



BUSINESS PLAN FOR THE YEAR 2015

Mostar, December 2014

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1. Introduction

Motorways of the Federation of Bosnia and Herzegovina Public Company, Ltd. Mostar (hereinafter referred to as JP Autoceste), was registered at the Court in Mostar, on 28.10.2010., pursuant to the Law on the Roads of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina ", No. 12/10 and 16/10), according to the Company Law ("Official Gazette of the Federation of Bosnia and Herzegovina ", Number 23/99, 45/00, 2/02, 6/02, 29/03, 68/05, 91/07, 84/08, 88/08 and 7/09) and by the Decision on Status Issues of Motorways of the Federation of Bosnia and Herzegovina Public Company, Ltd. Mostar adopted by the Federation of Bosnia and Herzegovina Government (Decision V number 593/10 of 1.7.2010.) at its 149th meeting held on July, 1st 2010 in Sarajevo.

Business Plan for the year 2015 aims to define main strategic business goals in purpose of achievement the best results in terms of infrastructure construction, operation and maintenance of motorway and express ways. This business plan defines the basic principles of the development and operation of the company in the period to come, and it relates to:

- Company work based on economic principles that will be self-sustaining and that will generate profitable business in the long term period,
- Ensure continuity maintenance services through upgrade and improvement of services,
- Project and construction of sections of the motorway for which funding sources are provided, thereafter, to see the financial effects through the revenues from toll service charge. Indirectly, the impact of the motorway will be seen in a regional framework through better transport connection,
- Further activities on construction of Section **Zenica sjever – Zenica jug , Svilaj – Odzak, and Pocitelj – Medjugorje,**
- Proceeding with the activities in order to find optimal resources that will provide an increase of the intensity of activities in the development of design documentation, the expropriation of land and the construction of sections : **Tarcin – Mostar sjever, and Zenica – Doboj jug and Buna - Pocitelj,** and expressways **Lasva – Nevic polje and Žepče –Tuzla – Brcko – Orasje,**
- Proceeding activities on requests of change of spatial plan Federation of Bosnia and Herzegovina for purpose of land register route of motorways and expressways in Federation of Bosnia and Herzegovina,
- Following the strategic objectives of the Government of FB&H defined by Medium term strategy of motorways and expressways development in order to create conditions for the construction of new sections that are not covered by previous activities. At this stage, it is emphasized the importance of the work on the sections that are, according to this plan, predicted for construction,
- User service improvements through postpaid payment, introducing smart cards and improvements of IT infrastructure in terms of operational support to management and maintenance of motorways,

- Proceeding activities to increase revenues of JP Autoceste from fuel exise tax, budget of Federation of Bosnia and Herzegovina realization or other sources, with a purpose of fast construction of motorways and expressways in Federation of Bosnia and Herzegovina.

All mentioned activities require the fulfillment of the prerequisites necessary for the fulfillment of this Plan. Due to the undefined deadlines for the ratification of loan agreements with international finance intitutions, and extension of activities of Motorways of the Federation of Bosnia and Herzegovina Public Company in order to begin with construction preparation of additional sections, the specified plan will be subject to ongoing monitoring of implementation of certain activities by the Company Management. In accordance with the implementation of the activities covered by the Business plan, as well as any deviations from them, JP Autocestet will, during the year, consider and decide on the revision of the Plan.

2. ABOUT US

Activities of Motorways of the Federation of Bosnia and Herzegovina Public Company are defined by Statute of Motorways of the Federation of Bosnia and Herzegovina Public Company, as well as tasks on motorways and expressways in the Federation as follows:

- Preparation of long-term, medium-term and annual plans and programs for the development, maintenance, protection, reconstruction, construction, reconstruction of roads and buildings on the roads as well as reports on the implementation of these plans and programs;
- performing motorway maintenance;
- investor activities for studies and projects, renovation, construction, reconstruction and maintenance of the motorways and buildings;
- proposing financial plans and improving the ways of collecting funds assigned to motorway construction needs;
- keeping records (database) of motorways, buildings, traffic signs and equipment on motorways and records of motorway land zone;
- assignment of reconstruction, construction and maintenance of motorways;
- Preparation and monitoring of the implementation of the measures program and activities to improve traffic safety on motorways that are managed by the Company;
- preparation for the concessions assignment and ensurance of the professional and technical supervision;
- organization of the toll collection system;
- collecting data and informing the public on the state of motorways and the way of traffic flow;
- taking the necessary measures to preserve and protect the environment;
- Organization and provision of services to users of motorways and expressways, etc.

The main task of Motorways of the Federation of Bosnia and Herzegovina Public Company is to build Corridor Vc. On the territory of Bosnia and Herzegovina is the longest part of the Corridor Vc branch. In its total length of about 335 km, construction of Corridor Vc enhances connectivity of B&H to neighbouring countries and improves the potential for economic development. The project has strong support from the Government of the Federation of B&H, and it is expected that it will allow better integration of Bosnia and Herzegovina with the European economic and social structures.

Corridor Vc in Bosnia and Herzegovina consists of four main sections, in government documents referred to as Lots, as follows:

- **Lot 1:** Svilaj on river Sava (connection at Corridor X) - Doboj South;
- **Lot 2:** Doboj South - Sarajevo South (Tarcin);
- **Lot 3:** Sarajevo South (Tarcin) - Mostar North;
- **Lot 4:** Mostar North – Bijaca at southern border to Croatia;



Figure 1. Overview of the Corridor Vc route and expressways in Federation of B&H

The part of Corridor VC that passes through the Federation of B&H is 285 km long. In addition to this, the construction of the Motorway Zepce - Tuzla - Brcko – Orašje is planned, and several expressways as the basis for connecting Federation of B&H to regional and further international traffic flows with its modern roads:

Nr.	Route	Road type
1.	Sarajevo – Zenica – RS – Odzak – Svilaj (Corridor Vc-north)	Motorway
2.	Sarajevo – Mostar – connection to JJAC Split – Ploče (Corridor Vc-south)	Motorway
3.	Pocitelj – Stolac – Neum – Trebinje (Republic of Srpska)/Dubrovnik(Republic of Croatia)-border with CG (Adriatic-jonska AC)	Motorway
4.	Tuzla – Brcko (connection to Corridor DDS) – Orasje – border with Republic of Croatia (veza na Corridor X)	Motorway
5.	Zepce – Tuzla	Motorway
6.	Border with RH – Bihac – Republic of Srpska – Travnik – Lasva – Sarajevo – Gorazde – border with CG	Expressway
7.	Mostar – Siroki Brijeg – Grude- border with Republic of Croatia	Expressway
8.	Travnik – Donji Vakuf – Bugojno – Kupres – Livno – border with Republic of Croatia	Expressway

2.1.VISION

Creating road infrastructure of the highest rank which would be equivalent to the most contemporary roads in the world.

2.2.MISION

We are building, operating and maintaining the road infrastructure of the highest rank, acting socially responsible with a particular focus on compliance with environmental and traffic safety.

2.3. STRATEGY

Strategy of Motorways of the Federation of Bosnia and Herzegovina Public Company, combined with realization of these activities, with the work of quality staff, good coordination and organization, quality information system is to achieve profitable business operations and to achieve positive financial results, and indirectly through better transport connectivity to accomplish significant impact on the overall economic development in its own environment.

Since the expansion was planned in the construction area of the Corridor Vc in the future we can expect a significant impact on gross domestic product (GDP) in the Federation through increased employment, expansion of the construction sector and the production and sale of construction materials needed for construction.

3. THE ANALISYS OF THE CURRENT STATE

The route of the motorway called Corridor Vc, in length of 335 km will be built from northern to southern border of B&H. It is believed that this route is to represent the busiest region with the most customers. It is estimated that the total amount of investment for the Corridor Vc and the expressway is about BAM 8 billion.

92 km of motorway have been fully constructed and is in use, so far referring to the sections: Kakanj – Zenica south, Sarajevo north – Sarajevo west, route Sarajevo west – Tarcin, as well as Section Zvirovici – Bijaca (from Medjugorje Inerchange to boarder crossing Bijaca).

Construction of the mentioned section was financed through loan line signed between Bosnia and Herzegovina and the European Investment Bank and the European Bank for Reconstruction and Development except for Section Josanica – Kakanj, that was financed out of budget of Federation of Bosnia and Herzegovina. Part of Sarajevo bypass, Lot 3a – sub-section Butila – Vlakovo, was financed from internal funds of JP Autoceste.

Funding of construction was done under agreement of Bosnia and Herzegovina and European Investment Bank and the European Bank for Reconstruction and Development and was divided into two phases.

- ✓ Contract number: 24.775 (BA) as of 18.12.2008. (158,4 milion euro)
- ✓ Contract number: 31.174 (BA) as of 22.08.2012. (339,6 milion euro)

The first phase of financing (158,4 milion eur) consisted of the following sub-sections: Biljesevo – Kakanj, Gorica Biljesevo and Drivusa – Gorica. Second phase relates to sub-sections: Svilaj – Odzak, Vlakovo – Lepenica, Lepenica – Suhodol, Suhodol – Tarcin, Zvirovici – Kravice i Kravice – Bijaca.

All funds for above mentioned two phases of financing construction of Corridor Vc have been used. Besides given loans JP Autoceste has invested major amount of internal funds for financing construction of above mentioned sub-sections.

Besides mentioned loan agreements activities related to increasing loan amount from EBRD in amount of 25 milion eur was completed in november 2014. From this amount 5 milion eur will be refunded for invested internal funds JP Autoceste for constructing border crossing Bijaca, 20 milion eur will be refunded for invested internal funds of JP Autoceste for constructing sub-section Suhodol – Tarcin.

At the moment two subsections are beeng constructed : Klopce – Drivusa and Svilaj – Odzak.

For financing construction of Drivusa – Klopce funds have been ensured by closing contract between Bosnia and Herzegovina and **Kuwait Fund for Arab Economic Development (KFAER)** number 794 ratified in May 2010 in amount of 10,5 milion KD (cca 28 milion eur).

Due to differences between contracted works and amount estimated during tendering process, for closing works executed on the basis of **two loan agreements** with **EIB and EBRD**, Management has started activities to ensure additional funds.

According to article 6.03. Contract of financing between Bosnia and Herzegovina and European investment bank, second phase of Corridor Vc, FI number 31174 (BA) of 22nd August 2012 (Sarajevo) Bosnia and Herzegovina has committed, in case of eventual differences between estimated value of works (tender documentation) and contracted value, to ensure additional funds through other sources of financing.

As it is the obligation of the Borrower, Bosnia and Herzegovina, i.e. Motorways of the Federation of Bosnia and Herzegovina Public Company as project implementers, to provide the necessary financial funds for the full realization of the construction of the sections that are subject to loan agreement with the EIB and the EBRD, Motorways of the Federation of Bosnia and Herzegovina Public Company has initiated activities to secure additional funds by following actions:

- ✓ Increase in loan agreement from EBRD in the amount of 25 million euro ;
- ✓ Closed short term revolving loan contract in amount of 40 million KM;
- ✓ Closed loan agreement with Development Bank in amount of 30 million KM.

In previous period, activities were undertaken to take commercial loan in amount of 150 million BAM (77 million Euros). For this kind of loan in terms of Law on debt, borrowing and Guarantees of Federation of Bosnia and Herzegovina, Guarantees should be ensured by Federation of BiH but procedure still isn't over since it takes some time to ensure Guarantees. On August 20th 2014 Government of Federation of B&H adopted decision on issuing guarantees of Federation B&H forwarding this subject to Federal Parliament of B&H for authorization. Bearing in mind that Federal Parliament of B&H still hasn't been constituted and uncertainty of ending procedure, Management of Autoceste brought Decision on restarting procedure for taking a loan in amount of 40 million BAM to ensure prolongation of deadline for asset return in next 12 months. Since loan in amount of 150 million BAM was purposed for project financing of relevant sections whose construction was finished at the end of 2014, the purpose of taken loan can't be fulfilled meaning that this loan will not be subject of consideration in the next period.

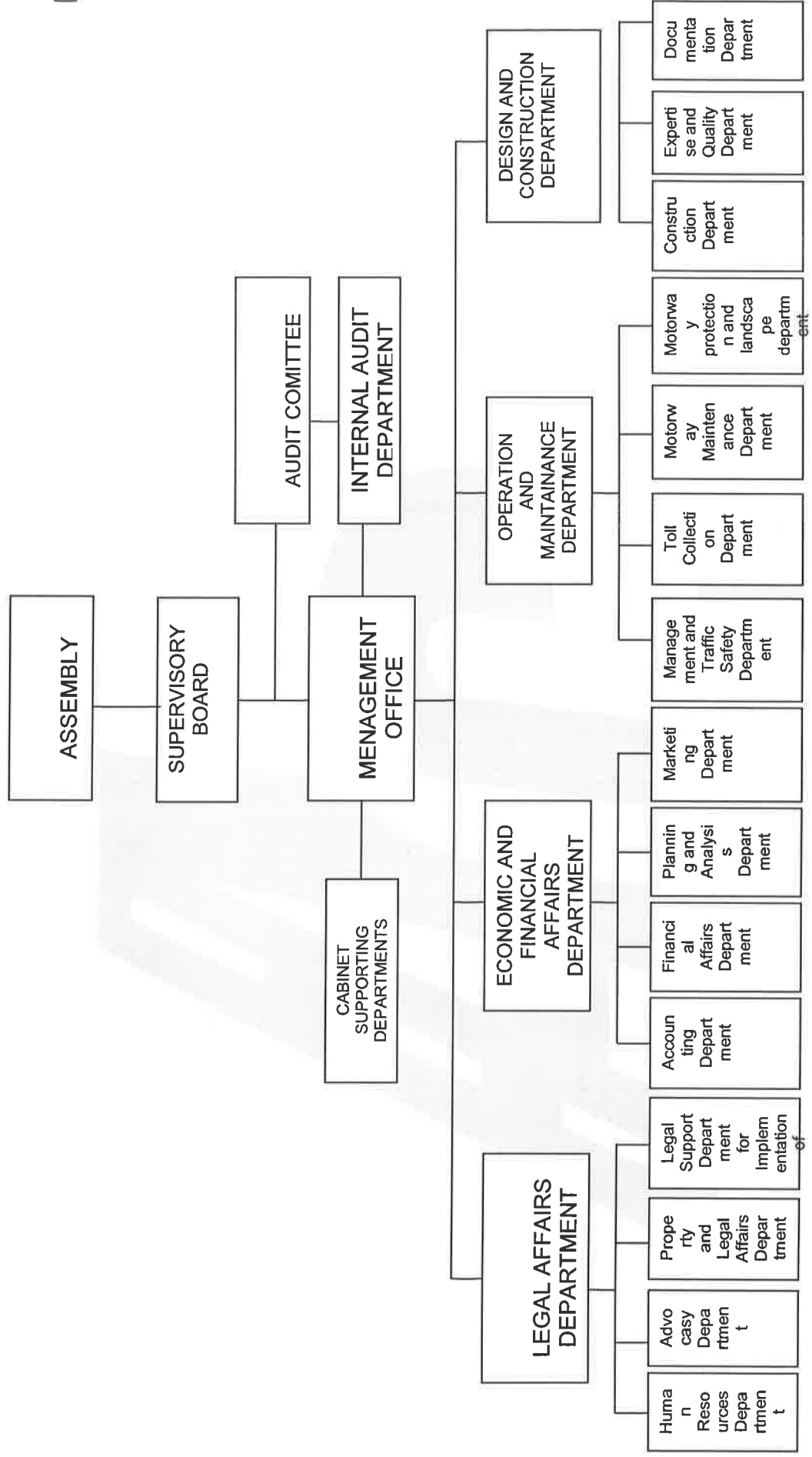
Besides mentioned activities, procedure for loan agreement was started with OFID – OPEC Fund for international development to ensure amount of approx. 60 million Euros (48 million USD and 24 million Euros) for financing construction of sub-section Klopce- Donja Gracanica. OFID – OPEC Fund and Bosnia and Herzegovina in September 2014 concluded loan agreement where further procedure of ratification in Parliament of B&H and Federal Parliament is still in progress. Also, initiative was started for loan with EIB in amount of 100 million Euros for sub financing construction of sub-section Zvirovici – Pocitelj, thereafter agreement between EIB and Bosnia and Herzegovina was concluded in November 2014. For this loan as well ratification of Contract is in progress thereafter conditions will be made for starting construction at this Section.

As in the previous Business Plans, it is assumed that JP Autoceste is temporarily pre-financing the sections of motorway until final ratification and effectiveness of each loan line.

JP Autoceste will, in case of lack of funds for their own participation in the implementation in phase one and / or two motorway construction projects on the Corridor Vc, or any other reason that would have led to the insolvency of the project (temporary suspension of disbursement of loan funds, etc.), provide additional financial resources. **JP Autoceste will in the said event provide other sources of funding in terms of providing alternative sources of funding through increases of agreed credit frames. For the purpose of providing funds for the construction JP Autoceste can use commercial loans, issuance of securities or other assets.**

4. BUSINESS ORGANIZATION

Business organization of JP Autoceste ensures operation of activities of the company, established by the Law on Roads, Statute and other general acts of the Public Company. Conducting of works is regulated through primary and independent organizational units designed in a way that ensures lawful, responsible, efficient and economical performance of JP Autoceste.



4.1 SWOT analysis

Advantages of this Company should rely on its dedication to internal economy, optimization of operational costs with continuous result measuring. Development and basis of the company's business policy viewed through the prism of current state analysis reflect in the following:

1. Noticeable dynamics of growth and development;
2. Expansion of market each year through construction of motorway and accompanying facilities for collection of toll revenues;
3. Expansion of the sale segment for the fees for performance of roadside services on motorways;
4. Professional attitude towards suppliers – contractors and commitment to adhere to all elements of the contract, as well as strict control of performed works;
5. Special attention paid to maintenance of motorways and other fixed assets;
6. Improving customer service by enabling motorway postpaid services, billing systems, smart cards, etc.
7. Employment and quality training of new staff in accordance with the needs of the Company;
8. Wider social interest that the company can achieve as a driver for the rest of economy in Bosnia and Herzegovina;
9. Socially and environmentally responsible action.

SWOT analysis is an objective review of the strengths and weaknesses as internal factors and the opportunities and threats as external factors.

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Quality of service • The image and recognition • The commitment of employees to the success of the Company and continuous education • Taking care of the community and the environment, socially responsible business operation • Development orientation and following world trends in the field of construction and maintenance of motorways • Good corporate governance practices • Support of the executive and legislative authorities • Quality Management System 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Inability to self-finance major development projects without external sources of funds • Undetermined and long process of ratification of the agreements and achieving operational funds per international credit lines • Poor technical solutions due to insufficient or inadequately carried out research works, which leads to changes of projects, variations • Legal claims in the process of expropriation that prevent access to possession and execution of works within the agreed period
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Monitoring desires, needs and expectations of customers - service users • Innovation services through a variety of systems and methods of payment to facilitate the users of the service • Competitive price compared to the quality of services • Employment and strengthening of human resources base that will be able to apply the knowledge and experience • Expansion of business - technical cooperation with business partners • Achieving promptness in business and the introduction of modern information system which will allow for easier performance of managerial functions (planning, organizing, staffing, leading and controlling business and toll collection systems) • Implementation of construction projects (motorways, traffic-technical equipment, etc.) in accordance with European directives and standards 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Undetermined Strategy of development and maintenance of public roads and undefined Medium-term program of maintenance and protection • Unstable political and economic environment in Bosnia and Herzegovina and the region • No systemic framework in BiH for significant development of economic activities • No harmonized legislation • Underdeveloped segments of related industries in the field of engineering

5. PLAN OF ACTIVITIES ON CORRIDOR Vc

In 2015 JP Autoceste is planning to carry out preparation and construction of Corridor Vc sections through several parallel activities, as follows: :

1. Continuation of construction of Drivuša - Klopče section from the funds of Kuwait Fund for Arab Economic Development;
2. Continuation of construction of Svilaj – Odžak section and border crossing Svilaj;
3. Construction of the link to Sarajevo Bypass, LOT 3B subsection Vlakovo – Mostarsko raskršće;
4. Continuation of activities on the procedure to select private partner/concessioner for the section Žepče – Doboj south;
5. Continuation of activities to obtain effectiveness of the loan under agreement with OFID (OPEC Fund for international development) for the construction of subsection Klopče – Donja Gračanica and activities to ensure additional funds necessary to finance this section;
6. Continuation of activities to achieve effectiveness of the loan funds as per Loan Agreement with EIB and construction of the Zvirovići – Počitelj section;
7. Model analysis and initiation of activities to provide funds and preparation for construction on Tarčin – Mostar section;
8. Model analysis and initiation of activities to provide funds and preparation for construction on Počitelj – Buna section.

In addition to these activities, Business Plan of JP Autoceste for 2015 provides for the launch of new preparatory works on the construction of Corridor Vc and expressways in the Federation of BiH. The main challenge for the future activities in implementing the strategy of construction of motorways and expressways in the Federation of BiH is the ability to increase the credit capacity of JP Autoceste for providing additional sources of funds, as well as the optimization of the route and reducing the cost of construction of Corridor Vc motorway. Increasing the credit capacity of the Company can be achieved through additional funds from the budget of the FBiH, as well as an increase in excise taxes on fuel. JP Autoceste has initiated activities to increase the excise tax, an initiative addressed to the Government of the Federation and talks were held with the representatives of the IMF. With regard to the optimization, it involves strategic coherence within the sector of transport and communications in a way to solve the traffic connection in an optimal way in terms of investment in construction.

Furthermore, it is important to point out the following necessary activities:

- The adoption of a spatial plan for areas with specific characteristics of significance for the Federation of BiH at Corridor Vc for 2008 - 2028;
- The adoption of the spatial plan of the Federation of BiH with optimized routes of motorways and expressways;
- adoption of the Strategy for development and maintenance of public roads, and the Medium-term program of maintenance and protection;

5.1. CONTINUATION OF CONSTRUCTION OF SUBSECTION DRIVUŠA - KLOPČE FROM THE FUNDS OF KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

For the construction of section, loan funds were insured in the amount of KD 10.5 million (approx. 28 million EUR). Urban planning approval and building permit have been acquired for the construction of this section.

The Decision on the appointment of project implementation unit was issued and revised cost estimates of the section construction were made. Procedures for the implementation of the procurement procedure have been provided by the Kuwait Fund for Arab Economic Development (KFAED). Tender documents were developed and submitted to KFAED for approval in accordance with the above procedures. After the selection procedure of contractors on 25th September 2014, contract for the works was concluded in the amount of € 33,527,849 (VAT included) with the Company Hering Inc. Siroki Brijeg. The contract for consultancy services for supervision during construction was concluded on 23rd September 2014 worth € 2,538,315 (VAT included) with the Company Divil Sarajevo. The deadline for the construction of this subsection is 30 months.

Given that the mentioned section for which there is secured funding is unconnected traffic-wise and non-functional until the construction of subsection Klopče - Donja Gračanica, activities have been initiated to ensure funds by OFID to finance this subsection, in order to enable the construction of a full profile of this part of the motorway to Donja Gračanica (Section 5.5.).

5.2. CONTINUATION OF CONSTRUCTION OF THE SECTION SVILAJ – OŽAK INCLUDING THE CONSTRUCTION OF THE BORDER CROSSING SVILAJ

In 2015, the plan is to continue the construction of the motorway on the section Svilaj - Odžak. Construction of this section is in direct functional dependence with the construction of the border crossing Svilaj and bridge over the Sava River.

Construction of border crossing Svilaj is in the jurisdiction of the Indirect Taxation Authority (ITA). However, border crossing comprises approximately 1.5 km motorway, which under the relevant legal framework of Bosnia and Herzegovina, requires construction and maintenance by JP Autoceste as well as integration of motorways of Federation of BiH into the system, after the BiH accession to the European Union. Thus, the need has arisen for the construction, and later maintenance of the exterior part of the border crossing Svilaj to be implemented by JP Autoceste, regardless of the fact that this part will subsequently be under the control of the ITA. In order to implement these plans, the competent authorities of the Federation of BiH (FBiH Ministry of Transport and Communications) and Bosnia and Herzegovina (BiH Ministry of Communications and Transport and Indirect Taxation Authority) have already signed the relevant normative acts with JP Autoceste.

The contract for construction of the motorway and the border crossing plans the completion date by the end of 2014. The completion of works and issuance of the usage permit and the opening for traffic cannot be complied with, because of the activities that are not directly assigned to the JP Autoceste and influence the dynamics of the work flow. Thus, the expropriation of land for the construction of BC Svilaj is under the jurisdiction of the Indirect Taxation Authority, and the construction of the bridge over the Sava River Svilaj is under the jurisdiction of the Croatian Government and BiH Council of Ministers, and the completion of the contracted works will depend on of the above activities. Construction of the bridge over the

Sava River due to the cancellation of the tender procedure has already been postponed twice, and the expected start of construction is at the end of 2015. The deadline for completion of the bridge is 24 months.

Due to the above circumstances, motorway construction on the section Svilaj - Odžak will be divided into two phases. The reason for this is optimization of works and investment costs. Thus, in 2015 the plan is to complete Phase I of the construction of the motorway structure to the level of the motorway pavement as well as route facilities with investments amounting to 40 million euros. For the beginning of 2017, continuation of works that includes the final siting of asphalt, horizontal and vertical signalization, is planned in the amount of 30 million euros, which would synchronize works on the construction of the motorway section Svilaj - Odžak with the completion of the bridge over the Sava River, with the expected opening to traffic in late 2017.

5.3. CONSTRUCTION OF THE LINK TO SARAJEVO BYPASS - LOT 3B

Government of FBiH Decision of 9th February 2012 changed the implementer for LOT 3 Sarajevo Bypass on Corridor Vc, and the construction of subsections Butile - Vlakovo and Vlakovo – Mostarsko raskršće was transferred from JP Ceste FBiH to the jurisdiction of the JP Autoceste FBiH. Construction of subsection Butile - Vlakovo- began in 2013, and the work was completed within the contracted period in June 2014, and the subsection was opened to traffic. Usage permit was also obtained.

Although in the previous period, JP Autoceste initiated the procurement procedure regarding the construction of a part of the Sarajevo bypass lot 3b, it was canceled because the mayor of the municipality Ilidža issued a decision to ban the procedure in the expropriation process of Corridor Vc. Thus, the works on the territory of the municipality have been completely prevented in the last few months, thereby stopping the preparation for the construction of this section.

The importance of the mentioned section is reflected in the fact that it allows traffic connection of the bypass around Sarajevo. After addressing property rights, as a precondition for the start of construction of that subsection, JP Autoceste will carry out the procurement procedures for the selection of contractors and supervision service of works.

5.4. CONTINUATION OF ACTIVITIES RELATED TO THE SELECTION PROCEDURE OF PRIVATE PARTNER/CONCESSIONER

On 30th April 2013 JP Autoceste FBiH d.o.o. Mostar signed the Consultant Services Contract for the selection of model of motorway construction on Corridor Vc through public-private partnership (PPP) or concession. The Contract was concluded with the IFC (International Financial Corporation), a member of the World Bank. International Finance Corporation (IFC) will provide consultant services to the public company on behalf of the Government of the FBiH, in order to implement the model of public-private partnerships for the construction of the motorway. This includes the design, financing, construction, operation and maintenance on the following sections of the motorway on Corridor Vc:

- ✓ Section 1: Doboj south (Usora) – Medakovo, km 0+000 – km 4+000, L = 4.0 km;
- ✓ Section 2: Medakovo – Ozimice, km 4+000 – km 24+901.587, L = 20.9 km;

- ✓ Section 3: Ozimice – Poprikuša, km 24+901.587 – km 38+617.434, L = 13.7 km.

The Project is a key driver of achieving the goals of public authorities to establish a network of motorways in the country. IFC will provide their services in two phases. In the first phase - preparation phase, IFC will carry out technical, financial, legal and regulatory in-depth analysis (due diligence) of the project and will recommend the optimal structure of the transaction. After prior approval IFC will in the second phase assist in the implementation of open and transparent tender for the selection of partners for this project. A proposal of Decision to award a concession for the section "Karuše - Poprikuše" on the highway Corridor Vc was made as well as the proposal of the Protocol on cooperation of the Federal Ministry of Transport and Communications and JP Autoceste. On 10th September 2014, Government of FBiH adopted the Decision on the procedure for granting concession for the section "Karuše - Poprikuše" on the Corridor Vc motorway. The aforementioned decision ordered Federal Ministry of Transport and Communications and JP Autoceste to conclude a Protocol on mutual cooperation in the implementation of the award of the concession, which was also completed in October 2014. In 2015, the plan is to continue the activities on the award of concession in accordance with legal procedures.

5.5. CONTINUATION OF ACTIVITIES ON THE CONSTRUCTION OF SUBSECTION KLOPČE – DONJA GRAČANICA AND INITIATION OF ACTIVITIES TO ENSURE ADDITIONAL FUNDS

Previously, application has been lodged for the loan indebtedness to the OFID - OPEC Fund for International Development in the amount of approximately € 60 million through two models of lending (48 million USD and 24 million euros). Loan agreements between OFID - OPEC Fund for International Development and Bosnia and Herzegovina were signed in September 2014. Further ratification procedure of the loan on the state and federal level is in progress, in accordance with the Law on borrowing, debt and guarantees of Bosnia and Herzegovina and the Law on debt, borrowing and guarantees in FBiH. The process of public procurement of works and provision of services for supervision during construction of subsection Klopče - Donja Gračanica is ongoing and JP Autoceste may, with the consent of creditors, pre-finance works until the final effectiveness of the loan agreements.

Estimated value of construction of subsection Klopče - Donja Gračanica is 110 million euros. It is planned to launch activities on providing missing funds for the construction of that subsection in the amount of 30 million euros through credit arrangements with other financial institutions, and 20 million from its own resources or from other sources. Planned operability of funds necessary for the works is late 2017 or the beginning of 2018.

The particular importance of ensuring funding sources for the subsection Klopče - Donja Gračanica and continued construction of the motorway to the north is reflected in the fact that the funds for the section Drivuša - Klopče have already been provided. However, this section has no road connection with the rest of the network until completion of the second part of Zenica Bypass to Donja Gračanica. In fact, only in the region Donja Gračanica the motorway route approaches the existing main road and creates conditions for the construction of the connection to the main road. The original interchange in Donja Gračanica was subsequently relocated a few miles away in Banlozi, but there is still no project documentation for part of Donja Gračanica - Banlozi (under the Ministry of Communications and Transport), thus there

are no conditions for the construction of the third part of Zenica Bypass. Under this loan arrangement, a temporary connection to the main road in Donja Gracanica or interchange in Donja Gracanica would be built, as well as a bridge on the connection road in Drivuša.

5.6. INITIATING ACTIVITIES ON THE CONSTRUCTION OF THE SECTION ZVIROVIĆI (MEĐUGORJE) – POČITELJ

JP Autoceste has initiated activities to secure funds for the construction of subsection Zvirovići (Medjugorje) - Počitelj with the European Investment Bank. Estimated value of the subsection is 100 million euros.

Construction of subsection Zvirovići (Medjugorje) - Počitelj is necessary for the traffic from the main road M-17 to shift to the motorway towards Bijača. This would ensure full functionality of the constructed subsection Bijača - Zvirovići and increase its profitability.

JP Autoceste plans to launch a public procurement procedure for the works and supervision services for the section Zvirovići (Medjugorje) - Počitelj in the future. With regard to ensuring loans from EIB loan agreement, negotiations are completed and the BiH Presidency, in early October 2014, adopted a Decision on accepting the Finance Agreement. Also, the Finance Agreement between the EIB and Bosnia and Herzegovina was signed in November 2014. The choice of contractors and supervision is planned to be completed by the effectiveness of the loan agreement, i.e. until the ratification of the same by all levels of government in Bosnia and Herzegovina, in accordance with the Law on borrowing, debt and guarantees of Bosnia and Herzegovina and the Law on debt, borrowing and guarantees in FBiH. JP Autoceste may, with the consent of creditors, pre-finance works until the final effectiveness of the loan agreement.

5.7. ANALYSIS OF THE MODEL AND INITIATION OF ACTIVITIES TO ENSURE FUNDS AND PREPARATION FOR CONSTRUCTION ON THE SECTION TARČIN – MOSTAR

The adoption of the Law on the motorway on the Corridor Vc created conditions to accelerate the procedure of preparing the construction of uncompleted sections on Corridor Vc. To this end, JP Autoceste plans to publish a call for expressions of interest in order to construct the section Tarcin - Konjic.

Through additional analysis, and after the finalization of the Main Design Tarcin - Konjic, the possibility of finding alternative and cheaper routes emerged, i.e. optimal solutions - route passing through the mountain Prenj.

The real possibility of significantly improving the road infrastructure from Tarčin to Mostar is a partial phase of construction. Namely, construction of the section Konjic - Salakovac in half -profile through the mountain Prenj would fully resolve traffic congestion in the next 15 years.

JP Autoceste will present these options to the responsible authorities and after obtaining further guidance, will continue activities on the preparation for the construction of this section.

5.8. ANALYSIS OF THE MODEL OF THE SOURCE AND MANNER OF FUNDING AND PREPARATION FOR CONSTRUCTION OF THE SECTION POČITELJ – BUNA

The Business plan provides for the launch of activities in finding the optimal sources of funds that will ensure an increase in the intensity of activities on the preparation of project documentation, expropriation of land and continuation of construction of the section Počitelj - Buna.

6. BUSINESS ACTIVITIES PLAN

6.1. LAND EXPROPRIATION

Land or real estate expropriation activities shall be done for the implementation of Corridor Vc motorway construction projects for which the Government of FBiH established the public interest, other motorway facilities, and motorway operation and maintenance facilities and other facilities. Land acquisition is done on the basis of the Law on Expropriation of the Federation of Bosnia and Herzegovina ("Official Gazette of FBiH", no. 70 /07,36 /10 and 25/12) and the Law on the motorway on the Corridor Vc ("Official Gazette of FBiH", number: 8 /13).

The following table gives an overview of the total estimated value of the expropriation (including overall assessment of land acquisition by the ordinary procedure and the purchase by the relevant court decisions), and an overall estimate of the value of expropriation for 2015 for certain sections/subsections as follows:

No.	Title of investment	Total estimate of the value of expropriation	Value of payments for 2015 in KM
1	2	3	4
1.	Section Drivuša – Donja Gračanica (cca 8 km) + connection road M 17	17.000.000	2.200.000
2.	Subsection Tarčin- Zukići (10 km)	5.100.000	1.430.000
3.	Subsection Zukići – Konjic (10 km)	6.000.000	550.000
4.	Subsection Počitelj-Zvirovići	5.000.000	3.300.000
5.	Banlozi – Poprikuše and Ozmice - Karuše	40.000.000	1.100.000
6.	Lašva-Nević Polje expressway (27 km)	25.000.000	2.200.000
7.	Počitelj-Buna (8 km)	5.000.000	1.100.000
8.	Other sections	5.000.000	2.200.000
TOTAL:		108.100.000	14.080.000

The following table shows the detailed structure of the expropriation value per section including land and housing facilities acquisition, according to regular procedure of expropriation and acquisition in court proceedings (non-contentious and civil proceedings)

No	Title of investment	Acquisition under regular procedure	Acquisition under Decision of the competent court	Total planned value of expropriation for 2015 in KM
1	2	3	4	5
1.	Section Drivuša – Donja Gračanica (cca 8 km) + connection road M 17	2.000.000	200.000	2.200.000
2.	Subsection Tarčin - Zukići (10 km)	1.300.000	130.000	1.430.000
3.	Subsection Zukići – Konjic (10 km)	500.000	50.000	550.000
4.	Subsection Počitelj - Zvirovići	3.000.000	300.000	3.300.000
5.	Banlozi – Poprikuše and Ozmice - Karuše	1.000.000	100.000	1.100.000
6.	Lašva - Nević Polje expressway (27 km)	2.000.000	200.000	2.200.000
7.	Počitelj - Buna (8 km)	1.000.000	100.000	1.100.000
8.	Other sections	2.000.000	200.000	2.200.000
TOTAL:		12.800.000	1.280.000	14.080.000

Explanation of the planned investments:

1. On the **section Drivuša - Donja Gračanica** (subsections Drivuša - Klopče and Klopče - Donja Gračanica) it is planned to continue expropriation in relation to the remaining 22 plots on the section, as well as expropriation of property of the connection road to the M17 in accordance with the expected study of expropriation. Planned amount is determined on the basis of the price from the previous procedure.
2. Expropriation is continued on the **section Tarcin - Zukići**, which started in 2012, and it was not completed due to a large number of amendments and redesigning of the route and access roads. About 60% of the above mentioned section has been expropriated by now.
3. According to the submitted property expropriation elaborates for the **section Zukići - Konjic** expropriation procedure was initiated in May 2013, and it was suspended due to redesigning of the route. Due to continuous analysis of the project the opinion of the Board is awaited on the continuation of started expropriation, and the resources are planned in compliance with this.
4. On the **section Počitelj - Zvirovići** expropriation is expected during 2015. Note that there is a possibility of a number of difficulties in this subsection by the relevant municipality in terms of slowing down the process and lack of cooperation.
5. **Banlozi - Poprikuše and Ozmice - Karuše (37 km)** - during 2014, the Government Decision was adopted on the process of awarding the concession for the section Karuše - Poprikuše on the Corridor Vc motorway. Financial consultant International Finance Corporation (IFC) was hired to find a concessionaire to construct the motorway, and if this happens, expropriation of property is planned on the specified section.
6. On the section **Lasva Travnik - Nević Polje** procedure related to obtaining urban planning permit has been suspended because the adoption of spatial basis of the Federation is pending as well as the adoption of spatial basis of Srednjobosanski Canton by the House of Peoples of Federation of BiH. During 2015, it is planned to conduct preparatory actions, as well as the start of expropriation noting that it would result in first compensation agreements only in the end of the year.

7. On the **section Počitelj - Buna** (8 km) in 2015, it is expected to start preparatory works related to the property expropriation, as well as the process of expropriation itself. For the above stated, it is necessary to provide minimal funds since the beginning of the payment agreement would follow possibly later this year.
8. **Other sections:** Possible expropriation during the construction works, as well as on the already constructed subsections such as Gorica - Drivuša, Drivuša - Klopče, Vlakovo – Lepenica, Lepenica - Suhodol, Suhodol-Tarcin, Svilaj - Odžak, Zvirovići - Kravica, LOT 3A and LOT 3 B.

Representation before courts in civil proceedings

In connection to lawsuits in civil proceedings (cases not related to the expropriation procedure), a total of 48 claims were initiated that by virtue of the settlement amount to 14,044,315 KM. Of the total number of received claims the final procedure completion of 4 cases is expected and the payment thereof in 2015 in the total amount of 84 664 KM.

6.2. Plan of designing services

Business Plan for 2015 provides for the completion of development of design documentation for contracts that were signed during 2014, as well as the launch of tendering and contracting of new projects. Services for the development of designs and studies will be financed from internal resources of JP Autoceste, EIB grant funds, as well as from IPA funds (IPA 2011, IPA 2012 and IPA 2013).

6.2.1. Designing services financed from the internal funds

Based on the previous practice, realization of the planned activities will depend on the success of the tender procedures, as well as on the adoption of the Forest Act at the federal level, and the adoption of the Spatial Plan of the Federation of BiH and the Spatial Plan of the special characteristics of importance for the Federation of BiH - "Corridor Vc Motorway".

No	Title of investment	Estimated/contracted value of services (including VAT) in KM	Planned payments for 2015 in KM
1	2	3	4
1.	Completion of the development of Feasibility Study and Preliminary Design of the motorway Tuzla - Žepče (link to Corridor Vc)	2.702.183	1.276.450
2.	Completion of the technical consultancy for the selection of technical solutions on the section Tuzla – Žepče	56.862	40.263
3.	Completion of the analysis of the Preliminary Design of the motorway Konjic – Salakovac (Mostar north) – optimization and creating preconditions for development of the main design	618.842	416.140
4.	Development of the preliminary design of the expressway Nević Polje – Donji Vakuf L= 31km	2.500.000	1.250.000
5.	Technical consultancy for the selection of technical solutions on the expressway section Nević Polje – Donji Vakuf	100.000	50.000
6.	Preliminary design of the connection road from the Zenica bypass north (D. Gračanica) to the city of Zenica (northern link).	60.000	60.000

7.	General design and Feasibility study of the expressway Travnik (Oborci) – Jajce	2.500.000	1.250.000
8.	Technical consultancy for the selection of technical solutions on the expressway section Travnik (Oborci) – Jajce	100.000	50.000
9.	General design and Feasibility study of the expressway Mostar – Široki Brijeg – border HR L= 66km	3.500.000	500.000
10.	Technical consultancy for the selection of technical solutions on the expressway section Mostar – Široki Brijeg –border HR	200.000	50.000
11.	General design and Feasibility study of the expressway Croatian border – Bihać – Jajce	3.500.000	500.000
12.	Technical consultancy for the selection of technical solutions on the expressway section Croatian border – Bihać – Jajce	200.000	50.000
13.	General design and Feasibility study of the expressway Sarajevo - Goražde –Republic of Serbia border	1.500.000	300.000
14.	Technical consultancy for the selection of technical solutions on the expressway section Sarajevo - Goražde – Republic of Serbia border	100.000	20.000
15.	Adjustment of the Main design of the section Buna – Počitelj from km 11+100.00 od km 15+420.00 with the technical spec.	1.000.000	500.000
16.	Traffic Study, Environmental Impact Study, Water approval Study and Feasibility Study for the section Konjic – Mostar north	1.000.000	500.000
17.	Conduct of geotechnical resarch works for the selected route on the section Konjic – Mostar north (tunnel Prenj)	600.000	600.000
18.	Other designs, studies, elaborates and elaborates for obtaining necessary approvals	900.000	300.000
TOTAL:		21.137.887	7.712.853

Explanation of the planned investments:

- 1. Completion of the Feasibility Study and Preliminary Design of the motorway Tuzla - Žepče (link to Corridor Vc):** Motorway Tuzla - Žepče is part of a network of motorways of Federation of BiH and represents a continuation of the future motorway Orašje - Tuzla over Lukavac, Zavidovići to the interchange Žepče on Corridor Vc. So far, the Technical Study, Conceptual design, Multicriteria Analysis and previous Feasibility Study have been developed. Preparation of Preliminary design is ongoing and its completion is planned for 2015. On this section, problems and delays can be expected because we still do not have the consent of the entire local community (municipality Žepče).
- 2. Completion of the technical consultancy for the selection of technical solutions on the section Tuzla – Žepče (link to Corridor Vc):** Since the Law does not provide for revision of preliminary design, external consultants are engaged in order to implement the project. Their engagement on this project is planned to be completed in 2015.

3. Completion of the analysis of the existing Preliminary Design of the motorway Konjic – Salakovac (Mostar north):

The route Konjic - Salakovac (Mostar North) length of approximately $L = 38$ km starts at the end of the interchange Konjic, and ends in the northern part of Mostar in the area of Salakovac. So far, the planning study (Preliminary Design) has been developed for integrated route consisting of the sections Tarčin - Konjic, Konjic - Jablanica, Jablanica - Mostar north called LOT 3. The following was made in the framework of the project activities: Technical study, the basis for planning documentation, Optimization and verification of the conceptual design, the environmental Impact Study and Preliminary Design. During the verification of existing preliminary designs prepared in the course of 2006 under the auspices of the Ministry of Communications and Transport, two new variants have been defined through the Prenj Mountain and the Igbar River valley. For reasons of large financial savings Government of Federation of BiH adopted a conclusion ordering JP Autoceste to continue further research of the variants through Prenj.

In the event that the results of research in all the factors show that the variant through the mountain Prenj is acceptable, JP Autoceste will develop a preliminary design and the route under this contract.

The envisaged extension of the contract is six months.

4. Development of preliminary design of the expressway Nević Polje – Donji Vakuf $L = 31$ km:

As a continuation of the expressway section Lasva - Nevic polje, for the year 2013, development of preliminary design as well as all the necessary studies was planned for the expressway Nevic Polje - Donji Vakuf, length of 31 km. In 2013, tender procedure started for the preliminary design, but has been appealed and the procedure was temporarily suspended. In 2014, tender procedure was continued, offers were submitted and opened. In the course of 2015, signing of the contract is expected. On this section, possible problems and delays in implementation are also expected, because it is necessary to further harmonize with Travnik Municipality and the Special Plan of FBiH.

The deadline for development is 18 months.

5. Technical consultancy for selection of technical solutions on the expressway section Nević Polje – Donji Vakuf:

The Law does not provide for revision of preliminary design so that the engagement of the technical consultancy is not necessary in order to implement the project. However, when developing the expressway design, engagement of external consultants is expected, which is more adequate and at the same time cheaper than the engagement of classic audit.

6. Preliminary design of the connection road from the interchange Zenica north (D.Gračanica) to the city of Zenica (so called Northern connection)

For the reason of traffic linking of the Corridor Vc Motorway with the town of Zenica (Major Urban main road, R445 regional road or main road M17) preparation of the Preliminary Design of the road is required (ie. the Northern connection) to the interchange Zenica north in Donja Gracanica on Corridor Vc. **The deadline for development is six months.**

7. General design and Feasibility Study of the expressway Travnik (Oborci) – Jajce

This section of the motorway includes a move from Donji Vakuf (Oborci) to Jajce (Jezero), or until the entity line. The Spatial basis of FBiH gives a rough position of the expressway: Travnik (Oborci) - Jajce with a link (interchange) to the expressway Lasva -Travnik - Donji Vakuf in Oborci. None of the relevant study-project documentation was made for this section construction in the previous period. As a part of this project , it is necessary to start from the route from the spatial plan (L = approx. 31 km) and further analyze all the important aspects before the adoption of the definitive route. Alignment of the expressway section must comply with project of the expressway Nevic Polje - Donji Vakuf and will largely depend on the dynamics of this project. **The deadline for development is 18 months.**

8. Technical consultancy for the selection of technical solutions on the section Travnik (Oborci) – Jajce:

When developing the design documentation, engagement of external consultants is expected, which is more adequate and at the same time cheaper than the engagement of classic audit.

9. General design and Feasibility Study of the expressway: Mostar – Široki Brijeg – border HR:

Start of the expressway alignment is the connection to Corridor Vc in the wider area of Mostar. For the part of expressway (from the intersection Polog toward the Croatian border) there is previously developed General and Preliminary design, and therefore the value of development is smaller. **The deadline for development is 18 months.**

10. Technical consultancy for the selection of technical solutions on the expressway section Mostar – Široki Brijeg - border HR:

When developing the expressway design documentation, engagement of external consultants is expected, which is more adequate and at the same time cheaper than the engagement of classic audit.

11. General design and Feasibility Study of the expressway Croatian Border – Bihać - Jajce

This section of the motorway includes a move from the Croatian border through Bihac to Jajce i.e. to the link with the section Travnik (Oborci) - Jajce. The Spatial Plan for FBiH gives a rough position of this expressway. None of the relevant study-project documentation was made for this expressway section in the previous period. As a part of this project it is necessary to develop general design and the feasibility study with a view to select the expressway corridor for further elaboration. The project will encompass motorway section through the Federation of BiH. **The deadline for development is 24 months**

12. Technical consultancy for the selection of technical solutions on the expressway section Croatian border – Bihać – Jajce

When developing the expressway design documentation, engagement of external consultants is expected, which is more adequate and at the same time cheaper than the engagement of classic audit.

13. General design and Feasibility Study of the expressway Sarajevo – Goražde – border of Republic of Serbia

This section of the motorway includes a move from Sarajevo through Goražde to Croatian border. The Spatial Plan for FBiH gives a rough position of this expressway. None of the relevant study-project documentation was made for this expressway section in the previous period. As a part of this project it is necessary to develop general design and the feasibility study with a view to select the expressway corridor for further elaboration. The project will encompass motorway section through the Federation of BiH. **The deadline for development is 18 months.**

14. Technical consultancy for the selection of technical solutions on the expressway section Sarajevo – Goražde – border of Republic of Serbia

When developing the expressway design documentation, engagement of external consultants is expected, which is more adequate and at the same time cheaper than the engagement of classic audit.

15. Adjustment of the Main design of the section Buna – Počitelj from km 11+100.00 to km 15+420.00 with Technical specifications

In 2010, by order of the Ministry of Communications and Transport, Main Design was developed for the motorway section Mostar south - Počitelj. Due to the disputes of the local community in the area of Buna and Blagaj further activities in this project have been suspended. As a part of this project documentation it is necessary to adjust the existing main design from the chainage km 11 + 100.00 to km 15 + 420.00 with the applicable technical specifications (Law on the motorway on the Corridor Vc Article 5 and 6) in order to

obtain adequate documentation of acquiring necessary permits and to perform the mentioned parts.

Also, it is necessary to design the connection of this subsection to the main road. It is anticipated that an audit is included in the price of project documentation development. **The deadline for development is 12 months.**

16. Traffic Study, Environmental Impact Study, Water approval Study and Feasibility Study for the motorway section Konjic – Mostar north

In accordance with Federation BiH Government's Decision, with the goal of optimization and feasibility increase on the section Konjic – Mostar north, it is necessary to develop Traffic Study, Environmental Impact Study, Water approval Study and Feasibility Study for the option passing along the Bijela River valley and further through the mountain of Prenj.

The deadline for development is 12 months.

17. Conduct of geotechnical research works for the selected route on the motorway section Konjic – Mostar north

After the final adoption of the route on the Corridor Vc motorway section Konjic – Mostar north it is necessary to perform all required geo-research works for the selected route. **The deadline for development is 6 months.**

18. Other unpredicted projects and studies relates to the projects of access roads, unpredicted projects-landslides, new local roads, relocation of utilities etc.

6.2.2. Designing services funded from the grants

Development of the main design of the motorway Počitelj – Zvirovići (L= 11 km) started in October 2013, and the completion is expected for March 2015. Funds for development of this design are secured in a form of a grant (EIB Bank) in the amount of 2.000.000 euros. Contracted value is (with annexes) 3.889.150 KM (VAT excluded); design predicts the audit as well. The deadline for development is 17 months.

No	Title of investment	Value of the contracted/estimated value of services (VAT excluded)	Planned payments for 2015 in KM
1	2	3	4
1.	Continuation of development of the main design Počitelj – Zvirovići L= 11 km	3.889.150	390.000
TOTAL FROM THE GRANTS :		3.889.150	390.000

6.2.3. Designing services to be financed from IPA funds

Based on the previous experience, implementation of these activities will depend of funds operability, i.e. possibility of funds implementation from IPA fund 2011 - 2013. JP Autoceste is not authorized to negotiate the funds from IPA funds; this is within the jurisdiction of the BiH Ministry of Transport and Communication.

Projects planned to be financed from IPA funds:

- ✓ Development of the main design of motorway Donja Gračanica – Poprikuše – Ozimice L= 35km –IPA funds 2011;
- ✓ Audit of the design documentation of the motorway Banlozi – Poprikuše –IPA funds 2011.

6.2.4. Designing services to be financed from the funds of the Ministry of Transport and Communication of Bosnia and Herzegovina

Projects planned to be financed from the funds of the Ministry of Transport and Communication of Bosnia and Herzegovina:

- ✓ Planning Study documentation for the Adriatic-Ionian motorway (Počitelj – Neum – Trebinje – border of the Republic of Monte Negro).

6.3. CONSTRUCTION PLAN

In 2015, continuation of construction is planned for the subsections in the final construction phase as well as opening of the new construction sites.

Plan of the activities on the construction of the subsections on Corridor Vc is given in the following overview:

No	Title of investment	Value of the contract in KM (VAT excluded)	Plan for 2015 in KM (VAT excluded)
1	2	3	4
1.	Continuation of the construction of the subsection Svilaj – Odžak, with interchange Odžak and connection road to Odžak and BC Svilaj parter part	140.121.174	44.671.751
2.	Construction of the subsection Počitelj - Zvirovići	203.941.248	42.897.987
3.	Continuation of the construction of the motorway Drivuša - Klopče	56.046.815	18.873.576
4.	Construction of the motorway Klopče - D.Gračanica (end of the tunnel Pečuj)	193.911.350	40.788.250
5.	Completion of the project of the section Vlakovo - Tarčin	618.293.081	30.914.654
6.	Completion of the project of the section Zvirovići - Bijača	152.853.104	7.642.655
TOTAL:		1.365.166.772	185.788.873

Explanation of the planned investments:

1. Works on the section Svilaj - Odžak are being performed under the Contract No. JP AC327-B45-12. The deadline for the works is 14 months. As a part of the contracted works in this subsection, at the request of the local community and motorway transportation connections with the main road, the construction of 2 km of the access road - southern access to the interchange Odžak is planned. The planned deadline (until 2014) for the issuance of the usage permit and the opening to traffic cannot be met, because of the activities that are not directly assigned to the JP Autoceste and which influence the dynamics and flow of the works. Thus, the expropriation of land for the construction of BC Svilaj is under the jurisdiction of the Indirect Taxation Authority, and the construction of a bridge over the Sava River Svilaj is under the jurisdiction of the Croatian Government and BiH Council of Ministers, and the completion of the contracted works will depend on the above activities. Due to the above circumstances the construction of the Svilaj - Odžak section will be divided into two phases, one of which is planned to be completed in 2015 comprising the construction of the structure to the level of the motorway pavement and facilities along the route.
2. In the course of 2014, for the construction of the motorway section **Počitelj - Zvirovići**, JP Autoceste initiated activities to secure funds from the European Investment Bank. Estimated value of the subsection is around 121 million euros with VAT. In 2015, it was planned to end the tender procedure for the selection of the contractor and to begin construction.

The construction of the motorway section Počitelj - Zvirovići would redirect traffic from the main road M-17 to the motorway towards Bijača. This would ensure full functionality of the constructed subsection Bijača - Zvirovići and increase its profitability.
3. Conduct of works is ongoing on the subsection **Drivuša - Klopče**. In 2014, mobilization of the site was made as well as preliminary and preparatory works. During 2015, it is envisaged to relocate underground gas, water and telecommunication installations, and transmission towers. Work on the construction of motorway substructure and facilities on the said subsection will also be carried out.
4. For subsection Klopče - Donja Gračanica request for the loan was made to OFID - OPEC Fund for International Development in the amount of about 60 million euros. The conclusion of the loan agreement is expected in late 2014 or early 2015. Estimated value of construction of subsection Klopče - Donja Gračanica is around 110 million euros. Activities are being planned to ensure missing funds for the construction of the said subsection through credit arrangements with other financial institutions or through other sources.
5. Works on the section **Vlakovo - Tarcin (subsections: Vlakovo - Lepenica, Lepenica - Suhodol and Suhodol - Tarcin)** were completed. For all three sub-sections usage permits were obtained and the same are put into traffic, and rehabilitation and reconstruction of local and regional roads will be done under signed contracts and agreements.
6. Works on the subsection **Zvirovići - Bijača** were performed under the Contract No. JP AC-216-B27-11. Usage permit for this section has been obtained. As part of the contracted works on subsections Zvirovići - Kravice and Kravice - Bijača, at the request of the local community and motorway transportation connections with regional and main roads, rehabilitation of part of the regional road Čitluk - Capljina is planned with the

estimated value of works of about 5.5 million without VAT, as well as rehabilitation of regional and local roads under the signed agreements and contracts. Financing of the regional road will be made partly from the savings under the existing contract, and partly from the internal resources. The completion of these works is expected in mid-2015.



6.3.1 Payment of the retained part (retention)

The table below shows the plan of payment of retained part (retention) for completed projects in the period 2015-2017.

No.	Title of investment/contract	Retained part (retention)	Payment of the retained part (retention)											
			2015.				2016.				2017.			
			I quarter	II quarter	III quarter	IV quarter	I quarter	II quarter	III quarter	IV quarter	I quarter	II quarter	III quarter	IV quarter
1.	Continuation of construction of the subsection Svilaj – Odžak, with interchange Odžak and connection road to Odžak and BC ground part	12.316.500	4	5	6	7	8	9	10	11	12			
2.	Construction of the subsection Lot 3B	2.000.000						1.000.000						
3.	Construction of COKP Vlakovo	600.000						300.000						
4.	Continuation of construction of the motorway Drivuša – Klopče	5.604.682										2.802.341		
5.	Continuation of construction of the regional road R-425 Čapljina – Čitluk length L=10,6km on the subsection Zvirivci – Kravice	551.644											275.822	
6.	Completion of project of the subsection Vlakovo – Tarčin	61.829.308	30.914.654											
7.	Completion of project Lot 3a* (VAT included)	3.681.672			1.840.836									
8.	Completion of project of the section Zvirivci – Bijača	15.285.310	7.642.655											
9.	Completion of project of the subsection Drivuša – Gorica	6.129.939							3.064.969					
10.	Completion of project of the subsection e Gorica - Bilješevo (tunnel 1.Mart)	12.309.045							5.977.988					
TOTAL:		120.308.101	38.557.309	4.479.072	1.840.836	9.042.957	38.557.309	1.300.000	2.802.341	4.479.072	1.955.000			

Of the total construction works performed per each payment certificate, 10% of the contracted value is retained. After completion of works and obtaining of Handover Certificates by the supervising engineer, the first half of the retained amount (5%) shall be paid to the contractor, while the second part (the remaining 5%) is paid after the expiry of the warranty period provided for in the contract.

Explanation of Retention payment plan:

1. Return of the first part of the retained amount for the section **Svilaj - Odžak** in the amount of 4.203.250 KM will be paid in quarter III of 2015, while the remaining part will be paid in 2017 in quarter III in the amount of 4.203.250 KM, and in quarter IV of 2017 in the amount of 1.955.000 KM.
2. Return of the first part of the retained amount for the subsection **LOT 3B** in the amount of 1.000.000 KM will be paid in quarter I of 2017.
3. Return of the first part of the retained amount for **COKP Vlakovo** in the amount of 300.000 KM will be paid in quarter I of 2017.
4. Return of the first part of the retained amount for the subsection **Drivuša - Klopče** in the amount of 2.802.341 KM will be paid in quarter II of 2017.
5. Return of the first part of the retained amount for **Regional road R- 425 Čapljina – Čitluk** on the subsection Zvirovići – Kravice in the amount of 275.822 KM will be paid in quarter III of 2015, while the remaining part in the amount of 275.822 KM will be paid in quarter III of 2017.
6. Return of the first part of the retained amount for the section **Vlakovo - Tarčin** in the amount of 30.914.654 KM will be paid in quarter I of 2015, while the remaining part in the amount of 30.914.654 KM will be paid in quarter IV of 2016.
7. Return of the first part of the retained amount for the subsection **LOT 3A** in the amount of 1.840.836 KM will be paid in quarter II of 2016.
8. Return of the first part of the retained amount for the section **Bijača – Zvirovići** in the amount of 7.642.655 KM will be paid in quarter I of 2015, while the remaining part in the amount of 7.642.655 KM will be paid in quarter IV of 2016.
9. Return of the remaining part of the retained amount for the subsection **Drivuša - Gorica** in the amount of 3.064.969 KM will be paid in quarter III of 2016.
10. Return of the remaining part of the retained amount for the subsection **Gorica - Bilješevo** in the amount of 5.977.988 KM will be paid in quarter III of 2016.

6.4. SUPERVISION SERVICES PLAN

No.	Title of investment	Value of the contract /estimate (VAT excluded)	Plan for 2015 in KM (VAT excluded)
1	2	3	4
1.	Continuation of construction of the subsection Svilaj – Odžak, with interchange Odžak and connection road to Odžak and BC Svilaj ground part	4.422.034	2.132.291
2.	Construction of the subsection Počitelj - Zvirovići	6.100.000	978.000
3.	Continuation of construction of the motorway Drivuša - Klopče	4.243.173	1.614.372
4.	Construction of the motorway Klopče - D.Gračanica (end of the tunnel Pečuj)	5.456.766	1.200.489
5.	Completion of project of the section Vlakovo - Tarčin	16.296.914	1.651.740
6.	Completion of project of the section Zvirovići - Bijača	6.186.419	350.080
TOTAL:		42.705.307	8.444.455

Explanation of the planned investments:

1. Consultant for the control of works on the section **Svilaj – Odžak** is AECOM Inocsa S.L.U., Spain. Deadline for the supervision will be extended according to the performance of works.
2. In early 2015, procedure will be carried out to select the consultant for the works on the subsection **Počitelj – Zvirovići**.
3. Consultant for the control of works on the subsection **Drivuša – Klopče** is the consortium: Divil d.o.o and Taep. Projected supervision value in 2015 amounts to 1.6 million KM without VAT.
4. Consultant for the control of works on the subsection **Klopče – Donja Gračanica** will be selected within the tender procedure until mid-2015.
5. Consultant for the control of works on the section **Vlakovo – Tarčin** is Egis International, France. Works were completed on this section. In 2015, payment of the remaining amount for supervision services is planned to be paid in the amount of 1.6 million KM without VAT.
6. Consultant for the control of works on the subsection **Zvirovići – Bijača** is the company Roughton International Ltd, Great Britain. Consultant supervision was performed according to the Contract No: JP AC-242-E110-11. Works were completed and in 2015, it is planned to pay the remaining amount in the amount of approx. 350.000 KM without VAT.

6.5. OPERATION AND MAINTENANCE

6.5.1. Operation and traffic safety

Operation and maintenance of the motorway, has an extremely significant role in the work organization of JP Autoceste, since the responsibility is focused on safety and protection of motorway users, and tolling services for the users of A1 motorway.

in 2015, JP Autoceste is planning the implementation of projects that are directly related to improving the quality of services and increasing the safety and security of traffic on the motorway, as well as direct and indirect users of the motorway.

In addition, development of a closed system of toll collection is planned, as well as implementation of intelligent transport systems (ITS - metrological stations, SOS telephones, variable message signs, etc.) and other smaller projects directly related to traffic safety, traffic operation, as well as those that can occur during the motorway exploitation.

Considering that by the end of 2014, four new toll plazas will be put into operation (Sarajevo west, Lepenica, Tarčin and OSN Ljubuski), i.e. two new sections, namely Sarajevo – west-Tarčin and Medjugorje - Ljubuski, this will result in an increase in motorway users in manual toll collection, as well as users of ACC electronic billing service in 2015. Various improvements and development of the existing system of electronic billing (postpaid billing system, different packages of services) are planned, and in terms of adaptations of electronic toll services to ACC users, which will also affect the rise in usage of electronic payment.

All these parameters will affect the complexity of the various steps in the process of collection, especially in the electronic toll in terms of the development of new services. The following table shows the toll control plan for 2015.

Month/2015	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Regular control	8	7	8	8	9	9	10	10	8	8	8	10
Extraordinary control	4	4	4	4	4	4	5	5	4	4	4	4

6.5.2. Maintenance

No.	Title of investment	Value of the contract/ estimated value of works / services on annual level	Plan for 2015 in KM
1	2	3	4
1.	Regular and winter maintenance services of A1 motorway sections: a. Zenica south - Tarčin (3.300.000 KM) b. Zvirovići - Bijača (500.000 KM) c. Svilaj - Odžak (500.000 KM)	4.300.000	3.500.000

2.	Regular maintenance of grease and oil separators of A1 motorway on the section: a. Zenica south - Tarčin (115.000 KM) b. Zvirovići – Bijača (20.000 KM)	135.000	135.000
3.	Maintenance and periodic inspections of built-in installations on: COKP (Traffic Maintenance and Control Centre) Zviriči (7.000 KM) COKP Zenica south (7.000 KM)	14.000	14.000
4.	Control tests of water quality from the separator on the section: a. Lašva – Sarajevo north (21.000 KM) b. Sarajevo north-Tarčin (15.000 KM) c. Zvirovići - Bijača (5.000 KM) d. Svila j- Odžak (5.000 KM)	46.000	43.500
5.	Maintenance of substations and medium voltage cables	50.000	50.000
6.	Maintenance of ventilation systems in tunnels	50.000	50.000
7.	Maintenance of low-voltage equipment	50.000	50.000
8.	Correction of the guardrails at the junction with bridges and compliance with applicable legislation and EN-1317, on the A1 section Podlugovi – Sarajevo north a. Works on replacement of guardrails (340.000 KM) b. Supervision on replacement of guardrails (10.000 KM)	350.000	350.000
9.	Supply and installation of barriers for protection of automotive lighting on the A1 section Dobrinje – Visoko	75.000	75.000
10.	Repair of damaged steel parts of bridge fences on the section Visoko – Sarajevo north	200.000	200.000
11.	Replacement of expansion joints on the bridges of the section Visoko – Sarajevo north a. Works on replacement of expansion joints (700.000 KM) b. Supervision on replacement of expansion joints (25.000 KM)	725.000	725.000
12.	Design development for construction and regulation of motorway rest areas	50.000	50.000
13.	Rehabilitation of the Bridge MO6 left side of the motorway, section Podlugovi - Jošanica a. Works on bridge rehabilitation (1.300.000 KM) b. Supervision of works (25.000 KM)	1.325.000	1.325.000
14.	Rehabilitation of drainage: a. Works on rehabilitation of drainage from the motorway structure to the recipient on the constructed part of the motorway (Kakanj-Sarajevo North) (160,000 KM). b. Supervision on rehabilitation of drainage (10.000 KM)	170.000	170.000
15.	The establishment of a database of carriageway and periodic measurements of carriageway properties	250.000	250.000

16.	Regular maintenance of diesel electric generators and UPS devices	110.000	77.000
17.	Regular and ongoing maintenance of air conditioning systems, ventilation and heating	105.000	78.750
18.	Regular maintenance of outdoor lighting on the motorway	95.000	76.000
19.	Implementation of remote monitoring and management of transformer stations.	120.000	120.000
20.	Services of geodetic survey of markers on the motorway structures	25.000	25.000
21.	Monitoring of air quality on the motorway for the sections: a) Zenica south – Tarčin and Bijača – Zvirovići (16.500 KM) b) Svilaj – Vukosavlje (3.500 KM)	20.000	20.000
22.	Control test of the soil quality along the motorway: a) Zenica south – Tarčin and Bijača – Zvirovići (25.000 KM) b) Svilaj – Vukosavlje (5.000)	30.000	30.000
23.	Control testing of the noise level on the motorway: a) Zenica south – Lašva, Kakanj – Tarčin and Zvirovići – Bijača (95.000 KM) b) Svilaj – Vukosavlje (15.000 KM)	110.000	110.000
24.	Development of the main project for noise protection on the sections Lašva - Kakanj and Visoko – Podlugovi.	100.000	100.000
25.	Development of the as built design of the drainage and as built design of the route on the section Visoko - Sarajevo north.	150.000	150.000
26.	Control measuring and monitoring of the movement on the observed damage of the pavement on section Lašva -Kakanj km 9 + 200 and development of rehabilitation project.	125.000	125.000
27.	Horticultural arrangement of toll plazas, as well as arrangement of interchanges and rest areas.	80.000	80.000
28.	Regular maintenance and periodic inspections of devices and equipment for fire protection.	130.000	130.000
29.	Regular periodic medical examination of employees who are assigned to jobs with special conditions.	19. 000	19. 000
30.	Regular training in the field of occupational safety and fire protection of all employees and simulation of evacuation of employees from the facilities.	11. 000	11. 000
31.	Development of Rules, Estimates and Plan of protection and rescue of people and property from natural and other disasters of the Public Company Autoceste of Federation of Bosnia and Herzegovina Ltd. Mostar.	60.000	60.000
32.	Design and installation of snow protection on walkways and facilities built on motorway sections: - Section Zenica south - Tarčin - Section Bijača - Zvirovići	60.000	60.000
33.	Roof cleaning of the canopy at toll plazas on the motorway sections Zenica South - Tarcin and	20.000	20.000

	Zvirovići - Bijača.		
	TOTAL:	9.160.000	8.279.250

Explanation of the planned investments:

1. Maintenance of the section Zenica South - Tarcin, with the length of approximately 84 km will be implemented through the second signed individual contract which expires on 14th March 2015, when the third individual contract will be signed. A tender for the services of regular maintenance of the motorway section Zvirovići- Bijača has been published, while the tender for selection of contractors for maintenance of the section Svilaj - Odžak will be announced in the second half of 2015. Selected contractor for regular maintenance of the the section Svilaj - Odžak will start the works when the conditions are created, all depending on the dynamics of the works on this section. The main activities on maintenance of these sections in 2015 will be works on winter maintenance service.
2. Cleaning and maintenance of grease and oil separators on the section Zenica south - Tarcin will be implemented through the second signed individual contract. In addition to the cleaning and maintenance of the separator, cleaning and disposal of substances hazardous to the environment due to possible accidents on the motorway, will also be performed through this contract. For cleaning and maintenance services of grease and oil separators on the section Zvirovići-Bijača the tender procedure will be launched in the first quarter of 2015.
3. Maintenance and periodic inspections of installations and equipment built at COKP - Zvirići will be implemented through the signed contract. For maintenance services and periodic inspections of installations and equipment built at COKP Drivuša the tender procedure will be launched in the first quarter of 2015 and for the COKP Vlakovo- depending on the degree of completion of construction.
4. According to the environmental permit JP Autoceste are obliged to carry out control tests of precipitation oily water discharged to the ultimate recipient. These tests are done two or four times a year depending on the amount of annual rainfall in the previous year. Monitoring for the section Lašva - Sarajevo north will be carried out through the third individual contract on the basis of the Three-year Framework agreement from 2012 for water monitoring in accordance with the Environmental permit. For the sections Zenica south - Lasva, Sarajevo north - Tarcin and Zvirovići – Bijača, the tender procedure will be launched in the first quarter of 2015, while for the section Svilaj -Vukosavlje tender procedure will be launched after the opening of the section for traffic.
5. In accordance with the Rules on technical measures for operation and maintenance of power plants of JP Autoceste FBiH Ltd. Mostar, as the owners of a number of substations (34 pieces) we are obliged to provide regular annual inspection by an authorized company, which includes the following: testing the functional correctness of equipment in the substation, measuring and checking electrical quantities and issuing appropriate attesting documentation, and cleaning of equipment and the entire building of substations.

6. According to the plan for the regular inspection and servicing, inspection of ventilation systems in tunnels is anticipated, which includes checking and lubricating of bearings, vibration measurements on the chassis and axle, measurement of noise at work, electrical quantities, visual inspection, corrosion and physical damage (all components) inspection, the control of connection bracket and mounting bolts, cables and suspension. Functional test - measuring the flow of air. Some interventions are possible at the request due to a malfunction of the device that can be caused by mechanical damage to device, error in operation, or some other type of damage that results in the interruption or system malfunctions.
7. Control testing, tests of circuits (protective loop resistance, continuity of protective conductor, grounding resistance) are required and, if necessary, correction of any deficiencies in equipment that is not covered by the guarantee period. For equipment covered by the guarantee period, record any failures and propose measures for putting them in order. When performing control testing, it is also necessary to determine the state of LV cable installations. This includes the removal of any minor defects (replacement of installation circuit breakers, light bulbs, etc.) and bringing in proper condition.
8. On the subsection Kakanj - Sarajevo north elastic guardrail is incorporated by JUS standard, because at the time of construction of the section it was valid. After the new Law on traffic safety and the Regulation on traffic signs and road equipment, elastic guardrail must meet the EN 1317 standards. In order to improve traffic safety and raise the level of services on the A1 motorway, it is necessary, bearing in mind that replacement of the entire section requires too much resources, to perform correction of the dangerous places such as joint of elastic guardrails with concrete barriers on bridges and viaducts, and replace them with a minimum of H2 class protection. Joint details and technical characteristics of the guardrail are given in the updated traffic project of the section Kakanj - Sarajevo North. Given that there are 32 structures, and because of the amount of funds, the work will be carried out in several stages and for 2015 it is planned to carry out works on the section Podlugovi-Sarajevo north.
9. In order to increase traffic safety in night driving conditions, it is necessary to set the beam protection at locations where vehicle high beams from one direction directly reduce visibility to drivers from the opposite direction. The projected works for 2015 refer to the section Dobrinje-Visoko.
10. On the basis of the main inspection of the structures, done at the beginning of 2013 it was found that there was a significant corrosion of steel parts of guardrails on bridges of the bridges of the section Visoko-Sarajevo north. In order to prolong its lifetime, it is necessary to perform rehabilitation in the form of sandblasting and galvanizing. For 2015, it is planned to carry out a replacement of steel rails on bridges of the section Podlugovi-Sarajevo north. Estimated value of rehabilitation is given based on the price of 80 KM / m 'rail.
11. Planned amount to replace the expansion joints is estimated for the bridges where substitution has not been performed, and existing expansion joints should be replaced due

to deterioration in order not to jeopardize the safety of the traffic flow and cause additional damage to the structure.

12. Pursuant to the Article 4 of the Rules on the conditions and the amount of compensation for the use of road land for the provision of services and performing roadside services to users along the motorway and expressway ("Official Gazette of the Federation of Bosnia and Herzegovina", number 81/10 and 13/13), "Programs and standards for the construction of ancillary facilities and performing services on the road land along the motorway and expressway", have been adopted with the aim of providing services to drivers and passengers. Programs and standards include the use of facilities and the basis for their planning.

In 2015, it is planned to carry out the first phase – design of supporting facilities on the rest area "Bosna" (Bilješevo) and rest area "Ilijaš" includes all phases of the project related to infrastructure components (electricity, water, sewer, cable canalization, etc.), the design of parking space and roads on the sites, and project of traffic signals. After the development of the Main design, works will be done on locations planned for construction of ancillary facilities.

In addition, it is planned to carry out procurement and installation of road furniture in 2015 (benches, toilets, tourist information) of the resting areas "Visocica" (Kameni dvorac), which was built as a resting area Type "1.0".

13. On the basis of the main inspection of the structures, carried out in early 2013 it was determined that the equipment of the bridge MO6 (bearings, expansion joints, railings of the bridge), as well as some parts of the bridge are in poor condition, and a rehabilitation project was made. In order to prolong the lifetime of the bridge, damaged parts of the bridge should be reconstructed.
14. The works on rehabilitation of motorway drainage to the recipient were intended to be performed in 2014. The first tender for selection of contractors for this type of work is canceled due to insufficient number of valid bids received. Tender procedure in the repeated procedure is completed and signing of a contract with the contractor is expected in mid-November 2014. Since it the end of the construction season, these operations are planned to be carried out in the first half of 2015.
15. Establishment of a database and conduct of periodic measurements of pavement characteristics represent the minimum basis for the introduction of the pavement management system which would allow a rational long-term management of pavement. Maintenance of the pavement requires substantial resources and therefore it should be given special attention. Repeated measurements over a longer period of time and analysis of the results, creates a model of pavement behavior, and on that basis the dynamics of work and investment can be planned.
16. Regular maintenance of diesel generators and devices for continuous uninterrupted power supply (UPS) includes performing regular maintenance and control testing (testing the status of the filters and cleaning them, testing the status of the cells and the state of the batteries, rectifier and inverter inspection (at least 4 times a year). For equipment that is under warranty, inspection and compulsory service will be carried out in accordance with the requirements of equipment manufacturers and removal of potential defects must be borne by the supplier.

17. According to the maintenance plan of the systems of air conditioning, heating, cooling and ventilation, it is necessary to perform regularly (at least twice a year) servicing of HVAC installations: air handling units, refrigeration machines, cassette-type units, fan-coils, split systems, electrical thermal units and boilers, with a part of that equipment covered under the warranty and requires only a regular system inspection.
18. Maintenance plan of exterior, road and tunnel lighting provides for a regular, corrective and intervention maintenance of the system of lighting in the guarantee period and outside the guarantee period. For all lighting, this plan provides for the regular inspection (once a month daily and night inspection) and inspection of the functionality of lighting and power conditioning equipment and lighting management systems. As part of the corrective maintenance, contractor is obliged to eliminate defects as soon as possible upon a call by an authorized person from the JP Autoceste FBiH. Complete systems of tunnel lighting (lighting, control cabinets, equipment for lighting control) on the motorway is in the warranty period, so that this plan provides recording of possible defects without carrying out any work except that in the case of minor defects, the Contractor shall remove the same within the Contract, while for larger defects (e.g. change of LED fittings) the works will be performed by equipment supplier during the warranty period.
19. For the built system of transformer stations to be fully covered by remote control and management is necessary to execute upgrade of the equipment on previously built transformer stations. This means the installation of electric drive on some of MV line cells and devices for monitoring the status of MV equipment, as well as the upgrade of the installed software for monitoring and management of the transformer stations.
20. In accordance with Art. 22 and 23 of the Rules on the maintenance of public roads, JP Autoceste has an obligation to conduct annual inspections of motorway structures. Within these inspections, one of the activities is geodetic monitoring of markers set on the structures. Since we do not have our own geodetic service, the plan is to announce tender for selection of contractors on the survey of markers (three year framework).
21. According to the environmental permit JP Autoceste are obliged to carry out control tests of the air as a result of motorway traffic. Testing is done every two years. In the first half of 2015 the tender procedure will be launched for the sections Zenica south - Tarcin and Zvirovići- Bijača, while for the section Svilaj - Vukosavlje tender will be announced in the second half of 2015, after its opening to traffic.
22. According to the environmental permit, JP Autocetse shall perform control testing of soil contamination, caused by motorway traffic. Testing is done every year. In the first half of 2015 the tender procedure will start for the sections Zenica south - Tarčin and Zvirovići - Bijača, while the tender will be announced in the second half of 2015 for the section Svilaj - Vukosavlje, after its opening to traffic.
23. According to the environmental permit, JP Autocetse shall perform control testing of noise levels as a result of traffic on the motorway. Testing is done after opening to traffic of individual sections, and every three years. Based on the noise maps, main design for noise protection will be prepared for the section Lašva-Kakanj and Visoko-Podlugovi. In the third quarter of 2015 the tender procedure will start for the sections Zenica south - Lasva, Kakanj-Sarajevo north and Zvirovići - Bijača, while it will be conducted in the second half of 2015 for the section Svilaj- Vukosavlje, after its opening to traffic.

24. Based on noise map, it is planned to prepare the Main Design for noise protection on the sections Lašva - Kakanj and Visoko - Podlugovi. To create a project for noise protection a development GIS project (geo-referenced information system) as a basis is needed.
25. Due to the lack of project documentation (as built design) concerning the motorway section Visoko-Sarajevo north, it is necessary to carry out the updating and preparation of as-built design of the drainage system and the creation of as-built design of route of the mentioned section.
26. In the course of regular visits to the motorway, damages are noticed to the pavement of the section Lašva -Kakanj at km 9 + 200. Since in this area of the motorway, there is a landslide recorded on wider area, it is necessary to set markers and inclinometers to monitor movements on the motorway and around it. If there is a need to repair this damage, development of rehabilitation project will be required.
27. In the context of motorway regulation, landscaping of toll plazas, interchanges and rest areas is planned, as well as the purchase of necessary furniture (bins, benches ...) on the constructed rest areas.
28. In accordance with the Law on Fire Protection and Fire Service ("Official Gazette of FBiH", No. 64/09) and the Law on Occupational Safety and Health ("Off. Gazette of BiH", No.22 / 90) and relevant by-laws, JP Autoceste has the obligation to perform regular maintenance and periodic inspection of devices and equipment for fire protection and safety at work. As part of periodic inspections the following will be carried out: servicing and control testing of devices for initial extinguishing of all types of fire, inspection and testing of the external and internal hydrant network with equipment, inspection and functional testing of fire alarm systems and gas detection, inspection and testing of panic lighting, inspection and testing of electrical installations in "EX" version, review and measurement of physical, chemical and biological hazards and microclimate conditions of work, inspection and testing of correctness of the work tools and equipment, review of the quality of concentrate in hydrant niche reservoirs, servicing and maintenance of fire alarm and gas detection systems.
29. In accordance with the Law on Occupational Safety and Health ("Off. Gazette of BiH", No.22 / 90) and by-laws, JP Autoceste has an obligation to perform regular periodical medical examinations of employees who are assigned to jobs with special conditions.
30. In accordance with the Law on Fire Protection and Fire Service ("Official Gazette of FBiH", No. 64/09) and the Law on Occupational Safety and Health ("Off. Gazette of BiH", No.22 / 90) and relevant by-laws, JP Autoceste has an obligation to carry out regular periodic training in the field of occupational safety and fire protection of all employees and simulation of evacuation of employees from facilities.
31. JP Autoceste has an obligation arising from the provisions of the Law on protection and rescue of people and property from natural and other disasters (FBiH Official Gazette no. 39/03, 22/06 and 43/10) and relevant bylaws to develop regulations: Rules on protection and rescue of people and property, assessment of risk to people and property from natural and other disasters and Plan for protection and rescue of people and property from natural and other disasters.

32. On the completed motorway sections, the snow protection was not done on the buildings and the route of the road passing under the structure of the motorway during construction, and it is necessary to install the fence to protect from snow in these places on the motorway in order to enhance traffic safety of local and regional roads, and facilities themselves.
33. To enable uninterrupted drainage and prevent potential damage to the tolling facilities due to rain, it is necessary to perform periodic inspection and cleaning of roofs and canopies of the tolling facilities.

6.5.3 Tolling

No	Title of activity	Value of the contract/estimated value of works /services on annual level	Plan for 2015 in KM
1	2	3	4
1.	Toll system maintenance on all sections of the motorway A1	1.900.000	1.900.000
2.	Daily maintenance and cleanliness of buildings on the A1 motorway, headquarters in Mostar and the Office in Sarajevo.	200.000	200.000
3.	Purchase of PPE and uniforms for employees of the JP Autoceste FBiH. a. Purchase of uniforms for the staff on the toll collection and AC management (100.000KM) a. b. acquisition of PE equipment (250,000 KM) (250.000 KM)	350.000	350.000
4.	Purchase of banking equipment and spare parts for the purpose of toll collection.	58.000	40.000
5.	Purchase of bank security and numbered plastic bags for the packaging of money and security banking numbered plastic cable ties.	20.000	20.000
6.	Supply of thermal adding rolls	25.000	25.000
7.	Supply of card encoder ribbon strips used in the process of toll	30.000	30.000
8.	Supply of TAG devices.	230.000	230.000
9.	Supply of boxes, instructions, labels for ACC tag devices and promotional flyers.	12.000	12.000
10.	Procurement of materials for the needs of the toll plazas of the A1 motorway (card encoder labels, price stickers, tables with the column list of tariffs, numeration tables of toll lanes, company tables, ties with company logo and PVC wrapper, receipts for the manual toll, etc.)	58.000	58.000
TOTAL:		2.883.000	2.865.000

Explanation of the planned activities:

1. Maintaining the system of toll collection on all sections of the motorway A1 includes activities related to the maintenance of the system of toll collection (open and closed), inside and outside of the warranty period. Increasing the planned resources related to these activities is reflected in the fact that the equipment at certain toll plazas is getting

out of the warranty period, and that new toll plazas have been constructed, whose construction is not covered by the maintenance inside and outside of the warranty period; activities are planned to upgrade the system in the form of implementation of new billing system for ACC users.

2. Daily maintenance of hygiene and cleanliness in the premises owned by the JP Autoceste and maintenance of external cleanliness of facilities at the A1 motorway (canopies, toll paths, toll buildings, facilities within COKP, rest areas, etc.) will be implemented through a framework agreement which expires on 1st June 2016.
3. Procurement of working uniforms for employees of the JP Autoceste refers to the purchase of uniforms for existing and new employees in the Tolling Department, as well as existing and new employees of COKP Drivuša and COKP Sarajevo North in motorway operation department. Additionally, the purchase of PE equipment - work wear and protective equipment is included for maintenance department and fire protection and occupational safety department.
4. Planned activity should ensure backup banking equipment used in the organizational process of toll collection, and includes a safe deposit box, security cabinet, pull decaying safe, devices for checking the correctness of cash denominations, portable cash registers, cash register roll, coin counters and the like.
5. Planned activity is necessary for the purpose of continuous and safe processes of toll on the A1 motorway. In mid-2014 a framework agreement for three years was signed, so that the planned activity involves a time difference of the business plan in relation to the period when Framework Agreement was signed, at the same time taking into consideration the possibility of opening of new toll plazas on the A1 motorway.
6. Procurement of thermo- adding rolls is necessary for the purpose of continuous and safe processes of toll on the A1 motorway. This activity will be implemented on the basis of the Framework Agreement for a period of three years, which was signed in November 2014.
7. Supply of card encoder ribbon strips refers to the stockpiling of supplies, and for the purposes of the toll collection system (encoders and magnetic card readers) on all existing and future toll plazas on the A1 motorway.
8. Planned supply quantity of ACC TAG devices is approximately 5000. The amount was given on the basis of past experience and the amount of issued devices in the previous period, taking into account the commissioning of new sections.
9. Procurement of boxes for ACC tag devices, as well as stickers with the logo JP AC FBiH, the instructions for use of this device will allow better promotion of electronic toll.
10. Supply of the material for the needs of the toll plazas of the A1 motorway relate to the needs arising from the work of our toll billing department and based on the dynamics of commissioning of new toll plazas and modifications of toll prices on the A1 motorway.

6.5.4. Operation

No.	Title of activity	Value of the contract/estimated value of works /services on annual level	Plan for 2015 in KM
1	2	3	4
1.	Maintenance of the motorway operation system and remote monitoring of highway tunnels in all sections of the motorway A1	5.200.000	5.200.000

2.	Development of technical documentation for the extended functionality of the operation system	200.000	200.000
3.	Conducting information campaigns and the promotion of safe use of the highway.	30.000	10.000
TOTAL:		5.430.000	5.410.000

Explanation of the planned activities:

1. Maintenance of the motorway operation system tunnels and remote monitoring of tunnels is an activity that includes maintenance of all systems and sub-systems for the operation of motorway, in and outside the warranty period. This activity would include maintenance of all constructed sections as well as those that are about to be constructed.
2. Technical project entails expanding the functionality of the operation system with a view to interactively help operators in accidents, as well as in normal operation, and that requires a comprehensive scenarios and associated algorithms of typical events in the tunnel and on the route.
3. According to Directive 2004/54 / EC it is necessary to carry out information campaigns on the safe use of the tunnel. Campaigns will be conducted by distributing leaflets to users about useful information, sending SMS alerts, sending emails, creating and distributing videos about safe use of the highway and the tunnel on the highway, and other activities that will contribute to the state of traffic safety on the highway.

6.5.5. Capital investments

No	Title of activity	Value of the contract/estimated value of works /services on annual level	Plan for 2015 in KM
1	2	3	4
1.	Procurement of equipment for testing salinity of motorway pavement	15.000	15.000
2.	Procurement of equipment for measuring single mode and multimode optical fibers for optical cables	30.000	30.000
3.	Procurement of equipment for inspection of the sewage system and collecting data to create digital cadaster.	100.000	100.000
4.	Purchase of equipment: a. to measure the interchange resistance, resistance grounding and insulation resistance type: Metrel MI 3105 EUROTEST XA (5.000 KM), b. the thermal imager to detect potential faults in electric network type: Flir Systems AB E4 (2.700 KM) c. device for measuring vibration on tunnel ventilation, with appropriate equipment type: PCE-	13.900	13.900

	VM5000 (4000 KM) d. device for measuring noise during operation of tunnel ventilation systems type: PCE-322 A (400 KM) e. multi-meter (4 pieces) type: the 115 (4x450 KM)		
5.	Purchase of fire trucks with equipment, stable system and fire alarm systems for fire protection	2.500.000	2.500.000
6.	Procurement of tools and equipment for fire protection and safety at work.	230.000	230.000
7.	ITS implementation of the completed sections of the motorway on the section Bilješevo - Sarajevo north	6.800.000	6.800.000
TOTAL:		9.688.900	9.688.900

Explanation of the planned activities:

1. This activity is related to the procurement of equipment for testing salinity of the pavement in the winter maintenance of the highway. This device will be used to optimize winter maintenance of the highway from the point of measurement of the amount of anti-freeze on the carriageway lanes.
2. For the laid fiber optic cables on motorway sections, a device for measuring single mode and multimode optical fibers on optical cables is required to measure the length of optical fiber, and losses on certain sections on optical fibers, in order to release and introduce new services that are released on the toll facilities and motorway. Purchasing this device would avoid activities on hiring external contractors for this type of service, and thus achieve the savings.
3. Given the circulation of approximately 8.5 km of tunnels, constant supervision of the state of drains in them is needed, as well as the control of the rest of the drainage on the open route. By purchasing this device, activities on hiring external contractors for this type of service would be avoided, and thus the savings would be achieved.
4. Acquisition of these devices for testing the state of the electrical network in highway facilities significantly contributes to the efficient inspection and maintenance of installations and would generate savings in hiring external contractors to provide these services.
5. Procurement of vehicles for the needs of professional fire units which shall be established based on the decision of the Government of the Federation of Bosnia and Herzegovina on the establishment of professional fire unit of JP Autoceste FBiH Ltd. Mostar. Due to the circulation of about 8.5 kilometers of tunnels, it is necessary to have continuing presence in terms of preventive and repressive action of professional firefighting units. Acquisition of two large fire trucks for firefighting and rescue in tunnels and two small fire trucks for firefighting and rescue. In areas of communication and system equipment is a large amount of electrical equipment of high value, where the possibility of fire is big, and it is necessary to incorporate stable automatic fire-extinguishing systems in order to increase safety in terms of fire protection. It is necessary to replace the fire alarm system due to deterioration, lack of spare parts and authorized repairers on the market for: face toll plaza north of Sarajevo, side toll plaza Visoko, side toll plaza Podlugovi and administration building in Mostar.

6. Planned activity is necessary in order for JP Autoceste to ensure minimal funds and equipment for fire protection and safety at work of all business - technical facilities and operational services for fire protection and safety at work.
7. Implementation of the ITS over the completed sections of the highway on the section Bilješevo - Sarajevo north include activities in implementation of motorway operation systems, which would complete ITS overall sections of the motorway and present a unified whole. This includes the implementation of all operation subsystems according to the already prepared project, such as variable message signs, video surveillance, a system for automatic detection of incidents, traffic counters with automatic detection of incidents, systems of radio broadcasting inside and outside the tunnel and the like.

6.6. ACTIVITIES OF IT DEPARTMENT

6.6.1. Maintenance of the existing systems

IT Department has a specific significance in that, as a follow up service, it provides service to the Administration and other sectors of JP Autoceste. The main task of IT services is to provide technical support to all business processes in the company and accelerate their implementation in accordance with the possibilities that are currently technically available.

In addition to standard technical support (computer system, network, etc. within the company) IT Department has a specific tasks within the Department for the operation and maintenance of the motorway (ITS support system for toll collection, operation system, etc.), Department for Economic and Financial Affairs (technical support in maintaining and upgrading ERP), and within the Department for design and construction of motorway (implementation of supporting IT infrastructure, suggesting technical solutions in the construction of toll facilities, motorway operation etc.).

Plan of activities for 2015 gives IT Department the task to enable and ensure continuous technical support to all business processes, through long-term projects that are / or will be agreed in 2014, and short-term projects with sustained SDLC's (System Development Life Cycle) and maintenance projects.

The activities that will be implemented through existing contracts or those to start with the realization in 2015, and relate to the activities of IT Department are provided in the following table:

No	Title of activity	Value of the contract/estimated value of works /services on annual level	Plan for 2015 in KM
1	2	3	4
1.	Maintenance of computer systems, computer and related equipment, network, server and printer equipment	190.000	165.000
2.	Maintaining license assumptions of Information Systems in the Company	85.000	60.000

3.	Procurement of supporting IT equipment in the form of small supplies	45.000	40.000
4.	Supply of spare parts for the needs of all IT systems	65.000	45.000
5.	Supply of tools and diagnostic tools for IT services	10.000	10.000
6.	Maintenance of radio voice communications for the needs of the Company	58.500	45.000
TOTAL:		453.500	365.000

Explanation of planned activities:

1. Maintenance of a computer system, computer and related equipment, network, server and printer equipment includes all activities related to maintenance of hardware goods, as well as the procurement and installation of spare parts on the part of a computer system that is in use in the company. Maintenance should cover maintenance of computer equipment, maintenance of printers and MFU / MFP devices, maintaining network and server equipment, equipment for control and work time attendance, etc.
2. Maintenance of licensing assumptions of information systems in the Company includes the provision of all time-limited license assumptions (such as a license for a central repository of authorization, license for application servers, licenses for various IT support services, etc.).
3. Maintenance of supporting IT equipment in the form of small supplies includes the procurement of materials that are consumed on a daily basis, such as wear items of different devices, patch cords, cable distribution boxes, distribution boards of FO installation, toners, drums and the like.
4. Procurement of spare parts includes the procurement of all spare parts required for the smooth operation of all systems that are out of warranty, as well as spare parts of computer equipment, server, network equipment, etc.,
5. This activity includes the purchase of necessary tools and diagnostic tools for IT services, such as various devices for measurement etc.
6. Activities to maintain the system of radio-voice connection for the needs of the company includes the activities on regular servicing and maintenance of VHF repeater stations, VHF terminal devices, and leased wireless links and locations necessary for setting up individual stations.

6.6.2. Ongoing IT costs

Activities relating to the maintenance of various systems within the IT Department and procurement of office and other material, technical literature etc. in 2015 are illustrated in the following table:

No.	Title of activity	Value of the contract/estimated value of works /services on annual level	Plan for 2015 in KM
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1	2	3	4
1.	Rental of professional industrial links, Internet links and other communication resources required for the smooth support of business processes of the Company	245.000	145.000
2.	Equipment maintenance of server and communication infrastructure of high reliability and availability	30.000	25.000
3.	Maintenance of software server and communication Infrastructure of high reliability and availability	45.000	40.000
TOTAL:		320.000	210.000

Explanation of planned activities:

1. Lease of professional industrial links, Internet links and other communication resources required for the smooth business process support to the Company includes lease of unlighted optical fibers owned by other service providers, and lease of professional industrial links between COKP Drivuša - COKP Zvirici, and lease of a GSM / GPRS / UMTS communication capacities for various telemetry devices.
2. Maintenance of equipment of server and communication infrastructure of high reliability and availability includes activities for maintaining robust and integrated systems, such as the main FO cable along the A1 route, as well as other FO installations along the route, maintenance of server infrastructure, CORE Switching infrastructure and similar services vital for the smooth operation of the toll collection system and the system of supervision and management of highway, such as maintaining a surveillance verification system and the like.
3. Maintenance of software server and communication infrastructure of high reliability and availability includes activities for maintaining various robust integrated systems, such as software for NVR etc.

6.6.3. Capital investments

No	Title of activity	Value of the contract/estimated value of works /services on annual level	Plan for 2015 in KM
1	2	3	4
1.	Purchase of software solutions and licensing assumptions necessary for the operation of the company	1.100.000	890.000
2.	Purchase of computer equipment, printers, MFU / MFP devices, server, network and various other diagnostic equipment and tools	285.500	250.500
TOTAL:		1.385.500	1.140.000

Explanation of planned activities:

1. Purchase of software solutions and licensing assumptions necessary for the operation of the company includes the purchase / upgrade of information systems such as ERP (new software modules for IFIS - integral financial information system, OWIS - Workflow Document Management System for new employees and modeling of new business processes, procurement of new Microsoft operating system upon expiration of Windows XP, etc.). These activities include activities aimed at supporting information infrastructure and GIS for the needs of the Company. Supply of new software modules for Backup system, IP device surveillance system are also integral activity of this item.
2. Supply of computer equipment, printers, MFU/ MFP devices, server, network and other diagnostic equipment and tools, includes the procurement activities of new computers, printers, servers, switches, routers and similar equipment. Also, this activity involves the purchase of diagnostic equipment (devices for measuring the quality of installation), and various tools necessary to perform this task.

6.7. STANDARDIZATION AND WORK IMPROVEMENTS

In relation to activities and works that are within the competencies of Department for standardization, quality and environmental management, further improvements are planned in 2015. on implemented IMS (Integrated Management service , Quality management system - ISO 9001:2008 and Enviromental management system – ISO 14001:2004), and employee education on ISO standard, holding internal audit, achivment of full distribution of IMS documents and internal development by OWIS as well as beginning of implementation of for Health protection and safety management system OHSAS 18001:2007.

No.	Activitiy	Plan for 2015 in BAM
1.	Implementation of Health protection and safety management system OHSAS 18001:2007	50.000
2.	Employees' and internal audit education	4.000
3.	Employees' education by requestes of new version of ISO 9001:2015	6.000
4.	Implementation of external audit for OHSAS and supervision for ISO 9001 i ISO 14001	10.000
TOTAL:		70.000

Explanation of planned activities:

1. Implementation of Health protection and safety management OHSAS 18001:2007 – by Decision of JP Autoceste management in purpose of integral management system implementation it is planned for the company to adjust its activities with requests of OHSAS standard in 2015, and thus upgrade health protection and safety of employees and third parties.
2. IMS examination (Integrated management system) is performed by trained internal auditors or employees of JP Autoceste who are certificated according to the requests of

the standard. As revision of standard is performed frequently it is necessary to continuously educate certificated auditors for a purpose of better and more effective works.

3. Release of new version of implemented standard of Quality management ISO 9001:2015 is continuing in 2015 with significant changes comparing with previous one, so new training for employees is needed to inform on new standard requests.
4. For previous implemented standards (ISO 9001:2008 i ISO 14001:2004) in terms of regular activities, it is necessary to perform supervised audit once a year by the certificating company. Also, it is planned to implement standard according to requests of OHSAS 18001, and upon its completion of to certify it by an external auditor.

Besides all mentioned, internal audit is also planned – due to requests of standards and good business practice in purpose of control, improvements and upgrade of business, regular internal audits are being performed on yearly basis. The results are proposals for improvements, elimination of non-complied areas and also, basis for additional questioning by management of IMS. Internal audit is performed by employees of JP Autoceste and by certificated auditors.

Other regular activities are: continuous monitoring, improving and revision of implemented documentation of IMS, making of new documentation, surveys conducted to question level of satisfaction of users, preparation and involvement in IMS review and supervision of conclusion implementation and related activities.

6.7.1. Introducing of standard OHSAS 18001:2007 –Occupational health and safety management system

Standard OHSAS 18001 (Occupational Health & Safety Assessment Series) is a standard that defines request for management system of occupational health and safety.

Occupational health protection relates to organizations that are aware of importance of safety and health protection of its employees and they continuously try to improve and sustain adequate level of physical, mental and social safety for all type of workers.

By implementation of this standard, company gains trust of interested parties, assuring them that management is determined to fulfill requests from Occupational health and safety Policy, to focus on preventive activities and not corrective measures , that it is possible to give evidence on fact that OHSAS is related to the whole organization and not just at processes for which there are regulation rules ore are in zones of great risks, and that concept of OHSAS involves process of constant improvements.

6.7.2. Importance of OHSAS 18001:2007 for JP Autoceste

Advantages of OHSAS 18001:2007 imolemnation are as follows:

- Injuries at workplace are minimized ;
- Injury protection for employees and visitors;
- Company willingness to eliminate danger in time;
- Harmonize working processes of company with regulatory rules;
- Improving general image of the company;
- Attract foreign investors;
- Brings trust to the users/buyers in form of determination of the company to manage occupational health and safety that can be proved;

- Opens new market possibilities for cooperation with international companies whose primal goal is occupational safety and health

6.7.3. Implementation – introduction phase of OHSAS 18001:2007

Basic point of this system is safety at the workplace that is achieved through:

- Definition and evaluation of danger in terms of regulatory rules;
- Definition of policy goals of safety and health at workplace;
- Defining danger at workplace;
- Planning, development and implementation of system of health protection for employees;
- Internal control of occupational health and safety management system;
- Certification.

Implementation and certification of OHSAS 18001 system protects a company from undesirable costs, enables more favourable contracts with insurance companies, improves relations with governing bodies, improves productivity of workers by decreasing work injuries and reducing duration of sick leave.

In the first quarter of 2015, JP Autoceste is planning to implement OHSAS standard 18001:2007, which should last around 9 months.

6.8. PROJECTION OF REVENUES AND EXPENSES

6.8.1. Revenues

No.	Type of revenue	Plan for 2015 in KM
1	2	3
1.	Revenue from excise tax from the fuel price	74.000.000
2.	Revenue from federal taxes for the use of the motorway (toll collection)	32.000.000
3.	Revenue from fees for the use of road land	200.000
4.	Revenue from the sale of tender documents	10.000
5.	Revenue from renting TC canalization	180.000
6.	Revenue from approved discounts to the toll fee	600.000
7.	Grants for project documentation	803.800
8.	Other revenues	300.000
TOTAL:		108.093.800

The table shows the revenue projections in 2015. The most significant revenue items of PC Motorways of FB&H are from excise tax and toll revenues.

1. Revenues from excise tax (toll from fuel prices) are predicted to be at the amount of 74 million KM. It is assumed that during year 2015 settling of 10 % will be realized from retained part of excise tax. Last leveling was done in July 2013 and it is planned to be done every two years.
2. Toll revenues are based on introduction of the new sections that are being used. As of 26th August 2014, closed toll system of collection was introduced on the toll plaza Zenica South and thus two new sub-sections have toll system (Drivusa - Gorica and Gorica - Biljesevo). As of beginning of 2015, it is planned to introduce toll system of collection for the section from Vlakovo to Tarčin and from Zvirovici to Bijača. Even though plan of toll collection for 2014 will be accomplished (24 mil. BAM), planning for the 2015 was done with caution with total increase of 33 %. The reason for this is that traffic frequency towards South is lower than frequency at the direction from Sarajevo to Zenica.
3. Revenue from fees for the use of road land are made on the basis of existing contracts for land lending for providing services and other supporting activities to users of motorway or expressways ("Official gazette" No. 81/10 and 13/13) and planned revenue for rental of rest areas at the motorway that are in the tendering process.
4. Revenues from fees of tender documentation are planned to be lower than previous year, since it is not expected to announce tender for construction of works and supervision services for new motorway sections.
5. Revenues from fees from renting TC canalization is made on the basis of three existing contracts for renting TC canalization.
6. Revenue from approved discounts to compensate for the toll is equal as expenditure for approved discount. It is an accounting category that is seen as both revenue and as expenditure and has no influence to financial result. Revenue from approved works to compensate for the toll is exercised on the basis of the Regulation on the collection of fees for the use of the A1 motorway, which was adopted by the Government of Federation of B&H („Official gazette“nr .50/12, 45/13, 34/14, 59/14). Revenue on this basis (as well as expenditures) are significantly higher due to increased number of usage of ACC Tag devices and expected additional discount that are being realized in 2014.
7. Grants for design documentation according to regulations of IFRS 20 will be shown as delayed revenue, and 20 % of revenue will be show as revenue in accounting period for 2015.

6.8.2. Operational expenditures

No.	Type of expenditures	Plan for 2015
1	2	3
1.	Cost of procured goods	230.000
2.	Cost of electricity and fuel	1.465.000
3.	Cost of raw material and consumables	445.000
4.	Cost of spare parts	35.000
5.	Write of inventory, packages and tires	30.000

6.	Cost of salaries	9.700.000
7.	Cost of business travels	150.000
8.	Other benefits, wages and employees benefits	1.580.000
9.	Cost of fees to other persons	70.000
10.	Cost of maintainance services	15.070.000
11.	Cost of rent	680.000
12.	Cost of production and marketing	100.000
13.	Cost of other services	170.000
14.	Amortization expenses	21.750.000
15.	Cost of provisions for fees and other benefits	45.000
16.	Cost of provision for legal disputes and damages	800.000
17.	Cost of non production services	320.000
18.	Cost of representation	70.000
19.	Cost of Insurance	205.000
20.	Cost of payment operations	163.000
21.	Expenses of postal and telecommunication services	242.000
22.	Costs of taxes, charges, fees, and other duties at the expense of the legal entity	93.000
23.	Cost of membership fees and similar obligations	10.000
24.	Other non materail costs	133.000
25.	Cost of interests	13.400.000
26.	Other financial expenditures	600.000
TOTAL:		67.556.000

Note:

For a purpose of this cost projection, increase of number of employees is taken into consideration as well as opening of new motorway sections. Cost of amortization, maintenance cost and cost of energy is expected to increase significantly. Due to increase of number of employees cost of wages will also increase and projection keeps the same base for wage calculation (coefficient is 550 KM).

Increase of loan amount is followed by increase of cost of interest rates and most of the part of interests is treated as expenditures since sections that are constructed from loan sources are completed.

1. Cost of procured goods – this position is related to cost of sold ACC TAG devices. Increase of sale of ACC TAG devices is expected since there are more kilometers as construction of new sections is completed.
2. Cost of energy significantly increased. Maintenance department made evaluation by which annual cost of electricity will be in amount of approx.1,3 mil. KM. Increase of consumption is related to lightening, tunnel ventilation and lightening of toll and other facilities.
3. Raw material and consumables - this position includes the cost of all material costs relating to the material used in the billing system, office supplies, supplies for maintenance, as well as uniforms in toll system and other material costs.
4. Costs of spare parts are planed based on trend of consumption in previous years.

5. Cost of wages are planned based on existing number of employees and planned new employment that should be realized in 2015 in purpose of upgrade of toll system .
6. Cost of maintenance services are planned based on prediction of Operation and maintenance department.
7. Costs of amortization are planned based on rough prediction as detailed accounting simulation will be possible after putting in use all planned projects. As value of tunnels has major significance, it is not possible to assume precisely how much share in tunnel structure will have unlimited life-time (0%), or life time of 40 years (2,5%) and which part in structure is equipment.
8. Other non material costs are related to given scholarships, educational programs, cost of advertising, subscription to print and electronic media, professional literature and electronic media.
9. Most of the cost of interests will be booked as expenditures in 2014, which will have effects to Balance sheets and financial result.
10. Other financial expenditures relates to given discount to compensate for the planned toll , as well as revenue from this discount , mentioned expenditure does not have effect on financial result.

Planned employment according to organizational units of JP Autoceste

No.	Sector /Department	Planned recruitment for 2015
1.	Cabinet of the Management	2
2.	Sector of design and construction	4
3.	Sector of operationt and maintenance	50
4.	Sector of economic – financial affairs	4
5.	Sector of legal affairs	3
TOTAL:		63

In 2015, it is planned to employ 63 new employees. In accordance to Rule of conditions, base and criteria for construction categorization in categories threatened by fire, Law on human and material protection and safety from enviromental and other accidents as well as Law on fire protection, public company is obliged to ensure fire protection 24 hours per day. In accordance with Federal Government Decision of 08.10.2014 and length of motorway of 92 km, number of tunnels and in accrdance with internal organisation and sistematisation of work places, it is planned to form a firefighting unit, which will have major effects on number of employees in 2015.

6.8.3. The difference between revenue and expenditure –Financial result

No.	Description	Amount in BAM
1	2	3
1.	Total revenue	108.093.800
2.	Total expenditures	67.556.000

Financial result (1-2)	40.537.800
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6.9. PROJECTION OF SOURCE OF FINANCING – LOANS AND REPAYMENT

The following table shows financial projection of withdrawal of loans with interest for existent credit lines that are effective:

No.	Credit lines	Loan amount in €	Plan of increase for 2015 €	Predicted Cost of interest €	Predicted Cost of interest in KM	Process of Capitalisig in KM
1	2	3	4	5	6	7
1.	Bank for development of FBiH 30 mil. KM	15.338.756	15.338.756	589.888	1.153.721	1.153.721
2.	OPEC A 38 mil. EUR	38.000.000	24.000.000	200.000	391.166	391.166
3.	OPEC B 24 mil. EUR	24.000.000	14.000.000	90.000	176.025	176.025
4.	KFAER 28 mil. EUR	28.000.000	23.500.000	464.167	907.832	907.832
5.	Revolving 40 mil. KM	20.451.675	20.451.675	500.000	977.915	977.915
6.	EIB 100 mil. EUR	100.000.000	17.000.000	51.150	100.041	100.041
TOTAL:		205.338.756	93.838.756	1.395.205	3.706.699	3.706.699

6.9.1. Overview of planned loan repayments

No.	Credit line	Anuity due date	Repayment plan in €	Repeymnt Plan in KM in 2015
1	2	3	4	5
1.	EBRD 180 mil. EUR	May 2015	8.338.566	16.308.818
2.	EBRD 180 mil. EUR	November 2015	8.338.566	16.308.818
3.	EBRD 25 mil. EUR	May 2015	1.315.789	2.573.460
4.	EBRD 25 mil. EUR	November 2015.	1.315.789	2.573.460
5.	Bako for development FBiH 30 mil. BAM	Monthly April - December 2015	1.769.855	3.461.536
6.	Revolving loan 40 mil KM	Revolving	-	-
TOTAL:			21.078.565	41.226.090

6.9.2. Overview of debt repayment – principal and interest

The following table shows overview of planned interest rate calculation by existing credit lines as well as loans that are in procedure of signing contracts.

	Credit line	Repayment in €	Interest in €	Total debt in €	Total debt in KM in 2015
2015	EIB 75 mil. EUR	0	1.283.895	1.283.895	2.511.080
	EIB 166 mil. EUR	0	2.738.350	2.738.350	5.355.747
	EBRD 180 mil. EUR	16.677.132	2.468.431	19.145.563	37.445.466

EBRD 25 mil. EUR	2.631.579	359.243	2.990.822	5.849.539
OPEC A 38 mil. EUR	0	200.000	200.000	391.166
OPEC B 24 mil. EUR	0	90.000	90.000	176.025
KFAER 28 mil. EUR	0	464.167	464.167	907.832
Revolving loan 40 mil. KM	0	500.000	500.000	977.915
Bank for development FBiH 30 mil. KM	1.769.855	589.888	2.359.743	4.615.256
EIB 100 mil. EUR	0	51.150	51.150	100.041
TOTAL:	21.078.565	8.745.124	29.823.690	58.330.068

Besides THE existing loan arrangements, JP Autoceste initiated other activities to ensure financial funds at international financial institutions, and it is planned to continue mentioned activities with a purpose of achieving efficiency of funds for:

- ✓ Loan agreement with OFID – OPEC Fund for international development for funds in amount of approx. 60 million euros (48million USD and 24 million euros) for financing of construction of sub-section Klopce – Donja Gracanica. In september 2014, two loan agreements were signed between Bosnia and Herzegovina and OFID – OPEC Fund for international development. Further procedure for loan is in progress and is in line with Law on Government debt, borrowing and guarantees of Federation of Bosnia and Herzegovina.
- ✓ Loan agreement at EIB in amount of 100 million Euros for construction of sub-section Zvirovici – Pocitelj. Agreement on loan between EIB and Bosnia and Herzegovina was signed in November 2014. Further procedure is ongoing in accordance with Law on Government debt and Guarantees of Federation of Bosnia and Herzegovina.

In 2015. JP Autoceste will continue to conduct policy of short term lending at commercial banks in amount of 40 million KM, as a way to ensure sources of financing construction on revolving basis, which is explained in item 3. of this Plan.

Besides mentioned activities in 2015. JP Autoceste will start activities to ensure loan amount at international financial institutions in amount of 30 million euros for co-financing construction of sub-section Klopce-Donja Gracanica.

JP Autoceste shall, in case of lack of funds for internal usage for project realization of construction of motorway at Corridor Vc or any other reason which can lead to illiquidity of project (temporary suspension loan withdrawal or similar), provide additional financial sources by increasing existing loan lines, increasing fuel excise, stock emission, new commercial agreements or agreements with international financial institutions.

It is important to mention that besides usual ways of financing construction of Corridor Vc, activities will be undertaken to find other alternative model of financing and construction, which will significantly depend on possibilities of JP Autoceste and country of Bosnia and Herzegovina, i.e. Federation of B&H to fulfill all possible liabilities on time.

6.10. OVERVIEW OF CAPITAL INVESTMENTS

No.	Description	Amount in KM
1	2	3
	A) Investments at Coridor Vc construction (VAT excluded)	216.026.181
1.	Land Acquisition	14.080.000
2.	Design services	7.712.853
3.	Construction	185.788.873
4.	Supervision services	8.444.455
	B) Capital investment on operation and maintainance of motorway	523.900
1.	Equipment for maintainance and operation of motorway	388.900
2.	Procurement and installation of barriers for car light protection at the section A1 Dobrinje - Visoko	75.000
3.	Construction and installation of snow protection at the passages and facilities at the sections: Zenica South – Tarcin and Bijaca – Zvirovići	60.000
		0
	C) Investments in IT	8.310.500
1.	Procurement of IT equipment, implementation, system upgrade and other (item 6.4.)	8.310.500
	D) Other capital investments	2.550.000
1.	Vehicles	2.500.000
2.	Furniture	50.000
	E) Investment from grants and IPA funds	390.000
1.	Project documentation – grant amount	390.000
TOTAL (A+B+C+D+E)		227.800.581

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Mostar, 27th November 2014

DIRECTOR

mr. sci Ensad Karić

