (EUR 100,111 thousand or 88.9% of total equity and liabilities), while other non-current liabilities (7.4% of total equity and liabilities) amounted to EUR 8,366 thousand. They primarily comprised non-current operating liabilities in the amount of EUR 7,102 thousand, which mostly related to liabilities from general superficies.

Current liabilities accounted for 3.7% of total equity and liabilities (EUR 4,137 thousand), and primarily comprised current operating liabilities (EUR 4,019 thousand or 3.6% of total equity and liabilities).

The company had no financial liabilities as at 31 December 2015.



For more about individual balance sheet items, see points 5.1 of the Financial Report.

2.4.3 FINANCIAL MANAGEMENT

The company's liquidity remained high in 2015. We settled our liabilities as they fell due. Current financial assets increased significantly over 2015, and amounted to EUR 17,379 thousand as at 31 December 2015. They primarily comprise bank deposits, which represent a high-quality liquidity reserve for the company. When investing spare cash, we pursue a combination of diversification and security while ensuring the appropriate maturity of individual placements.

The company is primarily financed via equity. The investments made in recent years have been financed in full by internal resources, and the company has no financial liabilities. Non-current operating liabilities disclosed in balance sheet as at 31 December 2015 primarily relate to liabilities for the general superficies fee.

Given its asset position and the existing breakdown of its liabilities, the company is assessed as having favourable possibilities of obtaining external financing (loans). The cash that we have invested at banks in the form of deposits represents a high-quality liquidity reserve.

2.4.4 CASH FLOWS

in euros

	2015	2014	Index 15/14
Opening balance of cash and cash equivalents	62,996	381,781	16.5
Cash flows from operating activities	11,691,559	9,079,978	128.8
Cash flows from investment activities	-9,526,560	25,567,841	-37.3
Cash flows from financing activities	-1,252,955	-34,969,127	3.6
Effect of foreign exchange differences on cash and cash equivalents	4,815	2,523	190.8
Closing balance of cash and cash equivalents	979,855	62,996	1,555.4

2.4.5 PERFORMANCE INDICATORS

	2015	2014	Index 15/14
EBITDA margin (operating profit or loss + depreciation/amortisation)/operating revenues)	0.375	0.349	108
EBIT margin (operating profit or loss/operating revenues)	0.262	0.209	125
Net ROE (net profit/average equity excluding net profit for the year)	0.092	0.034	272
Net ROA ((net profit + interest obtained)/average assets)	0.077	0.030	255
Operating efficiency ratio (operating revenues/operating expenses)	1.355	1.264	107
Overall efficiency ratio (total revenues/total expenses)	1.359	1.174	116
Equity to non-current assets ratio (equity/non-current assets)	1.115	1.006	111
Self-financing ratio (equity/equity and liabilities)	0.889	0.875	102

2.4.6 PLANS FOR 2016

The company's business plan for 2016 takes account of the forecast for traffic, the forecast breakdown of services and the anticipated level of pricing, and the regularity of payments by our customers, the largest business partner in particular. It does not envisage expenses for impairments of financial assets or the creation of impairments of receivables.

The forecast is EUR 34.9 million, depending on the increase in traffic. The continued pursuit of the cost control policy will ensure that operating expenses (EUR 25.8 million) are outpaced by growth in revenues, which will be reflected in an increase in EBITDA (EUR 14 million), EBIT (EUR 9.9 million) and net profit (EUR 8.1 million).

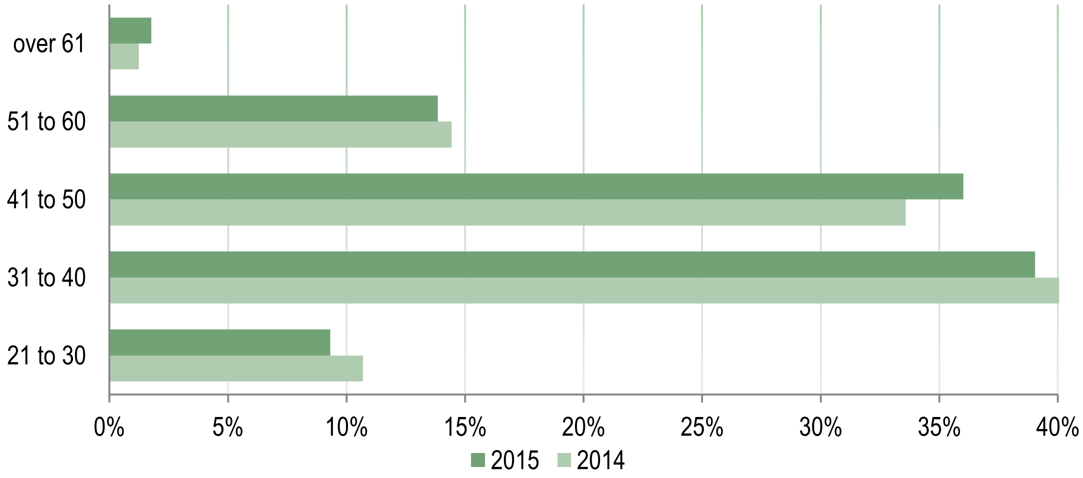
2.5 EMPLOYEES

The company had a headcount of 397 as at 31 December 2015, of whom 385 were permanent and 12 were temporary employees. The gender breakdown was 26.5% women (105 women), 73.5% men (292 men). The headcount as at 31 December was down on 2014 (by 5 employees).

Age structure of employees

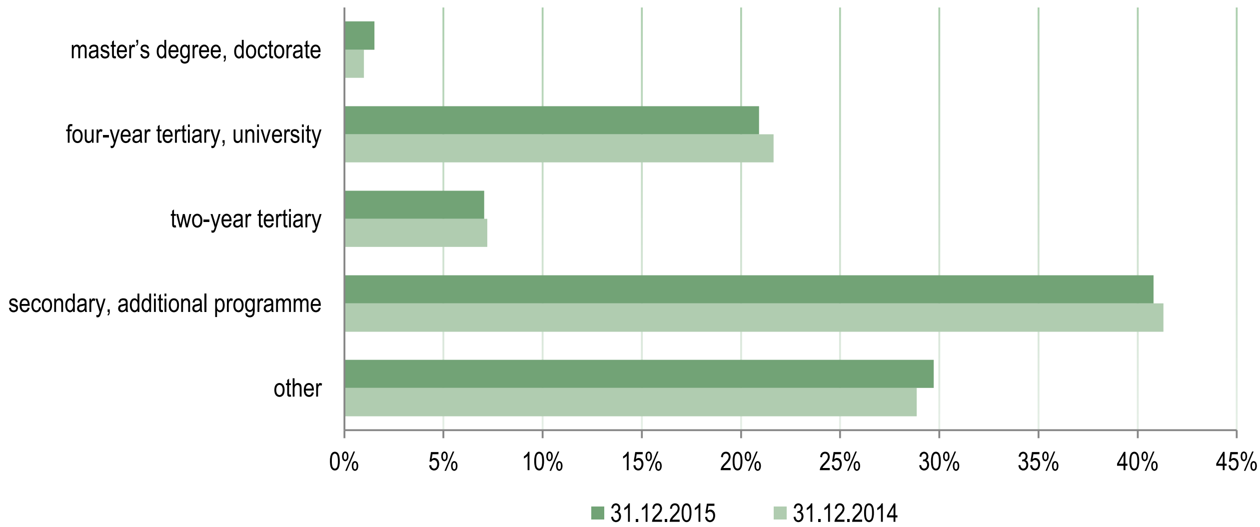
The average age of the workforce was 42.15 at the end of 2015.

Some 298 employees are aged between 31 and 50 (75% of the total), 37 are aged between 21 and 30 (9.3%), and 62 are older than 51 (15.6%).



Education structure

The ongoing work to raise the average level of qualifications is evident in the change in the qualifications breakdown over the year: as at 31 December 2015 there were eight more employees with higher qualifications (two with a master's degree in science, three with university-level qualifications, two with two-year tertiary qualifications, and one with a secondary qualification).



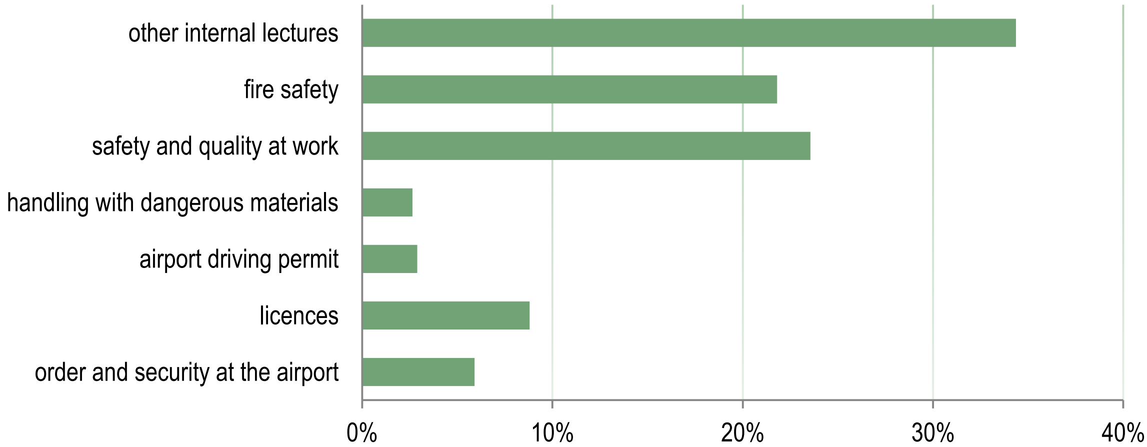
Cooperation with education institutions, work experience

Practical training was provided for four students and seven school students in 2015, who received a total of 1,700 hours of instruction.

We have successfully enhanced our collaboration with technical colleges in Kranj and Škofja Loka. At the initiative of the two technical colleges we have joined their newly established associations and consortia. The main purpose of the collaboration is to ensure the continuing flow of knowledge between the commercial sector and the education sector, and to allow students from schools and higher education to enter into the company's work process more quickly.

Education

The company provides in-house and external training for its employees, to keep them abreast of new developments in their field of work and to meet regulations in the sector, primarily for the purpose of renewing work licences for airport personnel, for occupational health and safety, and for fire safety. The most important form of external training was professional training courses (skills and further professional training in the areas of work that the employees pursue). These were followed by training in IT and computing. The content of in-house training is shown in the figure below:



In 2016 we are planning to modernise the equipment for practical fire-fighting training, thereby upgrading the services of the flight school for domestic and foreign participants.

2.6 INVESTMENTS IN INFRASTRUCTURE AND EQUIPMENT

2.6.1 2015

Investments in infrastructure and equipment followed the company's developmental needs in 2015. An investment plan in the amount of EUR 4,528 thousand was approved for finishing investments from 2014 and new investments in 2015.

In 2015 a total of EUR 2,194 thousand was invested in infrastructure and equipment, of which EUR 1,760 thousand was for infrastructure, while the remainder was spent on airport equipment (EUR 232 thousand) and computer equipment (EUR 202 thousand). This was equivalent to the realisation of 48.5% of the forecast investment. The investments were financed entirely with internal resources.

in thousand euros

	Plan 2015	Realisation 2015	Index R15/Pl15
Infrastructure, land	3,870	1,760	45.5
Computer equipment (hardware and software)	274	202	73.7
Airport equipment	384	232	60.4
Total	4,528	2,194	48.5

Construction of infrastructure

Certain investments that had been planned for 2014 were carried out and finished in the first half of the year, before items from the 2015 plan were begun in the second half of the year. An investment plan in the amount of EUR 4,527,733 was approved for finishing investments from 2014 and new investments in 2015, EUR 3,870,153 of which was earmarked for investment in infrastructure and equipment.

Notable investments begun in 2014 that were finished in 2015 included the renovation of the main apron and taxiway TWY E, and the layout of entrance ramps at the cargo warehouse to increase loading capacity. Further work was done on the construction of the airport perimeter road, which will make it quicker and easier to drive around the airport and to control the natural habitat.

An investment was also approved in 2015 for a navigation lighting system to increase the operational reliability of the lighting system and to ensure redundancy in the electricity supply; the investment has continued in 2016. Barriers were installed to regulate traffic in front of the passenger terminal, appliances for cooling the canopy at the cargo warehouse were installed to allow us to store pharmaceutical products, and the energy and cooling system was refurbished with outmoded coolants being replaced with more environment-friendly solutions. Redundancy was also ensured in the cooling systems in the passenger terminal. In addition, several minor investments primarily of a technical nature were carried out.

Investment amounted to EUR 1,759,910 in total.

Computer equipment

We earmarked EUR 203 thousand for computer equipment in 2015, of which EUR 106 thousand was earmarked for hardware and EUR 97 thousand for software. The overhaul of the firewall increased the security, reliability and availability of the company's information system. We continued to upgrade the user infrastructure. Software to support HR processes was introduced, and the electronic classroom project was continued. Optical infrastructure and active network equipment projects were begun. The projects are scheduled to be completed in the first half of 2016.

Airport equipment

EUR 231 thousand was earmarked for airport equipment, EUR 162 thousand of this relates to the purchase of various airport equipment (multipurpose vehicle, vehicle for maintenance purposes, etc.). EUR 39 thousand was earmarked for the purchase of fire-fighting equipment, and EUR 30 thousand for the purchase of specialist airport equipment (an electric tractor unit and a ground operations vehicle).

2.6.2 PLANS FOR 2016

The Investors Committee approved an investment plan in the amount of EUR 7,186,700 for 2016, of which EUR 2,092,850 was transferred from 2015. EUR 5,302,900 will be earmarked for investment in the renovation of airport infrastructure in 2016. The remaining sum is earmarked for investment in IT (EUR 1,273,800) and airport equipment. The majority of the new funding is earmarked for refitting the heating systems. Investments begun in 2015 will be finished.

In addition to items in the aforementioned plan, joint investment in the relocation of the main road was later confirmed.

3 RISK MANAGEMENT AND CONTROL SYSTEMS

3.1 RISK MANAGEMENT

Aerodrom Ljubljana is a constituent of the Fraport Group, and is included in the group's risk management system. The Fraport Group has a detailed risk management system that provides for the identification and analysis of risks in the early warning phase, and their management by means of appropriate measures. The company's management is responsible for risk management. The company has a designated risk management officer, and links with the relevant departments at group level. The company is currently in the process of integrating its risk management into the Fraport Group in accordance with its guidelines. The company's internal controls will thereby be adapted to the group standards.

The risk monitoring methods at the company allow for an early warning of changes in risks, and rapid action immediately after the identification of any such risk. We regularly monitor the performance of our largest customers, and undertake marketing activities to retain existing traffic and attract new traffic.

All changes in domestic and European legislation that could have an impact on the company's performance were monitored, and were appropriately responded to in the form of proposed changes. We monitored customer payments to ensure that there was no disruption to the inflow, and reacted promptly to arrears at all levels, from the operational level to the management level.

We take regular action to reduce the risks associated with air transport in the areas of birdstrike prevention, security, safety and fire protection. The documentation and transactions are stored and documented in a special operational documentation system. The current business continuity plan consists of measures to respond to an emergency, measures for employees and individual functions critical to business, and descriptions of alternative procedures to resume operations in normal circumstances.

System of internal controls

Risk management is supported via a diverse internal control mechanism. The aim of the system of internal controls is to comply with applicable legislation and regulations, to meet the company's strategic objectives and to implement its strategy, to reduce risks in connection with the company's operations, and to ensure the accuracy, completeness and reliability of financial reporting. The system is currently undergoing an overhaul and is being coordinated with the group. In parallel the company embarked in mid-2015 on the re-engineering of business processes, which is tailored to the company's new organisational scheme. Interfaces between various processes were also identified and defined. Each business process also includes reference documentation as the basis for its implementation, to provide for comprehensive management of the processes and their corresponding risks and internal controls. We have made a start on defining efficiency and performance indicators, and methods for controlling and measuring the effectiveness of individual processes. A systemic approach is taken to the risks that can arise in individual activities within processes, and to the internal controls for managing these risks.

As is the practice at group level, the internal controls take account of the COSO framework for the purpose of identifying, measuring and managing the risks arising in business processes.

The company reports to the group on a quarterly basis with regard to all material risks, the measures to manage these risks, and the changes in the latest reporting period.

3.2 OPPORTUNITIES

While risks entail the threat of the realisation of a specific event with adverse consequences for the company, they also entail opportunities for the realisation of a specific event with beneficial consequences in the financial or operating sense. Aerodrom Ljubljana primarily sees opportunities in the market potential of the Alpe Adria region, the introduction of scheduled intercontinental routes, the organisation of a base for an additional airline or major freight forwarding firm, and, not least, cooperation with the Slovenian Tourist Board aimed at jointly attracting foreign air passengers to Slovenia.

3.3 COMPLIANCE

In the area of compliance we are also in a phase of integration into the Fraport Group compliance system.

The company's code of ethics sets out the core principles and rules by which employees and other persons working at Aerodrom Ljubljana, d.o.o. are bound to act. It comprises the rules and principles observed at the company to protect employees and the company itself from the risks of breaches, non-performance or non-observance of contractual and other obligations relating to employment, and to protect the reputation of the company and each member of staff. An ethics committee was established to oversee the implementation of the code of ethics, and its duties encompass the collection, processing and analysis of written and verbal reports of breaches of ethical conduct or other irregularities at the company. The ethics committee did not receive any reports of breaches of the code of ethics in 2015.

3.4 INTERNAL AUDITING

In organisational terms, the internal audit department reports directly to the Management Board, and is separate from other organisational units. Internal auditing has been conducted at the company since 2000. The basic area of operation comprises the internal control of all business and other risks to which the company is exposed. When assessing whether internal controls are appropriate and fit for their intended purpose, the permanence and reliability of their functioning are also examined.

Internal auditing audits specific business processes and procedures that impact the achievement of operating objectives. Internal auditing proposes improvements to business processes, thus making a significant contribution to increasing the effectiveness of business operations, the transparency and reliability of information. It reports on its work to the management.

4 SUSTAINABLE DEVELOPMENT

Alongside aviation safety and quality of service, sustainable development is another key value of Aerodrom Ljubljana, on which all the company's strategic development decisions and everyday operations are based. We are aware that the aviation sector makes an important contribution to overall economic and social wellbeing, but simultaneously is speeding up climate change, affecting air quality and increasing noise in the local environment. Climate change represents one of the largest risks to the aviation sector, not least, because it is thought to bring more frequent violent weather patterns. These are potential changes in the near future, for which all players in the aviation market must prepare.

With the adoption of the environmental management rulebook, which defines the company's environmental policy and environmental management system, we have introduced and maintain an environmental management system that covers the main environmental aspects and impacts, and allows for appropriate environmental targets and programmes to be formulated.

We are required by legislation to conduct monitoring of environmental noise emissions. The results indicate that air traffic noise, as an average monthly indicator, fluctuated below the prescribed environmental noise pollution limits. Just one of the measurement points saw the noise limits reached, primarily in the summer evenings, when traffic is heaviest. We make regular measurements of flue gases from boilers and other heating appliances, and conduct periodic monitoring of wastewater. We report regularly to the Slovenian Environment Agency on our management of waste and ozone-depleting substances.

In addition we measure all environmental aspects that are not prescribed by law but whose evaluation is nevertheless important for their economic and environmental effects. These include water consumption, all different forms of energy consumption, consumption of motor fuels and consumption of hazardous materials.

We were awarded ISO 14001 certification in May 2015, the company thereby demonstrating that it meets the requirements of the standard, and that it will work to permanently reduce the adverse impact of its activities on the environment. We are active participants in the European airport programme on the pathway to carbon neutrality under the Airport Carbon Accreditation Scheme. For the third consecutive year the company calculated its carbon footprint, which we are trying to systematically reduce. These activities are being built on with measures to make office operations greener, for which we were awarded European Green Office (EGO) certification in 2013, retaining it in 2014 and 2015. In the EGO project we were awarded a special prize for the management's commitment, for systematic work in integrating green office principles into the company's operations.

Aerodrom Ljubljana actively involves contractors, business partners and tenants in the implementation of sustainability policy. All new tenancy agreements include an environmental clause making the tenant aware of our environmental protection policy, which is set out in detail in a document entitled General Conditions of Environmental Protection.

One of Aerodrom Ljubljana's key competitive advantages is its highly qualified and motivated staff. Promoting ideas of sustainability and environmental content among the staff is the responsibility of the Green Team, which encourages the pursuit of the objectives set out in the EGO project.

As a socially conscious company, we work multilaterally to encourage the development of the local environment in which we operate. We feel a sense of responsibility for cultivating a social and cultural environment, for which reason we support social activities, arts and culture, and sport. We are actively concerned for occupational health and safety, and also strive to contribute to education and the development of skills and knowledge. It is our firm conviction that only projects built on partnerships and mutual respect can leave a positive trace.

In 2015 Aerodrom Ljubljana issued its first sustainable development report summarising its work in this area. The report can be found at www.lju-airport.si.

FINANCIAL REPORT

1 STATEMENT OF MANAGEMENT

I, Zmago Skobir, the managing director of Aerodrom Ljubljana, d.o.o., hereby guarantee that the company's annual report is compiled and published in accordance with the Companies Act and the International Accounting Standards. In this regard, the company conducts itself in accordance with the competences, due diligence and responsibilities set out in the Companies Act (ZGD-1) for a limited liability company.

As managing director, I declare that to the best of my knowledge:

- the financial report of Aerodrom Ljubljana, d.o.o. for 2015 was compiled in accordance with the International Financial Reporting Standards and that it provides a true and fair picture of the assets, liabilities, financial position, operating results and total comprehensive income of Aerodrom Ljubljana, d.o.o., and
- the business report includes a fair presentation of the development and performance of the company's business and its financial position, including a description of the principal types of risks to which Aerodrom Ljubljana, d.o.o. is exposed.

As managing director, I affirm my responsibility for properly administering accounting, for taking appropriate measures to secure property and other assets, and for maintaining the value of assets and preventing and detecting fraud and other irregularities. I also confirm that the financial statements of Aerodrom Ljubljana, d.o.o. were compiled on a going-concern basis, that the relevant accounting policies were consistently applied, and that accounting estimates were made according to the principle of prudence and the diligence of a good manager.

As the managing director of Aerodrom Ljubljana, d.o.o., I declare that I have been briefed on all substantive components of the annual report, I approve them, and I confirm this with my signature.

Zmago Skobir

Managing Director

Skobir

Zg. Brnik, 18 March 2016

2 INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT
to the owners of AERODROM LJUBLJANA, d.o.o.

Report on the Financial Statements

We have audited the accompanying financial statements of AERODROM LJUBLJANA, d.o.o. ("the Company"), which comprise the balance sheet as at 31 December 2015, and the income statement and statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company AERODROM LJUBLANA, d.o.o., as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

The management is also responsible for the preparation of the business report in accordance with the requirements of the Companies Act (ZGD-1). Our responsibility is to provide an assessment of whether the business report is consistent with the audited financial statements. Our procedures have been conducted in accordance with the International Standard on Auditing 720 and are limited solely to assessing of whether the business report is consistent with the audited financial statements. In our opinion, the business report is consistent with the audited financial statements.

DELOITTE REVIZIJA d.o.o.

Maruša Tratnjek
Certified Auditor

For signature please refer to the original Slovenian version.

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

Ljubljana, 18 March 2016

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

3 FINANCIAL STATEMENTS

3.1 BALANCE SHEET

in euros

Balance sheet	Notes	31.12.2015	31.12.2014
ASSETS		**112,614,155**	**106,075,424**
Non-current assets		**89,822,203**	**92,228,198**
Intangible assets, non-current prepayments and accrued income	5.1.1	8,579,312	8,885,111
Property, plant and equipment	5.1.2	77,455,956	78,950,711
Investments in associates	5.1.3	0	0
Non-current financial assets	5.1.4	3,269,838	3,431,189
Non-current operating receivables		59,873	59,873
Deferred tax assets	5.1.5	457,224	901,314
Current assets (total)		**22,791,952**	**13,847,226**
Current assets excluding prepayments and accrued income		**22,745,951**	**13,800,477**
Available-for-sale assets (disposal groups)	5.1.6	0	411,392
Inventories		272,155	339,501
Current financial assets	5.1.7	17,378,540	8,842,985
Current operating receivables	5.1.8	4,115,401	4,143,603
- of which receivables for income tax expense		558,239	0
Cash and cash equivalents		979,855	62,996
Currrent prepayments and accrued income		**46,001**	**46,749**
EQUITY AND LIABILITIES		**112,614,155**	**106,075,424**
Equity	5.1.9	**100,110,897**	**92,781,304**
Nominal capital		15,842,626	15,842,626
Share premium		24,287,659	24,287,659
Profit reserves		43,933,874	43,933,874
Revaluation surplus		223,584	96,059
Retained earnings		15,823,154	8,621,086
Non-current liabilities (total)		**8,366,097**	**8,580,209**
Provisions and non-current accruals and deferred income	5.1.10	**1,264,261**	**1,359,847**
Provisions for jubilee benefits and termination benefits		1,160,765	1,244,604
Non-current accruals and deferred income		103,496	115,243
Non-current liabilities		**7,101,836**	**7,220,362**
Non-current operating liabilities	5.1.11	7,101,836	7,220,362
Current liabilities (total)		**4,137,161**	**4,713,911**
Current liabilities		**4,019,077**	**4,538,217**
Current operating liabilities	5.1.12	4,019,077	4,538,217
- of which liabilities for income tax expense		0	308,010
Current accruals and deferred income		118,084	175,694

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

3.2 INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

in euros

Income statement	Notes	1.–12.2015	1.–12.2014
Operating revenues	5.2.1	**34,899,065**	**32,048,626**
Net sales revenue		34,816,006	31,827,518
Other operating revenues		83,059	221,108
Operating expenses	5.2.2	**-25,756,772**	**-25,353,142**
Costs of materials and services		**-8,314,641**	**-8,390,284**
Costs of materials		-1,542,951	-1,573,616
Costs of services		-6,771,690	-6,816,668
Labour costs		**-12,613,242**	**-12,185,024**
Depreciation/amortisation		**-3,958,263**	**-4,488,359**
Other operating expenses		**-870,626**	**-289,475**
Operating profit (EBIT)		**9,142,293**	**6,695,484**
Net finance income/expenses	5.2.3	**267,000**	**-1,716,044**
Finance income		**726,405**	**1,524,834**
Finance expenses		**-459,405**	**-3,240,878**
Pre-tax profit		**9,409,293**	**4,979,440**
Income tax expense	5.2.4	-530,353	-1,187,554
Deferred tax	5.2.4	-437,343	-197,975
Net profit for the period		**8,441,597**	**3,593,911**

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

in euros

Statement of comprehensive income	Notes	1.–12.2015	1.–12.2014
Net profit for the period		**8,441,597**	**3,593,911**
Items that could subsequently be reclassified to profit or loss		**32,941**	**-426,992**
Net gain/(loss) recognised as revaluation surplus in connection with available-for-sale financial assets		**39,688**	**-514,449**
- gain/(loss) recognised as revaluation surplus		59,505	561,251
- transfer of gain/(loss) from revaluation surplus to profit or loss		-19,817	-1,075,700
Corporate income tax in connection with items that could subsequently be reclassified to profit or loss		**-6,747**	**87,457**
- in connection with gain/(loss) recognised as revaluation surplus		-10,116	-95,412
- in connection with transfer of gain/(loss) from revaluation surplus to profit or loss		3,369	182,869
Items that subsequently will not be reclassified to profit or loss		**94,584**	**-197,794**
Unrealised actuarial profit/loss from post-employment benefits		85,444	-197,794
Realised actuarial loss (after payment of post-employment benefits)		9,140	0
Total other comprehensive income for the period	5.2.5	**127,525**	**-624,786**
Total comprehensive income for the period		**8,569,122**	**2,969,125**

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

3.3 CASH FLOW STATEMENT

in euros

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit corrected for deferred tax	**8,878,940**	**3,791,886**
Adjustment for:	**3,861,213**	**6,127,506**
- income tax expense recognised in the income statement	530,352	1,187,554
- amortisation/depreciation of intangible assets and property, plant and equipment	3,958,263	4,488,359
- gain/loss on disposal/elimination of intangible assets and property, plant and equipment	-7,560	-71,765
- impairment of inventories	4,373	30,023
- impairment of receivables	655,599	25,222
- creation/reversal of provisions	36,921	56,388
- other non-cash transactions	63,918	-293,289
- income from liquidation of available-for-sale assets	-495,910	0
- finance income	-219,968	-1,512,961
- finance expenses	423,816	3,192,843
- income tax expense paid	-1,088,591	-974,868
Cash flow from operating activities, excluding working capital	**12,740,153**	**9,919,392**
Change in operating receivables	-1,321,984	-3,261,862
Change in prepayments and accrued income	14,654	75,552
Change in inventories	62,973	-5,846
Change in operating liabilities	327,014	2,306,010
Change in accruals and deferred income	-131,251	46,732
Net cash flow from operating activities	**11,691,559**	**9,079,978**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investing activities	**40,829,252**	**104,106,855**
Proceeds from interest and profit participation from investing	162,273	526,053
Proceeds from disposal of property, plant and equipment	46,771	33,077
Proceeds from disposal of non-current financial assets	147,119	3,178,233
Proceeds from available-for-sale assets (disposal groups)	953,499	0
Proceeds from disposal of current financial assets	39,519,590	100,369,492
Outflows from investing activities	**-50,355,812**	**-78,539,014**
Payments for intangible assets	-158,483	-534,237
Payments for property, plant and equipment	-2,124,232	-2,598,330
Payments for non-current financial assets	0	-20,865
Payments for available-for-sale assets (disposal groups)	-46,197	0
Payments for current financial assets	-48,026,900	-75,385,582
Net cash flow from investing activities	**-9,526,560**	**25,567,841**
CASH FLOWS FROM FINANCING ACTIVITIES		
Outflows from financing activities	**-1,252,955**	**-34,969,127**
Payments for current financial liabilities	0	-28,611
Dividend payments	-1,252,955	-34,940,516
Net cash flow from financing activities	**-1,252,955**	**-34,969,127**
Net increase in cash and cash equivalents	**912,044**	**-321,308**
Opening balance of cash and cash equivalents	62,996	381,781
Effect of foreign exchange differences on cash and cash equivalents	4,815	2,523
Cash and cash equivalents at the end of the period	**979,855**	**62,996**

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

3.4 STATEMENT OF CHANGES IN EQUITY

in euros

Statement of changes in equity	Nominal capital	Share premium	Legal reserves	Reserves under Articles of Association	Other profit reserves	Revaluation surplus	Retained earnings	Net profit for the financial year	Total equity
1.1.2014	**15,842,626**	**24,287,659**	**4,013,029**	**12,039,085**	**62,677,098**	**720,846**	**10,278**	**5,194,384**	**124,785,005**
Net profit from the previous year	0	0	0	0	0	0	5,194,384	-5,194,384	0
Net profit for the period	0	0	0	0	0	0	0	3,593,912	3,593,912
Other comprehensive income for the period	0	0	0	0	0	-624,787	0	0	-624,787
Payment of dividends	0	0	0	0	-34,795,338	0	-177,488	0	-34,972,826
31.12.2014	**15,842,626**	**24,287,659**	**4,013,029**	**12,039,085**	**27,881,760**	**96,059**	**5,027,174**	**3,593,912**	**92,781,304**
1.1.2015	**15,842,626**	**24,287,659**	**4,013,029**	**12,039,085**	**27,881,760**	**96,059**	**5,027,175**	**3,593,911**	**92,781,304**
Net profit from the previous year	0	0	0	0	0	0	3,593,911	-3,593,911	0
Net profit for the period	0	0	0	0	0	0	0	8,441,597	8,441,597
Realised actuarial loss from post-employment benefits	0	0	0	0	0	0	-9,140	0	-9,140
Other comprehensive income for the period	0	0	0	0	0	127,525	0	0	127,525
Payment of dividends	0	0	0	0	0	0	-1,230,389	0	-1,230,389
31.12.2015	**15,842,626**	**24,287,659**	**4,013,029**	**12,039,085**	**27,881,760**	**223,584**	**7,381,557**	**8,441,597**	**100,110,897**

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 REPORTING COMPANY

Aerodrom Ljubljana, d.o.o. (hereinafter: the company) is registered as a legal person domiciled in Slovenia; its registered address is Zgornji Brnik 130a, 4210 Brnik-Aerodrom.

At its 9th general meeting of shareholders on 30 June 2005 a resolution was passed stating that from 1 January 2006, the company would compile the financial statements and reports required pursuant to the first paragraph of Article 60 of the Companies Act (ZGD-1) in accordance with the International Financial Reporting Standards (hereinafter: the IFRS).

The financial statements of Aerodrom Ljubljana, d.o.o. are included in the consolidated financial statements of the Fraport Group, and are available on its website at www.fraport.com.

The financial statements were approved by the company's management on 18 March 2016.

4.2 BASIS FOR COMPILING FINANCIAL STATEMENTS

Statement of compliance

The financial statements for 2015 and 2014 were compiled in accordance with the IFRS, as adopted by the European Union. The accounting and reporting requirements of the IFRS have been applied, as well as the requirements of the Companies Act and the company's internal rules.

Basis of measurement

The financial statements have been compiled on an historical cost basis, whereby available-for-sale assets and available-for-sale financial assets are valued at fair value.

The methods used to measure fair value are described below by category.

Functional and reporting currency

The financial statements and all accounting information have been compiled in euros, the company's functional currency.

Use of estimates and judgments

In compiling financial statements, the management must make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The actual results may differ from these estimates.

The estimates and assumptions must be reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and all future years affected by the revision.

Estimates and judgments were used in at least the following:

- Estimate of provisions (Point 4.3 [provisions] and Point 5.1.10 of the Financial Report),
- Estimate of useful life of intangible assets and property, plant and equipment (Point 4.3 [intangible assets and property, plant and equipment], and Points 5.1.1 and 5.1.2 of the Financial Report),

- Estimate of recoverable value of receivables (Point 4.3 [impairment of assets] and Point 5.1.8 of the Financial Report),
- Estimate of fair value of financial assets (Point 4.3 [financial instruments] and Points 5.1.4 and 5.1.7 [non-current and current financial assets] of the Financial Report),
- Judgment with regard to impairment of assets (Point 4.3 [impairment of assets] of the Financial Report),
- Judgment with regard to the possibility of claiming deferred tax assets (Point 4.3 [corporate income tax] and Point 5.1.5 of the Financial Report).

4.3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied, and the nature and degree of importance are defined in the company's internal acts. For all material amounts presented in the financial statements, we also disclosed comparative information from the preceding period, which is stated in the numerical and descriptive information.

The accounting policies set out below were applied consistently in all periods presented in the attached financial statements.

Investment in associates

- Aerodrom Portorož, d.o.o.

Aerodrom Ljubljana, d.o.o. owns 30.46% of Aerodrom Portorož, d.o.o. There are no significant transactions between the two companies, nor is there any exchange of managerial staff or the mutual provision of professional information and knowledge. The influence of Aerodrom Ljubljana, d.o.o. on Aerodrom Portorož, d.o.o. is defined in the provisions of the memorandum of association and is in proportion to the ownership holding that the former company has in the latter. In light of this, Aerodrom Ljubljana, d.o.o. does not have a dominant or significant influence on Aerodrom Portorož, d.o.o. Therefore, the investment was valued at historical cost, less any impairment.

- Adria Airways Tehnika, d.d.

Until November 2015 Aerodrom Ljubljana, d.o.o. was the owner of 4,570,881 preference shares and 2,423,273 ordinary shares in Adria Airways Tehnika d.d., which represents a holding of 47.67% in the aforementioned company's equity. The investment was valued at historical cost, minus any impairments. Aerodrom Ljubljana, d.o.o.'s influence over Adria Airways Tehnika d.d. was defined by the articles of association, whereby Aerodrom Ljubljana, d.o.o. had a representative on the latter's board of directors.

Until the sale in November 2015, the investment in Adria Airways Tehnika d.d. was disclosed under available-for-sale current assets (see Point 5.1.6 of the Financial Report).

Foreign currency

Transactions expressed in foreign currency are converted at the European Central Bank (ECB) reference exchange rate on the day the transaction took place. Cash and cash equivalents and liabilities denominated in foreign currencies on the balance sheet date are converted to euros according to then valid reference rate of the ECB. Foreign exchange differences are recognised in the income statement. Non-cash items and liabilities measured according to historical cost in a foreign currency are converted using the exchange rate on the day of the transaction.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments include investments in equity (shares and participating interests), debt instruments, trade and other receivables, cash and cash equivalents, loans issued and granted, and trade and other liabilities.

Non-derivate financial instruments are initially recognised at their fair value, increased by costs directly relating to the purchase or issuing of the financial instrument or liability. After initial recognition, non-derivative financial instruments are measured using the method defined below.

Financial instruments are derecognised when the company's contractual rights to cash flows expire, or if the company transfers the financial asset to another party, including control or all risks and rewards of the asset. Purchases and sales made in a regular or normal manner are charged on the transaction date, i.e. the date the company undertakes to sell or purchase the asset.

Financial liabilities are derecognised, when the company's contractual obligation expires, ceases or is terminated.

Cash and cash equivalents include cash on hand and in sight deposits.

The accounting of finance income and finance expenses is described in the point Finance income and finance expenses.

a) Available-for-sale financial assets

The company's investments in equity (shares and participating interests) and in debt securities are classified as available-for-sale financial assets. After initial recognition these assets are valued as follows:

- according to fair value, or
- at historical cost, when the fair value of the asset cannot be reliably measured.

Changes to the fair value of financial assets pursuant to the first indent are recognised directly in equity. Upon derecognition (sale or redemption), the associated gain or loss is transferred to the income statement (in finance income or expenses). Losses due to impairment (see "Impairment"), and positive and negative exchange differences in available-for-sale financial assets (see "Foreign currency") are recognised in the income statement.

b) Loans issued and granted

Loans issued and granted are initially recognised according to fair value, reduced by related transaction costs. After initial recognition, the loans are disclosed at amortised cost, where any differences between the historical and amortised cost are disclosed in the income statement in the period of loan repayment, using the effective interest rate method.

c) Others

Other non-derivate financial instruments are measured at amortised cost using the effective interest rate method, reduced by losses due to impairment.

Derivative financial instruments

The company does not use derivative financial instruments to hedge against risk. It also does not retain or issue derivative financial instruments for trading purposes.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are disclosed at historical cost, reduced by the value adjustment for depreciation and any cumulative loss due to impairment. The historical cost includes costs directly related to purchase of the asset. Items of property, plant and equipment with different useful lives are treated as components.

In accordance with IFRS 40, we assessed whether any of the company's property could be considered investment property. It was established that no property meets the conditions for being classed as investment property.

Subsequent costs

Costs arising subsequently in relation to property, plant and equipment are disclosed as increases in the historical cost of assets, if their value is increased by future economic benefits. Replacement of individual parts is recognised as increases in the historical cost of an item of property, plant and equipment, if recognition criteria are met. The carrying amount of significant replaced parts is derecognised. All other costs in connection with property, plant and equipment (maintenance costs, servicing costs and similar) are recognised in the income statement as they arise.

Depreciation

Deprecation is calculated using the straight-line method of depreciation, taking into account the useful life of property, plant and equipment individually. Land is not subject to depreciation.

Property, plant and equipment becomes subject to depreciation when the asset is available and fit for use.

The estimated useful life falls within the following ranges:	2015
Infrastructure (with components)	10-40 years
Computer equipment	2-12.5 years
Motor vehicles	4-12.5 years
Other plant and equipment	5-20 years

The depreciable amount of assets is determined after deducting the residual value from the historical cost. It is assessed that the residual value of property, plant and equipment after the end of the useful life does not represent a significant proportion of the asset, and residual value is therefore not recognised. The estimated useful lives of assets and residual values are reviewed at the end of each year, and if expectations differ from previous assessments, the change is treated as a change in accounting estimate.

Intangible assets

Recognition and measurement

Intangible assets are disclosed at their historical cost, reduced by the value adjustment for amortisation and any cumulative loss due to impairment.

Subsequent costs

Subsequent costs in connection with intangible assets are only capitalised when they increase the future economic benefits of the asset to which the costs relate. All other costs are recognised in the income statement as they arise.

Amortisation

Amortisation is calculated using the straight-line method of amortisation, taking into account the useful life of intangible assets (unless the useful life is not defined; in this case it is necessary to test for impairment on the balance sheet date at least). The amortisation of intangible assets commences when the asset is available for use.

The estimated useful life for licences and software is between 3 and 10 years. The estimated useful life for superficies is the same as the period for which superficies has been assigned.

The estimated useful lives of assets and residual values are reviewed at the end of each year, and if expectations differ from previous assessments, the change is treated as a change in accounting estimates.

Available-for-sale assets

Non-current assets for which it can reasonably be expected that their carrying amount will be settled primarily via sale in the next 12 months are classified in this category. The period for completion of a sale may be extended to more than 12 months if this delay is caused by events and circumstances that are beyond the control of the company and there is sufficient evidence that the company is consistently pursuing its plans to dispose of the asset.

Upon reclassification as available-for-sale assets (or a disposal group), assets are recognised at either the carrying amount or at the fair value less selling costs, whichever is the lower. Should an available-for-sale asset (or disposal group) be impaired, the impairment is recognised in profit or loss.

Inventories

Inventories include inventories of maintenance materials and inventories of material used for services.

Inventories are initially recognised at historical cost, which comprises the purchase price plus import duties and non-refundable purchase taxes, and the direct costs of acquisition, minus any discounts received. The method of weighted average prices is used for the valuation of inventories consumed.

Impairment

If a decrease in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss previously recognised in equity is removed from equity and recognised in the income statement. The amount of cumulative loss removed from equity and recognised in the income statement is the difference between the historical cost and the current fair value, reduced by the impairment loss on that financial asset previously recognised in the income statement.

On the reporting date the company tests the carrying amount of assets, and assesses whether there is any indication of impairment. If such indications exist, the recoverable amount of the asset must be estimated.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The impairment is disclosed in the income statement. There are no grounds for impairment if the company is operating at a profit in line with its business plans and there are no other indications of impairment.

Receivables are revalued for reason of impairment if their carrying amount exceeds their fair value (i.e. the recoverable amount). Receivables that it may be presumed will not be settled by the standard deadline or settled in full are deemed doubtful, or disputed if judicial proceedings have been initiated over them. The recoverability of each receivable is assessed when the adjustment is made. Operating expenses are recognised according to their impairment.

Inventories are impaired if their carrying amount exceeds their market value. Market value means the recoverable amount, unless this is higher than the net realisable value (in which case the net realisable value is deemed the market value). Operating expenses are recognised as reductions in inventory value due to impairment.

Calculating the recoverable amount

The recoverable amount of financial assets held-to-maturity and receivables disclosed at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate, computed at the initial recognition of these assets). Current receivables are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of a held-to-maturity security or receivable disclosed at amortised cost is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of a financial asset in a equity instrument is not reversed via profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment is reversed and the amount of the reversal recognised in the income statement.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in previous years.

Equity

The company's total equity is a liability to the owner, and falls due for payment should the company be wound up. It comprises the nominal capital, share premium, profit reserves, retained earnings (which comprise net profit from previous years brought forward and net profit or loss for the period) and the revaluation surplus.

Profit-sharing

Liabilities from distributions of profit to the owner are recognised as liabilities in the period in which the resolution on profit-sharing is passed.

Provisions

The company discloses provisions in its balance sheet, if due to a past event it has a current legal or constructive obligation and if it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the value of the provision is determined using the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risk specific to the liability.

Provisions for termination benefits and jubilee benefits

In accordance with legislation, the collective agreement, and internal rules, the company is committed to the payment of jubilee benefits to employees and termination benefits, and provisions are formed for this purpose. The company has no other pension liabilities.

Accrued and deferred items

Non-current accrued and deferred items

Non-current prepayments and accrued income relate to long-term deferred costs that will be charged against profit or loss in a period of more than one year.

Long-term deferred income that will be covered by deferred expenses in a period of more than one year is disclosed under non-current accruals and deferred income. This category includes government grants received for the acquisition of non-current assets in 1993 and 1994. They are earmarked for covering the costs of the depreciation of the aforementioned assets.

Current accrued and deferred items

The company discloses short-term accrued income and short-term deferred expenses under current prepayments and accrued income.

The company discloses short-term deferred income and accrued costs for unused employee leave under current accruals and deferred income (the amount is determined on the basis of a calculation for each employee separately).

Revenues

Version I of the income statement is used, which provides a sequential report.

Revenues from services

Revenues from the provision of services are recognised in the income statement when the services are rendered. Revenues are recognised when they may be reasonably expected to lead to actual receipts, if these have not already been obtained from the outset, and can be reliably measured. Revenues are not recognised if there is uncertainty regarding payment for the services.

State aid

State aid is initially recognised in the financial statements as long-term deferred revenues (non-current accruals and deferred income), when there is reasonable assurance that the company will receive the aid, and the related conditions will be fulfilled. State aid received to cover expenses is recognised consistently, and very strictly, as revenues for the period in which the costs they are intended to cover arise. Funds connected to state aid are strictly and consistently recognised in the income statement under other operating revenues during the useful life of the asset.

Expenses

Expenses are recognised as expenses in the accounting period when they are incurred. They are categorised according to their nature. They are set out and disclosed by natural types.

Finance income and expenses

Finance income includes interest revenues, dividend income, capital gains from the disposal of available-for-sale financial assets and positive exchange differences recognised in the income statement.

Interest revenues on financial assets are recognised as they arise using the effective interest rate method. Revenues from default interest are recognised upon payment. Dividend income is recognised in the income statement on the day the shareholder's right to payment is exercised, which for stock-exchange listed companies is generally the ex-dividend date.

Finance expenses comprise negative exchange rate differences, capital losses from the disposal of available-for-sale financial assets expenses for impairments of financial assets and expenses relating to bank commissions for managing financial assets. The costs of interest are recognised in the income statement using the effective interest method.

Income tax expense

Income tax expense comprises current taxes and deferred taxes. Income tax expense is disclosed in profit or loss, except for the amount of deferred tax that relates to items disclosed directly in equity, in which case it is disclosed in equity.

Levied tax is tax which is expected to be paid on taxable profit from the financial year, using the tax rates in force or substantively in force as at the balance sheet date, and any adjustments to the tax liability in relation to past financial years.

Deferred tax is disclosed using the balance sheet liability method, which takes into account temporary differences between the carrying amount of an asset or liability and its value for tax purposes. The value of deferred tax depends on the expected method for recovery or settlement of the carrying amount of an asset or liability using the tax rates in force or substantively in force as at the balance sheet date.

Deferred tax receivables are only recognised in the amount for which it is probable that taxable profits will be available, against which the deferred tax receivable can be utilised. A deferred tax receivable is reduced by the amount for which it is no longer possible for a tax relief relating to the asset to be applied.

A company must offset deferred tax assets and liabilities when it has a legally enforceable right to offset current tax assets and liabilities because they are disclosed vis-à-vis the same tax authority.

Initial application of new amendments to the existing Standards and Interpretation effective for current financial period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for current financial period:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- **IFRIC 21 "Levies"** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the company's financial statements.

Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following amendments to the existing standards issued by IASB and adopted by the EU were in issue but not yet effective:

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The company expects the adoption of these standards, revisions and interpretations to have no significant impact on its financial statements during initial application.

New Standards and amendments to the existing Standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at date of publication of financial statements (the effective dates stated below is for IFRS in full):

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" -** Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" -** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 12 "Income Taxes" -** Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

The company is examining the impact of the amendments to IFRS 9 and IFRS 15 on its financial statements, while the introduction of other new standards and amendments to existing standards will not have any significant impact on its financial statements in the period of initial application.

5 NOTES TO THE FINANCIAL STATEMENTS

5.1 NOTES TO THE BALANCE SHEET

5.1.1 INTANGIBLE ASSETS AND NON-CURRENT PREPAYMENTS AND ACCRUED INCOME

in euros

Intangible assets and non-current prepayments and accrued income	2015	2014
Intangible assets	8,556,052	8,847,944
Non-current prepayments and accrued income	23,260	37,167
Total	8,579,312	8,885,111

in euros

	Licences, software	Property rights	Intangible assets in acquisition	Total
HISTORICAL COST				
31.12.2014	1,865,755	8,335,350	49,020	10,250,125
Acquisitions	0	0	86,950	86,950
Capitalisations	90,685	0	-90,685	0
31.12.2015	1,956,440	8,335,350	45,285	10,337,075
IMPAIRMENT				
31.12.2014	1,192,004	210,177	0	1,402,181
Amortisation	169,859	208,983	0	378,842
31.12.2015	1,361,863	419,160	0	1,781,023
CARRYING AMOUNT				
31.12.2014	673,751	8,125,173	49,020	8,847,944
31.12.2015	594,577	7,916,190	45,285	8,556,052
HISTORICAL COST				
31.12.2013	1,762,171	1,818,387	15,156	3,595,714
Acquisitions	0	0	8,402,242	8,402,242
Capitalisations	103,584	8,264,811	-8,368,378	17
Disposals	0	-1,747,848	0	-1,747,848
31.12.2014	1,865,755	8,335,350	49,020	10,250,125
IMPAIRMENT				
31.12.2013	1,028,497	440,959	0	1,469,456
Capitalisations	0	17	0	17
Amortisation	163,507	208,985	0	372,492
Disposals	0	-439,784	0	-439,784
31.12.2014	1,192,004	210,177	0	1,402,181
CARRYING AMOUNT				
31.12.2013	733,674	1,377,428	15,156	2,126,258
31.12.2014	673,751	8,125,173	49,020	8,847,944

Intangible assets amounted to EUR 8,556,052 as at 31 December 2015. The general superficies obtained on the basis of the general agreement on mutual relations and the establishment of superficies with regard to the use of specific land (concluded with the Ministry of Infrastructure and Spatial Planning in March 2014) is disclosed under property rights. Under the agreement the company obtained superficies on 248 hectares of land owned by the state that the company uses for its core airport activities, part of which is functional land. Superficies was obtained under the agreement for a period of 40 years from 1 January 2014 and will be repaid in instalments over the lifetime of the agreement.[2]

5.1.2 PROPERTY, PLANT AND EQUIPMENT

in euros

Property, plant and equipment	2015	2014
Land	14,976,147	14,976,147
Infrastructure	50,407,858	50,868,729
Plant and equipment	7,630,133	8,310,657
Property, plant and equipment in acquisition	4,441,818	4,795,178
Total	77,455,956	78,950,711

[2]The company accordingly disclosed EUR 6,687,727 of non-current operating liabilities and EUR 387,190 of current operating liabilities as at 31 December 2015.

in euros

	Land	Infrastructure	Plant and equipment	Plan and equipment not in use	Property, plant and equipment in acquisition	Total
HISTORICAL COST						
31.12.2014	14,976,147	110,739,653	46,355,402	263,906	4,795,178	177,130,286
Acquisitions	0	0	0	0	2,123,876	2,123,876
Capitalisations	0	1,527,476	949,853	0	-2,477,236	93
Transfer	0	0	-319,047	319,047	0	0
Disposals and eliminations	0	-295,177	-160,975	-528,731	0	-984,883
31.12.2015	14,976,147	111,971,952	46,825,233	54,222	4,441,818	178,269,372
IMPAIRMENT						
31.12.2014	0	59,870,924	38,044,745	263,906	0	98,179,575
Transfer	0	0	-316,293	316,293	0	0
Capitalisations	0	0	93	0	0	93
Depreciation	0	1,974,403	1,605,017	0	0	3,579,420
Disposals and eliminations	0	-281,233	-138,462	-525,977	0	-945,672
31.12.2015	0	61,564,094	39,195,100	54,222	0	100,813,416
CARRYING AMOUNT						
31.12.2014	14,976,147	50,868,729	8,310,657	0	4,795,178	78,950,711
31.12.2015	14,976,147	50,407,858	7,630,133	0	4,441,818	77,455,956
HISTORICAL COST						
31.12.2013	14,869,020	110,616,476	45,097,112	57,418	3,559,233	174,199,259
Acquisitions	0	0	0	0	3,574,022	3,574,022
Capitalisations	109,466	133,241	2,097,353	0	-2,338,077	1,983
Transfer	0	0	-350,982	350,982	0	0
Disposals and eliminations	-2,339	-10,064	-488,081	-144,494	0	-644,978
31.12.2014	14,976,147	110,739,653	46,355,402	263,906	4,795,178	177,130,286
IMPAIRMENT						
31.12.2013	0	57,568,625	37,060,368	57,418	0	94,686,411
Transfer	0	0	-350,941	350,941	0	0
Capitalisations	0	0	1,984	0	0	1,984
Depreciation	0	2,309,962	1,805,905	0	0	4,115,867
Disposals and eliminations	0	-7,663	-472,571	-144,453	0	-624,687
31.12.2014	0	59,870,924	38,044,745	263,906	0	98,179,575
CARRYING AMOUNT						
31.12.2013	14,869,020	53,047,851	8,036,744	0	3,559,233	79,512,848
31.12.2014	14,976,147	50,868,729	8,310,657	0	4,795,178	78,950,711

The property, plant and equipment disclosed as at 31 December 2015 was free of encumbrance, and there are no indications of impairment. Liabilities to suppliers of property, plant and equipment amounted to EUR 604,812 as at 31 December 2015.

Land

As at 31 December 2015 the company owned 34.4 hectares of brownfield and greenfield land in the cadastral municipalities of Grad, Šenčur, Cerklje na Gorenjskem, Velesovo and Zgornji Brnik.

Land of 510 hectares in the area of Ljubljana's Jože Pučnik Airport, where the company pursues its core business activities, became the property of the Republic of Slovenia (the state) during the privatisation of the company and is not disclosed in the company's books of account. In connection with this land, an agreement on mutual relations and the establishment of general superficies was signed in March 2014 with the Ministry of Infrastructure and Spatial Planning under which the company obtained superficies on 248 hectares of land owned by the state (explained in detail in point 5.1.1 of the Financial Report). A minority of the remaining area is the airport's functional land, which will partly be assigned to use by other users or operators of other infrastructure (Slovenia Control, the Ministry of Defence, the Ministry of the Interior, Adria Airways, Adria Airways Tehnika, etc.), while the majority of the land will remain under the management of the Ministry of Infrastructure and Spatial Planning as functional land and a secure zone.

Infrastructure

Activations increased the value of infrastructure by EUR 1,527,476 in 2015, and included the following major items:

in euros

	2015
Renovation of main apron TWY E	784,226
Airport perimeter road	444,700
Layout of entrance ramps at cargo warehouse	108,572
Readjuste of oil traps	102,991

Plant and equipment

Plant and equipment in the total amount of EUR 949,760 was activated in 2015. The majority of this amount comprises:

in euros

	2015
Upgrade of technical security systems	292,217
Renovation of power station 1 and 2	156,038
Temperature sensons on the runway	151,148
Computer equipment	84,792

Property, plant and equipment in acquisition

Property, plant and equipment in acquisition amounted to EUR 4,441,818 as at 31 December 2015. The major investments in progress included in this amount were as follows:

in euros

	2015
New passenger terminal T2	2,161,286
Sewage collector for biological treatment plant	960,893
Car parks	330,559
Commercial-logistics zone	326,980
Reconstruction of the cooling system	145,133
Traffic regulation in front of the terminal	128,513

The investment in progress in the new T2 passenger terminal was disclosed in the company's books of account as at 31 December 2015 in the amount of EUR 2,161,286, unchanged from 31 December 2014. A decision on construction has been left to the owner, Fraport AG. Fraport expressed an interest in including the existing project documentation in the planning of future terminal capacity at the airport. In light of the above, and given that all the requisite permits for the construction of T2 have been obtained, the company is maintaining the investment in the new passenger terminal as active, as the project is still attainable. It is thereby maintaining the possibility of an immediate expansion in infrastructure and the strengthening of the airport's competitive position in the international market.

5.1.3 INVESTMENTS IN ASSOCIATES

An investment in a 30.46% participating interest in Aerodrom Portorož, d.o.o. is disclosed in investments in associates. The nominal value of the investment is EUR 1,251,878. The company created impairment in the entire amount in 2009.

The investment in the associate is described in detail in Point 1.4.5 of the Business Report and Points 4.3 and 5.4.1 of the Financial Report.

5.1.4 NON-CURRENT FINANCIAL ASSETS

in euros

Non-current financial assets	2015	2014
Available-for-sale financial assets	3,269,838	3,409,910
Long-term loans	0	21,279
Total	3,269,838	3,431,189

in euros

Non-current financial assets 2015	Gross value	Impairment	Net value
Available-for-sale financial assets	3,719,119	449,281	3,269,838
Total	3,719,119	449,281	3,269,838

in euros

Non-current financial assets 2014	Gross value	Impairment	Net value
Available-for-sale financial assets	3,788,093	378,183	3,409,910
Long-term loans	21,279	0	21,279
Total	3,809,372	378,183	3,431,189

in euros

Change in impairment of non-current financial assets	2015	2014
Balance as at 1 January	378,183	374,779
Newly created impairments	71,098	3,404
Balance as at 31 December	449,281	378,183

Available-for-sale financial assets

in euros

Available-for-sale financial assets	2015	2014
Bonds	714,320	806,911
Quoted shares	275,846	276,837
Mutual funds	1,578,468	1,580,792
Unquoted shares and participating interests	701,204	745,370
Total	3,269,838	3,409,910

The book value of available-for-sale financial assets is equal to the fair value, or to the historical cost when the fair value cannot be reliably measured. The method for determining fair value for each class of available-for-sale asset is given below.

The fair value of securities quoted on the stock exchange (shares and bonds) is equal to the published average closing share price, while the fair value of investments in mutual funds is calculated on the basis of the published value of the unit price for each mutual fund.

An investment in 5,121 shares in Gorenjska banka d.d. in the amount of EUR 629,265 (or EUR 122.88 per share) is disclosed under investments in participating interests and shares not quoted on the stock exchange. On the basis of the comprehensive review conducted in 2013 the Bank of Slovenia instructed Gorenjska banka to draw up a capital strengthening plan by the end of January 2014 (the deadline was later extended) that will demonstrate long-term viability, and to draw up measures to cover its capital deficit. Should the bank's actions (primarily an influx of capital from existing owners, a search for new investors, the sale of receivables and other assets, and other measures to strengthen capital adequacy) have proven fruitless, it would have been able to request state aid in accordance with European Commission rules. A shortfall in the internal capital of Gorenjska banka in the amount of EUR 58 million was determined by means of a Bank of Slovenia order of 26 February 2015. In this connection Gorenjska banka drew up an action plan to eliminate the shortfall in internal capital, which was to be carried out in 2015, and which would provide for adequate internal capital and limit the transmission of the adverse effects of the stress scenario into the bank's capital. After assessing this document, on 11 June 2015 the Bank of Slovenia recognised a reduction in the capital shortfall on the basis of a realised gain before provisioning in 2014 and the effects of risk-weighted exposures in 2014 in the total amount of EUR 45 million. The Bank of Slovenia concluded that Gorenjska banka could only eliminate the remaining capital shortfall of EUR 13 million by increasing its common equity Tier 1 capital, which it had to provide via recapitalisation in the amount of EUR 13 million by the end of 2015. A recapitalisation in the amount of EUR 13 million was indeed realised in December 2015, as 56,522 new shares were subscribed at a price of EUR 230 per share, thereby meeting the Bank of Slovenia requirement.

Despite the recapitalisation, in connection with the above we believe that the fair value of the bank as at 31 December 2015 cannot be estimated with sufficient reliability, for which reason the asset remained valued at the historical cost of EUR 122.88 per share in accordance with IAS 39.46. The historical cost of one share in Gorenjska banka was compared with the book value (the latest figure was for 31 December 2014, and was published in the bank's audited annual report for 2014) of EUR 623 per share, for which reason the assessment is that no impairment of the investment is necessary.

in euros

Changes in 2015	1 Jan 2015	Revaluation	Decrease	Impairment	Transfer from current financial assets	Transfer to current financial assets	31 Dec 2015
Bonds	806,911	-3,346	78,319	0	159,815	170,741	714,320
Quoted shares	276,837	-991	0	0	0	0	275,846
Mutual funds	1,580,792	68,774	0	71,098	0	0	1,578,468
Unquoted shares and participating interests	745,370	0	44,166	0	0	0	701,204
Total	3,409,910	64,437	122,485	71,098	159,815	170,741	3,269,838

in euros

Changes in 2014	1 Jan 2014	Revaluation	Increase	Decrease	Elimination	Impairment	Transfer from current financial assets	Transfer to current financial assets	31 Dec 2014
Bonds	1,772,992	298,774	10,284	1,252,142	6,880	3,404	147,102	159,815	806,911
Quoted shares	222,736	54,101	0	0	0	0	0	0	276,837
Financial assets managed by banks	1,860,497	79,218	0	1,939,715	0	0	0	0	0
Mutual funds	1,451,632	129,160	0	0	0	0	0	0	1,580,792
Unquoted shares and participating interests	745,370	0	0	0	0	0	0	0	745,370
Total	6,053,227	561,253	10,284	3,191,857	6,880	3,404	147,102	159,815	3,409,910

Effect of financial assets on equity and profit or loss

in euros

Effect of financial assets on equity in 2015 (changes in revaluation surplus from financial assets)	1 Jan 2015	Revaluation	Transfer to finance income	31 Dec 2015
Bonds (non-current and current)	82,015	-8,279	19,817	53,919
Quoted shares	159,509	-990	0	158,519
Mutual funds	112,516	68,774	0	181,290
Total	354,040	59,505	19,817	393,728
Adjustment for deferred tax liabilities	60,187	10,116	3,369	66,934
Revaluation of surplus from financial assets	293,853	49,389	16,448	326,794

in euros

Effect of financial assets on equity in 2014 (changes in revaluation surplus from financial assets)	1 Jan 2014	Revaluation	Transfer to finance income	Transfer to finance expenses	31 Dec 2014
Bonds (non-current)	-257,580	298,774	44,114	84,935	82,015
Quoted shares	105,408	54,101	0	0	159,509
Financial assets managed by banks	1,037,304	79,218	1,119,574	3,052	0
Mutual funds	-16,644	129,160	0	0	112,516
Total	868,488	561,253	1,163,688	87,987	354,040
Adjustment for deferred tax liabilities	147,643	95,413	197,827	14,958	60,187
Revaluation of surplus from financial assets	720,845	465,840	965,861	73,029	293,853

in euros

Effect of financial assets on profit or loss	2015	2014
Interest on loans to others	68,480	80,256
Interest on bonds	46,790	63,853
Dividends on quoted shares	29,280	19,910
Capital gains on sale of shares	24,634	0
Capital gains on sale or redemption of bonds	19,817	44,114
Interest on short-term loans	18,701	165,956
Interest on long-term loans	39	414
Capital gains on sale of financial assets under management at banks	0	1,119,574
Dividends and interest on financial assets managed by banks	0	14,718
Total revenues	207,741	1,508,795
Expenses from impairments of financial assets	71,098	3,714
Interest on loans	9,978	28,611
Commission on financial assets managed by banks	620	14,187
Capital loss on sale of bonds	0	84,935
Capital loss on sale of financial assets under management at banks	0	3,052
Expenses from elimination of bonds	0	7,098
Total expenses	81,696	141,597

5.1.5 DEFERRED TAX ASSETS

Deferred tax assets are the result of the offsetting of deferred tax assets and liabilities.

in euros

Deferred tax assets and deferred tax liabilities	2015	2014
Deferred tax assets	524,157	961,501
Deferred tax liabilities	-66,933	-60,187
Total	457,224	901,314

in euros

Deferred tax assets, from:	2015	2014
Impairment of the investment in associates (or available-for-sale assets)	106,410	665,945
Impairment of current operating receivables	196,302	110,154
Provisions for jubilee benefits and termination benefits	119,326	121,058
Impairment of other financial assets	76,430	64,344
Amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	25,689	0
Total	524,157	961,501

in euros

Deferred tax liabilities, from:	2015	2014
Revaluation of financial assets to fair value	66,933	60,187

5.1.6 AVAILABLE-FOR-SALE ASSETS

The process of selling the 47.67% interest in Adria Airways Tehnika d.d., which was disclosed under available-for-sale assets, was completed in November 2015. The nominal value of the investment in the company's books of account was EUR 6,994,154, while the carrying amount was EUR 411,392, impairments having been created in 2010, 2011 and 2014.

The investment was sold at a price in excess of the carrying amount.

5.1.7 CURRENT FINANCIAL ASSETS

in euros

Current financial assets	2015	2014
Short-term loans	17,268,616	8,656,657
Current financial assets, excluding loans	109,924	186,328
Total	17,378,540	8,842,985

in euros

Current financial assets 2015	Gross value	Value adjustment	Net value
Short-term loans	17,268,616	0	17,268,616
Current financial assets, excluding loans	110,234	310	109,924
Total	17,378,850	310	17,378,540

in euros

Current financial assets 2014	Gross value	Value adjustment	Net value
Short-term loans	8,656,657	0	8,656,657
Current financial assets, excluding loans	186,638	310	186,328
Total	8,843,295	310	8,842,985

Short-term loans in the amount of EUR 17,268,616 relate to short-term deposits at banks. Other current financial assets in the amount of EUR 109,924 comprise bonds whose redemption is envisaged in 2016 under the amortisation schedules.

A short-term loan granted to Adria Airways Tehnika d.d. disclosed in the amount of EUR 1,627,364 as at 1 January 2015 was repaid in full as part of the sale of shares in the aforementioned company in November 2015.

The effect of current financial assets on the profit is presented as part of non-current financial assets (point 5.1.4 of the Financial Report).

5.1.8 CURRENT OPERATING RECEIVABLES

in euros

Current operating receivables	2015	2014
Current trade receivables	3,306,000	3,989,311
Current receivables for advances and security deposits given	12,870	15,591
Other current receivables	796,531	138,701
Total	4,115,401	4,143,603

in euros

Current operating receivables 2015	Gross value	Value adjustment	Net value
Current trade receivables	4,463,420	-1,157,420	3,306,000
Current receivables for advances and security deposits given	12,870	0	12,870
Other current receivables	799,271	-2,740	796,531
Total	5,275,561	-1,160,160	4,115,401

in euros

Current operating receivables 2014	Gross value	Value adjustment	Net value
Current trade receivables	4,642,986	-653,675	3,989,311
Current receivables for advances and security deposits given	15,591	0	15,591
Other current receivables	138,701	0	138,701
Total	4,797,278	-653,675	4,143,603

in euros

Changes in impairment of receivables	2015	2014
Balance as at 1 January	653,675	693,924
Newly created impairments of receivables	655,612	25,210
Payments received of already impaired receivables	-5,904	-20,963
Receivables written off	-143,223	-44,496
Balance as at 31 December	1,160,160	653,675

in euros

Other current receivables	2015	2014
Receivables for corporate income tax prepayment	558,239	0
Receivables for input VAT	122,679	93,762
Other current receivables	115,613	44,939
Total	796,531	138,701

5.1.9 EQUITY

Equity amounted to EUR 100,110,897 as at 31 December 2015, up 7.9% or EUR 7,329,593 on 31 December 2014. It accounted for 88.9% of total equity and liabilities (compared with 87.5% as at 31 December 2014). The company did not hold any shares in treasury or any authorised capital as at 31 December 2015, and the owner did not pass any resolution to increase the nominal capital. The changes in equity in 2015 and 2014 are disclosed in the statement of changes in equity (point 3.4 of the Financial Report).

The nominal capital was unchanged from 31 December 2014 at EUR 15,842,626.

At the 21st session of the general meeting of 31 March 2015, the majority owner passed a resolution on the delisting of the company's shares from the regulated securities market and a resolution converting the company from a public limited company to a limited liability company. The Aerodrom Ljubljana, d.d. shares under the AELG ticker symbol were officially delisted from Ljubljana Stock Exchange on the basis of the aforementioned resolutions on 17 April 2015.

Share premium

Share premium in the amount of EUR 24,287,659 was formed on the basis of the elimination of the general revaluation adjustment of the nominal capital.

Profit reserves

in euros

Profit reserves	2015	2014
Legal reserves	4,013,029	4,013,029
Reserves under the Articles of Association	12,039,085	12,039,085
Other profit reserves	27,881,760	27,881,760
Total	43,933,874	43,933,874

Revaluation surplus

in euros

Revaluation surplus	2015	2014
Revaluation surplus on available-for-sale financial assets (minus deferred tax liabilities)	326,794	293,853
Unrealised actuarial loss from post-employment benefits (Point 5.1.10)	-103,210	-197,794
Total	223,584	96,059

The changes in the revaluation surplus on available-for-sale financial assets are disclosed in point 5.1.4 of the Financial Report (Effect of financial assets on equity and profit or loss).

Retained earnings

Retained earnings in the amount of EUR 15,823,154 comprise the residual distributable profit for 2014 in the amount of EUR 7,381,557 that remained undistributed under the general meeting resolution (minus the realised actuarial loss from post-employment benefits in the amount of EUR 9,140 in 2015) and net profit from 2015 in the amount of EUR 8,441,597.

Distributable profit

The company generated its distributable profit in accordance with the Companies Act.

The sole member decides on the use of the distributable profit.

in euros

Formation of distributable profit	2015	2014
Net profit for the period	8,441,597	3,593,911
+ retained earnings	7,381,557	5,027,174
= distributable profit	**15,823,154**	**8,621,085**
- payment to owner		1,230,389
= remaining distributable profit		7,390,696

5.1.10 PROVISIONS AND NON-CURRENT ACCRUALS AND DEFERRED INCOME

Provisions and non-current accruals and deferred income in the total amount of EUR 1,264,261 primarily relate to provisions for employee termination benefits and jubilee benefits, the amount of which is determined by actuarial calculation (EUR 1,160,765). The remainder in the amount of EUR 103,496 relates to non-current deferred income for grants received in 1993 and 1994 from the Slovenian state budget for property, plant and equipment; the amount of the reduction is the depreciation charge for these assets in 2015 (the company disclosed other operating revenues in the same amount).

Provisions for termination benefits and jubilee benefits were created in the amount of estimated future commitments for termination benefits and jubilee benefits, discounted to the balance sheet date. The calculation was made for each employee, taking into account the costs of termination benefits and the cost of all expected jubilee benefits until retirement. The calculation allows for growth in the amounts of retirement benefits and jubilee benefits set out in the decree on the treatment of the reimbursement of costs and other employment earnings for tax purposes in the amount of 2.2% in 2016 and 2017 and 2.5% annually from 2018 onwards.[3] The forecast staff turnover at the company and projected wage growth have been taken into account. The selected annual discount rate is 2.2%, in accordance with the owner's guidelines. The calculation was drawn up by a certified actuary using the projected unit method.

in euros

Changes in 2015	Balance as at 1.1.2015	Utilisation	Formation	Unrealised actuarial gain/loss	Balance as at 31.12.2015
Provisions for jubilee benefits	383,881	33,318	16,336	0	366,899
Provisions for termination benefits	860,723	39,773	58,361	-85,445	793,866
Non-current accruals and deferred income (deferred income)	115,243	11,747	0	0	103,496
Total	1,359,847	84,838	74,697	-85,445	1,264,261

[3] The assumption is that the bases will change in line with the assumed growth in the average wage in Slovenia, as the actual intentions of legislators with regard to the amounts set out in the aforementioned decree are unknown.

in euros

Changes in 2014	Balance as at 1.1.2014	Utilisation	Formation	Unrealised actuarial loss	Balance as at 31.12.2014
Provisions for jubilee benefits	321,853	27,115	89,143	0	383,881
Provisions for termination benefits	610,217	0	52,712	197,794	860,723
Non-current accruals and deferred income (deferred income)	202,472	87,229	0	0	115,243
Total	1,134,542	114,344	141,855	197,794	1,359,847

5.1.11 NON-CURRENT OPERATING LIABILITIES

in euros

Non-current operating liabilities	2015	2014
Liabilities under the general agreement on superficies (Note 5.1.1)	6,687,727	6,759,260
Municipal charge for North Car Park	345,604	345,604
Liabilities for superficies for aircraft maintenance infrastructure	68,505	73,812
Other liabilities	0	41,686
Total	7,101,836	7,220,362

5.1.12 CURRENT OPERATING LIABILITIES

in euros

Current operating liabilities	2015	2014
Current trade payables	1,854,437	2,053,385
Current liabilities to employees	1,038,362	1,124,914
Current liabilities for advances received and security deposits received and retained	597,159	497,491
Current portion of liabilities under the general agreement on superficies (Note 5.1.1)	387,190	387,190
Current liabilities for unpaid dividends	99,739	122,305
Current liabilities for income tax expense	0	308,009
Other current liabilities	42,190	44,923
Total	4,019,077	4,538,217

The trade payables disclosed as at 31 December 2015 had not yet matured for payment.

Current liabilities to employees in the amount of EUR 1,038,362 relate to wages and reimbursements for transport and food expenses for the month of December 2015 paid in January 2016. They also include the corresponding liabilities for employer's contributions in the amount of EUR 137,249.

Current liabilities for advances received and security deposits received and retained in the total amount of EUR 554,075 include EUR 578,010 for retained security deposits (the contractually agreed retention of payments of trade payables for property, plant and equipment as a performance bond).

5.1.13 CONTINGENT ASSETS AND LIABILITIES

The following are disclosed in off-balance-sheet records:

- contingent assets from received guarantees in the amount of EUR 1,650,094 and received bills of exchange in the amount of EUR 110,041;
- contingent assets from default interest charged to customers in the amount of EUR 84,214;
- contingent liabilities for bank guarantees given in the amount of EUR 269,782;
- contingent liabilities for sureties issued in the amount of EUR 4,100.

5.2 NOTES TO THE INCOME STATEMENT

5.2.1 NET SALES REVENUE

in euros

Operating revenues	2015	2014
Net sales revenue, from:	34,816,006	31,827,518
- Revenues from domestic sales of services	23,925,854	22,218,357
- Revenues from sales of services to the rest of the world	10,889,607	9,606,561
- Revenues from domestic sales of materials	545	2,600
Other operating revenues	83,059	221,108
Total	34,899,065	32,048,626

5.2.2 OPERATING EXPENSES

in euros

Operating expenses	2015	2014
Costs of materials	1,542,951	1,573,616
Cost of services	6,771,690	6,816,668
Labour costs	12,613,242	12,185,024
Depreciation and amortisation	3,958,263	4,488,359
Other operating expenses	870,626	289,476
Total	25,756,772	25,353,143

in euros

Costs of materials	2015	2014
Electricity	539,686	510,757
Non-durables	234,616	241,324
Heating oil	194,476	158,805
Motor fuel	187,078	202,814
Materials for current maintenance	178,845	177,930
Small inventory (work clothes and protective means)	77,699	154,237
Other costs of materials	130,551	127,749
Total	1,542,951	1,573,616

in euros

Cost of services	2015	2014
Security costs	1,779,626	1,622,123
Maintenance costs	935,853	956,708
Advertising costs	835,066	866,493
Services related to the performance of the company's basic activity	545,495	479,700
Work through students service	379,808	376,728
Services of the Civil Aviation Agency	371,836	372,696
Intellectual services	367,113	377,885
Rents	223,382	229,196
Other services	1,333,511	1,535,138
Total	6,771,690	6,816,668

in euros

Labour costs	2015	2014
Wages	8,820,167	8,750,706
Social security costs	1,492,510	1,486,174
Employee meals	535,055	527,842
Travel expenses	460,120	443,142
Annual leave payment	449,893	325,064
Supplementary pension insurance	328,846	330,982
Already included costs of unused leave as at 31 December	51,644	120,898
Creation of provisions for termination benefits and jubilee benefits	48,667	104,806
Other employee costs	426,340	95,410
Total	12,613,242	12,185,024

in euros

Depreciation and amortisation	2015	2014
Amortisation of intangible assets	378,843	372,492
Depreciation of property, plant and equipment	3,579,420	4,115,867
Total	3,958,263	4,488,359

As part of the regular review of estimated useful lives and residual values of assets, the useful lives of infrastructure and certain items of equipment with a historical cost of more than EUR 100 thousand that had a net book value above zero as at 1 January 2015 were extended on the aforementioned date, which resulted in a decline in amortisation and depreciation in 2015 (the effect is estimated at EUR 357 thousand).

in euros

Other operating expenses	2015	2014
Creation of impairments of receivables	652,859	25,168
Compensation for the use of building right	111,645	110,766
Other expenses	106,122	153,541
Total	870,626	289,475

5.2.3 FINANCE INCOME AND EXPENSES

in euros

Finance income	2015	2014
Capital gains from the sale of shares and bonds	540,361	1,163,688
Interest on financial assets	134,010	319,874
Dividends	29,280	25,233
Exchange rate differences	14,195	4,346
Other interest	8,559	11,693
Total	726,405	1,524,834

in euros

Finance expenses	2015	2014
Interest on superficies*	318,682	321,882
Impairment of financial assets	71,098	3,714
Interest on provisions	26,580	38,811
Interest on loans	9,978	28,611
Impairment of the investment in Adria Airways Tehnika, d.d.	0	2,735,977
Capital loss on sale of bonds	0	84,935
Other finance expenses	33,068	26,948
Total	459,406	3,240,878

* general agreement on superficies (EUR 315,657) and superficies for aircraft maintenance infrastructure (EUR 3,025)

5.2.4 INCOME TAX EXPENSE AND DEFERRED TAX

in euros

Income tax expense and deferred tax	2015	2014
Income tax expense levied	530,353	1,187,554
Deferred tax	437,343	197,975
Total	967,696	1,385,529

in euros

Effect of deferred tax on performance	2015	2014
Change in deferred tax assets from impairment of financial assets	547,448	200,197
Change in deferred tax assets from provisions for jubilee benefits and employee termination benefits	1,732	-7,448
Change in deferred tax assets from amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	-25,689	0
Change in deferred tax assets from impairment of trade receivables	-86,148	5,226
Total	437,343	197,975

in euros

Effective income tax expense rate	2015	2014
Pre-tax profit	9,409,293	4,979,440
Anticipated income tax expense at 17% rate	1,599,580	846,505
Reduction in revenues	-48,127	-6,948
Increase/decrease in expenses	-889,401	563,549
Tax relief	-128,765	-211,111
Transition to IFRS	-5,291	-4,610
Other adjustments	2,356	169
Deferred tax	437,343	197,975
Income tax expense	967,696	1,385,529
Effective tax rate	10.3%	27.8%

5.2.5 OTHER COMPREHENSIVE INCOME FOR THE PERIOD

Changes in financial assets that result in other comprehensive income are explained under non-current financial assets (note in point 5.1.4 - Effect of financial assets on equity and profit or loss).

An unrealised actuarial gain from post-employment benefits in the amount of EUR 85,444 and an actuarial loss realised in 2015 on payments of post-employment benefits in the amount of EUR 9,140 is included in other comprehensive income (see Point 5.1.9 [retained earnings]).

5.3 FINANCIAL RISKS

Credit risk

in euros

Company's exposure to credit risk	2015	2014
Non-current financial assets	3,269,838	3,431,189
Current financial assets	17,378,540	8,842,985
Non-current operating receivables	59,873	59,873
Current operating receivables	4,115,401	4,143,603
Cash and cash equivalents	979,855	62,996
Total	25,803,507	16,540,646

in euros

Structure of financial assets by maturity as at 31.12.2015	Up to three months	Three months to one year	One to five years	Over five years	Total
Non-current financial assets	0	0	714,320	2,555,518	3,269,838
Current financial assets	17,268,616	109,924	0	0	17,378,540
Current operating receivables	4,039,362	75,837	202	0	4,115,401

in euros

Structure of financial assets by maturity as at 31.12.2014	Up to three months	Three months to one year	One to five years	Over five years	Total
Non-current financial assets	0	0	806,911	2,602,999	3,409,910
Current financial assets	7,010,822	1,832,163	0	0	8,842,985
Current operating receivables	4,001,635	141,943	25	0	4,143,603

The maximum total exposure to credit risk in the company's financial assets as at 31 December 2015 stood at EUR 25,803,507. Investments in financial assets in the amount of EUR 20,648,378 constitute the largest element of these assets, of which EUR 3,269,838 is non-current assets and EUR 17,378,540 is current assets.

Financial assets (including details of value adjustments created) are explained in Points 5.1.4, 5.1.7 and 5.1.8 of the Financial Report.

Liquidity risk

Liquidity risk is managed by the continual planning of cash flows, the coordination of the maturity of receivables and liabilities, and a well-considered investment policy. The company is free of debt, and generates stable cash flows from operating activities.

in euros

Structure of liabilities by maturity as at 31.12.2015	Up to three months	Three months to one year	One to five years	Over five years	Total
Current operating liabilities	4,019,077	0	0	0	4,019,077
Non-current operating liabilities	0	2,391	673,165	6,426,280	7,101,836
Provisions and non-current accruals and deferred income	707	77,041	197,077	989,436	1,264,261

in euros

Structure of liabilities by maturity as at 31.12.2014	Up to three months	Three months to one year	One to five years	Over five years	Total
Current operating liabilities	3,894,900	643,317	0	0	4,538,217
Non-current operating liabilities	0	5,289	701,232	6,513,841	7,220,362
Provisions and non-current accruals and deferred income	0	105,638	237,148	1,017,061	1,359,847

Interest rate risk

The company's exposure to changes in market interest rates is low. The company does not have any interest-bearing liabilities, nor does it hold any financial assets whose interest is tied to changes in interest rates.

Currency risk

The company is not exposed to currency risk, as its transactions in foreign currency are immaterial.

Fair value

The financial assets and liabilities disclosed in the table below are, with the exception of available-for-sale financial assets, measured at historical cost or amortised cost, which is assumed to be the same as the fair value of the assets or liabilities.

The book value of available-for-sale financial assets is the same as the fair value. These financial assets are allocated into following hierarchies:

- Level 1: financial assets valued at quoted prices in an active market as at the final day of the accounting period,
- Level 3: financial assets whose value cannot be obtained from market observables; the majority of this category (EUR 629,265) relates to shares in Gorenjska banka d.d. that in connection with the note in point 5.1.4 of the Financial Report (Available-for-sale financial assets) are valued at historical cost, but the category also includes shares in Skupna pokojninska družba and a participating interest in IEDC Poslovna šola Bled d.o.o., in the total amount of EUR 116,106 (valued at historical cost because there was no information based on which their fair value could be estimated; in light of the available information about the performance of these two companies and the amount of their capital there is no basis for the impairment of the assets).

in euros

Classification of financial instruments at fair value as at 31 December 2015	Level 1	Level 3	Total
Non–current financial assets – available–for–sale financial assets	2,568,634	701,204	3,269,838
Non–current operating receivables	0	59,873	59,873
Current financial assets	84,311	17,294,229	17,378,540
Current operating receivables	0	4,115,401	4,115,401
Non–current operating liabilities	0	7,101,836	7,101,836
Current operating liabilities	0	4,019,078	4,019,078

in euros

Classification of financial instruments at fair value as at 31 December 2014	Level 1	Level 3	Total
Non–current financial assets – available–for–sale financial assets	2,664,540	745,370	3,409,910
Non–current financial assets – long–term loans	0	21,279	21,279
Non–current operating receivables	0	59,873	59,873
Available–for–sale assets	0	411,392	411,392
Current financial assets	159,815	8,683,170	8,842,985
Current operating receivables	0	4,143,603	4,143,603
Non–current operating liabilities	0	7,220,362	7,220,362
Current operating liabilities	0	4,538,217	4,538,217

5.4 OTHER EXPLANATORY NOTES

5.4.1 SIGNIFICANT EVENTS AFTER THE END OF 2015

- On 18 January 2016, following successful negotiations, in conjunction with the BAMC, SDH concluded a contract for the sale of a 91.58% holding in Adria Airways d.d., on behalf of the state and on its own behalf.
- The sale of a majority holding in Adria Airways d.d. was successfully completed on 15 March 2016. The vendors, SDH, acting on behalf of the state and on its own behalf, and the BAMC, transferred their holdings of shares in Adria Airways d.d. to the buyer, an investment fund named 4K Invest, on the basis of the sale contract of 18 January 2016. 4K Invest is now the holder of 96.09% of Adria Airways d.d., including the recapitalisation of the company on 8 March 2016.

5.4.2 RELATIONS WITH AFFILIATES

The company's affiliates are all the companies in the Fraport Group, and Aerodrom Portorož, d.o.o.

Transactions with companies in the Fraport Group

No transactions were executed with these companies between the change in ownership in October 2014 and the end of 2014. In 2015 certain transactions were executed with the controlling company Fraport AG, in the form of the procurement of non-current assets and services disclosed in the table below. No transactions were executed with other companies in the Fraport Group in 2015.

in euros

Transactions with companies in Fraport group	2015
Expenses in 2015	37,933
Fixed assets purchased in 2015	26,148
Liabilities as at 31.12.2015	20,748

Transactions with Aerodrom Portorož, d.o.o.

The investment in the associate is described in detail in Points 4.3 and 5.1.3 of the Financial Report.

- Operating receivables and liabilities, operating revenues and expenses

The company did not disclose any receivables from or liabilities to Aerodrom Portorož, d.o.o. as at 31 December 2015.

The company generated operating revenues of EUR 2,091 with Aerodrom Portorož, d.o.o. in 2015.

No transactions were executed between the companies in 2015 that realised any operating expenses for Aerodrom Ljubljana, d.o.o.

- Receivables for loans granted

The loan granted to Aerodrom Portorož, d.o.o. (receivables in the amount of EUR 4,440 were disclosed as at 1 January 2015) was repaid in 2015, and thus no receivables for loans granted were disclosed under financial assets as at 31 December 2015.

5.4.3 REMUNERATION OF MANAGEMENT, EMPLOYEES TO WHOM THE TARIFF SCHEDULE OF THE COLLECTIVE AGREEMENT DOES NOT APPLY, AND SUPERVISORY BOARD IN 2015

in euros

	2015
Managing director, procurator, members of management prior to departure from company*	657,707
Other employees to whom tariff schedule of collective agreement does not apply*	785,133
Supervisory board and supervisory board committees (prior to dismissal at 21st ordinary session of general meeting of 31 March 2015)**	37,652
Total	1,480,492

*Remuneration includes gross wages, reimbursement of expenses (transport, meals), leave allowance, fringe benefits, termination benefits, and receipts under out-of-court settlement.

**Remuneration includes payment for holding office, session fees and reimbursement of travel expenses

The company did not approve any advances or loans or provide any guarantees for the management in 2015, nor did it disclose any receivables or liabilities vis-à-vis the management as at 31 December 2015, other than wages and salaries from December, which were paid in January 2016.

5.4.4 DISCLOSURE IN ACCORDANCE WITH POINTS 12 AND 13 OF ARTICLE 69 OF THE ZGD-1

The company did not have, nor does it have, any business operations that have not been disclosed in the balance sheet and that would, in light of the risks and benefits arising there from, be material for assessing the financial position of the company.

The company also did not have, nor does it have, any transactions with affiliates that could be regarded as material and that have not been performed under market conditions.

5.4.5 TOTAL PAYMENTS TO AUDITORS

In 2015 the company paid EUR 31,110 for auditing and EUR 12,297 for advisory services.