

LIMAK KOSOVO INTERNATIONAL AIRPORT JSC

**Independent auditor's report and
Financial Statements as at and for the
year ended December 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Limak Kosovo International Airport JSC:

We have audited the accompanying financial statements of Limak Kosovo International Airport JSC ("the Company"), which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte Kosova Sh.p.k.

February 28, 2013
Prishtina, Kosovo

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LIMAK KOSOVO INTERNATIONAL AIRPORT JSC**Statement of Financial Position as at December 31, 2012***(all amounts are expressed in EUR)*

	Note	December 31, 2012	December 31, 2011
Assets			
Non-current assets			
Property and equipment, net	4	813,443	433,322
Intangible assets, net	5	-	2,000,000
Construction works in progress	6	47,640,367	24,274,180
Total non-current assets		48,453,810	26,707,502
Current assets			
Inventory		342,470	292,532
Accounts receivable, net	7	3,652,962	3,063,077
Other assets	8	8,649,878	8,646,445
Cash and cash equivalents	9	19,323,527	3,575,477
Total current assets		31,968,837	15,577,531
Total assets		80,422,647	42,285,033
Equity			
Share capital	14	10,000,000	1,000,000
Retained earnings		15,102,488	9,003,643
Total equity		25,102,488	10,003,643
Liabilities			
Non-current liabilities			
Borrowings	10	44,900,000	25,300,000
Due to related parties	12	2,172,958	2,000,000
Other liabilities	13	2,500,000	-
Total non-current liabilities		49,572,958	27,300,000
Current liabilities			
Borrowings	10	-	106,711
Accounts payable	11	1,228,959	3,165,264
Due to related parties	12	3,089,000	950,844
Income tax payable	18	599,463	298,046
Other liabilities	13	829,779	460,525
Total current liabilities		5,747,201	4,981,390
Total liabilities and equity		80,422,647	42,285,033

The accompanying notes form an integral part of these financial statements.

These financial statements have been approved by the Management of Limak Kosovo International Airport JSC on February 28, 2013 and signed on their behalf by:


Mertol GENC
Chief Executive Officer


Alpay DOGUTEPE
Chief Financial Officer

LIMAK KOSOVO INTERNATIONAL AIRPORT JSC
Statement of Comprehensive Income for year ended December 31, 2012
(all amounts are expressed in EUR)

	Note	For the year ended December 31, 2012	For the year ended December 31, 2011
Revenue	15	33,177,292	22,830,264
Cost of Sales	16.1	<u>(13,637,408)</u>	<u>(10,473,324)</u>
Gross Profit		<u>19,539,884</u>	<u>12,357,940</u>
Marketing, selling and distribution expenses		(74,863)	(57,493)
General administrative expenses	16.2	<u>(3,309,112)</u>	<u>(2,652,547)</u>
Operating profit		<u>16,155,909</u>	<u>9,647,900</u>
Financial income, net	17	<u>203,083</u>	<u>62,136</u>
Profit before income tax		<u>16,358,992</u>	<u>9,710,036</u>
Income tax	18	<u>(1,260,147)</u>	<u>(592,904)</u>
Net profit for the year		<u>15,098,845</u>	<u>9,117,132</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>15,098,845</u>	<u>9,117,132</u>

The accompanying notes form an integral part of these financial statements.

LIMAK KOSOVO INTERNATIONAL AIRPORT JSC
Statement of Changes in Equity for year ended December 31, 2012
(all amounts are expressed in EUR)

	Share capital	Retained earnings /(accumulated deficit)	Total
As at January 1, 2011 (unaudited)	<u>100,000</u>	<u>(113,489)</u>	<u>(13,489)</u>
Increase of share capital	900,000	-	900,000
Total comprehensive income	-	9,117,132	<u>9,117,132</u>
As at December 31, 2011	<u>1,000,000</u>	<u>9,003,643</u>	<u>10,003,643</u>
Increase of share capital	9,000,000	(9,000,000)	-
Total comprehensive income	-	15,098,845	<u>15,098,845</u>
As at December 31, 2012	<u>10,000,000</u>	<u>15,102,488</u>	<u>25,102,488</u>

The accompanying notes form an integral part of these financial statements.

LIMAK KOSOVO INTERNATIONAL AIRPORT JSC
Statement of Cash Flows for the year ended December 31, 2012

(all amounts are expressed in EUR)

	Note	Year ended December 31, 2012	Year ended December 31, 2011
Operating activities			
Profit before tax		16,358,992	9,710,036
<i>Adjustments for:</i>			
Depreciation and amortization	4, 5	2,123,808	2,031,448
Interest expense		6,260	5,154
Interest income		(216,632)	(74,543)
Bad debt expense	7	139,702	148,948
		<u>18,412,130</u>	<u>11,821,043</u>
Working capital changes:			
Increase in accounts receivable		(729,587)	(3,212,024)
Decrease / (increase) in other assets		816,325	(8,604,965)
Increase in inventory		(49,938)	(292,532)
(Decrease) /increase in accounts payables		(1,936,306)	3,139,460
Increase in due to related parties		2,461,073	3,023,568
Increase in other liabilities		2,869,254	460,525
Cash flows generated from operations		<u>21,842,950</u>	<u>6,335,075</u>
Current income tax paid		(958,730)	(284,324)
Interest received		216,632	74,543
Interest paid		(156,218)	(77,878)
Cash flow from operating activities		<u>20,944,634</u>	<u>6,047,416</u>
Investing activities			
Payments for construction works		(24,185,945)	(28,274,180)
Acquisition of property and equipment		(503,928)	(440,915)
Cash flow used in investing activities		<u>(24,689,873)</u>	<u>(28,715,096)</u>
Financing activities			
Borrowings received		19,493,289	25,331,711
Proceed from increase of paid up capital		-	900,000
Cash flows from financing activities		<u>19,493,289</u>	<u>26,231,711</u>
Net increase in cash and cash equivalents		<u>15,748,050</u>	<u>3,564,031</u>
Cash and cash equivalents at the beginning of the year (note 9)		3,575,477	11,446
Cash and cash equivalents at year end (note 9)	9	<u>19,323,527</u>	<u>3,575,477</u>

The accompanying notes form an integral part of these financial statements.