



BUSINESS PLAN FOR THE YEAR 2016

Mostar, December 2015

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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 2016 aims to define main strategic business goals in purpose of achievement of the best results in terms of infrastructure construction, operation and maintenance of motorway and expressways. 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 of maintenance services through upgrade and improvement of services,
- Design 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,
- 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, land expropriation of and continuation of construction of sections;
- Proceeding activities to initiate change of Spatial plan of Federation of Bosnia and Herzegovina for purpose of land register of the route of motorways and expressways in Federation of Bosnia and Herzegovina;
- Initiate the creation of strategy of development and maintenance of public roads, and the medium-term program of maintenance and protection, in order to create conditions for the construction of new sections that are not covered by previous activities. This stage emphasizes the importance of the work on the sections that are, according to this plan, planned 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 excise 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 institutions, 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 Autoceste 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 the Company, as well as tasks on motorways and expressways in the Federation of BiH 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 neighboring 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 – Odžak – 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 sa Republic of Croatia	Expressway

2.1. VISION

Creating road infrastructure of the highest rank, equivalent to the most contemporary roads in the world.

2.2. MISSION

We build, operate and maintain the road infrastructure of the highest rank, acting socially responsible with a particular focus on compliance with environment 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 stretches 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 Zvirivici – Bijaca (from Medjugorje Interchange to border 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 million euro)
- ✓ Contract number: 31.174 (BA) as of 22.08.2012. (339,6 million 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, Zvirivici – 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, but also in the coming period it is expected to settle the remaining liabilities. Specifically, as per contracted works for the construction of motorway sections in the second funding phase, lack of the resources to complete the works was evident. Pursuant to Section 6.03. of the Agreement on financing between Bosnia and Herzegovina and the European Investment Bank, the second phase of Corridor Vc, FI number 31174 (BA) of 22.08.2012.godine (Sarajevo) Bosnia and Herzegovina has committed to, in case of possible differences between the estimated value of works (tender documentation) and contracted, provide financing through other sources of funding.

Therefore, JP Autoceste as implementer of the project, in the previous period has taken certain actions to secure additional funds as follows:

- ✓ Through 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.

Furthermore, 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 longer time period 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 hasn't been constituted for long period 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. Also, since the 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 could not be fulfilled meaning and the procedure of the mentioned loan was stopped.

As a result of all this, funds in the amount planned have not provided, that would be completely close obligations under contracts for the construction and supervision of the II phase of construction. Given the fact that the liabilities for short-term debt - revolving lines were planned to be closed from the long-term commercial loans, Management of JP Autoceste has conducted the procedure and re-entered into a short-term debt (revolving loan) in late February 2015. Bearing in mind the above mentioned, and the fact that the obligations created in 2016 on the basis of short-term loans, part of the obligations for the second part of retention in respect of the construction and completion of the work on the section Drivuša - Klopče and Svilaj - Odzak, Management of JP Autoceste plans to take action to ensure the funds through commercial loans (short and long term), issuance of securities or from other sources, in order not to jeopardize the current liquidity of the company. At present, activities are under way regarding the debt with commercial banks in the amount of 30 million, in order to cover the missing funds for the closure of commercial revolving credit facility, which matures in February 2016. In the future period, JP Autoceste will take action to ensure credit funds through long-term lines of financing or issuing securities or other sources (to 90 million), to settle the above-mentioned obligations, the obligation to close the short-term revolving loan (repayment) and insure funds for pre-financing of construction until effectiveness of funds of international credit institutions. Since it is necessary to provide guarantees of the Federation of BiH, the procedure itself through long-term credit borrowing from domestic financial institutions lasts over a long period of time, and therefore the procedure is initiated for short-term debt - revolving lines in the amount of 30 million.

Bearing in mind that at the time of preparation of the Business Plan, it is not known whether the Government of FBiH and the Parliament of FBiH will provide consent for the issuance of guarantees on long-term debt in the amount of 90 million, and since Business plan is based on the assumption that the 2016 will provide extra revenue from an increase in excise duty on fuel in the amount of additional 35 million, based on that and depending on the situation on the financial market, procedure of the issuing

securities or procedures for new short-term debt on a revolving basis in the amount of at least 30 million, or other sources.

Currently, the construction of subsection Klopče – Drivuša is in progress, while on the section Svilaj - Odžak works of the first phase of construction were completed, and the beginning of the second phase is expected in April 2017.

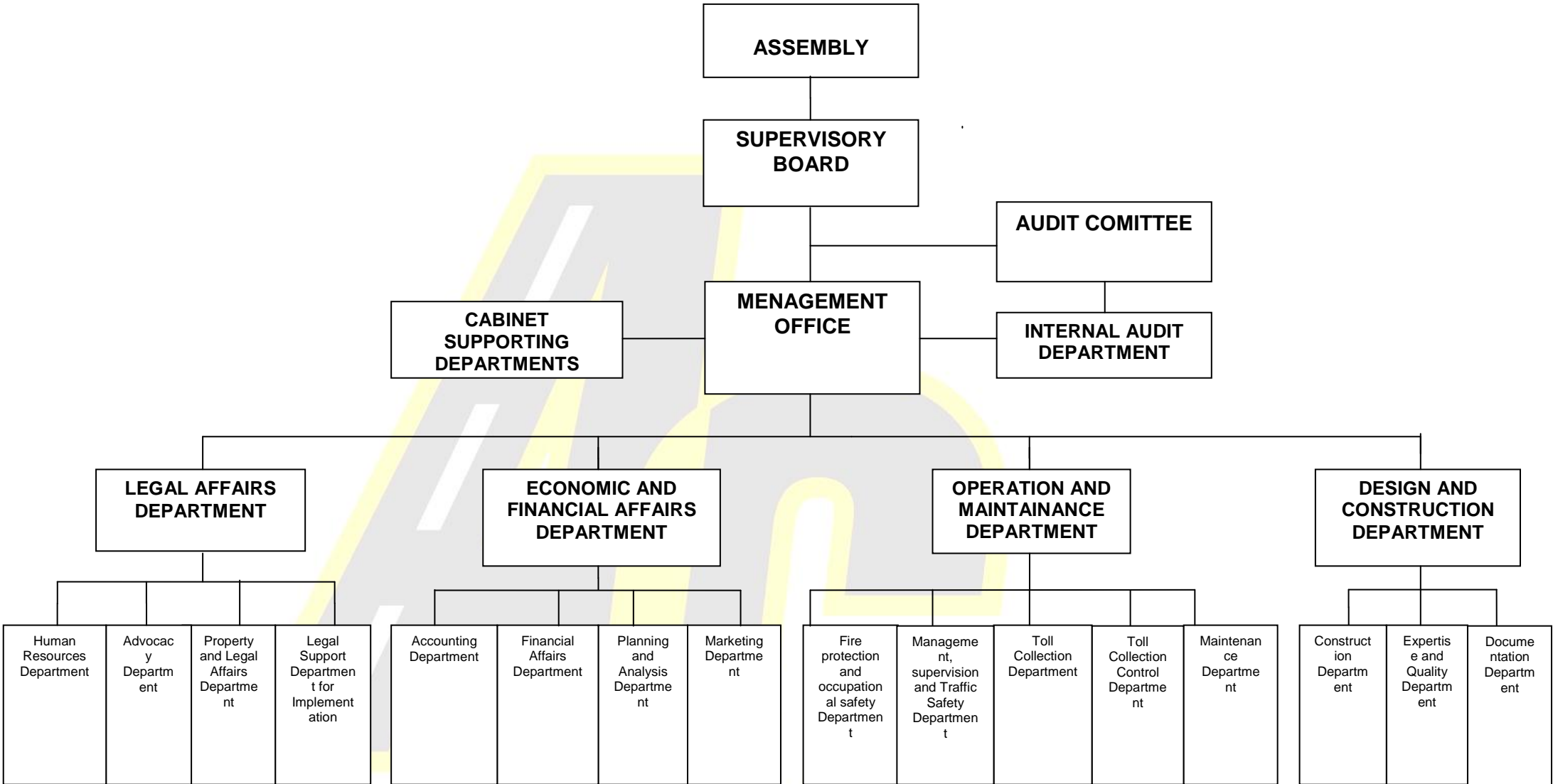
To finance the construction of subsection Drivuša - Klopče funds have been provided by the contract concluded between Bosnia and Herzegovina and **Kuwait Fund for Arab Economic Development (KFAER)** No. 794, ratified in May 2010 in the amount of KD 10.5 million (approximately 28 million euro). Financing of the construction of the Svilaj - Odžak (Phase II) is planned from internal resources of JP Autoceste.

In the previous period, activities were initiated on the procedure of credit debt with OFID - OPEC Fund for International Development for funding in the amount of approximately 60 million euros (48 million USD and 24 million euros) to finance the construction of subsection Klopče - Donja Gračanica, as well as with EIB (European Investment Bank) in the amount of 100 million euros for co-financing the construction of the subsection Zvirovići - Pocitelj. Complete borrowing procedure in accordance with the legislation has been implemented and signing of subsidiary agreements and subcontracts on the loan are in the progress. It is expected to achieve the effectiveness of loan funds in early 2016. Also, in the previous period, the initiative was started for credit with the Kuwait Fund for Arab Economic Development in the amount of approximately 50 million for co-financing the construction of the section Klopče - Donja Gračanica (tunnel Pecuj) and initiatives for loan with the EBRD in the amount of 80 million EUR for co-funding of the subsections Počitelj - Buna and tunnel Pecuj-Zenica north.

As in the business plans from previous years, JP Autoceste are planned to temporarily pre-finance sections of the motorway until the final effectiveness of the credit line, which requires to secure the funds through borrowing.

4. 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:

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

In 2016 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 activities to obtain effectiveness of the loan under agreement with OFID (OPEC Fund for international development) for the construction of subsection Klopče – tunnel Pecuj and activities to ensure additional funds necessary to finance this section;
3. Continuation of activities to achieve effectiveness of the loan funds as per Loan Agreement with EIB and preparation of construction of the Zvirovići (Međugorje) – Počitelj section;
4. Continuation of activities on preparation for construction and activities to ensure credit funds with the EBRD for construction of subsections Buna - Pocitelj and Pecuj - Zenica north (entrance to the tunnel Zenica);
5. Continuation of activities on preparation and securing funds for the construction of the section Zenica north (entrance to the tunnel Zenica) - Nemila;
6. Continuation of activities on preparation and securing funds for construction of the section Mostar south - Buna;
7. Start-up activities to ensure credit funds and preparation for construction of the section Konjic - Salakovac (Phase I);
8. Activities related to the implementation of the procedure for the selection of a private partner / concessionaire for the section Zepce to Dobož south;
9. Activities related to the implementation of the procedure for the selection of a private partner / concessionaire for construction of expresway Lašva – Nević Polje.

We emphasize that the first phase of construction of the section Svilaj - Odžak is completed, and the continuation of construction is expected in 2017. The construction of this section is in direct functional dependence with the construction of the border crossing Svilaj and the bridge on the Sava River. The contract for construction of the motorway and the border crossing scheduled completion date by the end of 2014. The completion of works and obtaining the occupancy permit and opening for traffic was not possible due to activities that are not in direct jurisdiction of JP Autoceste and influence the dynamics and course of works. Thus the expropriation of land for the construction of GP Svilaj is under the jurisdiction of the Indirect Taxation Authority, and the construction of the Svilaj bridge over the Sava River in the jurisdiction of the Republic of Croatia and BiH Council of Ministers, and completion of the contracted works will depend on the mentioned activities. Construction of the bridge on the Sava River, due the annulment 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 foregoing, JP Autoceste has in the past initiated activities to start the construction of Svilaj – Odžak, divided into two phases, and on 30.04.2015. Annex to the Agreement for the construction of the Corridor Vc, section Svilaj-Odžak was concluded. The reason for this is to optimize the work and investment costs. Thus, in 2015 construction of the motorway to the level of the highway pavement and buildings along the route completed. Continuation of works that comprise the final works of laying asphalt, horizontal and vertical

signage is planned for early 2017, which would be aligned with the end of the bridge on the Sava River, with expected opening to traffic in late 2017.

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). In the previous period, 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 was 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 Divel 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 – tunnel Pecuj, activities have been initiated to ensure funds by OFID and KFAED to finance this subsection, in order to enable the construction of a full profile of this part of the motorway.

5.2. CONTINUATION OF ACTIVITIES ON THE CONSTRUCTION OF SUBSECTION KLOPČE – TUNNEL PEČUJ AND INITIATION OF ACTIVITIES TO ENSURE ADDITIONAL FUNDS

Estimated value of construction of subsection Klopče - Pecuj tunnel is 110 million euros. In the previous period, a request was initiated for credits with the OFID - OPEC Fund for International Development in the amount of approximately 60 million euros through two models of credit (48 million USD and 24 million euros) for co-financing the construction of the section Klopče - tunnel Pecuj. Credit agreements between OFID - OPEC Fund for International Development and Bosnia and Herzegovina were signed in September 2014. FBiH Parliament adopted the Decision on accepting the loans on the basis of the above credit loan agreement in late October 2015. Activities related to the subsidiary agreements, project contract and subcontract on the loan are ongoing. Therefore, it is expected to achieve effectiveness of loan funds in early 2016. Also, after you sending the initiatives to the Federal Ministry of Finance for credit with the Kuwait Fund for Arab Economic Development in the amount of approximately 50 million euros, the FBiH Government on, 07.10.2015., supported the initiative for credit indebtedness and sent the same for further procedure. However, since the initiative has not yet been submitted to the Fund, and according to current knowledge, it is certain that total planned amount of funds cannot be ensured by KFAER, JP Autoceste will initiate activities to provide the necessary funds either from their own resources or from other financial institutions. This would provide funding for the construction of a full profile of this part of the motorway.

In the previous period procurement procedure was initiated for selecting the best bidder for the works and the most favorable consultant for supervision services. Currently, the evaluation of offers of pre-qualified contractors is ongoing, while opening of the bids was done for supervision services, as well as final evaluation report that is sent to KFAER for approval. The signing of contracts for works and supervision services is expected in March 2016.

5.3. 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. 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 has in the past period initiated activities to secure funds for construction of the subsection Zvirovići (Medjugorje) - Počitelj with the European Investment Bank. Estimated value of subsection is 112 million euros. After launching the initiative the agreement between the EIB and Bosnia and Herzegovina was concluded in November 2014, and ratification of the loan agreement at the state level was done. In early October 2015, Decision on accepting the loan debts was adopted at the FBiH Parliament. The procedure is in progress for signing of subsidiary agreements and subcontracts on the loan.

In the past period, the procedure of public procurement was initiated for works and supervision services for section Zvirovići (Medjugorje) - Počitelj. The evaluation of bids of pre-qualified contractors is in progress. Also, financial bids for procurement of supervision services were opened and the final evaluation reports made, which were sent to EIB for approval

5.4. CONTINUATION OF ACTIVITIES TO ENSURE FUNDS AND PREPARATION FOR CONSTRUCTION OF THE SECTIONS POČITELJ – BUNA AND TUNNEL PEČUJ – ZENICA SJEVER

JP Autoceste has launched an initiative for credit with the EBRD in the amount of 80 million euros. The FBiH Government on 26.11.2015. supported the initiative for credit borrowing and sent the same to the Council of Ministers for further procedure.

Section Pocitelj - Buna is a continuation of the section Pocitelj - Bijača (including border crossing Bijača). Length of the subsection Počitelj - Buna is 7.2 km and the estimated value of construction is 31.7 million euros (excluding VAT), which is planned to be provided from the funds of the EBRD loan.

The subsection tunnel Pecuj - Zenica north (entrance to the tunnel Zenica) is a continuation of the section Klopče-tunnel Pecuj. The total length of the subsection tunnel Pecuj - Zenica north is about 4 km. The total estimated value of the construction of Lot 3 of Zenica bypass tunnel Pecuj - Zenica north (entrance to the tunnel Zenica) is 55 million euros. An amount of 47.5 million euros will be provided from the EBRD loan.

5.5. CONTINUATION OF ACTIVITIES TO ENSURE FUNDS AND PREPARATION FOR CONSTRUCTION OF THE SECTION ZENICA NORTH (ENTRANCE TO TUNNEL ZENICA) - NEMILA

Preliminary design was made for the section Zenica north (entrance to the tunnel Zenica) - Nemila in 2006. Optimization of the route was completed in 2013. Drafting of the main design and accompanying documentation is in progress.

In the coming period, JP Autoceste will start activities to secure funds for the construction of the said section and construction supervision through borrowing from international financial institutions.

5.6. CONTINUATION OF ACTIVITIES TO ENSURE FUNDS AND PREPARATION FOR CONSTRUCTION OF THE SECTION MOSTAR SOUTH - BUNA

The subsection Mostar South – Buna is around 13 km long. Preliminary design was completed in 2006. The preparation of a new optimized preliminary design is in progress that takes into account the demands of the local community and the environment. In the future period, JP Autoceste will continue its activities on finalizing the preliminary design and development of the main design, as well as an analysis of the possibilities of financing the construction through borrowing from international financial institutions.

5.7. INITIATING ACTIVITIES TO ENSURE FUNDS AND PREPARATION FOR CONSTRUCTION OF THE SECTION KONJIC – SALAKOVAC (PHASE I)

In the previous period, JP Autoceste has optimized the route of the motorway section Konjic - Mostar North on the level of preliminary design. By optimizing the route, using the

natural advantages of the terrain (the passage through the valley Bijela), as well as new technological advances in the tunnel construction to break through the mountain Prenj, the route would be shortened by 18 kilometers. Due to large financial savings FBiH Government on 25.07.2014. adopted a Conclusion ordering JP Autoceste to continue further activities on the exploration of the route of the motorway through Prenj. The Federal Ministry of Environment and Tourism has submitted a letter stating that there are no obstacles to access the procedural steps for obtaining the environmental permit for the proposed route of the Corridor Vc through Prenj. Federal Ministry of Physical Planning on 21.08.2015. submitted the opinion allowing realization of determining solutions of the part of the route of the Corridor Vc - tunnel Prenj. The preparation of investment and technical documentation (preliminary design, environmental impact studies, traffic studies and geological studies) is in progress.

The project of construction of the motorway Konjic - Mostar North consists of the following subsections: Ovcari - Konjic, Konjic - the entrance to the tunnel Prenj, Prenj tunnel and exit from the tunnel Prenj - Mostar North. According to the nature of the project and the necessary technology optimal way to build the project according to international agreement "Design and built" ("design and build"), yellow FIDIC. Bearing in mind that this is a project that is necessary to allocate significant financial resources to approximately 370 million euros, an optimal method of construction would be a model in which bidders offer financial and technical offer as well as financiers with whom they would enter into a loan agreement. Award criterion would be the best overall offer when we take into account the cost of construction and financing.

Accordingly, JP Autoceste will refer to the FBiH Government to accept the proposed model of implementation of the infrastructure project, and to adopt an amendment to the proposal of the Spatial Plan of FBiH for the period 2008- 2028, which refers to the change of the position of Corridor Vc route on the section Konjic - Mostar north, and send the same to parliamentary procedure.

After completion of the above activities, JP Autoceste in 2016 will continue with the activities on the insurance of credit funds by borrowing from the domestic and international financial institutions through model "Finance and build."

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

In 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: Dobož 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.

IFC has carried out the analysis of all relevant existing data, information and updated all the relevant data, thereby completing the preparation for the structuring of transactions. The

project is structured on the principle of availability payment mechanism. It is a pre-arranged payments paid to the concessionaire due to the fact that the toll is not sufficient to cover the costs of management and maintenance, repay the loan and return on investment. According to the prepared analysis, availability payments for 25 years of the concession is approximately three times the value of the investment itself. Therefore JP Autoceste plan to continue with the activities of redefining concession arrangements in order to reduce subsidies by the public partner.

5.9. ACTIVITIES RELATED TO THE SELECTION PROCEDURE OF PRIVATE PARTNER/CONCESSIONER FOR EXPRESSWAY LAŠVA – NEVIĆ POLJE

Although the FbiH Government in the past period for construction of expressway Lašva - Donji Vakuf adopted three decisions on determining the public interest and the award of concessions, none of them was realized. The route Lasva - Nević Polje is part of the new expanded European network of express roads, so called routes 2A Okučani (HR) - Banja Luka - Jajce - Travnik - Lasva and as a frequent route represents an excellent opportunity for the allocation of the first concession in the field of construction of roads in the Federation of Bosnia and Herzegovina. The main design of expressway Lašva - Nević Polje was developed and revised in May 2013. Express road is 24.4 kilometers long, and the estimated value of the project is 217 million euros.

JP Autoceste will continue its activities on the adoption of decision by the FbiH Government on its commitment to the project. The project should be realized through concession. In order to approve the concession project for that section, it is necessary to make a feasibility study. Also a condition of awarding concessions are solved property relations to real property necessary for the construction of express road and obtaining urban planning approval. In this regard in the coming year JP Autoceste will continue to take actions in order to implement the above.

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 2016 for certain sections/subsections as follows:

No	Title of investment	Total estimate of the value of expropriation	Plan za 2016
1	2	3	4
1.	Section Klopče – Pečuj (D.Gračanica)	10.000.000	605.000
2.	Section Počitelj – Zvirovići	8.000.000	2.500.000
3.	Sarajevo by-pass LOT 3b	1.200.000	795.000
4.	Section Tarčin - Zukići	5.100.000	1.700.000
5.	Pečuj - Zenica north (entrance to tunnel Zenica) (4 km)	4.000.000	3.000.000
6.	Section Lašva – Travnik – Nević Polje (24 km)	25.000.000	200.000
7.	Konjic - Mostar sjever (Salakovac I phase 22 km)	4.000.000	200.000
8.	Počitelj - Buna (7,2 km)	2.000.000	500.000
9.	Other sections	4.550.000	500.000
TOTAL:		63.850.000	10.000.000

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) and costs for studies, parcel breaking and other fees:

No	Title of investment	Acquisition under regular expropriation procedure	Acquisition under Decision of the competent court	Development of studies, parcel breaking, fees and other unplanned expenditures	TOTAL
1	2	3	4	5	6=(3+4+5)
1.	Section Klopče - Pečuj (D.Gračanica)	500.000	100.000	5.000	605.000
2.	Section Počitelj – Zvirovići	2.200.000	270.000	30.000	2.500.000
3.	Sarajevo by-pass LOT 3b	795.000	-	-	795.000
4.	Dionica Tarčin - Zukići	1.500.000	200.000	-	1.700.000
5.	Pečuj - Zenica north (entrance to the tunnel) (4 km)	2.900.000	-	100.000	3.000.000
6.	Section Lašva – Travnik – Nević polje (24 km)	-	-	200.000	200.000
7.	Konjic - Mostar north (Salakovac I phase 22 km)	-	-	200.000	200.000
8.	Počitelj - Buna (7,2 km)	450.000	-	50.000	500.000

9.	Other sections	400.000	100.000	-	500.000
TOTAL:		8.745.000	670.000	585.000	10.000.000

Explanation of the planned investments:

- Section Drivuša – Pečuj**, subsection **Klopče – Pečuj** according to the submitted elaborates, expropriation is carried out at 184 parcels. During 2016, it is planned to purchase all parcels or property located on these parcels. At provided plots for expropriation, 45 buildings are scheduled to be demolished, which significantly increases the cost of expropriation.
- Expropriation is in progress **on the section Počitelj** – According to the submitted elaborates on expropriation of property, expropriation is taking place on 716 parcels. During 2015 and 2016 it is planned to expropriate the remaining 520 parcels. The purchase price of land and housing in the area has already been established, based on which the amount has been planned for the coming year.
- Sarajevo bypass LOT 3b** - The procedure of expropriation for the construction of the LOT 3b Sarajevo Bypass was launched in February 2012, but due to a blockage in the Municipality of Ilidza has not yet been completed. Completion of the process is planned in 2016. The value of real estate in the remaining cases has already been established, based on which funds have been planned for next year.
- Expropriation is in progress **on the subsection Tarčin – Zukići (until tunnel Ivan)**. According to the submitted elaborates on expropriation of property, expropriation takes place on 320 parcels. During 2016 it is planned to expropriate the remaining 50 plots. The purchase price of land and housing in the area has already been established, based on which the amount has been planned for the coming year.
- Expropriation study** has not been done yet for the section **Pečuj – Zenica north (entrance to tunnel Zenica)**, but considering its length and experience with expropriation on the location, it is supposed that the price will be approximately 4.000.000 KM.
- Expropriation studies have been made for the **section Lašva - Nević Polje (expressway)** in the length of 24 kilometers based on the Main design. The expropriation of land required for the construction of expressway will cover 1,556 cadastral parcels in 15 cadastral districts in the City of Zenica and municipalities Busovača, Vitez, Travnik and Novi Travnik. It is planned to start the expropriation process in 2016.
- Development of the Preliminary design is ongoing on the section **Konjic – Mostar north (Salakovac I phase 22 km)**, and at this stage there is no precise data (the ratio of public and private ownership, the length of the tunnels and bridges, the number of residential buildings) on the said route.
- Expropriation study has been made for the **section Počitelj – Buna (7,2 km)** for LOT – 0 in the length of 2,5 km. According to the submitted study on the expropriation of property, expropriation takes place on 159 parcels. The purchase price of land and housing in the area can be assumed on the basis of data on the expropriation of the same cadastral municipality

based on which the value is planned for the coming year. In the continuation of the route, the land is in the highest percentage forest with a significant share of state owned land.

9. **Other sections:** Gorica-Drivuša, Drivuša-Klopče, Vlakovo-Lepenica, Lepenica-Suhodol, Suhodol-Tarčin, Svilaj-Odžak, Zvirovići-Kravnice, Sarajevska byoass Lot 3.a. are the sections on which the expropriation process is completed and construction of the highway on the same is in progress. According to past experience possible amendments to the expropriation study (due to the construction of access roads, loops, piping, relocation of electrical poles, etc.), and for this purpose funds are planned for the purchase of real estate in the expropriation procedure.

Note: In addition to these shares provided for Business plan, there are still unfinished cases of expropriation (complaints, lawsuits, subsequent expropriation, conflict with the Municipality of Centar) on the section Vlakovo-Tarčin (section Vlakovo - Lepenica, Lepenica - Suhodol and Suhodol - Tarčin) Item 9 Other sections. For these sections, it is possible that the payment of compensation will be carried out during 2016, and the total amount outstanding at this stage is estimated at around 1.500.000 KM.

In addition to the valuation of land acquisition and real estate and the regular procedure, based on experience from previous years an assessment of the value of purchase of land and property in the non-contentious proceedings was carried out (the decisions of the competent courts) in the amount of 10% of the purchase under the regular procedure.

6.2. PLAN OF DESIGNING SERVICES

Business Plan for 2016 provides for the completion of development of design documentation for contracts that were signed in previous period, 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, IPA funds and Ministry of communication and transport of BiH.

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 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 2016 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	372.574
2.	Completion of the technical consultancy for the selection of technical solutions on the section Tuzla – Žepče	56.862	14.088
3.	Completion of the analysis of the existing Preliminary Design of the motorway Konjic – Mostar north – and development of the new Preliminary design	618.842	251.378
4.	General design and pre-feasibility study of the expressway Nević Polje - Jajce	540.000	288.000
5.	Technical consultancy for the selection of technical solutions on the expressway section Nević Polje - Jajce	60.000	32.000
6.	General design and Pre-Feasibility study of the expressway – Široki Brijeg – border HR L= 66km	1.000.000	300.000
7.	Technical consultancy for the selection of technical solutions on the expressway section Mostar – Široki Brijeg – border HR	60.000	24.000
8.	General design and Pre-Feasibility study of the expressway border of Croatia – Bihać – Ključ	2.000.000	400.000
9.	Technical consultancy for the selection of technical solutions on the expressway section border of Croatia – Bihać – Ključ	60.000	12.000
10.	Adjustment of the Main design of the section Buna – Počitelj of km 11+100.00 od km 15+420.00 with technical specifications	643.127	643.127
11.	Completion of Traffic Study, Environmental Impact Study, Water approval Study and Feasibility Study for the section Konjic – Mostar north	373.011	335.710
12.	Completion of geotechnical research works for the selected route on the section Konjic – Mostar north	349.742	349.742
13.	Consultancy services for concession Lašva - Travnik	1.500.000	500.000
14.	Other designs, studies, elaborates and elaborates for obtaining necessary approvals (unplanned designs and studies related to projects of access roads, unplanned projects, landslides, new local roads, relocation of installations etc)	300.000	300.000
TOTAL:		10.263.767	3.822.619

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 January 2016.

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

The Government of Federation of BiH adopted a Conclusion No.: 1433/2014 of 25.07.2014. according to which the conceptual design route formed by optimizing the respective route is adopted. Length of motorway route Konjic - Mostar North, according to a new variant is 38 km, and was moved east on the entire section from Bradina to Mostar. Start of new variant is incorporated in motorway section Tarcin-Konjic Zukići- which main design was made.JP Autoceste, according to the obligations under the Decision of the Federal Government, in 2015 signed an agreement on the preparation of preliminary design. Its completion is expected in 2016.

4. Development of general design and relevant studies of the expressway Nević Polje – Jajce L= 51 km:

As a continuation of the expressway section Lašva – Nević Polje, development of general design **Nević Polje – Jajce** in the length of L= 51 km. The contract is also provides for the preparation of appropriate studies: previous environment impact assessment, traffic studies and preliminary feasibility study. In 2015, the tender procedure started for the preparation of the general design. Bids were submitted and opened, and during the 2016 signing of the agreement 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 – Jajce L= 51 km:

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. Development of general design and relevant studies of the expressway: Mostar – Široki Brijeg – border HR:

Start of the expressway route represents a connection to Corridor Vc in the wider area of Mostar. For part of the expressway (from the loop Polog to the border with Croatia) there are previously made General and Preliminary Design.

As part of this project, it is necessary to create a new general design as well as the appropriate studies: previous environment impact assessment, traffic studies and preliminary feasibility study with the aim of selecting expressway corridor for further development.

The deadline for development is 24 months.

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

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.

8. Development of general design and relevant studies of the expressway Croatian border– Bihać –Ključ L=155 km

This section of the motorway includes a move from the Croatian border through Bihac to Jajce i.e. to the link with the entity 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 deadline for development is 24 months

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

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.

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

As part of making this project documentation, it is necessary to adjust the existing main design (created in 2010) from the km 11 + 100.00 to km 15 + 420.00 to the applicable technical specifications (Article 5 and Article 6 of the Law motorway on Corridor Vc) in order to obtain adequate documentation for obtaining the necessary permits, and the execution of the underlying portion of the highway.

In the first phase of the contract, it is necessary to develop the preliminary design for part of the route Pocitelj-Buna, and preliminary design for part of the route that deviates from the existing Main design made in 2010 by the Ministry of Transport and Communications, and define the point of temporary connection of the motorway route with the main road M-17.3 in the village Hodbina. Besides making the aforementioned preliminary project, the first phase

of the contract includes the preparation of reprints needed to obtain urban planning approval.

It is also anticipated that an audit is included in the price of project documentation development. **The deadline for development is 12 months.**

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

JP Autoceste, according to the obligations of the Decision of the FBiH Government, initiated activities on preparation of study documentation. An agreement was signed on the development of the above studies and their completion is expected at the end of 2016.

The deadline for development is 12 months.

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

After defining the route with preliminary design on the section of Corridor Vc motorway Konjic - Mostar North, the drawing up of the preliminary design for the tunnel Prenj started. As this is an extremely complex and demanding structure, it proved to be necessary to further explore the area is passing through this tunnel. An agreement was signed on the development of detailed geotechnical work for the tunnel Prenj. In early 2016, it is expected to deliver the obtained results of the completed geomechanical and geo-research works.

The deadline for development is 6 months.

13. Consultancy services for concession Lašva – Travnik

In order to implement the above project, the engagement of consultants is planned.

14. Other unplanned designs and studies refer to the projects of access roads, unforeseen projects - landslides, new roads, utility relocation and other projects, studies and reports for the purpose of obtaining the necessary approvals.

6.2.2. Designing services of Corridor Vc motorway, to be funded from IPA funds

Planned projects to be designed from IPA funds are:

- ✓ Development of the main design of the motorway Nemila - Donja Gračanica L= 16 km – funds from IPA 2011;
- ✓ Revision of the project documentation of the motorway Nemila - Donja Gračanica L= 16 km – funds from IPA 2011.

6.2.3. 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 2016, 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 II phase	53.100.000	--
2	Construction of COKP Vlakovo	6.000.000	2.000.000
3	Building of Fire station Tarcin with mini management centre	1.500.000	1.400.000
4	Construction of the subsection Počitelj – Zvirovići (both Lots)	204.000.000	73.000.000
5	Continuation of the construction of the motorway Drivuša - Klopče	56.000.000	35.000.000
6	Construction of the motorway Klopče - D.Gračanica (end of the tunnel Pečuj)	194.000.000	70.000.000
7	Construction of the motorway tunnel Pečuj-Zenica north (entrance to the tunnel Zenica)	103.700.000	20.000.000
8	Construction of the subsection Počitelj - Buna (7km)	62.100.000	11.200.000
TOTAL:		680.400.000	212.600.000

Explanation of the planned investments:

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 the end of 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 was divided into two phases, one of which was

completed in 2015 comprising the construction of the structure to the level of the motorway pavement and facilities along the route. Technical handover was done for these works and usage permit was obtained.

II Phase of construction of the section **Svilaj – Odžak** is planned to be continued as a part of the same contract from March 2017 with the deadline of 8 months, which would finalize the works on this subsection, the most important works being works on pavement structure, traffic-technical equipment and final works.

1. Beginning of the works on the construction of COKP Sarajevo in the vicinity of the loop Vlakovo is planned in 2016. Preparatory activities have been planned so it is expected that preparatory construction commences in September 2016 with a target completion date of one year. As part of this facility, the administration building of JP Autoceste would be built.
2. **Construction of mini-center for management and control with fire station in Tarcin** is planned in 2016 with the purpose to build an alternative location for traffic management on the Corridor Vc Motorway that gravitates loop Tarcin, where a significant number of facilities is concentrated (mostly tunnels), interesting from the standpoint of the safety of the traffic. As part of this facility, rooms for fire service will be constructed necessary to cover this part of the motorway on Corridor Vc. It is expected that all preparatory activities and works will be completed in 2016.
3. Construction of the subsection **Počitelj – Zvirovići**, due to the scope of works, is divided in two lots. **Lot 1** includes works from the km 0 + 000 to km 4 + 400 which includes 3.5 km of road, a large bridge that is being built on the north side of the Old Town of Pocitelj (length 945 m), and loop and toll station Pocitelj with access road for regional road Buna-Domanovići and main road M-17.
- 4a. **Lot 2** of the subsection **Počitelj – Zvirovići** from km 4+400 to km 11+075, involves construction of the rest of the subsection from the big bridge to the end of the subsection, immediately before the Zvirovići. This subsection begins with a very demanding part of the route (length of about 800 m) over difficult terrain that includes two shorter viaducts. In continuation, there is a tunnel of about 1.2 km, viaduct length of 120 m and the rest of the route to the loop Zvirovići has the length of about 4.4 km in favorable terrain conditions.
For both the lots the tender procedure is ongoing to select a contractor, which is expected to close in the spring of 2016.

After approval from the bank, signing of the contract is expected as well as performance of preparatory works in March 2016.

The construction of subsection Počitelj - Zvirovići would redirect traffic from the main road M-17 to the motorway towards Bijača. This would ensure full functionality of the built subsection Bijača - Zvirovići and increase its profitability.

4. Conduct of works is ongoing on the subsection **Drivuša – Klopče**. In 2015, works were performed on the relocation of underground gas, water, electric and telecommunication installations and transmission poles. Works were also conducted on the construction of substructure of the motorway and facilities in the said subsection. In 2016, it is expected to continue work on this subsection, of which the most important is performance of the bridge Drivuša (length 650 m) and viaduct Perin Han (length 400 m). From the works on the open route, the most significant works are the ones aimed to ensure the stability of slopes of cuts on the stretch between the two above-mentioned dominant structures.

5. Tender procedure is ongoing for the subsection **Klopče – Donja Gračanica (tunnel Pečuj)** for the selection of the most favorable contractor, which should end until spring 2016. In geological terms, this sub-section in length of approximately 5.8 kilometers is one of the most demanding on the Corridor Vc, with planned several demanding structures: three viaducts, two tunnels and the rest with the open parts of the route, most in the cuttings, with very demanding technical solutions to protect the stability of slopes of cuts.

After approval from the bank, signing of the contract is expected as well as performance of preparatory works in March 2016.

6. Implementation of activities on preparation of the construction of the motorway section **tunnel Pecuj-Zenica North (entrance to the tunnel Zenica)** with loop Zenica north and connecting roads to the center of Zenica. After carrying out preparatory work on the development of project documentation, obtaining of necessary approvals and preparation of tender documents, which was made in 2015, the continuation of these activities will be conducted in the following year, which is expected to tender in early February 2016, after the procedure, "Design and built "(yellow FIDIC), which after the completion of all procedures would result in signing a contract in July 2016. The subsection is about 4 km long, which is in addition to the open part of the route, includes a larger viaduct over the village of Donja Gračanica in length of 400 m, the tunnel Hum, length also about 400 meters, two short viaducts in the village Hece, and tunnel Vraca length of approximately 300 m. As part of this subsection loop Zenica north will be constructed with toll collection points, as well as the so-called road. "Northern link" that needs to link the Corridor Vc motorway with the city of Zenica and the main road M-17.

It is expected that in 2016, as part of the contract, main activities would involve preparation of project documentation (main design), obtaining building permits, and preparatory work for construction of the route and structures on it.

7. Continuation of preparatory works is planned for the motorway section **Buna – Počitelj** (app. 7 km), which would, after completion of the tender procedure, result in the signing of the contract and the beginning of the preparatory work in July 2016. The section is very simple to perform since except for one resting area and one overpass it has no other significant buildings. The section is located on a geologically and morphologically extremely favorable ground. The planned construction period is 12 months.

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 2016

No	Title of investment/contract	Retained part (retention)	Payment of the retained part (retention)			
			2016.			
			I quarter	II quarter	III quarter	IV quarter
1	2	3	6	7	8	
1	Construction of mini COKP with fire station in Tarcin	150.000,00				75.000
2	Completion of the project of the section Vlakovo – Tarčin	61.829.308				29.911.351
3	Completion of the project Lot 3a	3.681.672		1.838.869		
4	Completion of the project of the section Zvirovići – Bijača	15.285.310				6.025.947
5	Completion of the project of the subsection Gorica - Bilješevo (tunnel 1. mart) Phase II	6.384.138			3.192.069	
TOTAL:		87.330.428	0,00	1.838.869	3.192.069	36.012.298

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 construction of **mini COKP and fire station in Tarčin**, whose construction is planned in April 2016 with the deadline of 8 months, in the amount of 75.000 KM, will be paid in late 2016.
2. Return of the second part of the retained amount for the **section Vlakovo – Tarčin** in the amount of 29.911.351 KM will be paid in IV quarter of 2016.
3. Return of the remaining part of the retained amount for the subsection **LOT 3a** in the amount of 1.838.869 KM will be paid in II quarter of 2016.
4. Return of the remaining part of the retained amount for the **subsection Bijača – Zvirovići** in the amount of 6.025.947 KM will be paid in IV quarter of 2016.
5. Return of the remaining part of the retained amount for the subsection **Gorica – Bilješevo (Phase II)** in the amount of 3.192.069,21 KM will be paid in III quarter of 2016.

5.4. SUPERVISION SERVICES PLAN

No	Title of investment	Value of the contract /estimate (VAT excluded)	Plan for 2016 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 II phase	1.504.485	0
2	Construction of COKP Vlakovo	150.000	50.000
3	Construction of Fire station Tarčin	50.000	50.000
4	Construction of subsection Počitelj - Zvirovići (for both lots)	8.863.868	3.120.000
5	Continuation of construction of the motorway Drivuša - Klopče	4.243.173	1.980.000
6	Construction of the motorway Klopče - D.Gračanica (end of the tunnel Pečuj)	7.819.810	2.740.000
7	Construction of the motorway tunnel Pečuj-Zenica north (entrance to the tunnel Zenica)	2.650.000	675.000
8	Construction of the subsection Počitelj- Buna (7km)	1.862.258	885.000
TOTAL:		27.143.594	9.500.000

Explanation of the planned investments:

1. Consultant for the control of works on the section Svilaj – Odžak is AECOM Inocsa S.L.U., Spain. Konsultant za kontrolu izvođenja radova na dionici **Svilaj – Odžak** je AECOM Inocsa S.L.U., Španija. For the works of the I Phase, consultant will be engaged until the end of 2015.
II Phase of the construction of the section **Svilaj – Odžak** is planned only in 2017
2. For the construction of COKP **Sarajevo** in Vlakovo, engagement of the consultant for supervision of works is planned. Beginning of the activities is planned in September 2016.
3. Engagement of the consultant for supervision of works is planned for construction of mini COKP and fire station in Tarčin. Beginning of the activities is planned in April 2016.
4. Activities are ongoing for selection of consultant for supervision on the subsection **Počitelj – Zvirovići (common for both)**. Beginning of the consultant engagement is planned with the beginning of works in March 2016.
5. Consultant for the control of works on the subsection **Drivuša – Klopče** is Consortium: Divel d.o.o and Taep. Continuous engagement is planned in 2016, since contracted deadline for works expires at the end of March 2017.
6. Activities are ongoing for selection of consultant for supervision on the subsection **Klopče – Donja Gračanica (tunnel Pečuj)**. Beginning of the consultant engagement is planned with the beginning of works in March 2016.
7. Activities are ongoing for selection of consultant for supervision on the subsection **tunnel Pečuj-Zenica north (entrance to the tunnel Zenica)** which will take place in 2016, along with the planned start of the engagement in July 2016.
8. Activities are ongoing for selection of consultant for supervision on the subsection **Buna – Počitelj** which will take place in 2016, along with the planned start of the engagement in July 2016.

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.

Given the deadlines for the construction of new 18 km of motorway and toll points, works will not be completed in 2016 and we do not expect a drastic increase in the number of users of the A1 motorway. Possible increase in the number of users is expected on the section D2 Vlakovo-Tarcin because of the opening to traffic of the new bypass Butile. However, the number of users of electronic payment will certainly increase because of the planned introduction of billing system, as well as the introduction of smart cards (RFID) for users of free passages. Increase in users of electronic billing will certainly affect the workload of the Service for toll collection control in terms of dealing with complaints and disputed transactions for users of electronic toll collection. With the aim of eliminating and reducing the number of abuse, of both magnetic cards, and means of electronic tolling ACC TAG's and breaches of use of those services by users of the A1 motorway, as well as abuses in the use of free passages, ie. solutions for the free pass, the Service for toll control would continue to continuously pursue its activities.

The following table shows the toll control plan for 2016.

Month/2016	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Regular control	9	8	10	10	12	12	12	12	10	9	9	12
Extraordinary control	4	4	4	4	4	4	5	5	4	4	4	4

6.5.2. Maintenance

No	Title of activity	Value of the contract/ estimated value of works / services on annual level	Plan for 2016 without VAT
1	2	3	4

1.	Regular and winter maintenance services of A1 motorway sections: a. Zenica south - Tarčin (2.500.000 KM) b. Zvirovići-Bijača (260.000 KM)	2.760.000	2.000.000
2.	Replacement of expansion joints on the bridges of the section Visoko – Sarajevo north a. Works on replacement of expansion joints b. Supervision on replacement of expansion joints	106.000	106.000
3.	Regular maintenance of diesel electric generators and UPS devices	94.000	20.000
4.	Regular and ongoing maintenance of air conditioning systems, ventilation and heating	93.000	50.000
5.	Development of the main design for noise protection on the sections Lašva – Kakanj and Visoko – Podlugovi	85.500	85.500
6.	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.	50.000	36.000
7.	Periodic inspection and control testing of the devices and equipment for fire protection and occupational safety	56.000	56.000
8.	Service, maintenance and upgrading of fire alarm systems and gas detection in all commercial and technical facilities where they are installed	50.000	50.000
9.	Regular periodic medical examination of employees who are assigned to jobs with special conditions.	30.000	20.000
10.	Roof cleaning of the canopy at toll plazas on the motorway sections Zenica South - Tarcin and Zvirovići - Bijača.	18.000	9.000
11.	Development of as-built design of rehabilitation of cracks of non-reinforced rings of the secondary lining in tunnels	5.000	5.000
12.	Geotechnical monitoring of existing inclinometer installations in localities: - Entrance portal of the tunnel 1. mart on the section Drivuša - Lašva - Exit portal of the tunnel Grab on the section Lepenica - Tarčin, - Locality Topla voda on Lašva – Kakanj	30.000	10.000
13.	The fee for rental of a medium voltage cable for the purposes of backup power of substations on the section Drivuša - Bilješevo	36.000	36.000
14.	Rehabilitation of the Bridge MO6 left side of the motorway, section Podlugovi - Jošanica a. Works on bridge rehabilitation (1.115.000 KM) b. Supervision of works (22.000 KM)	1.137.000	1.137.000
15.	Horticultural arrangement of toll plazas, as well as arrangement of interchanges and rest areas.	61.700	58.000

16.	Control testing of the noise level on the motorway sections Zenica south – Lašva, Kakanj – Tarčin and Zvirovići – Bijača	32.500	32.500
17.	Procurement of tools for maintenance of equipment for fire protection and occupational safety	6.000	6.000
18.	Maintenance of outdoor lighting, transformer stations, LV and MV electric equipment	120.000	70.000
19.	Regular maintenance of the facilities for bridging	375.000	160.000
20.	Control testing of environment according to environmental permits	54.000	24.000
21.	Maintenance of the drainage system on the motorway A1: - Cleaning of the drainage system in tunnels, CCTV inspection and testing of water tightness of internal drainage system, inspection and maintenance of internal and external drainage system on the motorway. - Regular maintenance of oil and grease separators of A1 motorway sections in use	450.000	200.000
TOTAL MAINTENANCE ACTIVITIES		5.649.700	4.171.000

Explanation of the planned investments:

1. a. Maintenance of the section Zenica south – Tarčin in the length of approximately 84 km will be implemented through a third individual contract signed with the company "Sarajevoputevi" dd Sarajevo whose term expires on 15/03/2016, when fourth individual contract from the Framework Agreement will be signed. Since the framework agreement for works on regular and winter maintenance of the motorway section Zenica south - Tarčin expires in March 2017, and the length of the tendering process for these works, it is planned that the tender procedure for the next Framework Agreement starts in mid-2016 .
- c. Maintaining of the section Zvirovići - Bijača in the length of approximately 10 km is planned to be implemented through second individual contract that should be signed by the end of 2015 with the company "HP Investing" d.o.o. Mostar when the first individual contract expires.
2. Planned amount to replace the expansion joint is designed to complete the existing contract. Since the completion of the work under the existing contract is the end of November, there is a real possibility that due to bad weather conditions (low temperatures, rainy period and the beginning of winter service) it will not be possible to carry out the replacement of expansion joints on bridges MO2 left side and MO2 right side and that the deadline for completion of the work will be prolonged for the first half of 2016.
3. 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.

4. 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.
5. After completing the measurement of the noise level and noise mapping for the built part of the motorway, (the completion of the Contract "Control Testing of noise levels on the motorway Kakanj - Tarcin and Zvirovići - Bijača ') the development of the main design of noise protection is envisaged for sections Lasva - Kakanj and Visoko - Podlugovi .
6. After completion of the tender procedure for the selection of the service provider to control measurements and monitoring of movements of the observed damage of the pavement on section Lašva-Kakanj km 9 + 200 and development of rehabilitation design, a contract was signed with the Faculty of Civil Engineering in Sarajevo. During April the installation of inclinometers, piezometers were made and the benchmarks for geodetic monitoring of the damage were set. After completion of the preparatory work, the monitoring of the said area started and measurements were carried out by the end of July. Since the measurements were made in the period without intensive rainfall, and in the period March-April higher precipitation was not recorded, the results of the measurements showed that in this period no shifts occurred. For these reasons, the subsequent measurement was suspended til the beginning of the rainy days and the expected shifts i.e. the deadline for completion of the contract was extended. For the foregoing reasons, it is not expected that the contract will be terminated in 2015 and the rest of the funds needed for the completion of the contract are planned for in the Business Plan for 2016.
7. 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, conduct training and assessment of performance of the tasks of handling and storage of flammable liquids and gases for employees assigned to jobs with the job description in this area, perform training and assessment of knowledge in the field occupational safety and fire protection of all employees, perform professional training and simulate the evacuation of employees from the facilities, periodic review of the quality of concentrate in tanks of hydrant niches, periodic inspection and measurement of taking static electricity in the facilities, periodic inspection and measurement of electrical installations in buildings, periodic inspection and measurement of lightning in the buildings where they are installed, periodic inspection and test fire dampers.

8. In accordance with the Law on Fire Protection and Fire Service ("Official Gazette of BiH", No. 64/09) and by-laws, JP Autoceste has an obligation to carry out regular servicing, maintenance and upgrading of fire alarm systems and gas detection in all commercial and technical facilities where these are installed.
9. 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.

In September 2015, public procurement procedure was initiated for this service. Due to the uncertain completion of the tender procedure and the implementation of contracts, it is necessary to plan funds for this activity in 2016.

10. 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.
11. Most of the rings of the secondary lining the motorway section Zenica south - Tarcin and section Medjugorje - Bijača are constructed in accordance with the design and site documentation of unreinforced concrete. A common practice in the world is to follow the occurrence and spread of cracks on the rings of secondary lining and that they are injected in case of need. In order to make such an injection cost-effective and in timely manner, it is necessary to define degree of expansion of cracks, the manner and materials, all depending on the location, length, width and risk analysis of the tunnel. In this way we will be able to maintain the safety of the tunnel at a level that meets the set standards.
12. On the motorway section during construction, geotechnical instruments for monitoring are set with larger structures. Since we do not have our own geotechnical service, tender is planned for selection of contractor for recording the movement of inclinometers, with the aim of knowing the condition of the structures in operation and monitoring of possible movements and timely intervention in case of need.
13. For the purpose of ensuring backup power of substations on the motorway section Drivuša - Bilješevo, as a temporary solution, it is necessary to plan funds for the payment of the rent of MV cable owned by Elektroprivreda BiH d.d. Sarajevo - Subsidiary Coal Mine Zenica Ltd. Zenica. Therefore, it is necessary to conclude a lease agreement with the owner of the MV cable.

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. In September 2015, public procurement procedure was initiated for this service. Due to the uncertain completion of the tender procedure and the implementation of contracts, it is necessary to plan funds for this activity in 2016.

14. In the context of landscaping of the motorway, landscaping is planned for toll points, loops and rest areas. Request to initiate procurement procedures for landscaping was submitted to the Office for Public Procurement for further proceedings in September. After completion

of the tender procedure, the evaluation of offers is in progress. After the decision on selection of the best contractor, as well as the signing of the contract work preparatory work will be performed (land clearing, etc.) if weather conditions allow. Planting of seedlings is planned for April / May 2016. In 2016 it is planned to perform all the work and completion of the contract would be in 2017 because in Bill of Quantity scheduled maintenance of greenery within the warranty period. Planned funds used for works and maintenance in 2016 would amount to 58.000 KM, while the funds that planned in the amount of 3,700 KM for maintenance of greenery within the warranty period would be spent in 2017.

15. According to the environmental permit, JP Autoceste 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. Contract was signed for the execution of the service of control measurement of noise levels in December 2015 for sections Zenica South - Lašva, Kakanj-Tarcin and Zvirovići - Bijača. Since it will be implemented in full by the end of 2015, it is necessary to provide funds for implementation in January 2016.
16. Procurement of tools for maintenance of equipment for fire protection and occupational safety relates to the needs arising from the work of Service of fire protection and occupational safety.
17. The plan envisages regular and corrective maintenance of outdoor lighting (road lighting, lighting on loops, plateaus and canopies of toll stations, tunnel lighting, and lighting in the traffic light system (blinkers, reflectors). For luminaires covered by the guarantee, special works were not planned except for elimination of possible defects in the installations and repairs in case of mechanical damage that is not covered under the warranty. This plan schedules regular inspections (once a month, day and night inspection) to review the operation of luminaries, and test the functionality of power supply equipment and control systems for lighting and work in different modes.

As JP Autoceste owns a larger number of substations in accordance with the Regulation on technical measures for the operation and maintenance of power plants of JP Autoceste FBiH d.o.o. Mostar, we are obliged to ensure annual inspection by the authorized company, which includes the following: testing the functional safety of the equipment in the substation, measuring and checking electrical quantities, and the issuance of appropriate attesting documentation and cleaning equipment and the entire building of substations. In addition to regular examinations and tests, corrective maintenance works are planned, i.e. works on the removal of any equipment failures of substations and power supply MV cables.

The plan covers regular and corrective maintenance of electrical installations, LV devices and equipment in distribution and control cabinets for power supply and management of tunnel lighting and ventilation, electricity supply of equipment of transport information system, and equipment and electrical installations for the operation of pumps.

For the purposes of the Department of electrical operations, for performing tasks on the testing of electrical installations and equipment in the toll collection facilities and removal of small failures, and regular inspection and testing of installed equipment, the plan envisages procurement of hand tools and accessories, and the proper amount of electrical installation materials.

18. In accordance with Article 41 of the Rules on the maintenance of public roads, regular maintenance of the structures, JP Autoceste has the obligation to regularly maintain the facilities for bridging. As part of that maintenance, annual inspections of buildings for bridging are included, general overhaul, replacement of steel handrails on the concrete security fences, repairing the concrete part of the fence, auscultation of facilities for bridging, cleaning riverbeds on locations of bridges, rehabilitation of the carbon strip, works at skittles of bridges, cleaning reservoir beam columns, Barbakán cleaning, repairing dikes around pillars and bridge wings, interventions on the joints.

19. According to the environmental permits on the motorway sections in operation, it is necessary to perform the control testing of environment elements. During 2016, control the quality of waste water from the separator will be done as well as examination of the quality of the soil along the motorway. According to the data on average rainfall, testing of water quality will be, as in previous years, carried out four times a year. Testing of soil quality will be made during the month of January and the end of the third quarter of 2016.

20. In the aim of proper functioning of drainage system, it must be regularly maintained. The biggest problem of sustainability for the drainage system in the tunnels are underground waters that are loaded with calcium carbonate, which is accepted by drainage pipes in the tunnels. On parts of the tunnel with watertight ground, where there is a possibility of creating a hydrostatic pressure, longitudinal drainage is derived. Filters and drainage pipes should be checked at least twice a year (spring and fall) during the melting of snow and immediately after heavy rains, and, if necessary, carry out cleaning.

Cleaning and maintenance of grease and oil separators is defined by the provisions of environmental permits and implemented to protect the environment and for the proper functioning of the internal drainage. During 2016 the third single contract for the maintenance of grease and oil separators on A1 motorway, Sarajevo - Zenica will be implemented and the current annual contract for the same services on the section Zvirovići - Bijača - until their expiry.

Testing of water resistance of part of the drainage system of precipitation water in places where moving of pavement structure is observed. Considering that parts of the drainage system in some locations have been in operation for years, there is a possibility of leaks, but they certainly should be investigated and based on that make possible rehabilitation. In addition to the above tests, it is necessary to control a part of the drainage system with CCTV inspection for proper planning of maintenance of the drainage system.

6.5.3. Tolling

No.	Title of activity	Value of the contract/estimated value of works	Plan for 2016 without VAT
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		/services on annual level	
1	2	3	4
1.	Toll system maintenance on all sections of the motorway A1	1.400.000	1.200.000
2.	Daily maintenance and cleanliness of buildings on the A1 motorway, headquarters in Mostar and the Office in Sarajevo.	200.000	100.000
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 (70.000KM) b. acquisition of PE equipment (230.000 KM)	440.000	300.000
4.	Purchase of banking equipment and spare parts for the purpose of toll collection.	21.600	6.000
5.	Purchase of bank security and numbered plastic bags for the packaging of money and security banking numbered plastic cable ties.	25.000	10.000
6.	Supply of thermal adding rolls	30.000	20.000
7.	Supply of card encoder ribbon strips used in the process of toll	30.000	20.000
8.	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.)	30.000	12.000
9.	Procurement of national flag and flag of JP AC FBiH according to the design and technical specification	18.000	5.000
10.	Procurement of materials to repair damage to tolling facilities on the A1 motorway	30.000	15.000
11.	Regular and emergency servicing of banking equipment used in the process of toll collection on the A1 motorway	15.000	5.000
12.	Procurement of the gate / rails for toll ramp	30.000	15.000
13.	Procurement of magnetic cards used in the toll process according to technical design of JPAC	125.000	100.000
14.	Procurement of ACC TAG devices	78.000	66.500
15.	Procurement of carriers for ACC TAG devices	6.000	6.000
16.	Service of removal and emptying containers of 5 m ³ : Lot 1: COKP Drivuša and BNM Kakanj Lot 2: ČNM Sarajevo north; ČNM Sarajevo west and BNM Tarčin Lot 3: BNM Visoko	6.600	6.600

TOTAL TOLLING ACTIVITIES:	2.485.200	1.887.100
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Explanation of the planned activities:

1. Maintaining the system of toll collection includes activities on regular, emergency and corrective maintenance of the system in all three architectural levels (central level, the level of the toll plazas and toll lanes), inside and outside the warranty period. Since the Contract on implementation and maintenance of a closed collection system on the section Sarajevo north - Kakanj was fully realized in 2015, activities in the framework of this item will achieve integrated maintenance of closed and open system of toll collection on all sections of the motorway.
2. Daily maintenance and cleanliness of facilities at the A1 motorway, headquarters in Mostar and the Office of Sarajevo, and on the basis of the third individual contract (No. JPAC-357-E166-2-12) company Majrodomo Ltd. Sarajevo will implement these activities ending with 31.07.2016. Until the completion of the third individual contract, it is necessary to conduct the public procurement procedure for selection of the best provider of these services with a tendency of concluding the framework agreement and the first single contract.
3. In January 2016, the launch of the procurement procedure is planned for selection of the best supplier of official uniforms for the needs of the employees in the Sector of management and maintenance of JP Autoceste. It is planned to conclude a framework agreement with the selected best supplier for a period of three years and the first single contract. Based on the first single contract, it is planned to replace the official uniforms of the employees who in accordance with the applicable Regulations are entitled to a replacement official uniforms, but also the delivery of the official uniforms when receiving new employees. In addition, it is planned to purchase PEE equipment - working and protective equipment for Service of maintenance and Service of fire protection and occupational safety for existing and new employees.
4. Procurement of banking equipment and spare parts for the purpose of toll collection in 2016 will be realized on the basis of the Framework Agreement and the signing of the second individual contract. The pace of realization of this activity depends on the planned release of new toll of the A1 motorway and the planned delivery of equipment to new buildings but also the objective needs and emergencies on existing toll facilities.
5. The planned activity is necessary for the purpose of continuous and safe process of toll collection on the A1 motorway. In mid-2014, a framework agreement was signed for three years, and in June 2015 the second individual contract was signed (No. -578-D123-1-14), and after expiry of the contract or the exploitation of the entire contracted amount, it is planned to conclude the third individual contract. Delivery of goods defined by this agreement depends on the needs of the employed in the Service for tolling.
6. Procurement of thermo- adding rolls is necessary for the purpose of continuous and safe processes of tolling on the A1 motorway. This activity will be implemented on the basis of the Framework Agreement and third individual contract. Realization depends on the needs of Service for tolling and traffic intensity on A1 motorway and delivery is done by contracted company Elkom d.o.o.

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. Delivery of these goods depends on the needs for maintenance of toll collection system. Delivery of goods is done by the company R & S Ltd. Sarajevo on the basis of the Framework Agreement and the applicable first individual contract from July 2015 (No. JPAC 684-D 165-15), and after its completion, there will be a public procurement procedure and conclusion of another individual contract.
8. Procurement of materials for the toll points on the A1 motorway relates to the needs arising from the work of the Service for tolling on the basis of the dynamics of commissioning new toll collection points and price changes to the toll on the A1 motorway. Also, the need for this activity is reflected in the need to replace existing label encoder card, numbering boards, company slabs, tables of price list, create the account for manual collection and so on. For the purposes of employees of the company in 2016, the plan is to procure ties and PVC covers for accreditation.
9. In February 2016, it is planned to launch a public procurement procedure to select the best supplier for the purchase of national flag and flag of the JP Autoceste according to the design and technical specification. Highlighting the same is planned to existing facilities on the A1 motorway (CNM Zenica south, COKP Drivuša, CNM Sarajevo north and COKP Zvirići) and active and future construction sites on the construction of the A1 motorway.
10. Procurement of materials to repair damage to toll facilities on the A1 motorway should enable employees in the Service of maintenance to repair internal and external damage to the toll facilities and the toll boots caused by constant use, the action of the weather conditions but also due to extraordinary circumstances.
11. At the beginning of 2016 it is planned to launch the procedure for selection of the best service provider for regular and extraordinary servicing of banking equipment used in the process of toll collection on the A1 motorway. Repair of failures on banking equipment used in toll collection (coin counter, supervisor banknotes, safes and the like.) and regular replacement of codes to safes are activities that this agreement shall ensure, and thus increase the level of financial flow in the direct collection process.
12. Because of frequent strikes of motorway users in the ramp gate / rails in the toll lanes on the A1 motorway, in 2016 it is necessary to purchase replacement gates that will enable safe and continuous traffic flow.
13. In mid-2016 it is planned to launch a public procurement procedure for selection of the best supplier for the purchase of magnetic cards used in the process of toll collection according to the technical design of JP Autoceste and conclude a framework agreement for three years and the first single contract. Existing and stored quantities need to meet the needs of the Service for tolling until September 2016, while the planned funds relate to the remaining period in 2016 and the first single contract.
14. According to the current stock and sale assessment of ACC TAG devices for the next period it is planned to carry out a purchase of 2,000 pieces. The specified amount should be sufficient and is given on the basis of past experience and the amount of issued devices in the past taking into account that in 2016 there will be the opening of new A1 sections-subsections.
15. The need for the procurement of carriers for ACC TAG devices (truck and car) is considered to be justified by the fact that users of electronic payment i.e. ACC services change their vehicles, ACC TAG device is portable and the carrier is single. Replacing

the carrier is done also for replacement of windscreens caused by damage to vehicles of ACC service users. Given that in 2016, there will be two generations of TAGs, supply of spare/additional carriers will be necessary for the new and old TAGs.

16. For the purpose of emptying the contents of the special working machine "sweeper" ("vacuum cleaner) at the beginning of November 2015, with the company Aida Commerce d.o.o. Sarajevo framework agreements were signed for three years and the first individual contracts for Lot 1: COKP Drivuša and BNM Kakanj and Lot 1: CNM Sarajevo north, CNM Sarajevo west and BNM Tarcin for service of use, removal and emptying containers of 5m³. For locality of Visoko at the end of December 2015 it is planned to sign the Framework Agreement and the first single contract - Lot 3: BNM Visoko. These locations are strategically planned and defined according to the possibilities of specialized vehicles "sweeper".

6.5.4. Operation

No	Title of activity	Value of the contract/estimated value of works /services on annual level	Plan for 2016 without VAT
1	2	3	4
1.	Maintenance of the motorway operation system and remote monitoring of tunnels in all sections of the motorway A1	4.000.000	3.700.000
2.	a) Development of technical documentation for the extended functionality of the operation system 171.000 KM without VAT b) Upgrading traffic predefined scenarios and functionality of the operation system 60.000 KM without VAT	231.000	210.000
3.	a) Conducting information campaigns and the promotion of safe use of the motorway 19.000 KM without VAT b) Conducting information campaigns and the promotion of safe use of the motorway for 2016 6.000 KM without VAT	25.000	19.000
4.	Project design for traffic-technical equipment to improve the safety elements on the motorway and tunnels	6.000	6.000
5.	Volumetric calibration of the tank of boiler room at the COKP Drivuša	3.000	3.000
TOTAL ACTIVITIES OF MOTORWAY OPERATION:		4.265.000	3.938.000

Explanation of the planned investments:

1. Maintenance of motorway operation system, and remote control in tunnels is a project whose implementation is under way, following the signing of the Framework Agreement on the maintenance of motorway operation system and remote control in tunnels on all sections of the motorway A1 (30.03.2015.). During 2016, the maintenance of operation system will be made through the first and second individual contract, which will be signed in March 2016.

2. Project and technical documentation entails expanding the functionality of the operation system in order to interactively help operators in case of incidents, 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. The beginning of realization of the said project is expected in the last quarter of 2015. Due to the implementation deadline to be defined for six months, termination of this project is expected in the second quarter of 2016. Also in 2016, due to the specific activities and the constant upgrading and improvement of the system, a new project is planned.

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 preparing a study on the safe use of motorway, distributing leaflets to users on useful information, sending SMS alerts, e-mails, making and distributing videos on the safe use of the motorway and the tunnels on the motorway, and other activities that will contribute to increasing the safety of traffic on the motorway . In 2015, a contract was signed for this project on 03.08.2015., whose completion date is six months, which means that completion is expected in the first quarter of 2016. Also, this project plans funding for a new contract, which would continue information campaigns on the safe use of the motorway.

4. Traffic-technical equipment which should be covered by this project includes designing ramps for the transition from one to the other lane, the design of additional traffic signals that will contribute to increased safety on motorways and tunnels such as installing signage to provide information on the available radio frequencies in tunnels, setting info plates with numbers of roadside assistance and the like.

5. The built-in tank for heating oil is not volumetrically calibrated so t it is necessary to perform calibration of the same in order to monitor the state of stocks of this energy source.

6.5.5. Capital investments

No	Title of activity	Value of the contract/estimated value of works /services	Plan for 2016 without VAT
1	2	3	4
1.	Building 10(20)kV cable line from TS 110/10(20) kV „Sarajevo 4“ (Vogošća) to TS 10(20)/0,4kV toll booth Jošanica.	470.000	470.000
2.	Supply and making of vertical signalization: a. Making Transport Project (study) on traffic management on the A1 motorway - 5,000.00 KM b. Supply of vertical signalization 100,000.00 KM	105.000	105.000

3.	Supply of equipment for inspection of the sewage system and collecting data to create digital cadaster	115.000	115.000
4.	The implementation of ITS over existing motorway sections on the section Bilješevo - Sarajevo north	2.000.000	2.000.000
5.	Restatement of protective safety equipment over existing motorway sections on the section Bilješevo - Sarajevo north, according to the needs of ITS * a. works 829000 b. supervision 25,000	854.000	854.000
6.	Supply of commercial vehicles for smaller technical intervention and fire-fighting with accompanying equipment	340.000	340.000
7.	Supply of fire-fighting vehicles with equipment for firefighting and rescue in tunnels and on motorway	1.800.000	1.800.000
8.	Supply of tools and equipment necessary for fire protection and safety at work	200.000	200.000
9.	Changes to the use of the facility on COKP Drivuša "Small garage for vehicles with storage and boiler room" in building "building to accommodate firefighting units - Firehouse COKP Drivuša". a. Main design 6,000 b. Works on the construction of 54,000	70.000	70.000
10.	Supply of inventory for the purpose of storage of COKP Drivuša and COKP Zvirici	10.000	5.000
11.	Supply of manual forklift for the needs of COKP Drivuša	1.000	1.000
12.	Supply of multi-purpose vehicles for the needs of routine and winter maintenance of the motorway	600.000	600.000
TOTAL CAPITAL INVESTMENTS:		6.565.000	6.560.000

* ITS stands for "Intelligent Transportation System", and represents the entire system of remote management and control of the motorway that allows that with the occurrence of certain anomalies automatically or semi-automatically selects the default scenario for the harmonization of transport and the rescue of people in case of emergency. Primarily used for three purposes:

- Increase safety in tunnels and prevention in saving lives (mostly used in JPAC)
- Increasing traffic flow and harmonization of traffic (used to some extent in JPAC)
- Compliance with legislation and punishment (used on a small scale, and in some areas not at all, or has the potential for further development).

ITS coordinates the work of all subsystems on the motorway and integrate them into the whole (weather stations, radio broadcasting, TPS's, ventilation, lighting, management of substations, video surveillance ...)

TPS is an acronym of "Emergency Call System", a system for reporting the incident of emergency. The system that is the least used, but requires a set of EC Directive, as well as recommendations on which the buildings are built (TLS and RVS). It follows that every 2 km of open route, and at least every 500 m in the tunnel, there must be one TPS device in communication with the control center.

Explanation of planned investments:

1. In accordance with the terms of the preliminary energy approval number 52063/2012 of 31.10.2012., supply of power facilities as part of the motorway on the stretch Jošanica - Tarcin is planned from three primary electricity facilities as follows: TS 110/10 kV Vogosca, TS 110/20/10 kV Hadžići and 110/35/10 kV Pazarić- Rasklopnica. As the power supply from ts 110/20/10 kV Hadžići and TS 110/35/10 kV Pazarić- Rasklopnica is solved in the construction of the section Vlakovo - Tarcin, it remains to build connecting cable line from TS 110/10 kV Vogosca to TS 10 (20) / 0.4 kV OF toll booth Jošanica. By the end of 2015 it is expected to complete all the necessary documentation and obtaining approval for construction.
2. Since the works on LOT 2 OF Sarajevo Bypass are at the end, it is expected to soon open the entire bypass and it is necessary to adjust the vertical traffic signs and traffic control to future regime. The current situation is such that the main entrances to the city of Sarajevo are through loops Sarajevo north and Sarajevo west. After releasing the last LOT of Sarajevo Bypass that will change and the main entrance to Sarajevo will be through the loop Butile and continue through the roundabout in Brijesće to Stup loop. It is necessary to make a study or traffic project for traffic management on the motorway A1 with a special focus on the Sarajevo bypass, which will give a qualitative analysis of the situation and provide a solution for the future state. The Study will cover the needs, in addition to traffic control for cities and towns, marking of the most important city and tourist attractions of the city of Sarajevo, such as airports, Olympic mountains and other cultural and tourist destinations. As part of these activities funding is planned for the purchase of vertical traffic signalization for marking loop titles on existing sections of the A1 motorway.
3. Due to the release into circulation of approximately 8.5 km of tunnel, there is a need for constant supervision of the state of drains in the same, and the control of the rest of the drainage on the open route. The purchase of this device would avoid activities on engaging external contractors for this type of service, and thus achieve the savings. Tender for the purchase of these types of goods in 2015 has been advertised twice since there was not a sufficient number of valid tenders. By the end of September tender procedure was not completed and due to the uncertain completion of the tender procedure and the implementation of the contract is necessary to provide funds for this activity in 2016.
4. The implementation of ITS over existing motorway sections on the section Bilješevo - Sarajevo north includes activity of implementation of management system of the motorway, which would complete ITS on all motorway sections and present a unified whole. This includes the implementation of all management subsystem according to already prepared project, such as variable message signs, video surveillance system for the automatic detection of incidents, traffic counters with automatic detection of incidents and the like. The tender procedure for selection of the winning contractor is ongoing.
5. The project of protective safety equipment for the purpose of ITS is an integral part of the implementation of ITS, which should run in parallel with the implementation of ITS on

mentioned section. The project refers to the installation of safety barriers at locations of portals and TPSs.

6. 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 a professional fire-fighting unit of the Public Company Motorways of FBiH Ltd. Mostar as a separate internal organizational unit of the 135th session held on 08.10.2014. and estimates and fire protection plan of Public Enterprise Motorways of FBiH Ltd. Mostar. The development and construction of the motorway indicated a need for the organization, implementation and improvement of fire protection measures provided by the Law on Fire Protection and Fire Service. JP Autoceste is obliged to provide its customers with a level of safety and maximum requirements in fire protection and in emergency conditions. Members of these units are under the operational and other tasks defined in the Law on Fire Protection and Fire Service are obliged to ensure that at all times and in all circumstances are ready for a timely and efficient firefighting and protection and rescue of people and property in the territory of the A1 motorway on Corridor Vc. For preventive and repressive action of fire brigades, it is planned to purchase two small fire trucks for smaller technical interventions and fire-fighting with accompanying equipment. At the end of September 2015, there was the bid opening for this service. The contract was signed with the company MRM export-import Ltd. Ljubuski number JPAC-716-D174-15 of 05.11.2015. Delivery of the vehicle is within a maximum of six months. As the vehicles will be delivered by the end of 2015, it is necessary to provide funds for this activity in 2016.
7. 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 a professional fire-fighting unit of the Public Company Motorways of FBiH Ltd. Mostar as a separate internal organizational unit of the 135th session held on 08.10.2014. and estimates and fire protection plan of Public Enterprise Motorways of FBiH Ltd. Mostar. The development and construction of the motorway indicated a need for the organization, implementation and improvement of fire protection measures provided by the Law on Fire Protection and Fire Service. JP Autoceste is obliged to provide its customers with a level of safety and maximum requirements in fire protection and in emergency conditions. Members of these units are under the operational and other tasks defined in the Law on Fire Protection and Fire Service are obliged to ensure that at all times and in all circumstances are ready for a timely and efficient firefighting and protection and rescue of people and property in the territory of the A1 motorway on Corridor Vc. For preventive and repressive action of fire brigades, it is planned to purchase two large fire trucks with equipment for firefighting and rescue in tunnels and on motorway.
8. Supply of tools and equipment necessary for fire protection and safety at work is essential to JP Autoceste to provide for minimum tools and equipment for fire protection and safety at work of all commercial and technical facilities and operational work of the Service for fire protection and occupational safety.
9. In accordance with the Law on Fire Protection and Fire Service ("Official Gazette of BiH", No. 64/09) and the Ordinance on the conditions to be met by facilities for accommodation and professional fire brigades and fire legal entities and a minimum of material and technical resources needed to maintain equipment assets of these units, JP Autoceste has an obligation to construct a building to accommodate firefighting units (fire station COKP

Drivuša). The Regulation states that "... the fire units of legal persons generally need to have separate facilities - fire stations or fire storage, to accommodate fire engines, equipment, devices and tools and stay of members of fire brigades in the performance of tasks in jurisdiction of firefighting units." The Federation of Bosnia and Herzegovina on the 135th session held on 08.10.2014. adopted the Decision on establishing professional firefighting unit of the Public Company Motorways of FBiH d.o.o Mostar as a separate internal organizational unit. According to the Decision on the professional fire brigade of JP Autoceste d.o.o. Mostar should become operational no later than 01.12.2015., which will operate on the territory of the A1 motorway on Corridor Vc.

10. For the purposes of storage on COKP Zvirići and COKP Drivuša purchase of inventory (shelves) is necessary for specified warehouses.
11. Because of the frequent need for marking works on the motorway, issuance of temporary traffic signals that are stored on traffic control center in Drivuša is frequent. Supply of hand pallet trucks will significantly facilitate and speed up the process of issuing signalization, and also reduce the manipulation of individual pieces of equipment and extend the life of the same.
12. Given the length of the motorway section Zenica south - Tarcin and workload within regular and winter maintenance, there is the real basis for the purchase of multi-purpose vehicles for motorway maintenance. The purchase of this vehicle is to avoid certain activities on engaging external contractors during regular maintenance (cleaning of pavement, machine mowing of grass etc.), ss well as snow removal and prevention of ice on access roads on loops during winter maintenance of the motorway, which would cause considerable savings when hiring an external contractor.

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 2016 gives IT Department the task to enable and ensure continuous technical support to all business processes, through long-term projects that were agreed in

2015 or will be agreed in 2016, 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 2016, 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	Plan for 2016
1	2	3	4
1.	Maintenance of computer systems, computer and other office equipment	--	136.000
2.	Maintaining license assumptions of Information Systems in the Company	--	115.005
3.	Procurement of supporting IT equipment in the form of small supplies	--	45.000
4.	Supply of spare parts for the needs of all IT systems	--	20.000
5.	Maintenance of radio voice communications for the needs of the Company	--	30.000
TOTAL:		--	346.005

Explanation of planned activities:

1. Maintenance of computer systems, computer and other office equipment includes maintenance of computer equipment, the maintenance of printers and MFU/MFP, maintaining network and server equipment, equipment for control and registration of working hours 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, back-up system 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. 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

No	Title of activity	Value of the contract/estimated value of works /services	Plan for 2016
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	105.054	90.000
2	Maintenance of software server and communication Infrastructure of high reliability and availability	53.899	115.000
TOTAL:		158.953	205.000

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 Zvirići, and lease of a GSM / GPRS / UMTS communication capacities for various telemetry devices.
2. Maintenance of software server and communication infrastructure of high reliability and availability includes activities for maintaining various robust integrated systems, such as a platform for monitoring and control of IT system, software for NVR etc.

6.6.3. Capital investments

No	Title of activity	Value of the contract/estimated value of works /services	Plan for 2016
1	2	3	4
1.	Purchase of software solutions and licensing assumptions necessary for the operation of the company	--	909.153
2.	Purchase of computer equipment, printers, MFU / MFP devices, server, network and various other diagnostic equipment and tools	--	509.000

TOTAL:	--	1.418.153
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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 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. In this part of the plan we can include improvement of the security services that protect computer and other systems of the company.
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 equipment for implementing the system of free passages at the toll plazas of the A1 motorway in accordance with the recommendations of the Commission for the introduction of VAT and because of the need for quality control method of free passages at toll facilities of JPAC, resulting in better control of the payment of VAT on these passages.

6.6. STANDARDIZATION AND WORK IMPROVEMENTS

In 2016, Department for standardization, quality and environmental management plans to work on further improvement of the implemented IMS (Integrated Management System - Quality Management System ISO 9001: 2008 and Environmental Protection system - ISO 14001: 2004), educate employees on the issue of ISO standards, hold internal audits (twice in 2016), achieving the complete distribution of IMS documents and internal structure through OWIS. Plan of activities with the indicative terms and financial resources to achieve the same, is given in the table below.

No	Activity	Plan for 2016
1.	Monitoring of the system with an evaluation of efficiency (first quarter)	--
2.	Education of employees (first quarter)	--
3.	Internal audit - 2 times (third and fourth quarter)	--
4.	Education of internal auditors by the requirements of the revised - a new version of the standard ISO 9001:2015 ISO 14001:2015	4.000
5.	Education of employees by the requirements of the revised - a new version ISO 9001:2015 ISO 14001:2015	6.000

6.	Implementation of the re-certification audit for ISO 9001	5.000
7.	Implementation of supervisory audit for ISO 14001	4.500
TOTAL:		19.500

Explanation of planned activities::

1. Monitoring of the entire system with an evaluation of efficiency of jobs - an analysis of the organization of work in the company in order to record the current situation as well as horizontal and vertical link between organizational units (Sectors - services - departments). Also the project will include the evaluation of the efficiency of jobs, the justification of the existence of the same, territorial representation and staffing in relation to the systematization and real needs, taking into account the planned activities in the future (a term of four years). Especially, it is important to do the analysis for each sector as well as ancillary services of the Office as per set items.
2. Education of employees - special training for employees of the Sector for design and construction and Sector for management and maintenance since mostly IMS documentation govern the operation of these two sectors as the core business, i.e. the process of realization of the business program. Regular and accurate application of procedures, manuals and records as well as control mechanisms of correctness and efficiency.
3. Internal audits - twice a year. Pursuant to the requirements of the standards and good business practice for the purpose of control, advancement and improvement of the business regular internal audits are carried out annually. The results of these are suggestions for improvements, elimination of discrepancies and basis for review by the administration of the IMS. Internal audits are carried out by our staff, certified auditors. One audit checks system of work at toll plazas and other audit other processes in the company.
4. Education of employees - internal auditors - checking the IMS (Integrated Management System) is done by trained internal auditors - our employees, certified for these operations according to the requirements. Due to the constant revisions of the audit standards (new editions in 2015, ISO 9001 and ISO 14001) and that we are in the process of introducing new standards it is necessary to continue education of certified auditors for better and more efficient work.
5. Education of employees in the Service as per the requirements of the revised (new version), ISO 9001: 2015 and ISO 14001: 2015. Specifically, in 2015 new versions are issued of quality management standards ISO 9001: 2015 and environmental management ISO 14001: 2015 implemented in our company, with significant changes in relation to existing and educating employees of the service in terms of the new requirements of the standard is necessary, considering that the transition (alignment) to a new version of the standard should be carried out during 2017.

6. Implementation of the external - re-certification audit for ISO 9001 and other supervisory audit ISO 14001 -For implemented standards (in our company these are ISO 9001: 2008 and ISO 14001: 2004) once a year it is obligatory to do an external audit by the certification company and so this activity is regular. According to the standard requirements, every three years we are required to do the recertification audit and thus for quality management system ISO 9001, which was implemented in 2013 recertification should be done in 2016.

In addition to the ones already mentioned, Service has other regular activities: 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. PROJECTION OF REVENUES AND EXPENSES

6.8.1. Revenues

No	Type of revenue	Plan for 2016
1	2	3
1.	Revenue from excise tax from the fuel price	67.000.000
2.	Increase in excise tax from the fuel price	35.000.000
3.	Revenue from federal taxes for the use of the motorway (toll collection)	31.000.000
4.	Revenue from fees for the use of road land	450.000
5.	Revenue from the sale of tender documents	5.000
6.	Other revenues	200.000
TOTAL:		133.655.000

The table shows the revenue projections for 2016. The most significant revenue items of JP Autoceste are from excise tax and toll revenues.

1. Revenue from excise tax (road tax from fuel prices) are foreseen at the level of 67 million million. Given that in the past, activities were undertaken to increase excise tax for additional 0.10 KM/liter of fuel, during the year we can expect a significant increase in revenue on this basis.
2. Toll revenues are based on the model of transport traffic.
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).
4. Income from collection of tender documents are expected to be in a smaller amount than in the previous year, because in accordance with the Law on Public Procurement, tender documentation is free of charge. Planned amount refers to international contracts.

5. Other revenues plan for other income not included in the above-mentioned items, and occasionally arise as a result of operating activities.

6.8.2. Operational expenditures

No	Type of expenditures	Plan
1	2	3
1	Cost of procured goods	66.500
2	Cost of raw material and consumables	513.000
3	Cost of electricity and fuel	1.650.000
4	Cost of spare parts	20.000
5	Write off inventory, packages and tires	30.000
6	Cost of salaries	11.855.500
7	Cost of business travels	200.000
8	Cost of other fees, wages and employees benefits	1.800.000
9	Cost of fees to other persons	200.000
10	Cost of maintenance services	9.597.000
11	Cost of rent	926.000
12	Cost of advertising	201.000
13	Cost of other services	101.500
14	Amortization expenses up to the amount of tax accepted expenses	33.500.000
15	Cost of provisions for fees and other benefits	70.000
16	Cost of provision for legal disputes and damages	3.072.900
17	Cost of non-production services	3.052.600
18	Cost of representation	40.000
19	Cost of Insurance	75.000
20	Cost of payment operations	1.245.000
21	Expenses of postal and telecommunication services	250.000
22	Costs of taxes, charges, fees, and other duties at the expense of the legal entity	100.000
23	Other non-material costs	100.000
24	Cost of interests	11.586.000
25	Other financial expenditures	1.000.000
	Total:	81.252.000

Projection of costs of operations is done on the basis of increase in the number of employees, increase in the value of fixed assets and new borrowing. Accordingly, we expect a significant increase in salary costs, then the costs of depreciation, maintenance costs, electricity consumption, as well as interest expenses.

The increase in salary costs is due to the increase in the number of employees, and the projection is retained for the same base salary. Assessment of depreciation costs was made based on real parameters of calculating depreciation on total fixed assets. Cost of interest on international and domestic credit arrangement was made on the basis of the estimated schedule of disbursement of loan funds, data from the available installment plans and estimates of movements in interest rates. The assessment of all other operating expenses was made based on previous consumption and the planned volume of work in 2016.

1. Cost of procured goods – this position is related to cost of sold ACC TAG devices. Concerning the important actions that have been organized in recent years on mass sales, selling of ACC TAG device is expected to be reduced in 2016.
2. 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 regular maintenance of fixed assets, as well as uniforms for employees in toll system and other material costs.
3. Cost of energy significantly increased. Sector for operation and maintenance made evaluation by which annual cost of electricity will be in amount of approx. 1,5 mil. KM. Increase of consumption is related to lightening, tunnel ventilation and lightening of toll and other facilities.
4. Costs of spare parts for computer, server, network and other equipment are planned based on trend of consumption in previous years
5. Write-off of inventory, packaging and tires - at this position, planned costs are estimated based on actual values in previous years and the planned increase in the number of vehicles.
6. Cost of wages are planned based on existing number of employees and planned new employment in 2016.
7. The costs of official travel of staff are estimated on the basis of increase in the number of employees, a larger territorial space where the existing sections of the motorway are built, the need for additional provision of foreign credit and other resources for the construction of new sections of the Corridor Vc and expressways.
8. Estimated cost of other income, fees and material rights of employees represents planned spending on meals at work, compensation costs of transport to and from work, vacation allowances, aid and compensation of funeral expenses, registration fees for seminars, conferences, symposia and other based on the current number and the planned increase in the number of employees.
9. Compensation costs to other natural persons represent the cost of fees to members of the Supervisory Board and the Board of Auditors and fees on the basis of service contract. Planned values are based on estimated monthly obligations, which are based on estimates of the necessary occasional involvement of professional personnel of various specialties.
10. Maintenance costs are made on the basis of predictions of Sector for management and maintenance of the motorway. A detailed explanation of each service is provided in a separate chapter of the Plan in item 6.5. Management and maintenance.

11. Estimated costs of leasing was done on the basis of existing lease agreements of office space, equipment, land and garage space as well as the planned expansion of office space in Mostar.
12. The cost of advertising and sponsorship essentially make marketing services and the cost of production whose value is estimated on the basis of actual indicators plus the anticipated need for additional services of this kind.
- 13.
14. Other services include the costs of internal and external audits and re-certification and supervisory audit, then the design of the regulation, assessment and plan of protection and rescue of people and material goods from natural and other disasters, training of staff, regular periodic medical examination of employees who are assigned to jobs with special working conditions and other.
15. Assessment of depreciation costs was made based on the known parameters achieved in the first half of this year, as well as estimates after recording in the book of fixed assets of new sections that were put into service last year.
16. Based on experience from previous years, the assessment of the value of purchase of land and property in the non-contentious proceedings was made (the Decisions of the competent courts) and provisions for these costs are planned.
17. Provisions for litigation and claims relate to the lawsuits or the costs on that basis that may occur in 2016.
18. Non production costs are the costs of maintaining hygiene in offices and on toll plazas, the costs of arbitration and consultants for FIDIC, notary, legal and auditing services.
19. Cost assessment of representation was done on the basis of the average achieved in the previous period.
20. Insurance premiums include premiums for fixed assets, vehicles and insurance premiums from the consequences of accidents on the motorway.
21. Compensation for the costs of payment transactions in the country and abroad and other banking services (cost of loan processing, the agents' fees etc.) are planned on the basis of assessment of the payment system and the planned applications for new loans.
22. The cost of postage (simple and fast mail) and telecommunication services (fixed and mobile telephony) and Internet services are estimated based on the average of the previous period taking into account the increase in the number of employees in telecommunications services.
23. Costs of taxes, compensations, fees and other duties at the expense of the legal entity are: special fees for protection against natural and other disasters, general water charges, fees for completed registration and technical inspection of vehicles, tax on a prominent company mark and municipal and administrative fees and penalties.
24. Other non-material costs relate to the given scholarships, the cost of the ads, subscriptions to professional literature and daily newspapers, and a subscription to the electronic media.

25. In proportion to the increase in debt , there is a growth of liabilities arising from interest, of which the largest portion goes to the burden of expenditure, for the sections for whose construction loan funds have used and which are completed and put to use.
26. Other finance expense relate to any exchange rate losses, losses on sale and disposal of fixed assets, then on expenses from revaluation and write-off of receivables, court costs on appeals of third parties, damages per authority decisions, impairment of inventories of materials for system billing and TAG devices, and expenses from error fixes from previous years.

Planned employment according to organizational units of JP Autoceste

No.	Sector /Department	Planned recruitment for 2016
1.	Cabinet of the Management	13
2.	Sector of design and construction	5
3.	Sector of operation and maintenance	26
4.	Sector of economic – financial affairs	5
5.	Sector of legal affairs	4
TOTAL:		53

For the period 01.01.-31.12.2016, employment of 53 employees is planned, according to real needs and dynamics of operation of JP Autoceste.

Also, employment of interns was planned in 2016.

Overview of employment of interns

No.	Education	Position	Planned recruitment for 2016
1.	VSS	Intern	13
2.	VŠS	Intern	1
TOTAL:			14

6.8.3. The difference between revenue and expenditure –Financial result

No	Description	Amount in KM
1	2	3
1.	Total revenue	133.655.000
2.	Total expenditures	81.252.000
	Financial result (1-2)	52.403.000

Note: The total expenses include estimated depreciation costs in the amount of 33.5 million KM, for which there will not be funds spending.

6.9. PROJECTION OF SOURCE OF FINANCING – LOANS AND REPAYMENT

The following table shows the projection of the withdrawal of credit funds with accrued interest, as well as the amount of interest on existing credit lines from international financial institutions for which the effectiveness of the funds is confirmed or the procedures to achieve effectiveness is in the course:

No.	Credit line	Loan amount in €	Plan for withdrawal in 2016 in €	Predicted Cost of interest in €	Predicted Cost of interest in KM	Process of Capitalizing in KM
1	2	3	4	5	6	7
1.	OPEC A 36 mil. EUR	36.000.000	8.123.084	--	--	
2.	OPEC B 24 mil. EUR	24.000.000	24.000.000	1.007.550	1.970.597	1.970.597
3.	KFAER 28 mil. EUR	28.000.000	17.653.167	316.611	619.238	619.238
4.	EIB 100 mil. EUR	100.000.000	31.127.788	183.318	358.539	358.539
5.	EBRD 80 mil. EUR	80.000.000	16.720.636	65.200	127.520	127.520
TOTAL:		268.000.000	97.624.675	1.572.679	3.075.894	3.075.894

Note: In the above table, new loan from the Kuwait Fund for Arab Economic Development is not presented for which the procedures was launched, given that the funds will not be withdrawn from it in 2016.

6.9.1. Overview of planned loan repayments

No.	Credit line	Annuity due date	Repayment plan in €	Repayment plan in KM
1	2	3	4	5
1.	EBRD 180 mil. EUR	May 2016	8.338.566	16.308.818
2.	EBRD 180 mil. EUR	November 2016	8.338.566	16.308.818
3.	EBRD 25 mil. EUR	May 2016	1.315.789	2.573.460
4.	EBRD 25 mil. EUR	November 2016	1.315.789	2.573.460
5.	EIB 75 mil. EUR	December 2016	589.744	1.153.438
6.	Development bank of FBiH 30 mil. KM	Monthly January-December 2016	2.359.806	4.615.380
7.	Revolving loan 40 mil. KM	February 2016	19.429.091	38.000.000
TOTAL			41.687.351	81.533.374

Note: For new loans, in accordance with this Plan, projection of loan processing costs was made, as well as interest expenses and they are calculated in the operating costs and due to the planned grace period, repayment of the same is not expected in 2016.

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 financial liabilities in €	Total financial liabilities in KM
2016	EIB 75 mil. €	589.744	925.011	1.514.755	2.962.602
	EIB 166 mil. €	0	1.910.967	1.910.967	3.737.527
	EBRD 180 mil. €	16.677.132	1.567.546	18.244.679	35.683.490
	EBRD 25 mil. €	2.631.579	247.352	2.878.931	5.630.699
	EIB 100 mil. €	0	183.318	183.318	358.539
	Kuwait Fund 28 mil. €	0	316.611	316.611	619.238
	Kuwait Fund 30 mil. €	0	0	0	0
	OPEC 36 mil. €	0	0	0	0
	OPEC 24 mil. €	0	1.007.550	1.007.550	1.970.597
	EBRD 80 mil. €	0	65.200	65.200	127.520
	Revolving loan 40 mil. KM	19.429.091	104.500	19.533.591	38.204.384
	Bank for development 30 mil. KM	2.359.806	524.546	2.884.352	5.641.302
	Short-term commercial loan 30 mil. KM	0	428.909	428.909	838.873
TOTAL	41.687.352	7.281.510	48.968.863	95.774.771	

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 Gračanica, as well as Loan agreement at EIB in amount of 100 million Euros for construction of sub-section Zvirovici – Pocitelj. Currently, final activities to achieve the effectiveness of the funds are in progress (subsidiary agreements and subcontracts on the loan). It is expected to achieve the effectiveness of the funds in early 2016.

In 2016 JP Autoceste is planning to continue activities for loans with international financial institutions such as:

- Continued activities on signing the loan agreement and achieve efficiency of loan from EBRD in the amount of 80 million euros, relating to the financing of the construction of subsection Pecuj - Zenica tunnel and Buna - Pocitelj;
- Initiating activities on signing and achieving effectiveness of the loan from the Kuwait Fund in the amount of 30-50 million euros, relating to the financing of the construction of

subsection Klopče - Donja Gračanica. The FBiH Government on 07.10.2015. supported the initiative for borrowing, and the same was sent for further procedure.

Also, in 2016, it is planned **to start activities for new debts** as follows:

- Initiate borrowing for the construction of the Buna - Mostar South in the amount of 167 million euros;
- Initiating borrowing for the construction of the section Zenica north - Nemila in the amount of 125 million euros;
- initiative borrowing from domestic and international financial institutions in the context of projects Konjic - Salakovac (Phase I), through "fund and build" model in the amount of 370 million euros;
- Besides the aforementioned activities JP Autoceste plans to launch initiatives for co- financing section Zenica north - south Nemila and Mostar - Buna from funds of WBIF.

As described in Section 3 - Analysis of the current situation, activity of JP Autoceste to secure funding through long-term commercial loan is not completed in the previous period, and therefore the activity of re-setting short-term loans on a revolving basis with commercial banks, continues. In order to ensure a sustainable business, and settle liabilities incurred in the previous period (retained retention, completion of construction and other commitments) JP Autoceste will start the procedure of long-term debt with banks. These funds will be close obligations under the revolving credit (detailed in Section 3 of the Business Plan).

Thus, in 2016 JP Autoceste will start the procedure of long-term borrowings from banks amounting to 90 million in order to cover liabilities incurred in previous periods or to start the procedure of insurance of funds by issuing bonds or short-term loans for an additional 30 million on a revolving basis or other sources.

JP Autoceste, in case of lack of resources for their own participation in the project of building the motorway on Corridor Vc, or any other reason that would lead to the insolvency of the project (temporary suspension of the withdrawal of credit funds or the like.) will provide additional financial resources through increasing the existing credit frameworks, emissions of securities, commercial credit arrangements or new arrangements with international financial institutions.

Also, it is important to point out that it in addition to the usual ways of financing the construction of Corridor Vc, activities will be undertaken on finding other alternative models of financing and construction, which will largely depend on the possibilities of JP Autoceste, i.e. State of Bosnia and Herzegovina and the Federation of Bosnia and Herzegovina to timely meet potential liabilities under the same.

6.10. OVERVIEW OF CAPITAL INVESTMENTS

No	Description	Amount in KM
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1	2	3
	A) Investments at Corridor Vc construction (VAT excluded)	235.922.619
1.	Land Acquisition	10.000.000
2.	Design services	3.822.619
3.	Construction	212.600.000
4.	Supervision services	9.500.000
	B) Capital investment on operation and maintenance of motorway	966.000
1.	Construction of 10(20)kV cable line from TS 110/10(20) kV „Sarajevo 4“ (Vogošća) to TS 10(20)/0,4kV of the toll booth Jošanica	470.000
2.	Procurement and production of vertical signalization	105.000
3.	Supply of equipment for inspection of the sewage system and collecting data to create digital cadaster	115.000
4.	Procurement of tools and equipment necessary for fire protection and safety at work	200.000
5.	Changes to the use of the facility on COKP Drivuša "Small garage for vehicles with storage and boiler room" into building "building to accommodate firefighting units - Firehouse COKP Drivuša"	70.000
8.	Purchase of inventory for the purpose of storage COKP Drivuša and COKP Zvirići	5.000
9.	Supply of manual forklift for the needs of COKP Drivuša	1.000
	C) Investments in IT	4.272.153
1.	Procurement of IT equipment, implementation, system upgrade and other	1.418.153
2.	The implementation of ITS over existing motorway sections on the section Bilješevo - Sarajevo north	2.000.000
3.	Restatement of protective safety equipment over existing motorway sections on the section Bilješevo - Sarajevo north, according to the needs of ITS	854.000
	D) Other capital investments	2.740.000
1.	Vehicles	2.740.000
2.	Furniture and adaptation of business space	400.000
	TOTAL (A+B+C+D)	244.300.772

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