

ADRIA AIRWAYS, d.o.o., Brnik - Airport - in bankruptcy
*Zgornji Brnik 130 H, 4210 Brnik - Airport, registration number:
5156505000 Manager mag. Janez Pustatičnik
Ref. No. St 2704/2019*

KRANJ DISTRICT COURT

Zoisova 2
4000 Kranj

In Ljubljana on 2
February 2020

OPENING REPORT OF THE MANAGER

Pursuant to Article 294 (1) and (2) of the ZFPPIPP (Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act), I hereby submit the following opening report to the court, to which, in accordance with Article 294(3), I am attaching the opening balance as at the date of initiation of the bankruptcy proceedings, as described below.

I. INTRODUCTION

The Kranj District Court, by decision under ref.no. St 2704/2019 of 2 October 2019, under the proposal of the debtor, initiated bankruptcy proceedings against the debtor, ADRIA AIRWAYS, d.o.o., Brnik - Airport - in bankruptcy, and named me the manager by the same decision.

In the Annex, I hereby submit the opening balance as at the date of initiation of the bankruptcy proceedings, in accordance with the provisions of Article 294(3) and Article 291(2) of the ZFPPIPP. I also enclose the final accounts as at the day before the initiation of the bankruptcy proceedings. As the Manager, I hereby add that after the submission of the final accounts, additional business events occurred, documentation affecting the final accounts has been obtained, and the final accounts will, therefore, be modified in the course of the proceedings.

The opening balance is prepared in accordance with the SAS 39. As the Manager, in Point II, I provide a description of the bankruptcy estate and the value of each bankruptcy estate, and the Annex to the opening balance explains the significant differences between the values in the final accounts and the opening balance in accordance with the SAS 39.3.

As the Manager, I have already reported on the activities carried out in the regular report, which I submitted to the court in a separate document. As the Manager, I once again emphasise that these are very extensive and demanding bankruptcy proceedings from the point of view of the branch in which the debtor in bankruptcy was operating (air transport services), as well as specific legislation related to the branch, and these are also a very large bankruptcy proceedings in terms of declared claims and also in terms of asset identification (as explained below). The bankruptcy proceedings also have an international element, both in terms of creditors and in terms of assets, but nevertheless, a certain number of employees were also employed by the debtor in Switzerland and Germany. Due to the complexity of the bankruptcy proceedings, as explained below, certain assets (spare parts and similar parts for aircraft) have not yet been appraised, as the inventory is still ongoing, which I explain below.

Below, I present a description of the bankruptcy estate.

II. DESCRIPTION OF THE BANKRUPTCY ESTATE with details of the value and the assets it comprises

In the Annex, I hereby submit the opening balance as at the date of initiation of the bankruptcy proceedings. As seen from the opening balance, the assets of the debtor in bankruptcy amount to **EUR 6,233,840.24**, and represent the bankruptcy estate as presented below by individual items. Explanations of the significant differences between the debtor's statements on the day before the bankruptcy proceedings were initiated, are attached to the opening balance. As the Manager, taking into account the amount of assets, I stem from the SAS 39.

1. INTANGIBLE FIXED ASSETS

a) Business entirety of the debtor ADRIA AIRWAYS d.o.o. - in bankruptcy

The bankruptcy estate is the so-called business entirety of Adria Airways d.o.o. – in bankruptcy, covering all licences for the operation of air transport services, in particular, Air Operator Certificate no. SI.AOC.01/2014 (or AOC) and other documents detailed in the resolution on sale of the court of 2 October 2019.

The said property was auctioned for sale at a public auction on 23 January 2020 for the amount of **EUR 45,000.00** ¹ The assets are included in the opening balance in the same amount. The contract is signed, the purchase price is settled.

b) Adria Airways d.o.o. trademark

The bankruptcy estate also includes the Adria Airways d.o.o. trademark. These are registered trademarks (hereinafter referred to as trademarks) under registration numbers 200470444, 200470445, 200470446, 200670456, and 200670504.

The trademarks listed above were appraised by a certified business appraiser, Mr Matjaž Filipič, and as stated in the appraisal report attached, the estimated liquidation value of the trademarks is **EUR 100,000**.

c) Other intangible fixed assets

The debtor in bankruptcy is also the holder of rights, licences, etc. of various IT programs. According to the facts known so far, there is a lesser possibility of liquidation of the said property in the bankruptcy proceedings, so the property is not presented as a bankruptcy estate thus far. Notwithstanding the above, I will continue with all the activities for the realisation of the bankruptcy estate.

¹ The value is formed through the performed bidding process in accordance with the provisions of Article 328 of the ZFPPIPP. Furthermore, correspondence and interviews were conducted with the bidders who responded for this part of the debtor in bankruptcy's assets. Activities began to be implemented immediately after the bankruptcy proceedings were initiated. The use of the property is related to the elimination of the discrepancies described in the CAA's decisions, as described in the sale proposal and summarised in the invitation to tender for the auction.

2. PROPERTY, PLANT AND EQUIPMENT

a) Property

Adria Airways office building with corresponding land

The bankruptcy estate is the building right ID 1334/39, based on the Contract Establishing the Building Right No. 2411-08-900004, dated 1 April 2008, on the plots parc. no. 1344/100, 1344/101, and 1344/110. It is the administrative building of the debtor at Zgornji Brnik 130 H, 4210 Brnik – Airport, with the corresponding land with parking spaces intended for the users of the building. Furthermore, it is a green area and a plot of land with a parking area intended for rent (equipped).

The value of the above properties has been assessed by a certified appraiser, Ms Petra Nagode Zupančič, and as indicated in the appended appraisal report, the estimated liquidation value of the building right is **EUR 3,148,999**.

Apartment in Ljubljana

The bankruptcy estate also includes an apartment measuring 27.90 m² (according to the Surveying and Mapping Authority of the Republic of Slovenia), at Jamova 36a, Ljubljana. Land registry entry: Cadastral municipality 1723 VIČ building 9314 part of building 2 (ID 5638537).

The value of the above property has been assessed by a certified appraiser, Ms Petra Nagode Zupančič, and as indicated in the appended appraisal report, the estimated liquidation value of the apartment is **EUR 46.175**.

Apartment in Čatež

The bankruptcy estate also includes a holiday facility in Čatež, at Topliška cesta 78b, Čatež measuring 46.90 m². Land registry entry: Cadastral municipality 1297 MOSTEC plot 553/96 (ID 4920217).

The value of the above property has been assessed by a certified appraiser, Ms Petra Nagode Zupančič, and as indicated in the appended appraisal report, the estimated liquidation value of the apartment is **EUR 19.221**.

b) Plant and equipment

In the opening report, the plant and equipment item is taken into account in the amount of EUR 257,726.77, and comprises:

- Office furniture in the amount of EUR 17,795.93 (taken into account in the opening report in the amount of the book value from the final accounts).
- Other equipment (sculpture, containers, aircraft trolleys, office equipment) in the amount of EUR 38,450.77 (taken into account in the opening report in the amount of the book value from the final accounts).
- Computer equipment in the amount of EUR 67,414.94 (taken into account in the opening report in the amount of the book value from the final accounts).

- Vehicles in the amount of the book value of EUR 6,145.13 (in the opening report taken into account in the amount of the book value from the final accounts).
- Artwork in the amount of the liquidation value estimated by the appraiser, Mr Pavle Toplak: EUR 34,920.
- Mechtronix Ascent FNPT II/MCC Flight Simulator (ser. No. SN-FFT-2090) in the amount of the liquidation value estimated by the appraiser, Mr Grebenšek, in the amount of EUR 93,000.00. As the Manager, I hereby add that the simulator is built into a property that is not owned by the debtor in bankruptcy, and that the debtor in bankruptcy does not hold certificates for using the simulator. Subsidiary - debtor in bankruptcy ADRIA AIRWAYS LETALSKA ŠOLA d.o.o. is the holder of the simulator certificate. Moving the simulator to another location also requires an intervention in the building (removal of the property wall).
- The debtor in bankruptcy is the owner of various small inventory items (such as aircraft models, etc.) that have not been shown in the final accounts, so I am not presenting their value; but I will carry out sales procedures for all assets and try to liquidate the said property. For the time being, I am not presenting it in the opening report.

3. LONG-TERM FINANCIAL INVESTMENTS

a) Stakes in other companies and shares

Adria Airways Super MRO, vzdrževanje letal, d.o.o.

The debtor in bankruptcy owns 100% of the company shares of Adria Airways Super MRO, vzdrževanje letal d.o.o. The company was established as a project company, with no actual operations. At the proposal of the debtor in bankruptcy, the company was placed in liquidation.

In the opening balance, the value in the amount of EUR 6,500 is taken into account in the amount of assets expected to be received in the bankruptcy estate after the liquidation process is completed.

Phen X Technologies AG

The debtor in bankruptcy holds 1,000 shares that represent 100% of the company shares of Phen X Technologies AG, Schochenmühlerstrasse 4, 6340 Baar, Switzerland.

As the Manager, I have not yet been able to obtain business documentation from the persons responsible for the company. I conducted the process under Article 328 of the ZFPPIPP with the purpose of establishing value without receiving any serious offers. For the time being, according to all known facts, I estimate the value of the company shares in the amount of EUR 0.00.

Adria Airways Kosova

The debtor in bankruptcy holds 100% of the business interest in the company: Adria Airways Kosova, Qamil Noxha nr. 12, 380000 Priština, Kosovo, nominal stake of EUR 2,500.00, registration number 70211986.

For the said company, I conducted the process under Article 328 of the ZFPPIPP with the purpose of establishing value without receiving any serious offers. For the time being, according to all known facts, I estimate the value of the company shares in the amount of EUR 0.00.

Adria Airways letalska šola d.o.o. - in bankrupcy

The debtor in bankruptcy holds 100% of the business interest in the company: ADRIA AIRWAYS LETALSKA ŠOLA d.o.o. - IN BANKRUPTCY, Zgornji Brnik 130H, 4210 Brnik - Airport, nominal stake of EUR 133,500.00, entry no. 173179.

Given that the company is in bankruptcy, I do not value it as a bankruptcy estate.

b) Long-term loans

In this item, I take into account the amount of long-term loans recovered so far, i.e. EUR 800.60. These are mainly recovered loans for the purchase of the apartment in Zagreb, which are paid in instalments. Also, one former employee pays monthly instalments for school expenses.

The remainder (unrecovered part), not shown in the opening report, relates to loans made to former employees (pilots), with the agreement on repayment in instalments. The item also includes a loan to Phen X, a subsidiary, that has not yet been recovered. Also included is a deposit for suretyship insurance with an insurance company.

The remainder (See Annex to the opening report under no. 4 for a detailed description) contains value adjustments. Notwithstanding the above, I will continue to recover from all debtors, and will make regular reports on the results.

4. LONG-TERM OPERATING/TRADE RECEIVABLES

In this item, I take into account the amount of long-term operating/trade receivables recovered thus far; EUR 54,114.26. The collateral granted to PWC Norway has been recovered.

The unrecovered part refers to payments to the reserve fund (there is no possibility of recovery) and VAT refund claims in Switzerland.

The remainder (See Annex to the opening report under no. 5 for a detailed description) contains value adjustments. Notwithstanding the above, I will continue to recover from all debtors, and will make regular reports on the results.

5. INVENTORIES

In the opening report, the inventory item is taken into account in the amount of EUR 1,032,496.96, and comprises:

- Rotary spare parts *** for aircraft in the amount of EUR 319,794.21. Among the rotary parts are two with a book value in excess of EUR 15,000; namely, the CRJ 900 brake and the CRJ 900 main wheel;
- Inventories of technical material in the amount of EUR 697,318.23; ***
- Inventories of passenger supplies in the amount of EUR 9,557.14;
- Inventory of Sky Shop merchandise in the amount of EUR 5,827.38

- The debtor in bankruptcy is the owner of certain inventories and small inventory items (used and unused uniforms, trays, etc.) that have not been shown in the final accounts, so I am not presenting their value; but I will carry out sales procedures for all assets and try to liquidate the said property. For the time being, I am not presenting it in the opening report.

**** At the initiation of the bankruptcy proceedings, the debtor in bankruptcy also held the so-called rotary spare parts and supplies for technical goods for the supply of aircraft (both hereinafter referred to as goods). Inventories were kept in an IT system that was denied access, due to the debtor in bankruptcy's default. Likewise, prior to the bankruptcy, the contract with the previous manager of most inventories was terminated, and therefore, the actual inventory status at the time of transfer to its own warehouse was not reconciled with the accounting records. In addition, the inventories were located in several locations abroad, while inventories not owned by the debtor were in its possession. In view of the above, even before the opening, the inventory and valuation have not been fully carried out (this will be possible once the actual situation has been harmonised). For the purposes of preparing the opening balance, inventory values are taken into account in the amount of the book values in the final accounts. However, from the submission of the final accounts to the preparation of the opening balance, a certain amount of write-offs of individual parts, as well as surpluses, have been identified. Part of the rotary spare parts is already fully depreciated, so the possible realisable value is probably higher than the book value. After the final inventory, a valuation will be carried out and a revised opening balance will be presented to the court in the form of an extraordinary report.*

6. SHORT-TERM FINANCIAL INVESTMENTS

In the presented final accounts, the short-term financial investments recorded a deposit of EUR 41,640.00 made to Brussels Airport, which was offset by liabilities in the new final accounts. I do not take that into account in the opening balance.

7. SHORT-TERM OPERATING/TRADE RECEIVABLES

The bankruptcy estate are also operating/trade receivables in the amount of EUR 1,440,613.23. The amount already recovered by the time of preparation of the opening report, in accordance with the SAS, at the net realisable value, is taken into account. Of this, EUR 577,000 of receivables due from customers abroad were recovered by the date of preparation of the opening balance, EUR 297,000 of receivables due from customers at home, the amount of EUR 301,000 relates to the repayment of advances, and the remainder of the recovered receivables relates to other recovered receivables, advances, collateral, etc.

Detailed explanations can be found in the Annex to the opening balance under Item. 9. As the Manager, I made value adjustments for all other receivables where debtors have refused to pay, for various reasons. Notwithstanding the above, I continue intensively to recover all outstanding claims, and will make regular reports on the results.

8. CASH

On the day the bankruptcy proceedings were initiated, the debtor in bankruptcy had numerous bank accounts opened, both at home and abroad, as well as cash in hand. As the Manager, I closed practically all the bank accounts, and the bankruptcy estate amounts to EUR 40,523.42.

I would like to add that certain bank accounts are still being closed, and also at NLB d.d. there are significant reserved funds in the amount of EUR 542,781.70 for the repayment of a creditor; however, there is litigation pending, regarding the foregoing, so the amount is not included in the opening balance.

Replies to queries sent by the Manager

After the initiation of the bankruptcy proceedings, the Manager sent enquiries to the database managers about any additional assets that would not be recorded in the debtor's accounts.

It is not apparent from the responses received from the database managers that the debtor in bankruptcy owns more valuable assets that would not be shown in the accounting records, except as described.

I did not find any other facts from the final accounts.

III. CALL TO CREDITORS

Creditors who have any additional information regarding the assets of the debtor in bankruptcy, which are not presented in the opening report, or any information regarding the disposal of the property of the debtor in bankruptcy or privileges being given to certain creditors during the suspect period are invited to provide this information, together with documentation showing rebuttable conduct to the Manager within 15 days from the publication of this report, by post to the address of the debtor in bankruptcy, or to the address of the Manager.

IV. PROPOSAL OF THE PLAN OF CONDUCT OF THE BANKRUPTCY PROCEEDINGS

In accordance with Articles 294 and 321 of the ZFPPIPP, I propose a plan of conduct for the bankruptcy proceedings
- in a separate document annexed to the opening report.

V. PROPOSAL OF THE COST ESTIMATE FOR THE BANKRUPTCY PROCEEDINGS

In accordance with Article 356 of the ZFPPIPP, I propose a cost estimate for the bankruptcy proceedings

- in a separate document annexed to the opening report.

Kind regards,

Manager
mag. Janez Pustatičnik

Annexes:

- Opening balance of the debtor in bankruptcy, as at the date of initiation of the bankruptcy proceedings
- Explanations of significant differences between the closing statements and the opening balance
- Balance sheet received by the former management, as at the day before the initiation of the bankruptcy proceedings
- Appraisal of the real estate
- Appraisal of the trademark
- Appraisal of the artwork
- Appraisal of the simulator

	Name of the legal entity: ADRIA AIRWAYS, Slovenski letalski prevoznik, d.o.o. - in bankrptcy Zgornji Brnik 130 H 4210 Brnik - Airport
	Bank account number: SI56 6100 0002 3039 108
	Tax ID number: 51049406
	Registration number: 5156505000
	Code of activity: 51,100 (Passenger air transport)

OPENING BALANCE

as at 2 October 2019

Item	In euros with cents
ASSETS	
ASSETS WITHOUT LOSS (minus Item IX)	6,233,840.24
ASSETS	6,233,840.24
I Intangible fixed assets	145,000.00
1 Concessions, patents, licences, trademarks and similar rights,	145,000.00
2 Advances for intangible fixed assets	0.00
II Property, plant and equipment	3,472,121.77
1 Investment property	0.00
2 Buildings - invest. in progress	0.00
3 Land and buildings	3,214,395.00
4 Production equipment	0.00
5 Other equipment	257,726.77
6 Breeding animals	0.00
7 Multi-annual crops	0.00
8 Property, plant and equipment under construction or in production	0.00
9 Advances for acquisition of property, plant and equipment	0.00
10 Fixed assets taken into finance lease	0.00
III Inventories	1,032,496.96
1 Materials	0.00
2 Work in progress	0.00
3 Products	0.00
4 Merchandise	1,032,496.96
5 Advances on inventories	0.00
IV Claims incurred prior to the initiation of the proceedings	1,494,757.49
1 Receivables due from customers	1,235,213.57
2 Receivables due from others	54,144.26
3 Other receivables - FURS, ZZS	205,399.66
4 Collateral	0.00
5 Receivables with ancillary rights	0.00
6 Receivables to be offset in the proceedings	0.00
V Receivables arising during the proceedings	0.00
1 Receivables due from customers	0.00
2 Other receivables	0.00
3 Collateral	0.00
4 Receivables with ancillary rights	0.00
VI Financial investments until the initiation of the proceedings	48,940.60
1 Shares and stakes purchased for sale	6,500.00
2 Loans given	800.60
3 Other financial investments	41,640.00
4 Financial investments - long-term deposits linked to guarantees	0.00
5 Financial investments to be offset in the proceedings	0.00
VII Financial investments made at the time of the proceedings	0.00
1 Shares and stakes purchased for sale	0.00
2 Loans given	0.00
3 Other securities	0.00
4 Financial investments with ancillary rights	0.00
VIII Cash	40,523.42
1 Cash on hand and payment cards	23,060.64
2 Cash in the Bank	17,462.78
IX Loss	0.00
X Off-balance sheet assets	0.00

EQUITY IN LIABILITIES		
	EQUITY IN LIABILITIES	0.00
A	Liabilities to owners	0.00
B	Liabilities to creditors with exclusion rights	0.00
C	Liabilities to creditors with rights to separate settlement	0.00
Č	Liabilities to preferential creditors with exclusion rights	0.00
D	Liabilities for disputed claims	0.00
E	Liabilities to ordinary creditors	0.00
E	Liabilities to ordinary creditors-contingent	0.00
F	Liabilities for pledged advances	0.00
G	Liabilities offset in the process	0.00
H	Liabilities under Article 289(2) of the ZFPPIPP	0.00
I	Off-balance sheet liabilities	0.00
<p><i>* Liabilities are not shown, as according to the court's decision, the deadline for submission of the testing of claims is 6 March 2020; therefore, the opening balance in this part will be submitted subsequently, i.e. after submitting the basic list of tested claims.</i></p>		

ANNEX TO THE OPENING BALANCE: EXPLANATIONS OF SIGNIFICANT DIFFERENCES BETWEEN THE CLOSING STATEMENTS AND THE OPENING BALANCE (SAS 39.3 - 2016)

According to the presented final accounts, the debtor in bankruptcy received certain information that impacted the items of the final accounts, and will therefore prepare revised final accounts.

ASSETS

1. INTANGIBLE FIXED ASSETS

In the final accounts, the item is shown in the amount of EUR 25,561,773.39, and in the opening balance, the value of the item amounts to EUR 145,000.00. Significant differences relate to:

- Goodwill shown in the final accounts in the amount of EUR 16,990,532.54. In accordance with the SAS 39, goodwill is not recorded in the opening balance.
- In the final accounts, the trademark is valued at EUR 6,400,000.00. In the opening balance, the value according to the estimated liquidation value of EUR 100,000 is taken into account.
- Software presented in the final accounts in the amount of EUR 520,464.42 is not included in the opening balance, due to the lower possibility of realisation (contractual restrictions and the like) regardless of the above, I will carry out all procedures where it is possible to liquidate property.

2. PROPERTY, PLANT AND EQUIPMENT

In the presented final accounts, the item is shown in the amount of EUR 9,321,126.04, and in the opening balance, the value of the item amounts to EUR 3,148,999. Significant differences relate to:

- In the final accounts the property item represents an office building with the corresponding parking area, and is valued at EUR 4,913,768.91. In the opening balance, it amounts to EUR 3,148,999 in accordance with the valuation - estimated liquidation value (where the opening balance includes items from the final accounts - investment property). In addition, the Ohrid Apartments, in the amount of EUR 2,651.24, are included in the final accounts, which have not been taken into account thus far, as the land registry entry has not yet been made (if at all possible) and, according to the employees, the Ohrid properties have never been held by the debtor in bankruptcy, and the situation was not settled.
- The "Property, plant and equipment in construction" item is shown in the final accounts in the amount of EUR 121,843.57. These are the investments of the debtor in bankruptcy in the project documentation for the construction of a new parking area and a "heat pump well", on the land where the debtor in bankruptcy has no legal rights, so I do not include the said assets in the opening balance.
- In the presented final accounts, the other plant and equipment item is shown in the amount of EUR 3,702,535.01, of which EUR 3,572,728.24 relates to investments in foreign fixed assets (aircraft), which is not

included in the opening balance, since it does not represent the bankruptcy estate. The rest of the value of EUR 129,806.77 represents equipment and vehicles, which is also taken into account in the opening balance at the book value. In addition, the opening balance includes the estimated value of the simulator (already depreciated in the final accounts) and the works of art (estimated value), recorded in the off-balance sheet assets in the final accounts.

3. INVESTMENT PROPERTY

In the final accounts, the item is shown in the amount of EUR 660,155.50. This relates to a building right on a plot that represents a parking area for rent, and an apartment in Ljubljana. The value of the building right is included in the opening balance in the amount of EUR 3,148,999 (estimated liquidation value of the entire office building with corresponding land), and the value of the apartment in the amount of EUR 46,175, based on the real estate appraisal report and in accordance with the estimated liquidation value.

4. LONG-TERM FINANCIAL INVESTMENTS

In the presented final accounts, the item is shown in the amount of EUR 302,192.37, and in the opening balance, the value of the item amounts to EUR 7,300.60. Significant differences relate to:

- In the final accounts, the business interests are valued at EUR 136,464.70; in the opening balance sheet, I take into account the value of EUR 6,500, which only represents the shares in Adria Airways Super MRO d.o.o. – in bankruptcy. Value adjustments have been made in full for the company's shares in foreign companies (procedures under Article 328 of the ZFPPIPP have been carried out), whereas I have not received relevant offers.
- The long-term loans given item is shown in the presented final accounts in the amount of EUR 165,727.67. In the opening balance, the amount of EUR 800.60 already recovered, is taken into account as assets. The loans relate to a loan to a subsidiary, Phen X International, a loan from the sale of the apartment in Zagreb, loans to former employees of the pilot training school, and a deposit with an insurance company. Because there is doubt about the possibility of recovery and the amount, a precautionary adjustment has been made. Recovery activities will be carried out through legal proceedings where necessary.

5. LONG-TERM OPERATING/TRADE RECEIVABLES

In the presented final accounts, the item is shown in the amount of EUR 2,184,617.28, and in the opening balance, the value of the item amounts to EUR 54,114.26.

The presented final accounts showed a long-term receivable to the lessor, AeroCentury, for collected engine maintenance reserves (in the amount of EUR 2,123,978.10), which exceeded the amount of the cost estimated in terms of hours flown.

Other long-term receivables are:

- a VAT collateral in Switzerland,
 - collateral for tax advisory services in Norway,
 - receivables from the mandatory contribution to the homeowners reserve fund.

Recovered in the bankruptcy proceedings, EUR 54,114.26.

6. SHORT-TERM ASSETS FOR DISPOSAL

In the final accounts, the item is shown in the amount of EUR 46,784.50. This represents a holiday apartment in Čatež. The opening balance includes the building item in the estimated liquidation value of EUR 19,221.00.

7. INVENTORIES

In the presented final accounts, the item is shown in the amount of EUR 712,702.75, which is the same as in the opening balance.

In the opening balance, inventories also include rotary spare parts (in the amount of EUR 319,794.21), which are shown in the final accounts among plant and equipment in the amount of EUR 580,327.31. The difference is the value of the auxiliary power unit (APU) of EUR 260,533.10, which is in the possession of the pledgee and is therefore not considered as a bankruptcy estate.

As noted in the introduction, the valuation of spare parts inventories will be made after final inspection and inventory and subsequently submitted to the court. Based on the information gathered so far, I estimate that the recoverable amount could be higher than the book value.

8. SHORT-TERM FINANCIAL INVESTMENTS

In the presented final accounts, the item is shown in the amount of EUR 41,640.00. This relates to a deposit given to Brussels Airport, which was offset by a liability in the new revised accounts. The item is not shown in the opening balance.

9. SHORT-TERM OPERATING/TRADE RECEIVABLES

In the final accounts, the item is shown in the amount of EUR 9,242,171.19, and in the opening balance, the value of the item amounts to EUR 1,406,842.05, which represents the recovered value until the preparation of the opening report.

The remainder includes value adjustments. These are receivables from customers abroad and at home, both for scheduled flights and charter activities. The debtor in bankruptcy still has a huge amount of receivables, which are not recognised in the final accounts (the debtor in bankruptcy made adjustments before the initiation of the bankruptcy proceedings). Notwithstanding the above, I will continue with the recovery (out of court and then through legal proceedings) and the results will be reported regularly.

Reasons for deviations:

- the creditors of the debtor in bankruptcy refuse to pay for services not provided, or they are making claims for poorly performed services;
- receivables are subject to offsetting, due to subsequently received invoices or recognition of liabilities (partly offsetting with invoiced services in the final accounts);
- offsetting in the framework of the International Air Transport Association (IATA), which has not yet been completed by the time of the preparation of the final accounts;

- subsequently determined basis for making value adjustments for receivables, which will be corrected in the new final accounts.

In addition, the debtor in bankruptcy has made adjustments to the value of certain receivables in the past, which will also be subject to recovery.

10. CASH

In the presented final accounts, the item is shown in the amount of EUR 616,170.10, in the revised accounts in the amount of EUR 607,096.92, and in the opening balance sheet, the value of the item amounts to EUR 40,523.42. The value in the actual amount of funds deposited into the bankruptcy account has been taken into account.

Certain bank accounts are still being closed, and also at NLB d.d., there are reserved funds in the amount of EUR 542,781.70 for the repayment of the creditor; however, there is litigation pending, regarding the foregoing, so the amount is not included in the opening balance (but is included in the final accounts).

LIABILITIES

In the bankruptcy proceedings, the deadline for the testing of claims has been extended, so that the liabilities of the debtor in bankruptcy will be subsequently supplemented after the testing of the claims has been completed. Liabilities will be classified in accordance with the SAS 39.